

## Chapter 25

# Saskatchewan Liquor and Gaming Authority—Regulating Commercial Permittees’ On-Table Sale of Liquor

### 1.0 MAIN POINTS

By February 2021, the Saskatchewan Liquor and Gaming Authority improved its processes to regulate commercial permittees’ on-table sale of liquor by completing inspections within the established timeframes. It implemented one recommendation and partially implemented two recommendations.

Further work remains for the Authority to consistently monitor the completion of inspections. The Authority needs to analyze and report on key trends of permittee non-compliance with requirements for selling liquor for consumption in permitted establishments. Written analysis of key trends will help determine if inspection efforts are in the appropriate areas.

Effective regulation helps minimize public health and safety risks associated with the service and consumption of liquor while maintaining a fair regulatory system for permittees.

### 2.0 INTRODUCTION

The Saskatchewan Liquor and Gaming Authority is responsible for regulating and controlling the possession, sale, and delivery of beverage alcohol (liquor) in Saskatchewan by any person.<sup>1</sup> This includes regulating on-table sales of liquor. On-table sale is liquor sold in open containers (e.g., glasses, open bottles) for consumption at permitted establishments (commercial permittees like restaurants and taverns).

The Authority’s Regulatory Services Division is responsible for permitting and monitoring over three thousand commercial permittees in the province.<sup>2</sup> It regulates commercial permittees’ on-table sale of liquor to the public by issuing permits, inspecting permitted establishments, enforcing permit requirements, and educating permittees. It works with various law enforcement agencies (e.g., Regina Police Service) to enforce its terms and conditions and the related laws.

In February 2021, approximately 13 staff (including 10 inspectors) carried out the Division’s responsibilities.

### 2.1 Focus of Follow-Up Audit

This chapter describes our second follow-up audit of management’s actions on the recommendations we made in 2017.

Our *2017 Report – Volume 1*, Chapter 11, concluded that the Authority had, other than matters reflected in our six recommendations, effective processes to regulate the on-table

<sup>1</sup> *The Alcohol and Gaming Regulation Act, 1997*, s. 12(c).

<sup>2</sup> Saskatchewan Liquor and Gaming Authority, *Annual Report for 2019–20*, p. 2.



sale of liquor by commercial permittees to the public. By February 2019, as reported in our *2019 Report – Volume 1*, Chapter 36, the Authority implemented three recommendations.

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook—Assurance* (CSAE 3001). To evaluate the Authority's progress toward meeting our recommendations, we used the relevant criteria from the original audit. The Authority's management agreed with the criteria in the original audit.

In this follow-up audit, we interviewed the Authority's management and reviewed key documentation related to liquor inspections. We reviewed policies and procedures, as well as inspection and investigation reports. We tested a sample of 19 inspection and investigation reports to determine if the Authority was following its processes.

## 3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at February 5, 2021, and the Authority's actions up to that date.

### 3.1 Need to Consistently Monitor Completion of Inspections

***We recommended Saskatchewan Liquor and Gaming Authority monitor that its staff complete, when planned, inspections of permitted establishments that sell liquor for on-premise consumption, and obtain reasons for delayed inspections.*** (2017 Report – Volume 1, p. 153, Recommendation 3; Public Accounts Committee agreement June 13, 2018)

**Status**—Partially Implemented

The Saskatchewan Liquor and Gaming Authority is not consistently monitoring whether staff complete inspections of permitted establishments as required, and obtaining reasons for delayed inspections.

The Authority's *Liquor Inspection Services Policy Manual* sets out the expected timeframes for completing liquor inspections and investigations, and for communicating sanctions to permittees. The Authority requires each inspector to complete 17 inspections per month. This number includes inspections, investigations, and consultations.<sup>3,4,5</sup>

The Authority expects inspectors to complete reports within 10 calendar days of completing an inspection or investigation. The Authority requires managers in the Regulatory Services Division to review the individual reports.

The Authority also expects the managers and director of the Regulatory Services Division to use inspectors' monthly statistics reports to monitor whether inspectors complete the

<sup>3</sup> Inspections are routine proactive reviews of permitted establishments to check compliance with legislative, regulatory, or policy requirements.

<sup>4</sup> Investigations are reviews of public complaints.

<sup>5</sup> Consultations are meetings with permitted establishments to provide advice and education on legislative, regulatory, or policy requirements.

required number of inspections, follow-up differences, and determine if further action is required.

For each of the 10 inspections and investigations tested, we found the inspector completed the report within 10 calendar days, and management reviewed these reports. Each inspector of the 10 reports we tested completed 40 inspections per month on average. This average exceeds the 17 inspections the Authority requires inspectors to complete monthly.

For four of the 19 inspections and investigations tested, we found staff did not include the inspection or investigation on the monthly statistics report. The managers and director reviewing these monthly statistics reports did not recognize they were not complete.

Having complete monthly statistics about inspections and investigations allows the managers and director to properly monitor that inspections occur when planned. Monitoring reduces the risk of not detecting significant violations by permitted establishments. This in turn may increase opportunities to educate high-risk permittees about complying with liquor laws and permit terms and conditions. Unidentified violations could lead to increased risk to public safety (e.g., establishments serving alcohol to minors or overserving individuals).

### 3.2 Inspection Deadlines Established and Followed

***We recommended Saskatchewan Liquor and Gaming Authority formalize expected timeframes for completing liquor inspections and investigations and communicating sanctions to permittees who sell liquor for consumption at permitted establishments.*** (2017 Report – Volume 1, p. 153, Recommendation 2; Public Accounts Committee agreement June 13, 2018)

**Status**—Implemented

The Saskatchewan Liquor and Gaming Authority sufficiently documented when it expects inspectors to complete liquor inspections and investigations and provide reports to their managers. The Authority has also documented when managers need to provide the director with the recommendations for sanctions.

The *Liquor Inspection Services Policy Manual* includes the expected timeframes for completing inspections and investigations, communicating sanctions to permittees, and the processes for the Authority to grant extensions for inspections or investigations. For recommendations for sanctions, the policy requires a manager to give the recommendations to the director within 30 calendar days. If inspectors require additional time to complete the inspection or their report, a manager, director, or vice-president can grant an extension where appropriate.

Since April 2019, the Authority has conducted approximately 2,400 inspections and 480 investigations.

For each of the 10 inspections and investigations we tested, inspectors prepared the inspection or investigation report within 10 calendar days, as per the policy manual. The managers reviewed the inspection or investigation reports timely for these 10 items. Inspectors did not find any need for sanction as a result of 10 inspections and investigations tested.



By completing the inspections and investigations within the timeframe set out by the policy manual, the Authority can communicate any sanctions to permittees promptly. Timely completion of inspections reduces the risk that the Authority applies its regulatory process inconsistently and unfairly.

### 3.3 Need to Analyze Trends on Non-Compliance

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***We recommended Saskatchewan Liquor and Gaming Authority analyze and report on key trends of non-compliance with requirements for selling liquor for consumption in permitted establishments.*** (2017 Report – Volume 1, p. 158, Recommendation 5; Public Accounts Committee agreement June 13, 2018)

**Status**—Partially Implemented

The Saskatchewan Liquor and Gaming Authority completes reports on non-compliance items, but does not perform a written analysis of key trends of non-compliance with requirements for selling liquor for consumption in permitted establishments.

The Authority prepares a year-end report for the Vice President of Regulatory Services Division's review. This report documents the number of non-compliance items (e.g., sanctions) on a year-over-year basis. Our review of the 2019–20 report found it does not include reasons for changes in the number of non-compliance items from prior years.

Without analysis on key trends, the Authority may not know whether its liquor regulatory processes work, if it applies its regulatory processes fairly and consistently, or if commercial permittee compliance is getting better or worse. This type of analysis can also assist the Authority in planning their resources for the next fiscal year.

