



NEWS RELEASE

For Immediate Release

July 10, 2019

LDB contract files not in compliance with government policy

VICTORIA – The Office of the Auditor General of British Columbia has released a new report: *BC Liquor Distribution Branch Directly Awarded Contracts*.

The office audited the files for 74 contracts that the BC Liquor Distribution Branch (LDB) directly awarded to support its business operations. Sixty-seven contracts were valued at a total of approximately C\$24 million, and seven were valued at a total of approximately US\$646,000. The files were audited for compliance with government’s procurement policy as outlined in its *Core Policy and Procedures Manual (CPPM)*.

The office found that many of the files did not comply with the CPPM requirements. For example, 55% of the files did not demonstrate the exceptional circumstances required to directly award a contract and 73% of the files did not demonstrate non-preferential treatment of contractors.

“Government’s procurement policy is based on the principles of fair and open procurement to get best value,” said Carol Bellringer, auditor general. “Only in exceptional circumstances may a government entity, like the LDB, directly award a contract to a supplier.”

The CPPM defines exceptional circumstances as situations where it is impractical to openly compete an opportunity. Ideally, a government entity should pursue a transparent and competitive approach to awarding contracts.

The office found that responsibility for procurement has been moved several times within the LDB over the last few years. With organizational changes, there is a risk that staff may not adequately understand the policy requirements for procurement and the chief financial officer’s responsibility for oversight of procurement systems.

The LDB is a unique branch of government that is the wholesaler and retailer of liquor and non-medicinal cannabis. Procurement includes finding, acquiring and buying goods and services—usually through a competitive process such as a request for proposals or an invitation to quote.

The office regularly audits procurement activities within government organizations to see whether they are following government’s principles of fair and open procurement. This is because in the public sector, it involves a significant investment of public money.



OFFICE OF THE
Auditor General
of British Columbia

The full report is available on the Office of the Auditor General website: www.bcauditor.com.

Bellringer will answer questions pertaining to the report via a news conference.

News Conference Date: Wednesday, July 10, 2019

Time: 11:30 a.m. (Pacific time)

Dial-in Information:

From Vancouver: 604 681-0260

From elsewhere in Canada and the USA: 1 877 353-9184

Participant Pass Code: 44848#

During question and answer period, to ask a question: Press 01

During question and answer period, to exit the question queue: Press #

About the Office of the Auditor General of British Columbia

The auditor general is a non-partisan, independent officer of the legislature who reports directly to the legislative assembly. The *Auditor General Act* empowers the auditor general and staff to conduct audits, report findings and make recommendations.

Contact us:

For general questions or to speak to the Auditor General, call Colleen Rose, Manager, Communications: 250-419-6207

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