



B.C. Liquor Distribution Branch Brewery Compliance Audit Program

Compliance Accountant(s):

Manager / Supervisor:

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Planning

AUDIT PROJECT:						
AUDIT PERIOD:	W/P Ref	Completed By:	Reviewed By:			
OBJECTIVE: 1) Ensure the LBW is not operating contrary to the intent of the guidelines and regulations set forth in the BCLDB Distribution Agreement. 2) To obtain reasonable assurance over the completeness and accuracy of the Direct Sales reported by the Brewery to the BCLDB during the selected audit period. Notes Pre Planning 1) Research Brewery <ol style="list-style-type: none">Visit Brewery website is applicable to familiarize yourself with the brewery, owners, products, bio, customers etc.Google brewery for any related articlesOther research 2) Determine Audit Period: 3) Generate brewery registered SKU list from CPD. Preliminary comparison can be done to products found on brewery's website. 4) Confirm with Costing department brewery's mark-up rate and if brewery is affiliated with any brewery in Canada and Worldwide. Obtain related breweries names and location 5) Review Internal Audits previous audit results if applicable 6) Review previous Schedule A filing reported to LDB Revenue if applicable 7) Verify status of Brewery's reporting with Data Management 8) Verify status of Brewery's deposits with Banking						
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Objective 1 BCLDB Agreement

AUDIT PROJECT:						
AUDIT PERIOD:	W/ P Ref	Complete d By:	Reviewed By:			
OBJECTIVE: 1 Ensure the Brewery is not operating contrary to the intent of the guidelines and regulations set forth in the BCLDB Distribution Agreement AUDIT PROCEDURES: BCLDB Sales Agreement <ul style="list-style-type: none">1) Insurance and Indemnity – Ensure LBW has adequate insurance as reasonably prudent business operator.<ul style="list-style-type: none">a. Request Insurance Certificateb. If necessary follow up with insurer2) Sale and delivery of product – Ensure all products the LBW sells under their license are registered with BCLDB.<ul style="list-style-type: none">a. Print SKU list from Product productivityb. Obtain product list from Breweryc. Cross Check product list to registered SKUs3) Payments for Beverage Container Deposits and Container Recycling fees.<ul style="list-style-type: none">a. Confirm with AR all container fees are paid up to date4) Reporting Requirements and Batch Deposits<ul style="list-style-type: none">a. Confirm Data Management that the LBW is current in reporting batches to the LD5) Inspection and Audit Requirements – Ensure Brewery is conducting annual inventory counts.<ul style="list-style-type: none">a. Review most recent Schedule A report submitted by brewery.						
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Opening Inventory

AUDIT PROJECT:			
AUDIT PERIOD:	W/ P Ref	Complete d By:	Reviewed By:
OBJECTIVE: 2 To obtain reasonable assurance over the completeness and accuracy of the Brewery's Opening Inventory. AUDIT PROCEDURES: 1) All Breweries are required to complete a Schedule A form at the end of each fiscal year. To verify opening inventory <ol style="list-style-type: none">1 Obtain the Schedule A report from previous fiscal year2 Obtain the Schedule A report from current fiscal year3 Compare the closing inventory from previous fiscal year to opening inventory from current fiscal year. These inventory totals should match.4 If inventory totals do not match investigate discrepancy. 2) If Schedule A forms have not been filled out or cannot be verified, consult with Internal Audit department to determine last fiscal period the Brewery was audited. Use the closing inventory totals as Opening Inventory for the fiscal period following the Audit. 3) If Brewery is fairly new and has not been previously audited, use zero as the opening inventory and extend the audit period to the first official day Brewery was licensed. Email Industry Programs Coordinator to verify licensing date.			
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Production

AUDIT PROJECT:			
AUDIT PERIOD:	W/P Ref	Completed By:	Reviewed By:
<p>OBJECTIVE: 3 To obtain reasonable assurance over the completeness and accuracy of the Brewery's Production and Packaged Production.</p> <p>AUDIT PROCEDURES:</p> <p>Verify Production WIP</p> <ol style="list-style-type: none">1) Obtain Internal production records from Brewery for audit period. Calculate total production for audit period. Each brewery keeps Brew Sheets these sheets contain final volume per batch. Each brew sheet with in the audit period must be examined for final volumes to accumulate the total production. Each batch should be matched to SKU registered with LDB2) For each SKU obtain recipe from brew master. Recipe should contain all different types of malt and hops used with weights. Each batch should yield about the same amount of beer.3) Discuss with brew master, what percentage of the final volume, if any, indicated on brew sheets is reduced for boiling or other reasons prior to packaging. Agree to a reasonable general formula with the brew master and obtain written agreement. Reduce final volumes on brew sheets accordingly.4) Request purchase records from Brewery for all raw ingredients (Malt and Hops) for the selected audit period. If required obtain raw ingredient suppliers to verify purchases.5) Determine the opening inventory of Malt and Hops if applicable.6) Determine the amount of Malt and Hops onsite on day of audit (in lbs. or Kg)7) Compare your findings in step 3, 4 and 5 with total amount of raw ingredients used in production. The result should be comparable within reason. (Step 4 + Step 3 – Step 5 = Raw Ingredients used in production) <p>Verify Packaged Product</p> <ol style="list-style-type: none">1) Obtain Excise (Reported to CRA) documents to determine liters of beer packaged within the audit period.2) Reconcile the Brewery's production details to the CRA reported amounts (Excise documents) for the period to ensure reasonableness and consistency. Explain any major differences (Breweries should have calculations to determine liters reported to CRA each month)3) If applicable reconcile packaged production figure reported on the Schedule A to the Brewery's internal records (note: ensure internal records are not rounded down & larger than CRA records which are rounded down). Explain any major differences. (if applicable)4) If applicable review CRA Excise Audit Report, if provided by the Brewery, and determine if any adjustments are required to LDB's audit as a result of CRA's audit. Explain any major Comments			
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Product Returns

AUDIT PROJECT:			
AUDIT PERIOD:	W/P Ref	Completed By:	Reviewed By:
<p>OBJECTIVE: 4 To obtain reasonable assurance over the completeness and accuracy of the Brewery's Product Returns</p> <p>AUDIT PROCEDURES:</p> <p>In terms of BCLDB reporting Brewery customers are categorized as 1) Wholesale 2) Counter. All Wholesale sales and returns are reported separately to BCLDB through NGS org (Sales Order, RMA). All counter sales are reported net of sales (Sales less returns). Therefore counter returns should not be included in the returns section.</p> <p>1) Reconcile brewery's wholesale returns reported to BCLDB to brewery's internal records.</p> <ul style="list-style-type: none">- For each SKU registered to the Brewery generate the following reports through Ebiz (material transactions). Returns are indicated by transaction type "RMA"<ul style="list-style-type: none">o Doc 55 (RMA) – Returns from customer directly to brewery (Non – GLS org)o DOC 80 (Return to Vendor) – Returns from GLS to Brewery (GLS org)o DOC 80 (Return to Vendor) – Returns from DC to Brewery (VDC/KDC org)**If any Doc 80s exist you must determine if the product was physically returned to vendor or destroyed by the DC. If product was returned to vendor this must be added to product returns. Subsequently if brewer destroyed item the amount destroyed should be added to other deductions. If product was destroyed by DC do not add amount to product returns as this will be deducted in BCLS PO Receipts.- The total returns should equal the amount of returns the Brewery's internal records. Any differences must be explained.- If Brewery included counter sales returns in their internal records subtract them from the total returns if applicable. <p>2) If applicable reconcile return figures reported on Schedule A to Brewery's internal data and or BCLDB reports</p>			
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Inter Provincial Transfers In

AUDIT PROJECT:			
AUDIT PERIOD:	W/P Ref	Completed By:	Reviewed By:
<p>OBJECTIVE: 5</p> <p>To obtain reasonable assurance over the completeness and accuracy of the Brewery's total Packaged Product Transferred in from other Provinces</p> <p>AUDIT PROCEDURES:</p> <p>Breweries are required to keep internal records on all Beer transferred in from a related brewery located elsewhere in Canada.</p> <ol style="list-style-type: none">1) Verify with BCLDB costing department if Brewery is affiliated with any other brewery in Canada.2) Verify with Brewery representative where each SKU registered to the brewery is brewed in Canada. Determine source province.3) If it is determined the brewery transfers in product from elsewhere in Canada obtain shipping documents for each transfer within the audit period to determine amount of beer transferred into BC.4) If applicable reconcile figures reported on schedule A to Brewery's internal records5) If applicable, follow-up with 3rd parties			
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Inter Provincial Transfers Out

AUDIT PROJECT:			
AUDIT PERIOD:	W/P Ref	Completed By:	Reviewed By:
<p>OBJECTIVE: 6</p> <p>To obtain reasonable assurance over the existence and accuracy of the Brewery's total Packaged Product Transferred out to other provinces.</p> <p>AUDIT PROCEDURES:</p> <p>Breweries are required to report the total hls of packaged beverage alcohol you shipped outside of British Columbia but within Canada. For example: You would include any shipments you made to the Alberta Gaming and Liquor Commission in this total. Ensure you include the hls you physically shipped to the other Canadian provinces during the 12 month reporting period which may not necessarily be the same as the volume you sold during the same time period (as is the case when product is held in other provinces on a consigned basis.)</p> <ol style="list-style-type: none">1) Obtain shipping documents for each transfer within the audit period to determine amount of beer transferred out of BC to other provinces.2) If applicable reconcile reported Schedule A figures to Brewery's internal documents			
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Shipments Out of Canada (Exports)

AUDIT PROJECT:			
AUDIT PERIOD: (12month period)	W/P Ref	Completed By:	Reviewed By:
<p>OBJECTIVE: 7</p> <p>To obtain reasonable assurance over the existence and accuracy of the Packaged Product Exported Out of Canada</p> <p>AUDIT PROCEDURES:</p> <p>Breweries are required to maintain records of all packaged beverage alcohol physically shipped out of Canada. Note: Any sales made in British Columbia to Ship Chandlers during the audit period should be included in the 'shipments out of Canada' column.</p> <ol style="list-style-type: none">1) Examine Excise records to verify if any packaged products were shipped out of Canada.2) Request export documentation from the Brewery for all exports.3) If applicable reconcile exports reported on excise with export documentation to figures reported on Schedule A.			
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Other Deductions

[illegible]

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Closing Inventory

AUDIT PROJECT:						
AUDIT PERIOD:	W/P Ref	Completed By:	Reviewed By:			
<p>OBJECTIVE: 9</p> <p>To obtain reasonable assurance over the existence and accuracy of the Packaged Product Closing Inventory and Bulk Closing Inventory</p> <p>AUDIT PROCEDURES:</p> <p>Packaged Inventory</p> <ol style="list-style-type: none">1) Physically count packaged product located in Excise warehouse on manufacturing site2) Physically count packaged product located in onsite licensed brewery store3) Obtain location of inventory stored outside of manufacturing facility.<ol style="list-style-type: none">a. Obtain inventory totals as of count date from brewerb. Obtain inventory totals as of count date from third party warehouse (if necessary)4) Determine Inventory In transit:<ol style="list-style-type: none">a. Counter Sales made on count date up until actual count in onsite store*b. Counter Sales made previous to count date not reported to LDB*c. Wholesales made on count date up until actual count in excise*d. Wholesales made previous to count date not reported to LDB*e. Wholesales made by third party warehouse on count date*f. Wholesales made by third party warehouse previous to count date not reported to LDB*g. Shipments In-transit to BCLS stores**<p>*Counter sales and wholesales determined to be in-transit on the count date may have been reported by the time the sales report is generated in Ebiz. Reconcile the in-transit inventory as determined above to the sales report and omit any transactions which have been reported as a sale.</p><p>**Shipments to BCLS stores determined to be in-transit on the count date may have been reported by the time the BCLS Po receipt report is generated in Ebiz. Reconcile the in-transit inventory as determined above to the BCLS PO receipt report and omit any transactions which have been received by the GLS.</p> <p>Bulk Inventory</p> <ol style="list-style-type: none">1) Determine the HIs of bulk inventory on hand as of the audit date. Bulk inventory should be stored in vats and or stainless steel tanks.2) With brew master determine capacity of each tank, record tank readings of all Bulk Inventory.3) Physically observe beer in tanks assess reasonableness of tank reading.						
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Shipments to BCLS Stores

AUDIT PROJECT:			
AUDIT PERIOD:	W/P Ref	Completed By:	Reviewed By:
<p>OBJECTIVE: 10</p> <p>To obtain reasonable assurance over the completeness and accuracy of the Packaged Product Shipped to BCLS stores.</p> <p>AUDIT PROCEDURES:</p> <p>Determine the hectoliters shipped to British Columbia Liquor Stores.</p> <ol style="list-style-type: none">1) Generate SKU list for brewery through CPD2) In Ebiz run material transaction report for each SKU in GLS org to determine PO Receipts (PO Receipts represents shipments from brewery to GLS store) Convert to hectoliters			
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**B.C. Liquor Distribution Branch
Craft Distillery Audit Program
Qualification Review**

Compliance Accountant(s):

Manager / Supervisor:

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Planning

AUDIT PROJECT:			
AUDIT PERIOD:	W/P Ref	Completed By:	Reviewed By:
OBJECTIVE: <p>To review, assess and test the craft distillery's compliance with 3 criteria derived from the revised craft distillery mark-up exempt agreement as outlined below.</p> <ol style="list-style-type: none">1) To ensure that the Craft Distillery is not operating contrary to the intent of the guidelines and regulations set forth in its agreement with the BCLDB.2) To review, assess and test the craft distillery's compliance with 3 criteria derived from the revised craft distillery mark-up exempt agreement as outlined below.3) To obtain reasonable assurance over the completeness and accuracy of the craft distillery's inventory. <p><u>Craft Distillery Mark-up Exempt Criteria</u></p> <p>Distilleries that meet the following criteria will qualify as a craft distillery and be eligible for mark-up exemption on their products sold to restaurants, bars and private retail liquor stores, and the public</p> <ol style="list-style-type: none">1) All products produced by the distillery are fermented and distilled at the licensed distillery site using 100% B.C. agricultural inputs and;*2) All products are produced utilizing traditional spirit making techniques. There is no production of spirit coolers or other highly processed products. There is no use of neutral grain spirits in the production of any products; and3) The distillery has an annual production of products below 50,000 liters. **4) The applicants account is not in delinquent status with BCLDB. All outstanding issues must be resolved before applicant can qualify for mark-up exemption. <p>* "Product" means a finished liquor product manufactured at your licensed distillery to its final, finished, saleable state, intended for consumption, whether in bulk or packaged form, subject to federal government excise duties and ready for purchase .</p> <p>** If a licensed distillery is under common ownership and/or common management with other licensed distilleries, the combined production of all distilleries will be used to determine compliance with the 50,000 litre limit. In order for one to qualify for a craft distiller mark-up exempt designation, all distilleries under common ownership and/or common management must meet the criteria. The BCLDB may further clarify what "common ownership and/or common management with other licensed distilleries" means.</p> <p><u>Books and records</u></p> <p>Identification and request of books and records to be available for inspection on site.</p> <p>Prepare listing of all SKUs and product specification including all de-listed products (case configuration, bottle size, alcohol content.)</p>			

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AUDIT PROJECT:			
AUDIT PERIOD:	W/P Ref	Completed By:	Reviewed By:
	PREPARED BY:	REVIEWED BY	INDEX

Criteria 1

AUDIT PROJECT:			
AUDIT PERIOD:	W/P Ref	Completed By:	Reviewed By:
OBJECTIVE: To ensure that the Craft Distillery is not operating contrary to the intent of the guidelines and regulations set forth in its agreement with the BC LDB. AUDIT PROCEDURES: 1) Ensure that the craft distillery has adequate insurance as a reasonably prudent business operator. 2) Ensure all products the craft distillery sells under their license are registered with BCLDB. 3) Ensure all reporting requirement and batch deposits are up to date. 4) Enquire about the storage of the products. OBJECTIVE: To ensure the craft distillery is in compliance with criteria 1 (All Products* produced by the distillery are fermented and distilled at the licensed distillery site using 100% B.C. agricultural inputs) AUDIT PROCEDURES: 1) For each SKU enquire / determine the source material input. 2) Examine and review disbursement records for evidence of purchases from a BC agricultural source /grower for a 12 month period. Note: If base material is barley malt the only product is Pale Malt from Gambrinus Malting Corp, Armstrong BC <ul style="list-style-type: none">• Purchase Invoices• Bank Statements• Synoptic (Journal Ledger) 3) Visit local agricultural grower site if applicable. 4) Physically inspect /observe fermentation tanks and still(s) at distillery site.			

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AUDIT PROJECT:			
AUDIT PERIOD:	W/P Ref	Completed By:	Reviewed By:
<ul style="list-style-type: none">• Observe tanks at site• Obtain purchase invoices and or lease agreements for equipment. <p>5) Obtain the distiller's notes and recipes.</p> <p>6) Determine the amount of raw material on site and use this to estimate production to date.</p> <p>7) Estimate production and reconcile to CRA excise filings.</p>			
PREPARED BY:		REVIEWED BY	INDEX
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Criteria 2

AUDIT PROJECT:			
AUDIT PERIOD:	W/P Ref	Completed By:	Reviewed By:
<p>OBJECTIVE:</p> <p>To ensure the craft distillery is in compliance with criteria 2 (All Products are produced utilizing traditional spirit making techniques. There is no production of spirit coolers or other highly processed products. There is no use of neutral grain spirits in the production of any products)</p> <p>AUDIT PROCEDURES:</p> <p>1) Examine all disbursement records for purchases of neutral grain spirits.</p> <ul style="list-style-type: none">• Purchase invoices• Bank statements• Synoptic <p>2) Physically inspect all finished good products onsite and compare to those products listed with LDB.</p>			

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9) Obtain 3rd party confirmations regarding any NGS purchases from NGS suppliers located in Canada.

- Les Commercial Alcohols (Green-field Ethanol)
- Highwood Distillers

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Criteria 3

AUDIT PROJECT:			
AUDIT PERIOD: (12month period)	W/P Ref	Completed By:	Reviewed By:
<p>OBJECTIVE:</p> <p>To ensure the craft distillery is in compliance with criteria 3 (The distillery has an annual production of Products below 50,000 liters. **)</p> <p>AUDIT PROCEDURES:</p> <ol style="list-style-type: none">1) Obtain manufactures monthly production records.2) Obtain monthly CRA excise duty report.3) Reconcile the manufactures monthly production records to the CRA monthly reports.<ul style="list-style-type: none">• Convert monthly production records to Liters• Verify amount matches to amount reported to CRA (LPA)4) Calculate monthly production volume for audit period to determine if less than 50,000 liters			
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Criteria 4

AUDIT PROJECT:			
AUDIT PERIOD:	W/P Ref	Completed By:	Reviewed By:
<p>OBJECTIVE:</p> <p>To ensure the craft distillery is in compliance with criteria 4 (Craft Distillery does not have common ownership and/or common management with a Distillery classified as Commercial by the LDB.)</p> <p>AUDIT PROCEDURES:</p> <p>1) Inquire with Craft distillery if there is any common ownership with any other distilleries or management of any other distilleries.</p> <p>OBJECTIVE:</p> <p>To ensure the craft distillery is in compliance with criteria 4 (The applicants account is not in delinquent status with BCLDB. All outstanding issues must be resolved before applicant can qualify for mark-up exemption.)</p> <p>AUDIT PROCEDURES:</p> <p>1) Verify if all sales have been reported under the current store number</p> <ul style="list-style-type: none">• Check with Data Management if all batches have been reported to LDB as of the cutoff date.• Run material transaction report under the NGS org to verify last reporting date <p>2) Ensure all outstanding payments owing to BCLDB are fully paid.</p> <ul style="list-style-type: none">• Check with A/R to verify applicants account is in good standing <p>3) Create Invoice Requisition to cover cost of qualification review.</p> <ul style="list-style-type: none">• Create AR invoice requisition• Submit requisition to A/R• Obtain documentation from AR regarding payment of invoice			

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B.C. Liquor Distribution Branch Land Base Winery Audit Program

Compliance Accountant(s):

Manager / Supervisor:

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Planning

AUDIT PROJECT:			
AUDIT PERIOD:	W/P Ref	Completed By:	Reviewed By:
OBJECTIVE: There are 3 objectives of our audits of the Land Base Wineries (LBW) as follows <ol style="list-style-type: none">1) To review, assess and test the LBW's compliance with 7 criteria derived from Appendix A of the BCLDB Distribution Agreement as outlined below.2) Ensure the LBW is not operating contrary to the intent of the guidelines and regulations set forth in the BCLDB Distribution Agreement (other than Appendix A) and the Liquor Control License Act (LCL).3) Verify that the sales reported by the LBW to the LDB during the audit period is accurate and complete <u>Land Based Winery Criteria – Appendix C</u> To be a Land Based Winery, as a Licensed Winery; <ol style="list-style-type: none">1) All of your Product is made from grapes, fruit, or honey - 100 % of which is grown/produced in British Columbia;2) At your Licensed Winery Site you have two acres of grapevines if you produce grape wine; and/or two acres of fruit orchards if you produce fruit wine or cider*. You farm and use this acreage for the manufacture of your Product.3) If you produce honey wine you have a minimum of 50 bee colonies, the honey from which must be extracted and fermented at the winery site.4) A minimum of 25% of the grapes or fruit or honey used in your Licensed Winery's production is from acreage and bee colonies owned or leased by you.5) Your wine must be produced utilizing traditional wine making techniques.6) You may use wine, juice or honey acquired from other Land Based Wineries in the manufacturing of your product but may not use wine, juice or honey acquired from a Licensed Winery classified by the LDB as a Commercial Winery.7) You do not share common ownership or management with a Licensed Winery classified by the LDB as a Commercial Winery;8) Licensed Wineries that do not meet the above criteria for a Land Based Winery will be classified as a Commercial Winery and subject to the terms and conditions of the LDB's agreement with Commercial Wineries. * Cider is defined as: "a fermented alcoholic beverage made from 100% BC apples or pears. Cider once fermented may not be diluted to a lower level of alcohol through the addition of water, juice or concentrate beyond a maximum addition of 10% by volume". The LDB retains the right, in its sole discretion, to determine if a Licensed Winery meets the Land Based Winery Criteria. ***Before audit of any LBW alert LDB Directors or other concerned party, to discuss any outstanding issues in regards to the LBW which might affect the overall planning of the audit.			
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Objective 1 Criteria 1

AUDIT PROJECT:						
AUDIT PERIOD:	W/P Ref	Completed By:	Reviewed By:			
<p>OBJECTIVE: 1</p> <p>To ensure the LBW is in compliance with criteria 1 (All of your Product is made from grapes, fruit, or honey - 100 % of which is grown/produced in British Columbia)</p> <p>AUDIT PROCEDURES:</p> <ol style="list-style-type: none">1) For each SKU enquire / determine the source material input.2) Examine and review the LBW's disbursement records for evidence of purchased packaged beverage alcohol or raw materials (grapes, grape or fruit juice/concentrate) that are not from BC. Document details of these purchases nature of the product purchased, volume, date of purchase. (Photo copy)<ul style="list-style-type: none">• Purchase Invoices• Bank Statements• Synoptic (Journal Ledger)3) Visit local agricultural grower site if applicable.4) Document the audit trail available for the wines that prove these wines contain only 100% BC grapes/fruit. Determine which product(s) were fermented (produced) in the audit year and obtain evidence from the LBW that the source input was grown in BC.<ul style="list-style-type: none">• If source input was purchased obtain documentation of where the source input was grown. (Purchase invoice containing tonnage and farm location• If source input was harvested obtain harvest records from LBW that will support the product was harvested from LBWs land in BC• If Bulk wine was used obtain purchase documents from LBW of where the bulk win was purchased from.5) Once all above records are retrieved a reasonableness check must be done to prove that the production of wine within the audit period was produced from BC grown grapes/ fruit/concentrate/juice. The yield should be comparable to total production in liters $\{[(\text{Grapes purchased (tons)} + \text{Grapes Harvested (tons)}) \times 600\text{L}] + \text{Fruit juice concentrate or bulk wine (liters)} = \text{Yield}\} \times .80 \text{ (20\% Lees)} = \text{Total Wine production}$<p>Total actual production in liters can be obtained from LBWs excise record or and internal production records kept by wine maker. The goal is to ensure the grapes used in production for that audit year were grown in BC</p><p>** BCLDB distribution agreement minimum record retention requirement are outlined in Appendix A part 2 and part 3</p><p>** LCL Act, regulation 17 outlines Winery record keeping and reporting requirement</p>						
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Objective 1 Criteria 2

AUDIT PROJECT:				
AUDIT PERIOD:		W/P Ref	Completed By:	Reviewed By:
OBJECTIVE: 1 To ensure the LBW is in compliance with criteria 2 (At your Licensed Winery Site you have two acres of grapevines if you produce grape wine; and/or two acres of fruit orchards if you produce fruit wine. You farm and use this acreage for the manufacture of your Product.) AUDIT PROCEDURES: 1) Physically observe land attached to winery site: a. If land mass is not obvious to the naked eye, physically measure the size of the land using a Distance Measuring Wheel. b. Formula to calculate acreage: Length x Width (feet) = Net Square footage Net square footage / 43,560 = Acreage 2) Obtain copies of land tittles and or lease agreements of all land owned and or leased by the LBW. 3) Optional – Verify with third party (municipality) ownership of property Grape Vines are generally grown on a slope in rows. One Grape Vine constitutes one plant in one row. A row can contain numerous grape vines depending on how they are spaced. Generally rows are spaced between 6 to 12 feet and grape vines within the row are spaced 3 to 5 feet from each other. On average 1600 grapevines planted per acre depending on the spacing and cultivation methods. Please refer to grape vine spacing chart for average grapevine per acre.				
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Objective 1 Criteria 3

AUDIT PROJECT:			
AUDIT PERIOD: (12month period)	W/P Ref	Completed By:	Reviewed By:
<p>OBJECTIVE: 1</p> <p>To ensure the LBW is in compliance with criteria 3 (If you produce honey wine you have a minimum of 50 bee colonies, the honey from which must be extracted and fermented at the winery site.)** If applicable</p> <p>AUDIT PROCEDURES:</p> <ol style="list-style-type: none">1) Physically count bee colonies2) Document the audit trail available that proves honey was extracted from the bee colonies and used in production. Obtain from the LBW records of honey extracted from bee colonies <p>Bee Colony - A colony of bees kept in a enclosed receptacle structure by beekeepers. Beekeepers use Hive Bees for crop pollination and Honey Production. The more common term for Hive Bees is Honeybees, although crop pollination has become a far more important purpose of keeping bees in hives.</p> <p>** BCLDB distribution agreement minimum record retention requirement are outlined in Appendix A part 2 and part 3</p> <p>** LCL Act, regulation 17 outlines Winery record keeping and reporting requirements.</p>			
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Objective 1 Criteria 4

AUDIT PROJECT:						
AUDIT PERIOD:	W/P Ref	Completed By:	Reviewed By:			
<p>OBJECTIVE: 1</p> <p>To ensure the LBW is in compliance with criteria 4 (A minimum of 25% of the grapes or fruit or honey used in your Licensed Winery's production is from acreage and bee colonies owned or leased by you.)</p> <p>AUDIT PROCEDURES:</p> <ol style="list-style-type: none">1) Obtain the following records to verify total production in audit year.<ol style="list-style-type: none">a. ***Production Records – Internal production records from wine maker and or Excise documents. (Excise documents contain LBW bulk inventory movement)b. Purchase Records for juice or concentrate if applicablec. Purchase Records for bulk and bottled wine purchased if applicable2) Calculate the percentage of grapes used from the acreage owned or leased by the LWB<ol style="list-style-type: none">d. Obtain internal records of Grapes (short tons) harvested from LBWs owned or leased land and used in producing wine for the audit period.e. Estimate the total wine production by using the industry standard = 600 liters of wine produced per ton of grapes. (if actual yield are available please use actual yields. Actual yields can be determined by the wine maker.) <i>Tons x 600 = Total Liters produced using Grapes grown on LBW's acreage</i>f. Divide answer from b with total production verified in step 1 <i>Total Liters produced using Grapes grown on LBW's acreage / Total production = %</i> <i>If % is = or > 25% LBW is in compliance of this criteria</i>3) If sufficient documentation cannot be obtained from the LBW regarding grapes produced in acreage owned or leased by the LBW, industry standards can be used to estimate grape production. As per industry experts various grapes can yield different tonnage therefore a reasonable range must be established.<ol style="list-style-type: none">a) 450 to 600 Liters of wine yielded per ton of grapesb) 3 to 5 tons of grapes grown per acre <p>*** Note – grapes are usually harvested in the fall therefore production usually follows in the fall months. When reviewing excise documents the fall months will contain the bulk of the production. Of this production 25% of the grapes used must be from LBWs owned or leased land. ** BCLDB distribution agreement minimum record retention requirement are outlined in Appendix A part 2 and part 3 ** LCL Act, regulation 17 outlines Winery record keeping and reporting requirements.</p>						
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Objective 1 Criteria 5

AUDIT PROJECT:			
AUDIT PERIOD: (12month period)	W/P Ref	Completed By:	Reviewed By:
<p>OBJECTIVE: 1</p> <p>To ensure the LBW is in compliance with criteria 5 (Your wine must be produced utilizing traditional wine making techniques.)</p> <p>AUDIT PROCEDURES:</p> <ol style="list-style-type: none"> 1) Physically observe wine making process to ensure all wine is produced on site. Critical steps as outlined in the LCL Act are listed below. <ol style="list-style-type: none"> a. Crusher (Normally most small wineries have a crusher / destemmer -not required) b. Fermentation process must be done onsite (observe Fermentation Tanks) c. Press should be done onsite (observe Press Machine onsite) – not required d. Filtering of wine must be done onsite (observe Filtering equipment) e. Secure storage area for aging wines (observe Oak Barrels, Stainless Steel tanks) ensure the previous harvest are either fermenting, aging or packaged. For example if audit was conducted in summer of 2014, the last harvest was in the fall of 2013, therefore 2013 product should either be fermenting or aging. If packaged it must be registered with BCLDB 2) Select a sample of barrels in aging area to ensure wine is physically in each of the barrels 3) Optional Obtain purchase invoices and or lease agreements of equipment listed above. <p>** Refer to Photos of Manufacturing Equipment ** BCLDB distribution agreement minimum record retention requirement are outlined in Appendix A part 2 and part 3 ** LCL Act, regulation 17 outlines Winery record keeping and reporting requirements.</p>			
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Objective 1 Criteria 6

AUDIT PROJECT:			
AUDIT PERIOD: (12month period)	W/P Ref	Completed By:	Reviewed By:
<p>OBJECTIVE: 1</p> <p>To ensure the LBW is in compliance with criteria 6 (You may use wine, juice or honey acquired from other Land Based Wineries in the manufacturing of your product but may not use wine, juice or honey acquired from a Licensed Winery classified by the LDB as a Commercial Winery.)</p> <p>AUDIT PROCEDURES:</p> <ol style="list-style-type: none">1) Obtain the documentation listed below from the LBW. Cross check the supplier in LDB system to ensure winery is not classified as a Commercial Winery.<ol style="list-style-type: none">a. Purchase records grapes or fruit (grapes or fruit can be purchased from any farm in BC but cannot be purchased from a farm controlled by a commercial winery)b. Purchase records for juice or concentrate (Can only be purchased from other LBW)c. Purchase record for bulk wine (can only be purchased from other LBW)2) Examine and review the winery's disbursement records for evidence of purchased packaged beverage alcohol or raw materials (grapes, grape or fruit juice/concentrate) that are not from other LBW's. Document details of these purchases nature of the product purchased, volume, date of purchase. (Photo copy)<ul style="list-style-type: none">• Purchase Invoices• Bank Statements• Synoptic (Journal Ledger) <p>** BCLDB distribution agreement minimum record retention requirement are outlined in Appendix A part 2 and part 3</p> <p>** LCL Act, regulation 17 outlines Winery record keeping and reporting requirements.</p>			
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Objective 1 Criteria 7

AUDIT PROJECT:			
AUDIT PERIOD: (12month period)	W/P Ref	Completed By:	Reviewed By:
OBJECTIVE: 1 To ensure the LBW is in compliance with criteria 7 (You do not share common ownership or management with a Licensed Winery classified by the LDB as a Commercial Winery) AUDIT PROCEDURES: 1) Complete corporate search at BCLDB head office of owners and directors of LWB to determine any connections with other businesses. Results can be cross checked to LDB system to determine if company is classified as Commercial Winery.			
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Objective 2 BCLDB Agreement

AUDIT PROJECT:			
AUDIT PERIOD: (12month period)	W/P Ref	Completed By:	Reviewed By:
<p>OBJECTIVE: 2</p> <p>Ensure the LBW is not operating contrary to the intent of the guidelines and regulations set forth in the BCLDB Distribution Agreement (other than Appendix C)</p> <p>AUDIT PROCEDURES:</p> <p>BCLDB Distribution Agreement</p> <ol style="list-style-type: none">1) Insurance and Indemnity – Ensure LBW has adequate insurance as reasonably prudent business operator.<ol style="list-style-type: none">a. Request Insurance Certificateb. If necessary follow up with insurer2) Sale and delivery of product – Ensure all products the LBW sells under their license are registered with BCLDB.<ol style="list-style-type: none">a. Print SKU list from Product productivityb. Obtain product list from LBWc. Cross Check product list to registered SKUs3) Payments for Beverage Container Deposits and Container Recycling fees.<ol style="list-style-type: none">a. Confirm with AR all container fees are paid up to date4) Reporting Requirements and Batch Deposits<ol style="list-style-type: none">a. Confirm Data Management that the LBW is current in reporting batches to the LDB			
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Objective 2 LCL Act

AUDIT PROJECT:			
AUDIT PERIOD: (12month period)	W/P Ref	Completed By:	Reviewed By:
<p>OBJECTIVE: 2</p> <p>Ensure the LBW is not operating contrary to the intent of the guidelines and regulations set forth in the Liquor Control License Act (LCL).</p> <p>AUDIT PROCEDURES:</p> <p>Liquor Control and Licensing Act</p> <p>1) Under the regulations of the Liquor Control and Licensing Act, a winery must meet minimum on-site production and facility requirements. These include:</p> <ul style="list-style-type: none">a. Produce a minimum of 4500 liters of wine per year on-site within the manufacturing facility.b. You must have enough equipment (fermentation tanks or barrels, filtering equipment and secure storage) to produce at least 4,500 liters of wine each year.c. Note: "Although some movement of product between licensed manufacturers is permitted, you must have facilities and equipment on your premises to manufacture a sizeable amount of your registered products at your licensed manufacturing site. It is contrary to the intent of the license to manufacture only a token amount on site in order to maintain a retail or on-premises consumption endorsement." Updated June 2013			
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Objective 3

AUDIT PROJECT:			
AUDIT PERIOD: (12month period)	W/P Ref	Completed By:	Reviewed By:
<p>OBJECTIVE: 3</p> <p>Verify that the sales reported by the LBW to the LDB during the audit period is accurate and complete</p> <p>AUDIT PROCEDURES:</p> <ol style="list-style-type: none">1) To verify sales reported to LDB is complete the following documents must be obtained from LBW.<ol style="list-style-type: none">a. Opening inventory packagedb. Ending inventory packagedc. Excise documents showing total bulk wine packaged in liters for fiscal year<p>Opening Inventory + bulk wine packaged – Closing inventory = Sales</p><p>The difference between the reported sales and calculated sales should be small and relate to tasting/promo product and allowable breakage/defective/destruction product.</p>2) If the LBW sells any of their wine through the BC Wine Institute VQA wine stores, obtain a summary of the following:<ol style="list-style-type: none">a. Shipments made to these stores during audit periodb. Sales made by these stores during the audit periodc. Inventories held at these stores both at the beginning and end of the audit period<p>(Note: It is the shipments to BCWI stores that should be reflected in the reconciliation noted above.)</p>3) Obtain explanations from LBW of differences identified from performing the reconciliation noted above. <p>** BCLDB distribution agreement minimum record retention requirement are outlined in Appendix A part 2 and part 3</p> <p>** LCL Act, regulation 17 outlines Winery record keeping and reporting requirements.</p>			
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NOTES

AUDIT PROJECT:			
AUDIT PERIOD: (12month period)	W/P Ref	Completed By:	Reviewed By:
<p>1) Appendix A Land Based Wineries Reporting Requirements and Procedures</p> <p>2) Liquor Control and Licensing Act Regulation 17 – Record Keeping and Reporting Requirements</p> <p>3) Wine making Process Steps include list of required equipment.</p> <p>4) Photos of manufacturing equipment</p> <p>5) Documents Required when auditing LBW</p> <p>1 – Print product list from product activity and determine source fruit 2 – Run Sales report for winery in Liters and per SKU in Dollars (From Cube) 3 – Print Signed BCLDB Distribution Agreement 4 – Print Current BCLDB Distribution Agreements or know differences 5 – Print any outstanding invoice such as Container fees, batch deposits 7 – To ensure LBW is up to date in reporting email Del Rai for last reporting date 6 – Print Audit Program</p> <p>s.13</p>			
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B.C. Liquor Distribution Branch Commercial Winery Compliance Audit Program

Compliance Accountant(s):

Manager / Supervisor:

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Planning

AUDIT PROJECT:			
AUDIT PERIOD:	W/P Ref	Completed By:	Reviewed By:
OBJECTIVE: 1) Ensure the Winery is not operating contrary to the intent of the guidelines and regulations set forth in the BCLDB Distribution Agreement. 2) To obtain reasonable assurance over the completeness and accuracy of the Direct Sales reported by the Winery to the BCLDB during the selected audit period. Notes Pre Planning 1) Research CW a. Visit Winery website is applicable to familiarize yourself with the Winery, owners, products, bio, customers etc. b. Google Winery for any related articles c. Other research d. Contact LCLB to see if they have any concerns or information 2) Determine Audit Period: 3) Generate Winery registered SKU list from CPD. Preliminary comparison can be done to products found on winery's website. 4) Confirm with Costing Department Winery's mark-up rate and if Winery is affiliated with any Winery in Canada and Worldwide. Obtain relate Winery's name and location. 5) Review Internal Audits previous audit results if applicable 6) Verify status of Winery 's reporting with Data Management 7) Verify status of Winery 's deposits with Banking			
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Objective 1 BCLDB Agreement

AUDIT PROJECT:						
AUDIT PERIOD:	W/ P Ref	Complete d By:	Reviewed By:			
OBJECTIVE: 1 Ensure the Winery is not operating contrary to the intent of the guidelines and regulations set forth in the BCLDB Distribution Agreement AUDIT PROCEDURES: BCLDB Distribution Agreement <ol style="list-style-type: none">1) Insurance and Indemnity – Ensure Winery has adequate insurance as reasonably prudent business operator.<ol style="list-style-type: none">a. Request Insurance Certificateb. If necessary follow up with insurer2) Sale and delivery of product – Ensure all products the Winery sells under their license are registered with BCLDB.<ol style="list-style-type: none">a. Print SKU list from Product productivityb. Obtain product list from wineryc. Cross Check product list to registered SKUs3) Payments for Beverage Container Deposits and Container Recycling fees.<ol style="list-style-type: none">a. Confirm with AR all container fees are paid up to date4) Reporting Requirements and Batch Deposits<ol style="list-style-type: none">a. Confirm Data Management that the Winery's is current in reporting batches to the LDB5) Inspection and Audit Requirements – Ensure Winery's is conducting annual inventory counts.<ol style="list-style-type: none">a. Review most recent Schedule A report submitted by winery.						
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Opening Inventory

AUDIT PROJECT:						
AUDIT PERIOD:	W/ P Ref	Complete d By:	Reviewed By:			
OBJECTIVE: 2 To obtain reasonable assurance over the completeness and accuracy of the Winery's Opening Inventory. AUDIT PROCEDURES: Verify Opening Inventory Packaged 1) All Wineries are required to complete a Schedule A form at the end of each fiscal year. To verify opening inventory <ol style="list-style-type: none">1 Obtain the Schedule A report from previous fiscal year2 Obtain the Schedule A report from current fiscal year3 Compare the closing inventory from previous fiscal year to opening inventory from current fiscal year. These inventory totals should match.4 If inventory totals do not match investigate discrepancy. 2) If Schedule A forms have not been filled out or cannot be verified, consult with Internal Audit department to determine last fiscal period the Winery was audited. Use the closing inventory totals as Opening Inventory for the fiscal period following the Audit. 3) If Winery is fairly new and has not been previously audited, use zero as the opening inventory and extend the audit period to the first official day CW was licensed. Email Industry Programs Coordinator to verify licensing date. 4) Obtain internal Opening packaged inventory records. Compare these to the amount reported on the schedule A if applicable Verify Opening Inventory Bulk 1) If Winery is fairly new and has not been previously audited, use zero as the opening inventory and extend the audit period to the first official day winery was licensed. Email Industry Programs Coordinator to verify licensing date. 2) Obtain internal Opening inventory of bulk product. Obtain Excise document for period ending compare opening balance bulk to internal records ask for explanation if there is a discrepancy						
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Production

AUDIT PROJECT:	W/P Ref	Completed By:	Reviewed By:
<p>AUDIT PERIOD:</p> <p>OBJECTIVE: 3 To obtain reasonable assurance over the completeness and accuracy of the winery's Production and Packaged Production.</p> <p>AUDIT PROCEDURES:</p> <p>Verify Production of Bulk Wine</p> <ol style="list-style-type: none">1) Obtain internal production records from the winery for the audit period. Production includes total amount of alcohol produced at the Winery's manufacturing facility.2) Obtain Excise documents to determine liters of wine produced with in the audit period. (See excise form "Produced in month" this represents product fermented onsite)3) Compare both records internal records with excise records4) Production verification calculation <p>Verify Packaged Product</p> <ol style="list-style-type: none">1) Obtain Excise (Reported to CRA) documents to determine liters of Wine packaged within the audit period. (see excise form "Packaging Activities" product packaged can be from a variety of sources including packaging product produced onsite, imported bulk wine, bulk wine received from other licensees from BC or Canada.)2) Reconcile the Winery's packaging activities details to the CRA reported amounts (Excise documents) for the period to ensure reasonableness and consistency. Explain any major differences (Wineries should have calculations to determine liters reported to CRA each month)3) If applicable reconcile packaged production figure reported on the Schedule A to the Winery's internal records (note: ensure internal records are not rounded down & larger than CRA records which are rounded down). Explain any major differences. (if applicable)4) If applicable review CRA Excise Audit Report, if provided by the winery, and determine if any adjustments are required to LDB's audit as a result of CRA's audit. Explain any major Comments			
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Product Returns

AUDIT PROJECT:			
AUDIT PERIOD:	W/P Ref	Completed By:	Reviewed By:
<p>OBJECTIVE: 4 To obtain reasonable assurance over the completeness and accuracy of the winery 's Product Returns</p> <p>AUDIT PROCEDURES:</p> <p>In terms of BCLDB reporting CW customers are categorized as 1) Wholesale Customers 2) Hospitality Customers. The Wholesale Customer can be further categorized as sales to 1) Private Retailers 2) Manufacturing Onsite Store (MOS) All Wholesale sales and returns to Private Retailers are reported separately to BCLDB through NGS org (Sales Order, RMA). All Wholesale sales and returns to the MOS are reported net of sales (Sales less returns). Therefore returns to MOS should not be included in the returns section.</p> <p>Verify Bulk Returns</p> <p>1) Determine packaged product returned to Bulk Inventory. This inventory was previously packaged and returned from packaged to bulk usually for aging or mixing. This transaction is noted on the Excise form "Packaged wine returned to bulk wine inventory"</p> <p>Verify Packaged Returns</p> <p>1) Reconcile winery's wholesale and hospitality customer returns reported to BCLDB to winery's internal records.</p> <ul style="list-style-type: none">- For each SKU registered to the CW generate the following reports through Ebiz.<ul style="list-style-type: none">o Doc 55 (RMA) – Returns from customer directly to Winery (Non – GLS org)o DOC 80 (Return to Vendor) – Returns from GLS to Winery (GLS org)o DOC 80 (Return to Vendor) – Returns from DC to Winery (VDC/KDC org)* <p>*If any Doc 80s exist you must determine if the product was physically returned to vendor or destroyed by the DC. If product was returned to vendor this must be added to product returns. Subsequently if brewer destroyed item the amount destroyed should be added to other deductions. If product was destroyed by DC do not add amount to product returns as this will be deducted in BCLS PO Receipts.</p> <p>2) If applicable reconcile return figures reported on Schedule A to winery 's internal data and or BCLDB reports</p>			
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LIQUOR DISTRIBUTION BRANCH

Packaged and Bulk Product produced by others:

AUDIT PROJECT:			
AUDIT PERIOD:	W/P Ref	Completed By:	Reviewed By:
<p>OBJECTIVE: 5 To obtain reasonable assurance over the completeness and accuracy of the winery's total Bulk Wine product transferred in from other Countries</p> <p>AUDIT PROCEDURES:</p> <p>Transfers In - Bulk Import Wine</p> <ol style="list-style-type: none">1) Obtain internal records of Bulk Wine\Cider imported in from outside of Canada2) Obtain Excise Records showing Bulk wine\cider importation. (See excise form "Imported" all imports should be documented in this field).3) Reconcile internal records with excise records. Explain any major differences4) If necessary confirm with CBSA the total amount of wine imported to manufacturing facility <p>Transfers In - Bulk Wine from within Canada including BC</p> <ol style="list-style-type: none">1) Obtain internal records of Bulk Wine\cider received from other Wine Licensees within Canada2) Obtain Excise Records of Bulk Wine\cider received from other Wine Licensees within Canada3) Reconcile internal records with excise records. Explain any major differences <p>Transfers In - Packaged Product obtained from other BC Wineries</p> <ol style="list-style-type: none">1) Obtain Internal Records of packaged beverage alcohol other British Columbia manufacturers made for the wineries. This product would not show up on the excise as the winery packaging the product would include in their excise filings. Note: You must determine if winery includes packaged product received from other licensees as addition to Bulk Inventory or excludes it from the excise form all together. In this case you must reconcile to packaging activities to verify if product was included in this section. If product is not included in "packaging activities" then the total liters must be added to the sales verification template.2) If applicable reconcile figures reported on Schedule A to winery's internal records3) If applicable follow-up with 3rd parties			
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Shipments to other provinces

AUDIT PROJECT:			
AUDIT PERIOD:	W/P Ref	Completed By:	Reviewed By:
<p>OBJECTIVE: 6</p> <p>To obtain reasonable assurance over the existence and accuracy of the winery's total Packaged and Bulk Product Transferred out to other provinces.</p> <p>AUDIT PROCEDURES:</p> <p>Wineries are required to report the total liters of packaged beverage alcohol they shipped outside of British Columbia but within Canada. For example: You would include any shipments you made to the Alberta Gaming and Liquor Commission in this total. Ensure you include the liters you physically shipped to the other Canadian provinces during the 12 month reporting period which may not necessarily be the same as the volume you sold during the same time period (as is the case when product is held in other provinces on a consigned basis.)</p> <ol style="list-style-type: none">1) Obtain shipping documents for each transfer within the audit period to determine amount of wine/cider transferred out of BC to other provinces.2) If applicable reconcile reported Schedule A figures to CW 's internal documents3) If applicable follow-up with 3rd parties			
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Shipments Out of Canada (Exports)

AUDIT PROJECT:			
AUDIT PERIOD: (12month period)	W/P Ref	Completed By:	Reviewed By:
<p>OBJECTIVE: 7</p> <p>To obtain reasonable assurance over the existence and accuracy of the Packaged and Bulk Product Exported Out of Canada</p> <p>AUDIT PROCEDURES:</p> <p>Wineries are required to maintain records of all packaged beverage alcohol physically shipped out of Canada. Note: Any sales made in British Columbia to Ship Chandlers during the audit period should be included in the 'shipments out of Canada' column.</p> <ol style="list-style-type: none">1) Examine Excise records to verify if any packaged products were shipped out of Canada.2) Request export documentation from the Winery for all exports.3) If applicable reconcile exports reported on excise with export documentation to figures reported on Schedule A.			
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Closing Inventory

AUDIT PROJECT:						
AUDIT PERIOD:	W/P Ref	Completed By:	Reviewed By:			
<p>OBJECTIVE: 9</p> <p>To obtain reasonable assurance over the existence and accuracy of the Packaged Product Closing Inventory and Bulk Closing Inventory</p> <p>AUDIT PROCEDURES:</p> <p>Packaged Inventory</p> <ol style="list-style-type: none">1) Physically count packaged product located in Excise warehouse on manufacturing site2) Physically count packaged product located in onsite licensed Winery store3) Obtain location of inventory stored outside of manufacturing facility.<ol style="list-style-type: none">a. Obtain inventory totals as of count date from wineryb. Obtain inventory totals as of count date from third party warehouse (if necessary)4) Determine Inventory In transit:<ol style="list-style-type: none">a. Counter Sales made on count date up until actual count in onsite store*b. Counter Sales made previous to count date not reported to LDB*c. Wholesales made on count date up until actual count in excise*d. Wholesales made previous to count date not reported to LDB*e. Wholesales made by third party warehouse on count date*f. Wholesales made by third party warehouse previous to count date not reported to LDB*g. Shipments In-transit to BCLS stores**<p>*Counter sales and wholesales determined to be in-transit on the count date may have been reported by the time the sales report is generated in Ebiz. Reconcile the in-transit inventory as determined above to the sales report and omit any transactions which have been reported as a sale.</p><p>**Shipments to BCLS stores determined to be in-transit on the count date may have been reported by the time the BCLS Po receipt report is generated in Ebiz. Reconcile the in-transit inventory as determined above to the BCLS PO receipt report and omit any transactions which have been received by the GLS.</p> <p>Bulk Inventory</p> <ol style="list-style-type: none">1) Determine the liters of bulk inventory on hand as of the audit date. Bulk inventory should be stored in vats and or stainless steel tanks.2) With wine maker determine capacity of each tank, record tank readings of all Bulk Inventory.3) Physically observe wine in tanks assess reasonableness of tank reading.						
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Shipments to BCLS Stores

AUDIT PROJECT:			
AUDIT PERIOD:	W/P Ref	Completed By:	Reviewed By:
OBJECTIVE: 10 To obtain reasonable assurance over the completeness and accuracy of the Packaged Product Shipped to BCLS stores. AUDIT PROCEDURES: Determine the liters shipped to British Columbia Liquor Stores. 1) Generate SKU list for CW through CPD 2) In Ebiz run material transaction report for each SKU in GLS org to determine PO Receipts (PO Receipts represents shipments from Winery to GLS store) Convert to hectoliters. Also run PO Receipts to VDC and KDC this represents shipments to our distribution channels.			
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LDB Reported Sales

AUDIT PROJECT:			
AUDIT PERIOD:	W/P Ref	Completed By:	Reviewed By:
OBJECTIVE: 11 To obtain reasonable reasonable assurance over the Audit. AUDIT PROCEDURES: 1) Run the sales of FWB in MyBI in litres 2) Run sales through DTV, consult DMB before running. Reconcile in MyBI			
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Verification of Calculation

AUDIT PROJECT:			
AUDIT PERIOD:	W/P Ref	Completed By:	Reviewed By:
OBJECTIVE: 12 To review the calculations on the Sales. <ul style="list-style-type: none">1) Difference Sales reported – Calculated Sales2) Less Winery Allowance – Operations Loss Allowance for Excise Duty paid on unaccounted for bulk3) Less: Shrinkage Allowance – Packaged Product (5% of total sales)4) Unexplained Variance (Litres)5) % of Wholesale sales6) % of Counter sales7) Average Markup per liter8) Markup Assessment Amount9) 7% Commission on applicable wholesale sales10) 30% Commission on applicable counter sales11) Net Assessment Amount12) Avg. retail price/liter13) Average Container Deposit fee/liter14) Unexplained Variance (Liter)15) Total Container Deposit fees owing on unexplained variance16) Audit Fees and Expenses17) GST on Audit Fees and Expenses18) Total Due to LDB			
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