

# Liquor Control Board of Ontario – Information Technology Procurement

I'd like to talk to you about our audit of **Information Technology Procurement** at the **Liquor Control Board of Ontario**.

The LCBO is the highest financial contributor agency to Ontario's consolidated revenue fund, and the largest alcohol retailer in Canada.

After alcohol purchases, the most significant expense at the LCBO is information technology – with a total of \$624 million dollars spent on IT in the last seven years.

Our audit assessed whether the LCBO's IT was procured cost-effectively, fairly, and transparently, in compliance with legislation and government policies.

We found that improvements are needed in procurement planning and justification; vendor performance evaluations; and the use of contract employees.

Further, we noted that external consulting firms sometimes led procurement planning and business case development work for major IT projects, which resulted in LCBO relinquishing control over ceiling prices and quality of designs.

At the time of our audit, LCBO had no centralized vendor management function or framework in place to allow timely and consistent vendor performance monitoring and management, including for IT vendors.

- Vendor evaluation forms were incomplete in 10 of the 13 files we reviewed, missing information such as the rationale for scores given.
- One consulting firm under-delivered in a previous contract in 2019 but still won multiple contracts in 2020 and 2021, due in part, to the LCBO not incorporating a review of its vendors' past performance when assessing new bids.

As well, performance indicators and targets were not established for IT vendors in 20 of the 25 contracts we examined to enable the LCBO to track consultants' progress in completing their work.

Our audit contains 10 recommendations for the LCBO including that the LCBO:

- thoroughly document the reason for each non-competitive procurement;
- develop a process to consistently assess vendor performance; and
- update vendor evaluation scoring sheets to incorporate a bidder's past performance with the LCBO.

To read this report, you can visit our website at [www.auditor.on.ca](http://www.auditor.on.ca)