



Department of Alcoholic Beverage Control

SPECIAL FINANCIAL AUDIT

FOR THE PERIOD JULY 2013 THROUGH FEBRUARY 2015

REPORT NO. 15-01



Office of the

Utah State Auditor

Business Management

- Management has limited business experience outside DABC
- Industry best practices are not leveraged
- Sufficient data for business analysis is lacking



Business Management

RECOMMENDATIONS:

- Capture key data to assist with critical business decisions
- Consider using outside consultants to strengthen DABC business practices
- Provide opportunities to learn and apply industry best practices



Accounting Controls and Procedures

Financial staff has limited accounting expertise and could benefit from a better understanding of the importance of reviews and proper internal controls

- Inadequate separation of duties
- Missing or “rubber stamp” reviews
- FINET reconciliations not performed



Accounting Controls and Procedures

RECOMMENDATIONS:

- Separate all conflicting duties, as appropriate, or implement compensating controls as needed
- Perform sufficient detailed reviews
 - Write-offs
 - Check log
 - Credit memos
 - Unsellable product
- Reconcile Carillon to FINET at least quarterly



Package Agency Oversight

Brewery, Distillery, and Winery Package Agency (Type 5)

- “Honor System” reporting
- Inconsistent billing practices

Full Operation (Type 3) and Secondary Basis (Type 2)
Package Agency

- Inconsistent/incorrect compensation methods



Package Agency Oversight

RECOMMENDATIONS:

- Verify Type 5 PA sales reports
- Bill and collect payment from Type 5 PAs in a timely and consistent manner
- Implement and enforce written policies and procedures regarding PA compensation



Order Fulfillment

- Concerns with product picking process
- Incomplete Bill of Lading (BOL)



Order Fulfillment

RECOMMENDATIONS:

- Ensure consistent collection procedures
- Ensure that each BOL is completed by the DABC shipping department and the common carrier



Licensee Practices Survey

- 75 of 249 licensees responded to our customer service satisfaction
- Questions pertained to the licensing process, compliance, education, and procurement
- Many licensees were not aware of the free training, including the alcohol laws education program, which DABC offers to its licensees



Licensee Practices Survey

RECOMMENDATIONS:

- Better communicate the available training opportunities
- Potentially require all licensees to participate in training
- Make other resources available to help licensees understand compliance with Utah's liquor laws

