



LIQUOR LICENSING AND ENFORCEMENT AUDIT PRESENTATION TO PUBLIC SAFETY, APRIL 26, 2021

AMANDA NOBLE, CITY AUDITOR

STEPHANIE JACKSON, DEPUTY CITY AUDITOR

RANDI HADEEN, PERFORMANCE AUDIT MANAGER

REBECCA ROBINSON, SENIOR PERFORMANCE AUDITOR

ANIJARAE DADE, PERFORMANCE AUDITOR

OBJECTIVES

- Are controls in place to ensure that the liquor license process is administered fairly and in accordance with code requirements?
- Are procedures for liquor license enforcement fair and consistent with industry standards?

FINDINGS OVERVIEW

- Insufficient staff to implement all required procedures
 - Applications not assigned to second investigator for review
 - Process lacks weekly supervisory review
- No current process for verifying food and beverage sales
- EnerGov should increase efficiency and improve controls
 - Investigators use personal organization systems to vet applications
 - Unit staff has accepted incomplete liquor license applications
 - Applicants find application process confusing
 - EnerGov should consolidate information and streamline payments

FINDINGS OVERVIEW (CONT.)

- HB879 may affect city liquor license process
- Enforcement activities are insufficient
 - Unit is unable to complete required annual inspections
 - Inspections not standardized with no reinspection procedures
 - Complaints inconsistently recorded and investigated
 - Due cause packages issued in discretionary manner

INSUFFICIENT STAFF ALLOCATED TO IMPLEMENT ALL REQUIRED PROVISIONS

Exhibit 7: The License and Permits Unit Is Understaffed

Duties	Position	Day Watch		Evening Watch	
		Filled	Vacant	Filled	Vacant
Unit Head	Lieutenant	1			
Day & Evening Watch Supervisors	Sergeant	1			1
Process Alcohol License Applications	Investigator	3	1		2
Process Non-Alcohol Permit Applications (28 types)	Inspector	4	2		
Enforcement, Including Investigating complaints	Officer	1	1	1	1
Office Administration	Office Support		2		
Watch (Filled & Vacant) Totals		10	6	1	4
Watch Totals		16 Total		5 Total	
Unit Position Totals		21			

Source: Developed by auditors based organizational chart provided by Unit

DISTANCE EXEMPT ESTABLISHMENTS NOT VERIFIED AT RENEWAL

Structure Type	Distance Requirement City Code Sec. 10-88	Distance Requirement OCGA § 3-3-21
Residence	300 ft. and 150 ft. from shopping center	
Church	500 ft.	100 yards
School (college campus, youth organization, etc.)	600 ft.	200 yards
Hospital	300 ft.	
Alcohol treatment center		100 yards
Hotel with 50+ rooms	No restriction	No restriction
Private club		No restriction
Housing authority property		100 yards
Public library	300 ft.	
Public park	500 ft.	
Tattoo establishment	300 ft.	
Between package stores	1,500 ft.	
	No package store within 600 ft. of residence, school, park, recreational facility, library, church, hospital, or day care	

Source: Developed by auditors based on Section 10-88 and 10-88.1 of city code and OCGA §3-3-21.

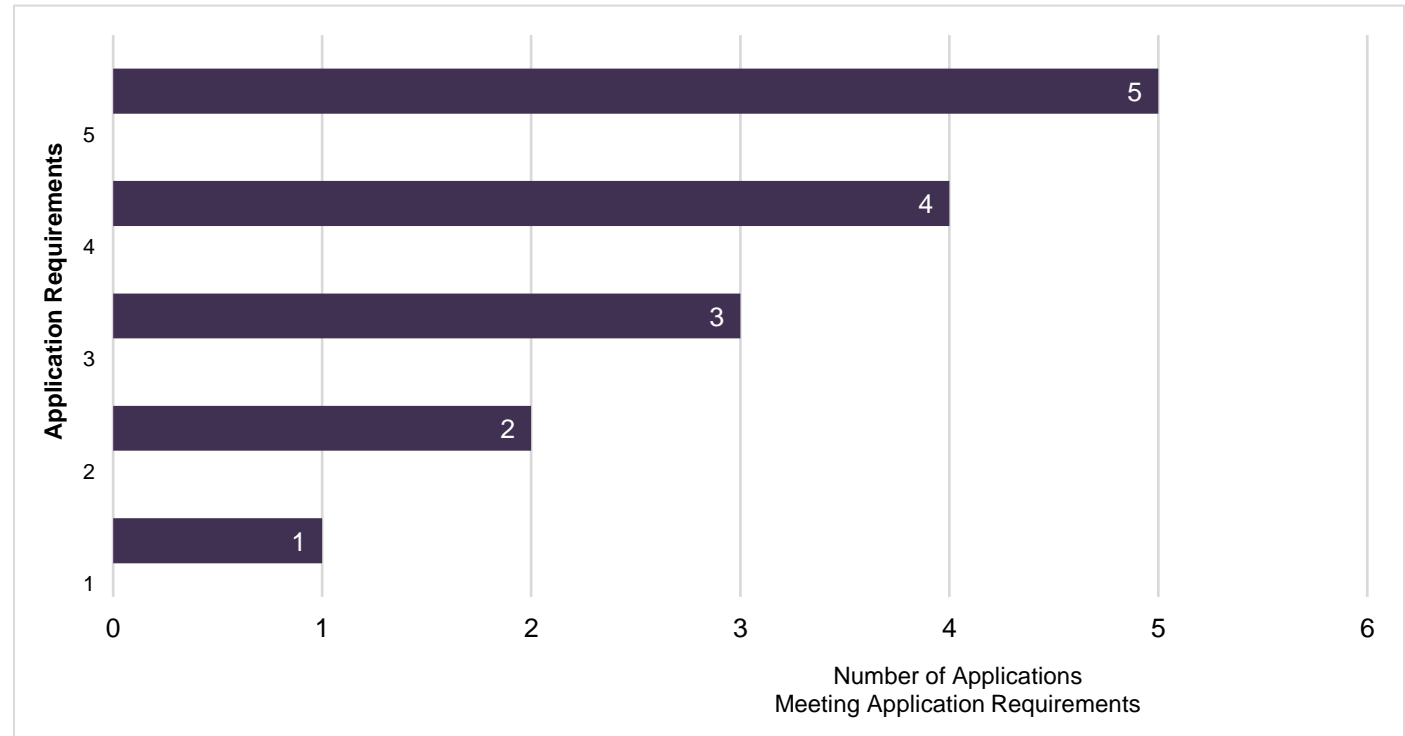
ENERGOV SHOULD INCREASE EFFICIENCY AND IMPROVE CONTROLS

Exhibit 9: Documents Were Missing Most Often in Renewal Applications

Application Type	Number of Applications Reviewed	Complete Applications	Incomplete Applications
New Business	5	0	5
Change of Ownership	2	0	2
Renewal	96	81	15
Renewal (Change of Agent)	2	0	2
Total	105	81	24

Source: Developed by auditors based on a random sample of files provided by the License and Permits Unit

Exhibit 10: Five New Business Applications Were Missing Some Required Documents



Source: Developed by auditors based on a random sample of files provided by the License and Permits Unit

ENFORCEMENT ACTIVITIES ARE INSUFFICIENT

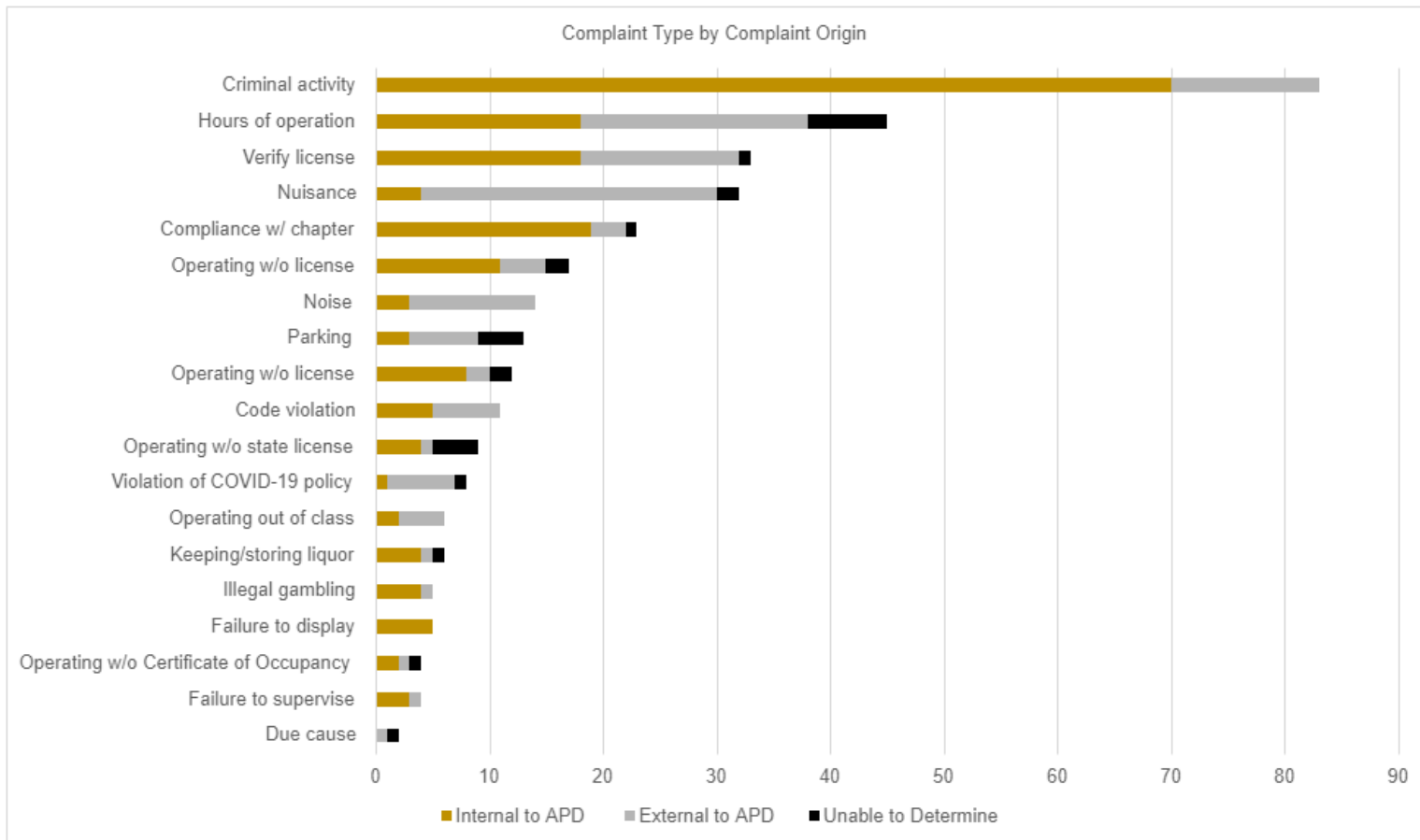
Establishment Type	Risks	Risk Level
<ul style="list-style-type: none"> Nightclubs Restaurants that close after 2:30 am Establishments w/ violations 	<ul style="list-style-type: none"> Serving after hours Operating out of class Serving minors 	High risk
<ul style="list-style-type: none"> Retail package stores Restaurants that close at 2:30 am 		Medium risk
<ul style="list-style-type: none"> Package stores Restaurants that close around midnight 		Low risk

Source: Developed by auditors based on interviews with Unit staff

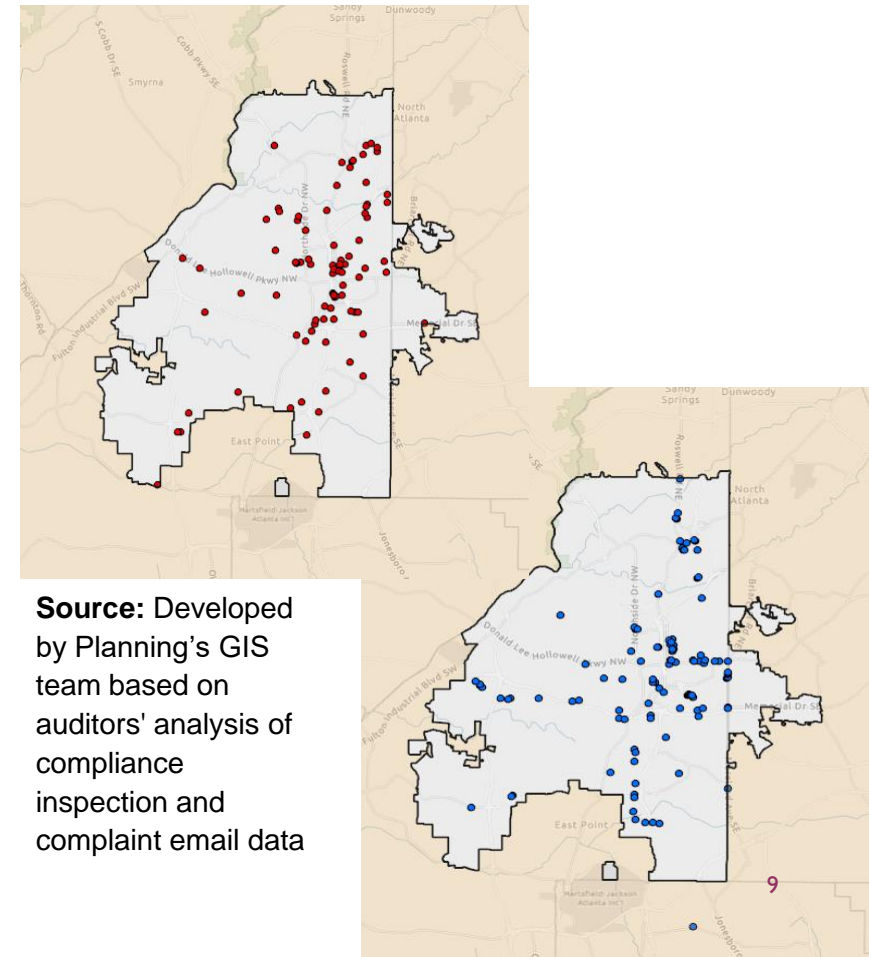
INSPECTION REPORT			
DATE:	TIME:	DISTRICT: ARIZONA	REPORT #
BUSINESS NAME:		LICENSE #	EXPIRES: ___/___/___
BUSINESS ADDRESS:		CITY:	
MAILING ADDRESS:		CITY:	
<input type="checkbox"/> INDIVIDUAL		<input type="checkbox"/> PARTNERSHIP	
<input type="checkbox"/> CORPORATION		<input type="checkbox"/> LLC	
CORPORATION NAME:			
LICENSEE/AGENT:		PHONE:	
MANAGER:		CONTROLLING PERSON:	
PERSON IN CHARGE:		POSITION:	
VIOLATION	COMPLIANCE	NA	DESCRIPTION
			1. Retail liquor license exhibited A.R.S.4-262
			2. Business name is the same as on the license A.A.C.R19-1-306
			3. Agent/Mgr. on license is valid and current A.R.S.4-202.A /A.R.S.4-202.C
			4. Ownership is as disclosed to D.L.L.C. A.R.S.4-203/A.A.C.R19-1-103
			5. Employee records are available A.R.S.4-119/A.A.C.R19-1-218
			6. Employees are familiar with liquor laws A.A.C.R19-1-105
			7. Floor plan is authorized by D.L.L.C. A.R.S.4-207.01
			8. Patio is authorized A.A.C.R19-1-311
			9. Only authorized ID accepted YES NO ,ID log used YES NO A.R.S.4-241
			10. Spirituous liquor is stored only in authorized areas A.A.C.R19-1-219
			11. Unauthorized alcoholic beverages on premises A.R.S.4-243.01/R19-1-220
			12. Only sealed spirituous liquor on premises (Off Sale) A.A.C.R19-1-232
			13. Liquor bottles are not refilled or re-used A.A.C.R19-1-207
			14. Draft beer spigots are labeled A.A.C.R19-1-211
			15. Only authorized credit is extended A.R.S.4-242
			16. No inducements advertised or used A.A.C.R19-1-206
			17. Meets restaurant requirements % A.R.S.4-205.01/.02/A.A.C.R19-1-208
			18. Fetal alcohol signs posted Signs Left A.R.S.4-261/A.A.C.R19-1-235
			19. Gambling , Warned A.R.S.4-244.26
			20. Other
			21. Other
<input type="checkbox"/> NO ACTION <input type="checkbox"/> ACTIONABLE <input type="checkbox"/> COMPLIANCE REQUIRED BY: ___/___/___ <input type="checkbox"/> WARNING #'S			

Source: Form used by Arizona liquor license enforcement officers

COMPLAINTS INCONSISTENTLY INVESTIGATED



Source: Developed by auditors based on our analysis of complaint emails



DUE CAUSE PACKAGE ISSUANCE IS DISCRETIONARY

- The Unit failed to issue due cause packages to 4 of 13 licensed establishments with documented violations of Chapter 10 of city code
- Procedures are not specific about which violations warrant a due cause package
- Unit's issuance of due cause packages has become more consistent, but the Mayor's Office does not consistently sign off on the packages

RECOMMENDATIONS

- We recommend that the Police Chief:
 1. assign sufficient staff to process applications in accordance with unit procedures
 2. report on staffing, compliance inspections, and complaints to City Council's Public Safety committee
 3. enforce the use of investigators' worklog and weekly supervisory review
 4. update SOPs to provide a process for checking food and liquor sales of establishments receiving exemptions during renewal
 5. coordinate with CFO to use forensic audits to assess alcohol license qualifications at renewal
 6. revise the unit's website/forms for consistency with city code and train new staff on procedures to limit public confusion
 7. require applicants to pay all fees through EnerGov or directly to the Office of Revenue

RECOMMENDATIONS (CONT.)

- We recommend that the Police Chief:
 8. work with Law to prepare for City Council consideration amendments to city code to clarify fee handling requirements
 9. inspect high-risk establishments until each establishment can be inspected annually on a rotating basis
 10. establish detailed procedures for inspections
 11. develop procedures for follow-up inspections of establishments with documented violations of Chapter 10 of city code
 12. develop procedures for complaints and investigate all medium-/high-risk complaints
 13. establish criteria for due cause packages

QUESTIONS?

Full Report:

http://www.atlaudit.org/uploads/3/9/5/8/39584481/b8_liquor_licenses_and_enforcement_final_4-15-2021.pdf