



# News Release

For Immediate Release

November 30, 2022

## **LCBO Exercises Little Control Over IT Expenditure Planning and Monitoring, with Extensive Use of IT Consultants: Auditor General**

(Toronto) The Liquor Control Board of Ontario (LCBO) needs to strengthen its control over the information technology (IT) consultants it hires. The LCBO is planning to spend hundreds of millions of dollars in the next four years to modernize its aging IT infrastructure. In her *2022 Annual Report*, Auditor General Bonnie Lysyk says, “The LCBO spent \$114 million on IT procurement last year alone. We found that in some cases, the LCBO did not confirm that services paid for were delivered cost effectively.”

In three large, multi-phase projects between 2017/18 and 2021/22, the LCBO left the planning phase to the consulting firm it hired. When that was done, the same firm continued on to do the build itself—in some cases without having to compete for the work on this additional phase.

The LCBO also routinely allowed the consultants it hired to set the maximum prices of their contracts. In two cases, those price estimates were revised without question, at the consultant’s request, because it said the project scope changed. The maximum contract prices for these two contracts increased by 64%, from \$18 million to \$29 million.

The report also describes how the LCBO typically paid IT vendors without a review of performance to see if they achieved project deliverables. In fact, a review of performance is difficult because the LCBO does not set performance targets.

The audit found the LCBO paid \$108 million from 2019/20 to 2020/21 to companies that did not compete for contracts they were awarded, yet in every case of a sample that the auditor reviewed, there was minimal rationale noted for sole-sourcing.

“When we looked into how individual IT consultants were hired, we noted that they were sometimes hired without being interviewed,” said Lysyk. From 2019/20 to 2021/22, about 33% of the LCBO’s IT workforce were contract employees.

Procurement at the LCBO should follow its own guidelines and the Ontario Public Service Procurement Directive. There is some urgency in seeing this is done because the LCBO estimates that one third of its core IT systems need to be replaced as soon as possible because the technology to support them is obsolete or exposes its network to security risks.

The audit report includes 10 recommendations for improvement.



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