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# Office of the Auditor General

## Nova Scotia

AUDITOR GENERAL – June 2020 Report of the Auditor General

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Auditor General Michael A. Pickup issued a 2020 performance audit report today, June 23. The audit examined the Nova Scotia Liquor Corporation including the promotion of responsible drinking, local industry support, capital planning and procurement, and agency store contract management. This is the first of two audits at the Nova Scotia Liquor Corporation.

The key conclusions are:

- the Nova Scotia Liquor Corporation does not have an adequate strategic plan for its role in supporting the local alcohol industry.
- the Nova Scotia Liquor Corporation is not adequately monitoring responsible retailing programs or reporting against established performance measures for programs that promote responsible drinking.
- the Nova Scotia Liquor Corporation has a plan in place for improving the retail store network and follows their procurement process; only minor issues identified.

“With the rapidly growing number of local alcohol manufacturers in Nova Scotia and sales of these products through the Nova Scotia Liquor Corporation increasing, it is important that the Corporation has a well-planned strategy for promoting the local industry that aligns with their mandate,” said Mr. Pickup. “Although the local industry was a key part of the Nova Scotia Liquor Corporation’s 2015-20 strategic plan, goals and objectives to support the local beverage alcohol industry are not specific or measurable, and measures like reduced markup rates were not adequately planned.”

Mr. Pickup also noted that, “age verification is a key part of promoting responsible drinking by ensuring minors are not able to purchase alcohol at retail stores. However, most local manufacturers who operate retail stores are not part of the Nova Scotia Liquor Corporation’s compliance program. Only four breweries are included in the program and they failed to verify the customers age over 60 percent of the time. This highlights the importance of considering and planning for the impacts of the growing local industry.”

Nova Scotia Liquor Corporation’s Responsible Retailing training, which addresses age verification, was not completed on time by two-thirds of the Corporation’s employees tested and is not completed as required at agency stores.

The audit noted that for the Nova Scotia Liquor Corporation’s 108 corporate stores across the province, the Corporation has completed an assessment of the condition of these stores, in addition to developing a new branding strategy designed to improve customer experience.

Nova Scotia Liquor Corporation’s management had plans to change some corporate stores to agency stores which while supported by the Corporation’s Board of Directors, has not been implemented due to uncertainty around the Corporation’s authority to carry out the changes. We will look closer at these issues in our audit of governance practices in the second phase of our audit.

The report contains a total of 11 recommendations which have all been accepted by government.



The performance audit report, along with a short summary, highlight video, statement to the media, and questions Nova Scotians may want to ask government is available at <<https://oag-nb.ca/publications/2020>>.

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