

Top Three Most Common Compliance Audit Issues¹

And How Manufacturers Can Avoid Them



- **Promotional, tasting or sampling products**

Remember to always report products used for promotion, tasting or sampling as sales to the LDB. According to the Sales Agreement, manufacturers must not write-off any product that is consumed without reporting the sale to the LDB. If products used for sampling, tasting or promotional purpose were taken from the manufacturer's inventory, they must be reported by the manufacturer as a sale to the on-site store. This will increase the variance between your calculated sales and your reported sales.



- **Payment for Products**

Historic audit results indicate that manufacturers sometimes do not receive full payment for products prior to transferring possession to their customers. Remember to always obtain full payment for all packaged products that you sell prior to transferring possession, unless otherwise authorized by the LDB, as outlined in your Sales Agreement.



- **General Destruction**

Findings indicate that the majority of manufacturers did not obtain LDB exempt deduction approvals prior to destroying product, nor did they retain proper supporting documentation for products that had been destroyed or damaged. In order to receive an LDB exempt deduction, manufacturers should seek approval from the LDB prior to destroying product, and retain supporting documentation for six years.

Please review the minimum record keeping requirements for destruction or disposal here:

- Brewery & Brewpubs Record Keeping Guidelines in section 3.5 available [here](#)
- Winery Record Keeping Guidelines in section 3.5 available [here](#)
- Distillery Record Keeping Guidelines in section 3.4 available [here](#)

If you wish to seek approval for LDB exempt deductions, please email regemail@bcldb.com before any destruction or disposal takes place.

¹ Based on historic audits completed by the LDB