



Auditor General of Nova Scotia

AUDITOR GENERAL—May 25, 2021 Report of the Auditor General

For release May 25, 2021 - The Nova Scotia Liquor Corporation (NSLC) doesn't have clear policies and procedures in place regarding what products it sells and promotes, how to price its merchandise, and where to display it in stores, reveals the first performance audit report by Auditor General Kim Adair-MacPherson.

“For a corporation the size of NSLC, with more than \$725 million in annual sales, we expected to find established processes and well documented policies to ensure important product management decisions are made and supported in a consistent manner,” says the Auditor General, whose appointment took effect May 3.

In this competitive space, it's important NSLC makes supported decisions in all aspects of its product management. For many suppliers, having products on the shelves of NSLC stores throughout the province is significant. Those product selection decisions can have a direct impact on sales and overall success.

“Product selection for NSLC's retail stores is at the core of the corporation's business. Defined processes are needed to support these decisions to ensure they best serve the needs of Nova Scotians, maximize NSLC's sales, and support other strategic goals,” says Adair-MacPherson.

The absence of a clear approval and review process for product listings could potentially be the result of the lack of formal job descriptions for several management level employees in the Customer Strategy Division. The division is responsible for implementing, overseeing, and approving the product selection process.

“Job descriptions define the roles and responsibilities for each employee, including the deliverables and how each role aligns with organizational goals and objectives. Without them, it's challenging for management and the Board of Directors to ensure employees can be held accountable for their decisions and oversight duties,” says Adair-MacPherson.

The audit found NSLC's controls over its physical inventory were operating as intended, including receipt and distribution of alcohol products to and from its central Distribution Centre and the processes to account for damaged and expired product.

While we identified improvements are needed with respect to government direction to NSLC, our overall conclusions on Board of Director governance were mainly positive. It will now be important that the Board of Directors is committed to the oversight of management's response to the recommendations in this report.



The 22-page report has 11 recommendations, which include developing documented policies and procedures for product selection, and a management review process to assess if product listing decisions are appropriate and adequately supported. All 11 recommendations have been accepted.

The report is the second phase of our audit of the Nova Scotia Liquor Corporation. The first was released in June 2020 ([June2020FullReport.pdf \(oag-ns.ca\)](#)).

The full report, a summary and video are available at: www.oag-ns.ca

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