



REQUEST FOR PROPOSAL

**INTERNAL AUDIT SERVICES
BID INSTRUCTIONS**

**NOVA SCOTIA LIQUOR CORPORATION
93 CHAIN LAKE DRIVE
HALIFAX, NOVA SCOTIA
B3S 1A3**

NSLC REFERENCE NO: SR-07-P-14

Closing Location: Nova Scotia Liquor Corporation
93 Chain Lake Drive, Bayers Lake Business Park
Halifax, Nova Scotia B3S 1A3

NSLC Contact: Stephen Bayer, Manager – Procurement & Tendering
Email: stephen.bayer@myNSLC.com

1. **Request for Proposal for Internal Audit Services for the NSLC.**

The objective of the engagement is to provide internal audit services for a three year time period, with the option to extend for two additional years. The Audit and Risk Committee has already approved the 2014-15 work plan which is attached as an appendix to this document. Based on this plan, a maximum effort of 840 audit hours has been assumed. Specific assignments for years two and three would be determined, pending the completion and approval of the applicable annual internal audit work plan.

Proponents should note that one of the assignments for a particular year may include the preparation of the annual internal audit work plan. Proponents should note that the hours dedicated to each operation in the 2014-2015 work plan may change depending on budget circumstances.

2. The NSLC Policy is to ensure that all firms interested in becoming government suppliers shall be given equitable access to contract opportunities, except that consideration may be shown to Atlantic Provinces suppliers, manufacturers and contractors whenever practical and economically feasible to do so, consistent with The Atlantic Procurement Agreement.
3. Proposals must be delivered to the **Nova Scotia Liquor Corporation**, prior to the tender closing. Please indicate the RFP # **SR-07-P-14** on your document and/or envelope.

Mailing/Courier
Address:

Nova Scotia Liquor Corporation
Attn: Stephen Bayer – Manager,
Procurement & Tendering
Ref. RFP# SR-07-P-14
93 Chain Lake Drive
Halifax, Nova Scotia
B3S 1A3

4. Inquiries regarding the RFP Specifications are to be directed to Stephen Bayer, Manager Procurement & Tendering NSLC, by email at: stephen.bayer@myNSLC.com
5. Proponents should please ensure their submission includes **four (4) paper copies**, as well as one **(1) electronic copy** in **Word or .PDF format**.
6. Late proposals received after the closing date and time will be disqualified from competition and returned to the respondent unopened.

7. Proposals will **not** be accepted by fax or email.
8. Proposed schedule(s) must be included in all responses submitted.
9. All submissions are subject to evaluation after opening and before award of contract. Submissions may be evaluated not only on the submitted price, but also on quality of goods, delivery, availability of supply, parts, servicing and the capacity of the respondent to meet the requirements of the procurement in accordance with the criteria stated in the RFP document. On request, unsuccessful respondents are entitled to receive an explanation and a debriefing on their submission. All buying activity will attempt to seek out best value, which maximizes the effectiveness and profitability to the Corporation.
10. The Corporation is not obliged to award lowest proposal and reserves the right to re address the requirement should there be reasonable doubt that prices received are not competitive. This RFP implies no obligation on the Corporation to accept this response or any response submitted.
11. The NSLC reserves the right to reject any or all proposals. This RFP implies no obligation on the NSLC to accept this proposal or any proposal submitted and has the right to cancel this RFP if required.
12. The NSLC reserves the right at any time, with 30 days written notice, to cancel the contract with the successful proponent without giving specific reason.
13. All respondents should be aware only contracts or amendments signed by the President or designate of the Nova Scotia Liquor Corporation will be valid.
14. All contracts resulting from this RFP will be governed under the laws of Nova Scotia.
15. Respondents wishing to amend an already submitted proposal must submit the amendment to the Nova Scotia Liquor Corporation in writing or by fax before the designated closing date/time provided they are properly identified by company name, RFP number and due date and are received by the Nova Scotia Liquor Corporation prior to the closing date and time. Amendment is to identify change in price only, not revealing the amount of the original price submitted.
16. The respondent shall indicate in his submission that he has based his prices on the specifications and all addenda issued during this course of the RFP posting. All pricing must be in Canadian Funds.
17. The respondent shall ensure that he has in his possession at the time of submission, all addenda that may have been issued. Confirmation

can be obtained by checking the RFP document as posted on the Public Tenders website at www.gov.ns.ca/tenders.

18. Notification of successful proposal will be faxed or emailed to all respondents upon the RFP award.

19. RFP Evaluation Criteria:

As outlined in the Evaluation Criteria Section 3.1, of the RFP Specifications.



REQUEST FOR PROPOSAL

**INTERNAL AUDIT SERVICES
BID SPECIFICATIONS**

**NOVA SCOTIA LIQUOR CORPORATION
93 CHAIN LAKE DRIVE
HALIFAX, NOVA SCOTIA
B3S 1A3**

NSLC REFERENCE NO: SR-07-P-14

**Internal Audit Services
RFP # SR-07-P-14**

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INTRODUCTION

1.1. Introduction

1.1.1. NSLC Overview

The NSLC is a Crown Corporation of the Province of Nova Scotia established in 2001. Prior to July 2001, the NSLC was a provincial commission operating for over 70 years.

Since the introduction of the new corporate structure, the organization has undergone significant change including introduction of a new governance model, appointment of a Board, significant changes in senior management and restructuring of the organization. The NSLC is responsible for the purchase, importation, distribution, and retail activity for beverage alcohol in the Province of Nova Scotia as well as for administering parts of Nova Scotia's Liquor Control Act.

Administrative functions are conducted at the head office located in Halifax, as well as through three additional regional offices throughout Nova Scotia. Halifax is also the location of the central distribution center that supplies all Corporation-operated retail liquor stores with approximately 6,500 products. These include wines, spirits, beer and ready-to-drink beverages.

The NSLC is a major retailer in the Province of Nova Scotia with 105 retail outlets, 1200 employees, and approximately \$600 million in annual sales. It also distributes product to licensees, private wine stores and through Agency outlets. Agency stores are Corporation-regulated private sector operations which sell beverage alcohol products in addition to offering non-liquor goods and services to residents of smaller communities. A licensee is a business licensed by the Nova Scotia Alcohol & Gaming Division (AGD) for the sale of beverage alcohol by the glass to be consumed on the premises of the licensee. The AGD is also responsible for enforcing the Liquor Control Act and its associated regulations with respect to licensees.

Additional information about the NSLC may be found at its corporate website, www.mynslc.com.

1.1.2. Internal Audit Business Unit Background

The NSLC has long maintained an Internal Audit function as part of its business operations. The unit reports to the Audit & Risk Committee of the Board of Directors and conducts both store-level audits of business processes, along with operational audits throughout the organization. In addition, specific compliance audits are conducted related to external stakeholders such as manufacturers. The Director, Internal Audit typically submits an annual work plan to the Audit & Risk Committee annually for approval of the work proposed for the upcoming year, and provides updates to the committee on progress on a quarterly basis.

With the unexpected departure of the Director, Internal Audit in May of 2013 the Committee

determined that operational audits planned for the year would require external resources given the timeframes and the specialized nature of the resources required. Following a RFP process, the operational audit work was outsourced along with development of an audit plan for the 2014/15 fiscal year. The Committee has decided to continue with this arrangement for the foreseeable future.

The Nova Scotia Liquor Corporation therefore wishes to engage a service provider with the appropriate expertise to provide internal audit services, which may include the preparation of the annual internal work plan. The NSLC is seeking a three year agreement, with the option to renew for two additional years. For reference purposes, the 2014/15 internal audit work plan is enclosed. Specific assignments for subsequent years would be determined, once the annual work plan has been created and approved for the applicable year.

1.1.3. Purpose of RFP

The objective of the engagement is to provide internal audit services for a three year time period, with the option to extend for two additional years. The Audit and Risk Committee has already approved the 2014-15 work plan which is attached as an appendix to this document. Based on this plan, a maximum effort of 840 audit hours has been assumed. Specific assignments for years two and three would be determined, pending the completion and approval of the applicable annual internal audit work plan.

Proponents should note that one of the assignments for a particular year may include the preparation of the annual internal audit work plan. Proponents should note that the hours dedicated to each operation in the 2014-2015 work plan may change depending on budget circumstances.

The NSLC will designate a business unit contact for each assignment to assist the successful proponent in identifying key players to be interviewed, provide access to files containing previous reports and data sources, and to assist the proponent in accessing information required to complete the audit plan for each assignment.

All work associated with this assignment is expected to occur within the Halifax Regional Municipality area. The NSLC can provide the proponent with working space at its Head Office facility if required.

1.2. Request for Proposal Process and Procedures

1.2.1. Process

The process the NSLC is using to select the successful bidder involves evaluating all proposals according to the evaluation criteria defined in Section 3 of this document.

This RFP should not be construed as a contract to purchase goods or services. The NSLC will not be obligated in any manner to any proponent whatsoever until a written contract has been

duly executed relating to an accepted proposal.

1.2.2. Statement of Requirements

This RFP describes requirements of the NSLC. Proponents should provide full explanations and descriptions of how they propose to satisfy these requirements.

1.2.3. Evaluation Team

Proposals will be evaluated by a committee formed by the NSLC. Proposals will be evaluated based on the criteria laid out in Section 3. The committee consists of:

Heather MacDougall, Nova Scotia Liquor Corporation

David DiPersio, Nova Scotia Liquor Corporation

Stephen Bayer, Nova Scotia Liquor Corporation

John Carter, NSLC Audit & Risk Committee Chair or designated Committee member

1.2.4. Debriefing

On request, unsuccessful bidders are entitled to receive an explanation and a debriefing on their bid submission.

1.3. Proposal Preparation

1.3.1. Proposal Format

All proponents are asked to organize their proposals in the same manner and order as shown in the Evaluation and Pricing Section 3 of this document. Proponents are free to include additional material in appendices, however, only the main body of the proposal will be evaluated.

The Proponents should provide four (4) paper copies of their responses, as well as one electronic copy in Word or .PDF format.

1.3.2. Proposal Changes/Amendments/Closing Dates/Late Proposals

Refer to the Response Instructions and Information cover sheet for information on proposal changes, notification of changes, closing dates, and late proposals.

1.3.3. Additional Information

All documentation materials submitted as attachments to the proposals should be clearly indicated on a "list of materials" document.

1.3.4. Proponents Expenses

Proponents are solely responsible for their own expenses in preparing, presenting or delivering a proposal.

1.3.5. Authorization

Proponent responses must be signed by an authorized officer of the firm.

1.4. Additional Terms

1.4.1. Subcontracting and Partnering

Utilizing a subcontractor or partner is acceptable. The principal contractor must take overall responsibility for partner or subcontractor contracts, payment, availability, skill set, quality of work, etc.

1.4.2. Liability for Errors

While the NSLC has made considerable efforts to ensure an accurate representation of information in this RFP, the information contained in this RFP is supplied solely as a guideline for proponents. The information is not guaranteed or warranted to be absolutely accurate by the NSLC, nor is it necessarily comprehensive or exhaustive. Nothing in this RFP is intended to relieve proponents from forming their own opinions and conclusions with respect to the matters addressed in this RFP.

1.4.3. Acceptance of Terms

Terms and conditions of the contract resulting from the award of this RFP will be finalized once the successful proponent has been identified.

1.4.4. Financial Stability

Proponent's financial stability will be assessed based on their annual report which is requested as part of the response.

1.4.5. Ownership of Proposal and Freedom of Information

All documents, including proposals, submitted to the NSLC become the property of the NSLC and are subject to disclosure under the Nova Scotia Freedom of Information and Protection of Privacy Act. By submitting a proposal the proponent thereby agrees to public disclosure of its contents. Any information the proponent considers personal information, or commercial confidential because of its proprietary nature, should be marked as "confidential", and will be subject to appropriate consideration as defined within the Nova Scotia Freedom of Information and Protection of Privacy Act.

1.4.6. Use of Request for Proposal

This document or any portion thereof may not be used for any purpose other than the submission of proposals.

1.4.7. Confidentiality of Information

Information pertaining to this RFP or any material obtained by the proponent as a result of participation in this project is confidential and must not be disclosed without written

authorization from the NSLC.

2. PROPOSED SERVICES AND QUALIFICATIONS

The following section describes the required content of the Proponent's response to this RFP and Proponents are asked to structure their response using the same format.

2.1. Statement of Requirements

The engagement will provide specific Internal Audit services to the NSLC in areas as outlined in section 1.1.3 of this document. The scope of these services is outlined below.

The successful proponent will provide professional services staff resources to develop an audit plan for each assignment contained in the Audit Plan, identify and interview auditees, gather and analyze required data, assess findings in light of Institute of Internal Audit standards, make recommendations as appropriate, deliver a written report outlining their methodology, findings, and recommendations, and present their report to the Audit & Risk Committee.

For the first year of the contract (fiscal 2014/15), the NSLC has estimated time associated with each of the specific assignments outlined in Appendix A as covered by this Request for Proposal. These are to be considered estimates only for purposes of scope definition and the actual time requirements for any individual assignment may prove to be different than these estimates. However, the total time requirement involved in this engagement should not exceed 840 hours in the first year and bidders should prepare submissions using this figure. No proposal shall be accepted if the number of hours quoted in preparing the bid is less than this figure.

For years 2 and 3, proponents should assume that the total time requirement will range between 600 and 900 hours annually. The nature of the engagements, and the skills and expertise required to complete the assignments, should be assumed to be similar to those in fiscal 2014/15 for purposes of preparing a response to this Request for Proposals.

2.2. Professional Resources

Specific information should be submitted with respect to those staff members who are proposed to have direct responsibility for the Nova Scotia Liquor Corporation, including:

- Name and professional credentials
- Training and experience
- Position in the firm
- Fee scale – by hour and by resource type
- Preferred area of practice (if applicable)

2.3. Corporate Capability

Proponents are required to provide an overview of their corporate background and capabilities as it may be relevant to the needs of the NSLC. Proposals must include information of a general nature on the current total staffing level and client base of the firm.

2.4. Corporate References

Proponents must provide a list of references for both their own personnel as well as any sub-contractors proposed as part of the response. Reference contacts should be notified that they may be contacted by the NSLC as part of the evaluation process. A minimum of three (3) references should be provided as part of any proposal response. These references should include clients whose involvement with the responding firm is similar to the services being proposed for the Corporation.

2.5. Project Plan

Proposals should include a proposed project plan outlining major tasks, timeframes, resource requirements, and deliverables, as part of their submission. In addition, the Proponent should state all assumptions used in preparation of the project plan.

2.5.1. Subcontracting Arrangements

Responses must include a list and description of all partnering and subcontracting arrangements, including partner or subcontracted areas of expertise.

2.6 Project Deliverables

The deliverables will include a project schedule and work plan, a proposed report structure, and for each specific assignment, a draft report for review, a final report, and a presentation of each of the final reports to the Audit & Risk Committee. As the service provider to the Committee, proponents should also be prepared to attend up to 4 Committee meetings each year as part of the engagement and include that time, including preparation time, in their response.

The project shall commence as early as possible with the goal of delivering the final reports on each of the assignments to the committee no later than March 31, 2015 for the first year of the contract. The NSLC strongly prefers a strategy that would see individual assignments completed and presented at points throughout the fiscal year.

2.7. Terms and Conditions

The successful Proponent will provide a template of acceptable contract terms and conditions to the NSLC within two weeks after notification of acceptance of its proposal. Proponents should identify any revisions to terms that they require or provide alternatives where necessary.

3. EVALUATION AND PRICING

3.1. Evaluation Criteria

The Nova Scotia Liquor Corporation will employ a structured, competitive evaluation process. All written proposals will be reviewed and scored based on how well they address the specific needs of the Corporation as outlined in this Request for Proposals. The Corporation will determine the firm whose proposal best suits its needs based upon review and selection criteria

as follows:

Evaluation Factor	Weight	Section Containing Details	Notes
Proposal Requirements			
1. Professional qualifications and experience in delivering the requirements as outlined	35	2.1, 2.6	
2. Staff relevant experience and demonstrated competence	20	2.2	
3. Pricing Scale of Services	20	2.1, 3.3	
4. Familiarity with the NSLC, Crown corporations, the beverage alcohol industry and retail operations.	10	2.3	
5. Approach and schedule as outlined in the RFP response	5	2.5	Creative approaches to meeting the NSLC's needs that also contain its costs will be considered.
6. References	10	2.4	Attesting to experience and success with projects of similar scope or complexity.
	100		

The Corporation may choose, solely at its discretion, to conduct interviews with representatives of firms responding in order to clarify information contained in their response.

3.2 Assumptions

Proponents must document any assumptions made in the preparation of their Financial Proposal.

3.3 Proposal Price Details

Proposals shall include a detailed description of all fees and the recommended method of billing and payment, including methods proposed for interim or phased billings, if any.

3.4 Project Oversight

The engagement will be overseen by, and deliverables provided to the Project Sponsor, Heather MacDougall, Director, Policy & Public Affairs/Corporate Secretary, or her designate. Any changes to the terms of reference or the deliverables schedule can only be made with the agreement of the Project Sponsor. The Project Sponsor will also be responsible for recommending payment of invoices. All contracts and payments will be processed through the Nova Scotia Liquor Corporation.

Appendix A: NSLC 2014/15 Internal Audit Work Plan

Nova Scotia Liquor Corporation 2014-15 Internal Audit Plan

IA project name	Objective(s) / Area(s) of focus ^{Note 1}	Top 16 Key risk(s) mapped	Est. effort ^{Note 2}
Operations			
POS project health check	Independent point in time assessment of the current status of the POS implementation. The assessment will look at areas critical to the success of the POS implementation including governance, stakeholder reporting, adherence to timelines and budgets and other key risk management processes in place to monitor and report against the project.	POS server provider Technology adoption Investment return	30-40 hrs
Online re-platform health check	Independent point in time assessment of the current status of NSLC's activities related to upgrading its online platform and presence. The assessment will look at areas critical to the success of the project implementation including governance, stakeholder reporting, adherence to timelines and budgets and other key risk management processes in place to monitor and report against the project.	Technology adoption Investment return	30-40 hrs
Master data control assessment	An examination of the flow of data amongst NSLC's operational and financial systems and the controls in place to ensure data integrity, accuracy and completeness. The review will include areas such as: <ul style="list-style-type: none"> • Vendor data (i.e. contracts and agreements, compliance terms) • Air Miles data (i.e. customer information) • Procurement and tendering (i.e. existing contracts and agreements) The review will also include integrity controls over end-user-computing (i.e. critical spreadsheets) used for creating, analyzing and generating information.	Technology adoption Information security Vendor practices Compliance with LCA	160-180 hrs
Advanced threat (cyber security) diagnostic	Advanced threat (cybersecurity) diagnostic analysis to identify NSLC's current security posture and maturity levels as it pertains to preparing for, identifying and responding to cyber threats. The assessment will feed future cyber security priorities and objectives. The assessment would involve a top down approach that focuses on the alignment of technology to the organizational operations and to the overall corporate strategy.	Technology adoption Investment return Information security	60-80 hrs

IA project name	Objective(s) / Area(s) of focus ^{Note 1}	Top 16 Key risk(s) mapped	Est. effort ^{Note 2}
Financial			
Purchase to payables assessment and key internal control documentation	<p>This assessment will encompass 3 key areas of focus within NSLC's purchase to payables business cycle:</p> <ol style="list-style-type: none"> 1. To finalize NSLC's commitment to documenting and assessing internal controls over financial reporting, the first part of the assessment focuses on the identification, documentation and assessment of key internal controls over financial reporting within the purchase to payable business cycle (purchasing, processing accounts payable, processing disbursements, maintaining supplier / vendor master file). This part of the assessment will be completed through sample transaction walkthroughs to assess the control design, implementation and operating effectiveness. Controls will be documented in an internal control matrix for NSLC along with a process flow map. 2. The second component of the project will include an assessment of compliance against current policies and procedures in place for procurement and tendering. The compliance assessment will also include relevant tendering and procurement requirements per the Province of Nova Scotia. Part of the assessment will be an examination and assessment of current tendering and procurement policies and procedures against leading practices along with contracting and legal terms used in agreements with NSLC's vendors. 3. The final component of this project will assess the controls in place to monitor vendor performance and compliance with contracts and agreements throughout the relationship lifecycle and prior to processing vendor payments. 	<p>Vendor practices Compliance with LCA</p>	220-240 hrs
Regulatory			
Distribution centre (DC) health and safety assessment	The DC health and safety assessment will focus on the effectiveness of processes and controls established against leading practices to ensure health and safety is appropriately addressed within the policies, procedures, training and communications to relevant personnel. The assessment will also assess, on a sample basis, compliance to each of the various health and safety requirements.	<p>Not on top 16 risks document Health and safety dynamics (balance of risks)</p>	100-120 hrs
Total Estimated 2014-15 internal audit project effort			600-700 hrs

IA project name	Objective(s) / Area(s) of focus ^{Note 1}	Top 16 Key risk(s) mapped	Est. effort ^{Note 2}
Other internal audit activities / initiatives			
Continuous control monitoring (CCM) program development	Development of a CCM program for internal audit to examine key risk areas on a regular basis and flag exceptions or potential exceptions for follow-up (primarily store focussed but measures may also be defined for the Corporate Head Office and for manufacturer compliance monitoring). Areas for inclusion in the CCM would be (but are not limited to) cash, breakage / shrinkage, Air Miles usage, time and attendance. The CCM will include program activities to be executed by internal audit based on the outcome of the results. (Note – CCM results will feed into the Store audit process and the prioritization and execution of audits)	KPI misalignment	60-80 hrs (Project may be resourced by new Director)
Store audit re-engineering	Assessment of the current store audit program and its benefits delivered to the NSLC and its stakeholders. From the assessment, the store audit process and programs will be re-engineered to re-focus store audit activities on areas of key risk and value to the organization while maintaining the ability to monitor retail store activities. The program will incorporate outcomes from the CCM program (additional project) and will prioritize areas of focus within the stores to allow for greater efficiency in the deployment of internal audit resources. (Note – the store audit will continue as it exists in the current year until this project has been completed and the revised program is approved by management)	KPI misalignment	40-60 hrs (Project may be resourced by new Director)
Internal audit exception follow-up	Internal audit follow-up on prior exceptions identified in internal audit reports and other communications to assess management's action plans with respect to closing audit exceptions through the development implementation of mitigating controls and procedures or acceptance of risk(s). Follow-up will include both operational and store audit exceptions.	TBD based on exceptions	TBD based on exceptions
Total Estimated 2014-15 internal audit effort (projects + other activities / initiatives)			700-840 hrs

Future-year internal audit projects for consideration

IA project name	Objective(s) / Area(s) of focus ^{Note 1}	Top 16 Key risk(s) mapped	Est. effort ^{Note 2}
Operations			
Cybersecurity project	Future cyber security project to be based on the outcomes and findings from the initial advanced threat (cybersecurity) diagnostic.	Technology adoption Investment return Information security	80-100 hrs
POS project post-mortem	Post-mortem project assessment of the POS implementation. The review will assess the success of the project in terms of adherence to timelines, budgets and other key risk management processes in place for the project and the initial measurement of the achievement of desired outcomes. Lessons learned from the POS project will also be assessed for application to future NSLC projects.	POS server provider Technology adoption Investment return	30-40 hrs
Air Miles program review	An assessment of the current NSLC processes and controls in place to ensure compliance with NSLC policies and Air Miles program compliance requirements. The review will also look at the benefits being derived from participation in the program and how Air Miles information is contributing to NSLC promotional activities.	Shifting customer base Investment return Vendor practices Compliance with LCA	120-140 hrs
Vendor management and monitoring	A detailed assessment of vendor compliance with existing contracts and agreements. The review will cover a sample of IT and non-IT contracts and span contract initiation, monitoring contract performance, amendments of contract terms and distribution of payment to vendors on completion of contract terms.	Vendor practices	60-80 hrs
One-time-only (OTO) product lifecycle assessment	Organization-wide assessment of processing and controls as it pertains to the OTO (One time only) products. Areas of the assessment would include examining on a sample basis vendor contracting, product selection, store placement, supply chain and warehousing, pricing entry and invoicing to vendors. As well, achievement of expected results will be examined to determine the effectiveness of the promotional activity.	Shifting customer base Investment return Vendor practices Compliance with LCA	120-140 hrs
Consignment goods	An examination of processes and controls to monitor, manage and account for products that land domestically but remain under the control of suppliers within warehouses outside the NSLC distribution centre. Included in the examination would be an assessment of how the processes and controls are structured such that NSLC is able to ensure compliance with the <i>Liquor Control Act</i> and the <i>NSLC Regulations</i> .	Investment return Vendor practices Compliance with LCA	120-140 hrs
Business continuity plan (BCP) / disaster recovery plan (DRP) assessment	Assessment of NSLC's existing BCP / DRP in ensuring the timely resumption of operations in the event of a disaster. The assessment will look at the prioritization of key processes, systems and personnel, agreements in place with third party / off-site providers and periodic assessment and testing activities performed.	Business disruption SAP hosting	160-180 hrs

IA project name	Objective(s) / Area(s) of focus ^{Note 1}	Top 16 Key risk(s) mapped	Est. effort ^{Note 2}
Capital asset, facilities and property management	Assessment of the current processes and controls surrounding capital assets / facilities and properties management. The assessment would include examining, on a sample basis, the selection and approval (i.e. Capital Committee) of projects/investments (including planned maintenance for stores), budgeting, contracting processes with third parties, ongoing monitoring and management of third party providers and payments made for work / services. Leasing costs would also be included as it relates to decisions in the past to build versus renew existing leases and the outcome of these decisions in the achievement of desired results.	Investment return Vendor practices Compliance with LCA	100-120 hrs
Performance management	An assessment of the processes and controls to define role/job requirements, training and the linkage to the performance management process (i.e. annual plan/goal setting, periodic assessment, annual assessment). The review will also include an assessment against leading practices for performance management.	Talent attraction and retention	100-120 hrs
Succession planning	An assessment of current processes and activities being undertaken in the process for succession planning. The review will cover areas such as leader identification, leadership development, talent acquisition, critical workforce segments, talent shortages and impact to workforce planning. The review will also include an assessment against leading practices for succession planning.	Talent attraction and retention	60-80 hrs
Union grievance management	An assessment of the processes and controls to monitor, respond to, report and track union grievances. The assessment will look primarily at the efficiency of the processes for grievance management (processes and resources) while maintaining compliance with the various union agreements.	Not on top 16 risks document Labour relations (balance of risks)	60-80 hrs
NSLC employee culture and ethics assessment	This assessment will examine whether NSLC's prevailing risk and control culture and processes aligns with the organization's values, ethics, risk strategy, appetite, tolerance, and approach. The assessment will be completed via an examination of current policies, procedures and communications to employees against leading practices. Additionally, the current "tone" within NSLC will be obtained by conducting a survey with a representative sample of employees within all areas of the organization.	Talent attraction and retention Social attitudes	80-120 hrs
Vendor relationship assessment	An assessment of current policies and procedures as it relates to NSLC employees and relationships with vendors in order to maintain appropriate independence and decision making authorities and in the interactions with the vendors. The review will include an assessment against leading practices for relationship management.	Social attitudes Vendor practices	60-80 hrs

IA project name	Objective(s) / Area(s) of focus ^{Note 1}	Top 16 Key risk(s) mapped	Est. effort ^{Note 2}
Corporate responsibility and sustainability review	Current state assessment of NSLC's corporate responsibility and sustainability program. The review will include an assessment of the related compliance reporting and external statements with respect to corporate responsibility and sustainability along with an assessment against other leading practice corporate responsibility and sustainability programs.	Social attitudes	60-80 hrs
Inventory KPI assessment	An assessment of NSLC's current inventory targets (including category assortment selections and store "basket" assignments) including targeted and actual inventory turns, days of supply, order targets and the actual carrying cost of inventory. The assessment will include both an examination for the determination and period evaluation of targets. The assessment may also include a comparison of NSLC targets against other industry peers for comparison purposes (provided willing participation by peers).	KPI misalignment	80-100 hrs
Social media use	An assessment of the use of social media within NSLC and policies and procedures in place to manage the risk of such use. The assessment would address whether social media is being effectively used to enable interactions with stakeholders /consumers to foster innovation, customer loyalty, improved service, and brand promotion and the controls to manage the risks around the same.	Social media impacts	60-80 hrs
Financial			
TBD – Projects to be identified as part of the 2015-16 internal audit planning process			
Regulatory			
Manufacturer compliance handbook assessment	An assessment of the manufacturer compliance handbook to be provided to manufacturers of alcohol within Nova Scotia. The assessment will examine key governance and risk management requirements including reporting and monitoring criteria and frequency of each. Post assessment of the handbook, ongoing assessments should be completed to assess compliance (coupled with CCM monitoring)	Compliance with LCA	20-40 hrs (initial review) 80-100 hrs (assessment)
Other internal audit activities / initiatives			
Ongoing execution of Continuous control monitoring (CCM) program	Ongoing execution of the CCM program to actively monitor key metrics and follow-up on exceptions and results outside of established expectations and tolerance levels. (Note – CCM results will continue to feed into the Store audit process and the prioritization and execution of audits)	KPI misalignment	TBD
Internal audit exception follow-up	Internal audit follow-up on prior exceptions identified in internal audit reports and other communications to assess management's action plans with respect to closing audit exceptions through the development implementation of mitigating controls and procedures or acceptance of risk(s). Follow-up will include both operational and store audit exceptions.	TBD based on exceptions	TBD based on exceptions

Notes to the NSLC 2014-15 Internal Audit Plan and future-year internal audit projects for consideration

The following outlines a number of notes, considerations and assumptions made in developing the 2014 -15 NSLC internal audit plan.

1. The project objective(s) / area(s) of focus are high level project summaries only and may not reflect the full project scope. Actual project scope and objectives / areas of focus will be defined as part of individual project planning meetings with the individual project stakeholders. This also includes ensuring the actual project scope and objectives / areas of focus align with the available internal audit resources and estimated level of effort (see next note).
2. The estimated effort serves as a guide for initial resource planning and budgeting purposes only. Once the actual scope, objectives and timing of the internal audit project have been defined, a more accurate estimate of effort will be provided.
3. The estimated effort has not contemplated the final staffing model of internal audit for NSLC but would require a certain level of subject matter expertise to efficiently and effectively complete the project. The estimated effort also does not reflect the availability of all internal audit staff members.
4. The developed listing of internal audit projects does not represent the entire internal audit universe for NSLC (this was beyond the scope of our work). Projects have, however, been categorized into three main themes aligned with the COSO framework: Operations, Financial and Regulatory. The focus of projects is primarily within the Operations category due to the operational nature of the organization. In addition to categorized projects, we have also included additional internal audit activities / initiatives for consideration as part of the 2014-15 internal audit plan.
5. The listing of internal audit projects includes input received from NSLC internal audit stakeholder interviews coupled with our experience in delivering internal audit services to similar public sector organizations along with Deloitte's 2013-14 document 'Internal audit insights – High impact areas of focus' (Deloitte publication which is based on our global network of internal audit professionals to identify what we believe are high-impact areas of focus that internal audit should consider incorporating into their audit plans).
6. The proposed timing for internal audit projects have been grouped into 2 categories: '2014-15 internal audit plan' and 'Future-year internal audit projects for consideration'. The proposed timing is based on a number of factors including the frequency of identification during internal audit stakeholder interviews, linkage of projects to key NSLC risks, availability of internal audit resources and Deloitte's experience as outsource internal audit providers. Projects identified as 'Future-year internal audit projects for consideration' should be reassessed as part of the 2015-16 internal audit planning process as the circumstances behind these internal audit projects may have changed and additional projects may be identified or the proposed objectives / area(s) of focus may change in line with changes in NSLC's risks and operations.
7. Proposed internal audit projects (for 2014-15 and future projects) have been linked to NSLC's 'Top 16' risks. Only two risks within the proposed project listing have not been linked – "Provincial Policy Changes" and "Federal Policy Changes" risks. These risks are not entirely controllable by NSLC and any changes resulting from a Provincial or Federal perspective would have to be considered and reviewed by internal audit to assess the impact on the current and future internal audit plans.
8. Ongoing execution of the store audits is expected to continue until such time as the re-engineered store audit program, supplemented by CCM, has been developed, approved by management and placed into operation.
9. Changes to the timing of proposed projects may change at the discretion of internal audit stakeholders based on changes to NSLC's risks, new initiatives and specific requests for the use of internal audit resources.