

## Status of OLG Action In Response to Ombudsman Recommendations

#	Ombudsman Recommendation	OLG Action	Implementation Status at March 27, 2008
4	In order for real change to occur the Ontario Lottery and Gaming Corporation must strengthen and improve on its commitments to fulfill its obligations to the public and preserve the integrity of the lottery system by taking steps to prevent against retailer theft and fraud. Accordingly, I recommend that the OLG place on its website a public statement confirming its commitment to ensuring that it meets its duty of care to the citizens of Ontario to take all reasonable steps to ensure the integrity and honesty of the retailers that serve the lottery system.	4.1 OLG will place on its website a public statement confirming its commitment to take all reasonable steps to ensure the integrity and honesty of the retailers that serve the lottery system.	Completed.  Implemented on report release date.
5	The Corporation has expended more than \$644,000 so far on the review being conducted by KPMG, and KPMG has made some 40 recommendations aimed at improving the Corporation's lottery process. These efforts should not be allowed to languish. Accordingly, I recommend that the Ontario Lottery and Gaming Corporation publish the results of the KPMG audit and move to review and implement the recommendations made by KPMG for improvement of its services.	5.1 The results of the KPMG audit will be published on OLG's website. A separate document outlining how OLG plans to implement the KPMG recommendations has been prepared.	Completed.  Results and action plans released on report date.
6	I recommend the OLG establish an action plan and time frames for implementing KPMG's recommendations and make this available to the public.	6.1 Refer to KPMG Status Report.	Completed.  Results and action plans released on report date.
7	I recommend the OLG designate a position within the organization separate from Sales and Services, at a senior level, with responsibility for review and implementation of the KPMG recommendations, and for ongoing review and implementation of initiatives focused on improvement of the security and integrity of the Corporation's lottery systems.	7.1 OLG Sr. Vice President, Business Operations (reporting to directly to Board) will be responsible for the ongoing review and reporting of the implementation of all the recommendations.	Completed.

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<b>8</b>	<p>In addition to reviewing and revising the Insider Win Policy as recommended by KPMG, to better define insiders, the Corporation should be ensuring that its retailer contracts clearly spell out the obligations relating to retailers and their employees when redeeming their own tickets. It should adopt a zero-tolerance policy when it comes to retailer dishonesty and retailer contracts should provide for automatic termination for dishonest conduct. Accordingly, I recommend that the OLG continue to treat retailers and their employees as insiders.</p>	<p>OLG has revised the retailer contract to reflect:</p> <p>8.1 that retailers and their employees will be subject to the OLG's Insider Win Policy</p>	Completed.
		<p>8.2 that OLG has a zero-tolerance policy with respect to retailer dishonesty and dishonest conduct.</p>	Completed. Subject to on-going retail communication.
		<p>8.3 that the contract will be terminated if a retailer is charged with a crime involving fraud, theft, misrepresentation, moral turpitude, or any game related offence.</p>	Completed.
		<p>8.4 that policies referenced in the contract provide an escalated approach to sanctions including termination and obligations relating to retailers and their employees when redeeming tickets over \$10,000 and retailer requirements to properly train staff.</p>	Completed.
		<p>8.5 that OLG will record and track Insider Wins of between \$1,000 and \$9,999 to determine unusual win patterns or circumstances for investigation by Corporate Security and Surveillance.</p>	Completed.
<b>9</b>	<p>I recommend that the OLG amend its retailer contracts to specifically require that retailers identify themselves when redeeming their own tickets, and ensure that their employees are aware of this obligation.</p>	<p>9.1 Under the amended retailer contract, retailers will be required to identify themselves when claiming prizes of \$1,000 or more.</p>	Completed.

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<b>10</b>	I recommend that the OLG make other insiders aware that they are responsible for identifying themselves when redeeming their own tickets through the Corporation's Prize Office.	10.1 This policy will apply to all OLG employees except those at OLG gaming sites and commercial casino staff. Employees who handle lottery tickets at gaming and commercial casinos however are included as insiders.	Completed.
		10.2 In addition, the OLG Employee Code of Conduct which all staff attest to each year, will be updated to reflect that they understand their obligations under the new Insider Wins Policy. OLG will also ensure that the employee orientation program includes the new Insider Wins Policy.	Completed.
		10.3 OLG will notify the relevant lottery suppliers/vendors of the new Insider Wins Policy and as their contracts are implemented or renewed OLG will include specific clauses requiring compliance with the Insider Wins Policy.	Completed.
<b>11</b>	I recommend that the OLG amend its retailer contracts to specifically require retailers to undertake to train their staff on the Corporation's requirements.	11.1 The OLG retailer contract has been amended to require retailer compliance with any OLG written instruction including retailer staff training requirements.	Completed.
<b>12</b>	I recommend that the OLG amend its retailer contracts to make it clear that retailers are subject to a zero tolerance policy with respect to retailer dishonesty and to ensure that this is adhered to.	12.1 The revised OLG retailer contract has a zero-tolerance policy with respect to retailer dishonesty and dishonest conduct.	Completed.

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13	The corporation should be thoroughly reviewing not only the questions asked of winners suggested by KPMG, but also the methods of interviewing. I recommend that the Ontario Lottery and Gaming Corporation develop a more structured method of conducting Prize Office interviews and cease the practice of “hinting” to claimants about purchase and validation details.	13.1 OLG has developed new interview questions and Prize Centre staff have been instructed to cease the practice of hinting to claimants about purchase and validation details. When the Prize Centre staff determines that the major prize win is an insider, the Prize Centre staff will terminate the interview immediately and the claim is escalated to Corporate Security and Surveillance to conduct the interview.	Completed.
14	I recommend that the Ontario Lottery and Gaming Corporation cease its practice of using its sales force staff to follow-up on compliance issues.	14.1 All OLG sales force staff will be instructed to forward all security related compliance issues to Corporate Security and Surveillance.	Completed.
15	I recommend that the Ontario Lottery and Gaming Corporation instruct its sales force staff to direct security issues it identifies in the field to Corporate Security and Surveillance.	15.1 All OLG sales force staff will be instructed on directing security issues in the field to Corporate Security and Surveillance.	Completed.
16	I recommend that the Ontario Lottery and Gaming Corporation record complaint information in a way that makes it possible to track complaints against individual retailers.	16.1 All complaints coming through our Customer Excellence Centre, regarding retailers or their employees are being logged into our Customer Relationship Manager tool (ONYX) and escalated to Corporate Security and Surveillance as applicable.	Completed.
17	I recommend that the Ontario Lottery and Gaming Corporation consider implementing technological changes to ensure that it has an integrated complaint database and the capacity to automatically populate data files to allow for cross-referencing of information.	17.1 Technological solutions are being investigated to integrate all complaint database systems to enable cross-referencing of information.	Completed.

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18	In addition to KPMG's recommendations around documenting the investigative process, I believe that the Corporation's investigations require more rigor. Accordingly, I recommend that the Ontario Lottery and Gaming Corporation ensure that its investigators are trained in and follow proper investigative record-keeping practices, including keeping contemporaneous notes, not altering entries and not destroying investigative notes.	18.1 Training has been arranged through the Ontario Police College. Investigators are being enrolled in the OPC's General Investigation Training Course and Forensic Interviewing Course. In addition, arrangements are being made for investigators to attend training offered by the Ministry of Labour's Inspections, Investigations & Enforcement Secretariat.	Completed.
19	I recommend that the OLG ensure that all complaints relating to retailer misconduct are referred for investigation to the Corporate Security and Surveillance Division.	19.1 Sales, Contact Center and Prize Office staff have been directed to refer all complaints relating to retailer misconduct to the Corporate Security and Surveillance for investigation.	Completed.
20	The Corporation has not kept statistical records of insiders and analyzed these to determine if there are signs that retailers or other insiders are winning prizes in a disproportionate amount. Such analysis could serve as a useful tool in identifying areas that require closer security supervision. Accordingly, I recommend that the OLG keep and analyze statistical information on the number of insiders winnings its various lottery products, the playing habits of insiders, and on the win history of individual insiders.	20.1 OLG will develop a solution to maintain and analyze statistical information about insiders to determine unusual win patterns or circumstances for investigation by Corporate Security and Surveillance.	Completed.
21	I recommend that the Ontario Lottery and Gaming Corporation explore methods of gathering more accurate information concerning insiders, including surveys and requirements that insiders, such as retailers, regularly identify the names of their employees to the Corporation.	The search process for detecting potential "Insider Wins" has been enhanced using all currently available electronic databases.  21.1 OLG will expand, update and keep current to the best extent possible its' Insider Wins databases.	Completed.

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<b>22</b>	The Ontario Lottery and Gaming Corporation should ensure that prize claimants are checked against the Corporation's records of insiders and that individual win history is consulted whenever an insider winner makes a claim for payment through the Corporation.	22.1 All prize claimants of \$1,000 and above are checked against available records of Insider Wins.	Completed.
		22.2 Corporate Security and Surveillance will consult individual win history for all Insider Wins investigations through an enhanced Insider Wins database.	Completed.
<b>23</b>	I recommend that the OLG report to the Ombudsman in writing on a quarterly basis on its progress implementing these recommendations, until such time as all of the recommendations have been successfully implemented.	23.1 Agreed.	Completed.