

Chapter 29

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

1.0 MAIN POINTS

By June 2024, the Saskatchewan Liquor and Gaming Authority improved its processes to regulate commercial permittees’ on-table sale of liquor. It implemented the two outstanding recommendations we first made in 2017.

The Authority consistently monitors inspectors complete inspections as planned of permitted establishments (e.g., restaurants, pubs) or obtain rationale for any delayed inspections.

Consistently inspecting permittees’ establishments in the province as planned helps minimize public health and safety risks associated with the service and consumption of liquor.

The Authority also implemented trend reporting to identify and assess key trends of non-compliance annually, which helps to better understand gaps in the liquor regulatory process and propose corrective actions, where necessary. For example, two key non-compliance issues—minor-aged employees left alone with access to alcohol or serving alcohol, and special occasion events associated with serving minors—showed significant reduction in non-compliance in 2023–24.

Conducting trend analysis of key non-compliance issues from inspections completed annually assists the Authority in allocating regulatory resources to address non-compliance.

2.0 INTRODUCTION

2.1 Background

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.¹ 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 such as restaurants or pubs).

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

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



At June 2024, approximately 20 staff (including eight inspectors) carried out the Division's responsibilities, including inspecting commercial permittees.

2.2 Focus of Follow-Up Audit

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

We assessed the effectiveness of Saskatchewan Liquor and Gaming Authority's processes, for the 12-month period ended October 31, 2016, to regulate the on-table sale of liquor by commercial permittees to the public.² We concluded the Authority had, other than matters reflected in our six recommendations, effective processes. By 2021, the Authority implemented four recommendations and partially implemented two recommendations.³

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. Authority management agreed with the criteria in the original audit.

To complete our follow-up audit, we interviewed Authority management and reviewed key documentation related to liquor inspections. We also tested a sample of inspection and investigation reports.

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 June 14, 2024, and Saskatchewan Liquor and Gaming Authority's actions up to that date.

3.1 Inspections Appropriately Monitored

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—Implemented

The Saskatchewan Liquor and Gaming Authority consistently monitored whether its inspectors complete inspections as planned of permitted establishments selling liquor for on-premise consumption, and obtained rationale for delayed inspections.

² 2017 Report – Volume 1, Chapter 11, pp. 147–160.

³ 2019 Report – Volume 1, Chapter 36, pp. 329–334 and 2021 Report – Volume 1, Chapter 25, pp. 267–270.

In 2021, the Authority implemented a report from its IT system to manage inspections. The IT system utilizes a risk management matrix that assigns inspections into different category groups based on risk of non-compliance.

The Director of Liquor Licensing and Inspection Services Branch produces appropriate monthly reports from the IT system outlining the number of inspections completed by each inspector. We found the Director maintained evidence of review of these monthly reports, including documenting any deficiencies (e.g., number of planned inspections not completed) and obtaining and assessing reasons (e.g., inspector on sick leave) for missed inspections.

We also found the Director discusses inspections completed with managers monthly. For the 12 months we reviewed up to May 15, 2024, we found six months where some inspectors did not meet the minimum expected 17 monthly inspections. We found management appropriately documented reasons why and made sure inspectors completed the missed inspections in subsequent months.

We tested 20 inspection reports and found all inspections were appropriately reviewed by a manager and the Director of Liquor Licensing and Inspection Services Branch. We also found these inspections were appropriately included in the monthly inspection reports reviewed by the Director.

Appropriately reviewing whether permittee inspections are carried out as planned minimizes public health and safety risks associated with the service and consumption of liquor at permitted establishments.

3.2 Key Non-Compliance Trends Analyzed and Reported

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—Implemented

The Saskatchewan Liquor and Gaming Authority implemented trend reporting where staff identify and assess key trends of non-compliance annually. This helps the Authority to better understand gaps in the liquor regulatory process and propose corrective actions, where necessary.

In 2022–23, the Liquor Licensing and Inspections Services Branch of the Authority established an annual report of key non-compliance trends, which it submits to the Authority’s Executive Committee (i.e., CEO, directors) for review and approval. This first report analyzed four trends identified from regulatory activities. For example, the Authority analyzed trends from its Minors as Test Shoppers Program, observing improvements in compliance rates from 2019–20, but determined the need to continue operating the Program.



We found the Authority continued to evaluate non-compliance trends in its 2023–24 report, increasing the number of trends assessed to seven, and rationalizing why it no longer planned to assess two trends from the 2022–23 report. For example, it summarized and assessed non-compliance trends it continues to find at U-Brew/U-Vin businesses.⁴ Consequently, the Authority planned to continue to inspect all U-Brew/U-Vin businesses annually.

Further, the Authority again assessed the results of its Minors as Test Shoppers Program, indicating the compliance rate decreased in 2023–24. It analyzed regulatory options to improve the compliance rate, such as increasing the fine for the first offence of selling liquor to minors.

We observed from our review of the 2023–24 report that two previously key non-compliance issues (i.e., minor-aged employees left alone with access to alcohol or serving alcohol, and special occasion events associated with serving minors) showed a significant reduction in non-compliance. For both issues, the Authority noted that despite the significant reduction in these trends, it will continue to educate permittees on these issues and escalate enforcement when required.

Conducting trend analysis of key non-compliance issues from inspections completed annually assists the Authority in allocating resources to address non-compliance.

⁴ U-Brew/U-Vin businesses are liquor-permitted businesses that sell ingredients and services to make wine, beer, coolers and cider for private consumption. Saskatchewan has 15 permitted U-Brew/U-Vin businesses.