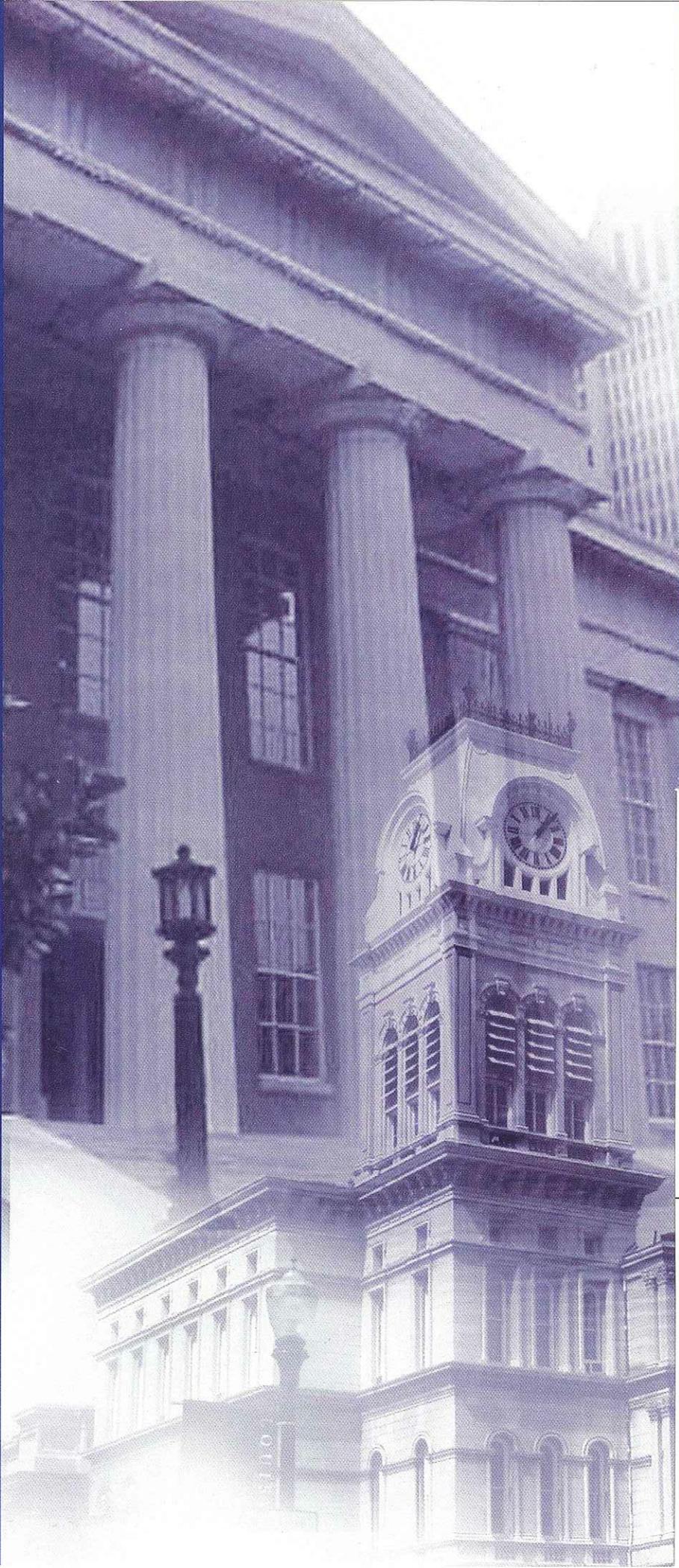




Jerry E. Abramson
Mayor

Louisville Metro Council

The Office of Internal Audit provides independent, objective assurance and consulting services that adds value to and improves Louisville Metro Government.



Office of Internal Audit

Codes and Regulations

Inspections, Permits & Licenses
ABC Revenue

Audit Report

Office of Internal Audit



Codes and Regulations

Inspections, Permits and Licenses Alcoholic Beverage Control Revenue

November 2008

Codes and Regulations

Inspections, Permits & Licenses
ABC Revenue

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OFFICE OF INTERNAL AUDIT
LOUISVILLE, KENTUCKY

JERRY E. ABRAMSON
MAYOR

MICHAEL S. NORMAN, CIA, CFE, CGAP
CHIEF AUDIT EXECUTIVE

JIM KING
PRESIDENT METRO COUNCIL

Transmittal Letter

November 14, 2008

The Honorable Jerry E. Abramson
Mayor of Louisville Metro
Louisville Metro Hall
Louisville, KY 40202

Subject: Audit of Inspections, Permits & Licenses Alcoholic Beverage Control Revenue

Introduction

An audit of Inspections, Permits and Licenses' (IPL) alcoholic beverage control revenue activity was performed. IPL is a division of Metro's Codes and Regulations department and is responsible for the regulatory licensing and permitting related to alcoholic beverages. The primary focus of the audit was the operational and fiscal administration of the activity. This included how IPL processes, records, and monitors the activity. The objective was to obtain assurance that risks are adequately mitigated through the internal control structure.

The audit was conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States and with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

As a part of the review, the internal control structure was evaluated. The objective of internal control is to provide reasonable, but not absolute, assurance regarding the achievement of objectives in the following categories:

- Achievement of business objectives and goals
- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations
- Safeguarding of assets

There are inherent limitations in any system of internal control. Errors may result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personnel factors. Some controls may be circumvented by collusion. Similarly, management may circumvent control procedures by administrative oversight.

Scope

The operating policies and procedures for IPL's alcoholic beverage control (ABC) revenue activity were reviewed through interviews with key personnel. The focus of the review was the operational and fiscal administration of the activity. Tests of sample data were performed for transactions from the period January 1, 2008 through March 31, 2008. Activity reviewed included licensee file documentation, Hansen system activity and cashier reports, deposit receipts, and Metro financial system postings.

The review included assessing whether activity was processed, recorded, and monitored accurately and appropriately. The details of the scope and methodology of the review will be addressed in the Observations and Recommendations section of this report. The audit would not identify all issues because it was based on selective review of data.

Opinion

It is our opinion that the administration of ABC revenue activity needs improvement. The internal control rating is on page 5 of this report. The rating quantifies the opinion regarding internal controls, and identifies areas requiring corrective action. Opportunities to strengthen the administration of ABC revenue activity include the following.

- **Monitoring and Reconciliation.** The processes used by IPL to monitor and reconcile ABC license activity are ineffective.
 - Due to the time of day that cash drawer closings are performed, they can not be verified to activity reports to ensure all revenue is properly accounted for.
 - System provided functionality is not being used during the cash drawer closings / counts.
 - ABC revenue postings are processed daily to a temporary, non-related revenue account. Weekly postings are then performed to move the revenues from the temporary account to the appropriate revenue accounts. However, the system report used to identify weekly revenue totals is not reconciled to cashier reports or deposit documentation to ensure all activity is properly reflected.

- **ABC Fine Activity Processing.** There were several issues noted with the processing of ABC fine activity.
 - System related issues prevent fines due from being noted in the system.
 - There is an inability to apply fine payments when renewal fees are due.
 - There are no desktop policies and procedures to guide personnel in the administration of fine activity, and no backup personnel designated to cover in the absence of staff responsible for administering fine activity.

- The monitoring of fine activity is a very manual process. This appears to be causing delays in both clearing licensees that have satisfied their obligations and with the follow-up of those licensees who have not met all requirements.
- **General Administration.** Some issues were noted with the general administration of ABC revenue activity. Examples include no comprehensive policies and procedures; the lack of notification for small city applicants that owe Metro fees; refund reports that are not detailed enough to identify transactions by specific areas; missing or incomplete licensee file documentation; and no system identifier for Metro denied applicants.

The implementation of the recommendations in this report will help strengthen the internal control structure and effectiveness of IPL's administration of ABC revenue activity.

Corrective Action Plan

Representatives from Inspections, Permits and Licenses have reviewed the results and are committed to addressing the issues noted. Corrective action plans are included in the report in the Observations and Recommendations section. We will continue to work with IPL to ensure the actions taken are effective to address the issues noted.

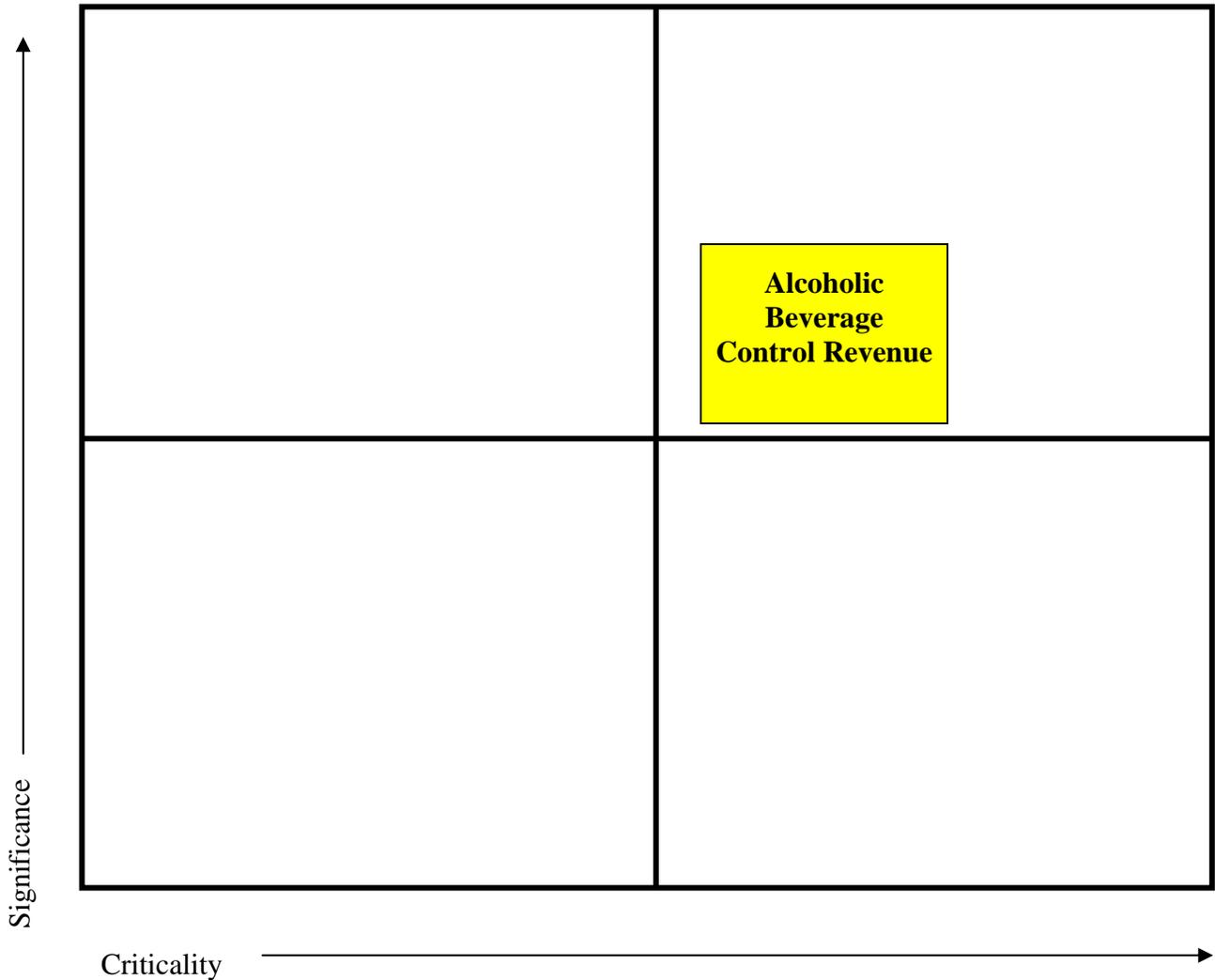
Sincerely,



Michael S. Norman, CIA, CFE, CGAP
Chief Audit Executive

cc: Louisville Metro Council Government Accountability and Audit Committee
Director of Codes and Regulations
Louisville Metro External Auditors

Internal Control Rating



<u>Legend</u>			
<u>Criteria Issues</u>	Satisfactory Not likely to impact operations.	Needs Improvement Impact on operations likely contained.	Inadequate Impact on operations likely widespread or compounding.
<i>Controls</i>	Effective.	Opportunity exists to improve effectiveness.	Do not exist or are not reliable.
<i>Policy Compliance</i>	Non-compliance issues are minor.	Non-compliance issues may be systemic.	Non-compliance issues are pervasive, significant, or have severe consequences.
<i>Image</i>	No, or low, level of risk.	Potential for damage.	Severe risk of damage.
<i>Corrective Action</i>	May be necessary.	Prompt.	Immediate.

Background

Inspections, Permits and Licenses perform regulatory licensing activities for establishments serving or selling alcoholic beverages. IPL has the administrative responsibility to ensure compliance with all local, state and federal laws prior to the issuance or renewal of any license or permit. All citation activity related to serving or selling alcoholic beverages is processed by IPL, to include sending violation notices, coordinating hearings, and processing results of hearings through orders.

IPL uses Hansen computer software to process its ABC activity. Hansen is a multifunctional system used by several departments within the Metro Government to store and retrieve data pertaining to geographical information, work orders, permitting, licensing and inspections. In July 2004, IPL implemented a cashiering module provided by the Hansen software vendor. This was intended to compliment the functionality of the existing software and provide added accountability for revenue management. Much of the revenue procedures were developed in-house based on the understood functionality of the Hansen system.

IPL generates ABC revenue through alcoholic beverage license fees, based on established guidelines (e.g., State statute and Louisville Metro ordinance), and civil penalty fines for violations of regulations. IPL generated ABC revenue receipts of approximately \$1.7 million during fiscal year 2008.

This was a scheduled audit.

Summary of Audit Results

I. Current Audit Results

See Observations and Recommendations section of this report.

II. Prior Audit Issues

The Office of Internal Audit previously conducted a review of IPL's revenue administration in May 2006. A review of alcoholic beverage license revenue was also conducted in May 2003. Unless otherwise noted, all prior issues have been satisfactorily addressed.

III. Statement of Auditing Standards

The audit was performed in accordance with Government Auditing Standards issued by the Comptroller General of the United States and with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

IV. Statement of Internal Control

An understanding of the internal control structure was obtained in order to support the final opinion.

V. Statement of Irregularities, Illegal Acts, and Other Noncompliance

The review did not disclose any instances of irregularities, any indications of illegal acts, and nothing was detected during the review that would indicate evidence of such. Any significant instances of noncompliance with laws and regulations are reported in the Observations and Recommendations section of this report.

VI. Views of Responsible Officials / Action Plan

A draft report was issued to Inspections, Permits and Licenses on September 23, 2008. An exit conference was held at IPL's administrative office on October 6, 2008. Attending were William Schreck, Diane Looney, and Terri Madry representing IPL; and Michael Norman, Mary Ann Wheatley, and Gena Redmon representing Internal Audit. Final audit results were discussed.

The preliminary views of IPL officials were received on October 21, 2008 and final responses were received on November 12, 2008. These are included as corrective action plans in the Observations and Recommendations section of the report. The plans indicate a commitment to addressing the issues noted.

LMCO §30.36(B) requires Louisville Metro Agencies to respond to draft audit reports in a timely manner. It specifically states that

*“The response must be forwarded to the Office of Internal Audit within 15 days of the exit conference, or **no longer than** 30 days of receipt of the draft report.”*

IPL's response was provided within this required timeframe.

Observations and Recommendations

Scope

Inspections, Permits and Licenses' (IPL) procedures for administering alcoholic beverage control revenue activity were reviewed through interviews with key personnel. The primary focus was the operational and fiscal administration of the activity. This included assessing whether activity was processed, recorded, and monitored accurately and appropriately.

Tests of sample data were performed for revenue from the period January 1, 2008 through March 31, 2008. A sample of 20 revenue transactions for 10 licensees was judgmentally selected for review to include new and renewal license transactions, as well as fine payments. In addition, 6 refund transactions were reviewed for appropriateness. Activity reviewed included licensee file documentation, Hansen system activity and cashier reports, deposit receipts, and Metro financial system postings. The review would not reveal all issues because it was based on a selective review of data.

Observations

Some issues were noted with the administration of IPL's alcoholic beverage control revenue activity. As a result, the effectiveness of the internal control structure is impaired and needs improvement. Opportunities noted to strengthen the controls are as follows.

- #1 – Monitoring and Reconciliation
- #2 – ABC Fine Activity Processing
- #3 – General Administration

Details of these begin on the following page.

#1 - Monitoring and Reconciliation

Some issues were noted with the monitoring and reconciliation of alcoholic beverage control (ABC) license activity. Examples include the following.

- **Cash Drawer Closings.** The processes used by IPL to close and reconcile cash drawers are not effective to allow for proper monitoring.
 - To accommodate employee work schedules, cash drawers are closed at odd times during the day (e.g., 8:30 am or 3:30 pm) instead of at the end of a business day. As a result, cashier activity reports overlap between two business days. This does not allow for the cashier reports to be reconciled to Hansen activity reports to ensure all revenue is properly reflected. Hansen reports are generated on complete business days, not partial or overlapping days.
 - Similarly, a credit card settlement report is processed on a daily basis, but at a time that encompasses activity for two business days. The settlement report contains credit card transactions processed via multiple cash drawers and is not reconciled to the cash drawer activity reports.
 - As part of the daily closing processes, Cashiers total their drawer funds (cash and checks) using a calculator tape. However, the count totals are not recorded on the applicable screen within Hansen to determine whether drawer activity is in balance. Instead, count totals are manually verified to cash drawer activity report totals. If any outages are found, an indication is made in a comments area within Hansen. This process makes it very difficult to identify when and how often variances are occurring. It could not be determined with certainty why IPL is not using the system provided functionality of the drawer count screen.
Similar problems were noted during the previous audit.
 - IPL Cashiers have the ability to view system receipt information and print activity reports (e.g., Cash Drawer Detail). This allows the cashier to be aware of revenue receipt balances prior to its official closing, and could result in an individual making unauthorized adjustments to ensure actual cash on hand agrees. As a result, internal controls are weakened and there is an increased risk that funds could be diverted for personal use without detection. It should be noted that IPL staff stated it is understood that Cashiers should not access system totals prior to a drawer closeout; however, access to the information has not been restricted.
Similar problems were noted during the previous audit.
- **Financial Postings.** Some issues were noted with the processes used by IPL in posting ABC revenue activity to Metro's financial system.
 - On a daily basis, IPL staff creates a journal voucher to temporarily move all revenue from a clearing account to a Building Permits and Inspections account. Weekly, staff creates another journal voucher to distribute the revenue from this account to each applicable revenue account. Moving the funds on a daily basis to a temporary account is inefficient and complicates the reconciliation of activity.

- IPL staff generates a Hansen system report to identify revenue totals processed during each week. These totals are used to develop the weekly journal voucher to post revenue to the appropriate accounts in the Metro financial system. However, the totals reflected on the Hansen report are not reconciled to cashier reports or deposit documents to ensure all activity is properly reflected.
Similar problems were noted during the previous audit.

Recommendations

Appropriate personnel should take corrective action to address the issues noted. Specific recommendations include the following.

- ✓ IPL staff should modify their current cash drawer closing processes to allow for proper reconciliations. It is essential that cash drawer totals are reconciled to activity reports to ensure all transactions are properly accounted for. IPL should consider modifying cash drawer close out times in order for totals to be comparable to activity reports. This will require IPL to close out cash drawers on a daily basis at a time that would encompass activity from only one business day (i.e., end of a work shift).
- ✓ Similarly, IPL should process the credit card settlement report once a day, in unison with cash drawer closings, to properly reflect all transactions processed during that time. This would allow for credit card totals to be reconciled to cash drawer reports, thus ensuring all transactions were processed as intended.
- ✓ IPL should use system functionality to assist with reconciliations. The counts of drawer funds should be input into the system drawer count screen so that balancing figures are automatically calculated and maintained within the system. This would make the reconciliation process more efficient and effective, and would allow for better tracking of variances (e.g., when, how often, and by whom). The amounts input into the drawer count screen should be performed by someone other than the cashier (i.e., a supervisor) in order to provide for proper segregation of duties and adequate controls.
- ✓ IPL staff should determine whether the Hansen system has security features to prohibit cashier access to receipt information / activity reports. If so, these controls should be activated. In the absence of these security features, future system modifications should be considered to improve internal controls. Compensating controls (e.g., unannounced cash counts compared to system activity) could be performed to help ensure the accuracy of revenue receipts.
- ✓ IPL staff should revise their processes for distributing revenues to appropriate financial accounts. Ideally, daily journal vouchers should be used to distribute funds directly to appropriate financial accounts rather than to a temporary account. This process is more efficient in that it allows for revenues to be immediately recognized on financial statements. This in turn will increase the reliability and usefulness of the statements as a monitoring tool.
- ✓ If it is determined that IPL will continue to use a temporary account to post daily revenue, then it is essential that weekly activity reports be reconciled to corresponding cashier reports or deposit documents. This will ensure the activity report is properly reflecting all revenue that was processed during the week.

Inspections, Permits and Licenses' Corrective Action Plan

Cash Drawer Closings:

In June of 2008, cashiers began processing the daily credit card settlements and closing their drawers at the end of the workday, resulting in the credit card transactions being reconciled appropriately to the cash drawer activity report.

Beginning October 2, 2008, depositors will begin inputting the counts of drawer funds into the Hansen System drawer count screen in order to balance the system. This will be done after the manual count and receipt are completed. This process has been added to the Depositor procedures.

Ability to view system receipt information and print activity reports by cashiers – due to this ability being apart of the packaged Hansen product at the time it was purchased, we are unable to change this limitation. However, it has been documented in the “Depositor Process” that it is the depositor who prints the activity report and not the cashier. Also, it has been communicated to the cashiers that they are not to print the activity reports.

Financial Postings:

The way of preparing journal entries on a daily basis to move revenue from the Metro’s clearing account to the accounts for building type permits and doing a separate journal entry on a weekly basis to move all other revenues to appropriate accounts based on Hansen reports has changed.

One journal entry is done on a daily basis to move revenue deposited from the Metro’s clearing account and the associated revenues to their appropriate accounts based on the “Daily Deposit Report” ran from Hansen.

#2 - ABC Fine Activity Processing

There were several issues noted with the processing of ABC license fine activity. Specifics include the following.

- **System Records of Fines Due.** There is a system issue with regards to applying payments received when both fines and license renewal fees are due around the same time. The Hansen system cashiering module automatically applies payments received to transactions that have been placed in the payment queue first. As a result, fine payments could be misapplied towards license renewal fees if they were scheduled to be due. Due to this system issue, IPL staff does not enter fines due into the license application screen (the screen that would indicate to the Cashiers and Metro ABC staff that a fine is due) until the actual payment is received. When fine payments are received, the renewal fees are backed out of the system until the fine payment is processed; then renewals are re-entered. However, this practice appears to create additional processing issues.
 - It was stated by IPL staff that at times Cashiers will process a fine payment as miscellaneous revenue because the system is not indicating that a fine is due (i.e., it is not in the payment queue), or the customer may not be clear with their payment intentions. This makes it impossible for IPL staff to maintain accurate client ABC records since a fine payment would not be realized until an inquiry by either the customer or IPL staff is made and the payment issue resolved. It does not appear that guidance has been provided to all employees to assist them with researching fines due (i.e., other system screens).
 - For one of ten licensees reviewed, an ABC license was renewed prior to a fine being paid. Though the fine would not have been in the payment queue based on the described processes, there was evidence within the system that a citation had been received prior to the renewal issuance (i.e., an Order to Show Cause letter had been sent).
- **Policies and Procedures.** There are no desktop policies and procedures to guide personnel in the administration of ABC fine activity. This may lead to inconsistencies, inefficiencies, and noncompliance with intended procedures.
 - The timely submission of citations to the IPL administrative office for processing has not been defined. Citations are issued by IPL's Code Enforcement division and the Louisville Metro Police Department. For 2 of 3 citations reviewed, it took more than a week for the citations to be received by the IPL administrative office (8 to 24 business days). The untimely receipt of citations can cause delays in the entry and processing of fine related activities.
 - Documented processes are not in place to guide personnel with researching and inquiring the system to determine whether fines are due prior to issuing a license renewal.
- **Fine Monitoring.** IPL staff monitors fine payments and court ordered requirements through a manual process. Licensee file folders are pulled when licensees are issued citations, and a series of procedures are followed to assist the licensee with rectifying

their situation. IPL personnel responsible for processing fine revenue activity retains the licensee files until all court ordered requirements are satisfied. However, licensee files are only periodically reviewed to determine where a client stands with regards to rectifying a fine and / or court ordered activities. This process is very inefficient and is only performed as time permits.

- It was estimated by IPL personnel that approximately 100 files were being held awaiting documentation that would clear them of their fine obligations; some of the files had been held for several months. Staff was not able to identify what was missing from the files without going through each one individually.
- IPL staff uses a manual tally sheet to track citations issued and fines received. The information recorded is reported monthly to a supervisor. The manual process of tracking this information is inefficient in that the data is already maintained in the Hansen system. There is also an increased risk for error with manually maintained records.
- **Backup Personnel.** IPL does not have adequate backup personnel designated to cover in the absence of key personnel administering ABC fine activity. Though additional staff is being trained to enter citation information in Hansen, no one has been assigned the responsibilities of other fine related processing duties.

Recommendations

Appropriate personnel should take corrective action to address the issues noted. Specific recommendations include the following.

- ✓ IPL staff should consult with the appropriate system support resources (e.g., IPL, Metro Information Technology, or Hansen system support personnel) for assistance with the Hansen system issues related to ABC fines. It is imperative that all payments due be properly documented within the system, with the ability to post payments to the appropriate transaction. This is especially important as it relates to fines, since licenses should not be renewed until all fines have been paid.
- ✓ Care should be taken by IPL staff to post payments appropriately. Payments should not be applied to miscellaneous revenue unless it is deemed the appropriate revenue category. Documented guidelines should be provided to IPL Cashiers to assist them with payment inquiries.
- ✓ IPL staff should develop desktop policies and procedures to guide personnel in the administration of ABC fine activity. This will help provide consistency and efficiency with the administration of the activity. The policies and procedures should be documented and updated periodically to ensure it is descriptive of current processes. The policies should be distributed to all applicable personnel routinely involved in the fine activity processes. It should also be used as a training tool for any new or temporary employees responsible for processing the activity.
- ✓ Policies and procedures developed for ABC fine activity should be comprehensive to address all significant processing areas. The procedures should address system inquiry capabilities to guide personnel in their determinations as to whether fines are due, especially during license renewal periods. The policies should also address the

timely submission of citations to the IPL administrative office. A defined timeframe for the submission of citations will allow for processing of fine related activities to be performed in a timely manner, and provide for more accurate system records.

- ✓ IPL should assess their processes for monitoring ABC fine activity. Monitoring should be performed on a routine basis to ensure fine obligations are being satisfied as required. Ideally, system reports should be developed to help assist with monitoring. At a minimum, manual records or logs should be maintained to track all fine related activity. This would provide staff with a manageable means by which to identify how long activity has been outstanding and the documents / payments / obligations due. Maintaining appropriate records on fine activity will aid IPL staff in performing follow-up efforts on unresolved issues.
- ✓ Backup personnel should be designated to cover in the absence of key personnel responsible for processing ABC fine activity. This will help ensure that activity is continually processed as intended.

Inspections, Permits and Licenses' Corrective Action Plan

The ABC division has begun writing and implementing policies and procedures for the tracking of fines and alcohol training. The date the Agreed Order/Order is mailed the fine(s) will be placed in the Fees Due table. We understand that there is a problem with our current cashiering system by not allowing the selection of which fees are to be paid. This should be corrected in Version 8 of Hansen. For the time being, we have step-by-step procedures in place that should address that concern. In addition, Hansen tracks the person, date and time of any transaction.

We may not withhold renewal of an ABC license, under State Statute or Louisville Code of Ordinances, for failure to pay a fine. The license however may be revoked by order of the ABC Administrator. We have a policy and procedure that will insure prompted and legal follow-up relative to unpaid fines.

If TIPS training is required as the result of an Administrative hearing, it will be entered into the Supplementary Log. The start date will be the date the order is sent and the stop date will be the last date the training information is due. Once proof of training has been sent, a brief note will be entered in the comments section and the stop date will be erased.

Two reports have been developed that may be accessed at any time by the licensing and enforcement sides. One report shows all outstanding fines as of the date and time the report is run. The second report shows outstanding TIPS training that must be completed. This will no longer require IPL staff to hold the files of those licensees after the agreed order/order has been processed. The computer directories and titles of these reports will be forwarded to the appropriate personnel at an established timeline.

#3 - General Administration

Some issues were noted with the general administration of ABC revenue activity. Specifics include the following.

- **Policies and Procedures.** IPL does not have a comprehensive policies and procedures manual to guide in the administration and management of ABC revenue activity. Multiple areas are involved with the processing of ABC activity and though some desktop procedures exist for certain processing areas, the lack of a comprehensive manual may lead to inconsistencies and inefficiencies with intended procedures.

Similar problems were noted during the previous audit.

- **Small City Fee Revenue.** Small cities (e.g., Jeffersontown, Prospect) process their ABC licenses through the State and charge fees based on their ordinances. The licensees are also required to obtain a license through Louisville Metro, at a reduced cost. However, IPL staff stated it is very difficult to ensure all small city licensees are appropriately obtaining and paying for a license through Metro. It was stated that licensee information can not be retrieved through the State system based on issuance dates; therefore, IPL mainly relies on Metro Code Enforcement staff to identify new establishments that may be in violation. This method of identification is very inefficient and ineffective. It increases the risk that establishments in small cities may be operating inappropriately, and Metro would not be receiving all revenue it is due.

- **Refund Report.** A Hansen system refund report is generated weekly to identify all customers that are due refunds for various fees or fines that were paid in error. Though the refund report indicates a transaction fee type, it does not clearly distinguish license transactions by area (e.g., ABC, electrical). As a result, license refunds may be charged to an inappropriate financial account since each area has a different revenue account associated with it.

➤ For two of six refunds reviewed, the license refund was processed to an inappropriate account.

- **Missing / Incomplete File Documentation.** In four of ten licensee files reviewed, there was missing or incomplete required documentation (e.g., tax clearance forms were missing signatures, zoning information was not documented). This increases the risk that licensees could be operating without having met all requirements.

➤ For one file reviewed, the licensee was a new applicant. File documentation did not indicate that a supervisor had reviewed the file for completeness as required by internal policies.

- **Denied Applicants.** During the preliminary phase of license issuance, as documents are being gathered and requirements verified, a license is recorded in the Hansen system with a status of “un-issued.” If the application is denied by Metro, it remains with an un-issued status until an appeal phase has ended or the applicant requests a refund. The Hansen system does not have a status selection of “denied” to properly

indicate the activity's true status. This weakens the reliability of reporting for monitoring and analysis purposes.

Recommendations

Appropriate personnel should take corrective action to address the issues noted. Specific recommendations include the following.

- ✓ IPL should develop a comprehensive policies and procedures manual to guide in the administration and management of ABC revenue activity. This would help provide a clear representation of all aspects of ABC activity, and provide guidance to individuals directly and indirectly involved with the processes.
- ✓ Appropriate IPL personnel should contact the State to inquire about records or reports of small city licenses being paid directly to the State. Ideally, the State could provide records to IPL of licenses obtained by small city establishments. If this is not feasible, then IPL should consider holding small cities more accountable for the notification of newly approved ABC license applicants, possibly through documented signed agreements.
- ✓ IPL staff should assess their processes for generating refunds to ensure activity is properly reflected and charged to the appropriate financial account. This may require modifications to the weekly report used to identify refund transactions so that it clearly indicates the license transactions by type. Care should be taken by all individuals involved in the refund processes to ensure transactions appear proper.
- ✓ Care should be taken by IPL personnel to ensure ABC files contain complete and appropriate documentation. This includes ensuring all necessary forms have been completed, signed, and submitted as required. Any exceptions to standard requirements should be thoroughly documented in the files by appropriate individuals to provide explanation and accountability.
- ✓ IPL should determine if it is beneficial to distinguish between un-issued licenses and denied licenses. Appropriate measures should be taken based on the determination made. It may be beneficial to create a new license status within the Hansen system to identify licenses that have been denied by Metro. This would provide for more accurate reporting for monitoring and analysis purposes.

Inspections, Permits and Licenses' Corrective Action Plan

Policies and Procedures

Completed policies and procedures for the refund process and for documenting the supplementary log will be documented. We will continue to review processes to ensure that a written policy and procedure is in place.

Small City Fee Revenue

Each staff member will receive the list of all ABC Administrators in Jefferson County. However, it is still debated whether we can charge a fee to those small cities that have an administrator, police force and a hearing process.

The process, in development, will be to prepare a letter to all small city applicants that are identified through the advertising process. The notification letter will advise them they must also apply with us and will include additional Louisville ABC specific paperwork.

Missing/Incomplete File Documentation

The paper work for qualifying applicants will be more closely monitored. However, if an applicant withdraws or is denied because of disqualifiers, the paperwork will not be complete.

Denied Applicants

Set up a new action code for Supplementary Log in Hansen and two reports in Crystal, that will let us identify quickly those who have been denied. Training is ongoing for staff to become accustomed to entering the comments for the reason for denial.

Deposit Transport Records

Once brought to our attention by the auditor that the transported deposits did not always indicate the proper dates of the pickup, the cashiers were instructed to make sure that they don't complete, initial and date the receipt book for the armored car service until the armored car personnel arrive to pick up the deposits to ensure that the deposits were transferred from our custody on the same date as the pickup. This process is documented in the Depositor Procedures and was submitted to the cashiers and depositors.



Office of Internal Audit
Reader Survey

Please help us serve you better by taking a few minutes to complete this survey and returning it by mail, facsimile, or email. Contact information is as follows. For your convenience, this form is available on the Office of Internal Audit website.

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Name of Report Inspections, Permits and Licenses – Alcoholic Beverage Control Revenue

How do you rate this report?			
	Beneficial	Somewhat Helpful	Needs Improvement
Background Information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Details	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Length of Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Clarity of Writing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Potential Impact	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Suggestions, comments, ideas, thoughts: _____

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