



Nova Scotia Liquor Corporation – Phase II

Key Messages

- There are inadequate processes and support for many decisions related to how beverage alcohol products are selected for sale, priced and promoted.
- Physical beverage alcohol inventory is well managed.
- Governance processes are in place and working as intended, with some improvement required.

Why We Did This Audit

- NSLC is significant to the provincial economy.
- In 2019-20, NSLC had \$726.2 million in sales and \$247.3 million in earnings.
- Since 2015, the local alcohol manufacturing industry in the province has grown rapidly, which has a significant impact on NSLC as the main retailer of alcohol in the province.
- We reported Phase I of our audit in June 2020 which identified some areas of concern.

No clear processes or documentation for product management decisions

- Decisions around what alcohol products to sell, the price charged, where to place them in the store and participation in promotional programs are not supported by clear processes
- Improved documentation and retention of support for decision-making required
- Elevated organizational risks due to lack of approvals, review processes, policies, and procedures

Controls over physical inventory operating as intended

- Receipt and distribution of inventory from the warehouse is well managed
- Processes to account for damaged and expired beverage alcohol products are followed

Governance structures and processes in place to provide oversight and accountability

- Board of Directors and its committees generally completed all roles and responsibilities
- Clearer communication of legislated mandate and government priorities sought
- Minor improvements required in some areas, such as board evaluations and review of competencies