Arizona Department of Liquor Licenses and Control

Department did not handle cash receipts as required, comply with some State- and Department-specific conflict-of-interest requirements, investigate all complaints within established time frames, and had not fully implemented the cocktails and alcohol to-go programs that became effective September 2021.

Audit purpose
To determine if the Department complied with State cash-handling and conflict-of-interest requirements, issued liquor licenses to qualified applicants, resolved complaints in a timely manner and in accordance with policy, consistently issued disciplinary actions to address violations of State liquor laws, and provide information on the cocktails and alcohol to-go programs and responses to the statutory sunset factors.

Key findings
The Department:

- Did not protect public monies by properly logging cash received in the mail, timely recording and depositing cash received, and reconciling mail log to amounts recorded and deposited, as required by the State of Arizona Accounting Manual (SAAM), which puts these monies at increased risk of loss or theft and makes them unavailable for the State’s timely use.
- Did not comply with some State- and Department-specific conflict-of-interest requirements, increasing risk that employees and public officers had not disclosed substantial interests that might influence their official conduct.
- Issued and renewed licenses to applicants we reviewed who met all applicable licensure requirements and generally issued licenses within established time frames.
- Did not always investigate complaints we reviewed within established time frames, lacked time frames for resolving complaint cases that required disciplinary action, and did not document reasons for deviating from penalty guidelines, as required by its policies.
- Had not fully implemented the cocktails and alcohol to-go program requirements, which became effective September 29, 2021, including not establishing registration requirements for alcohol delivery contractors or evaluating the appropriateness of its funding and staffing for the programs.

Key recommendations
The Department should:

- Record cash on the day received and deposit as soon as practicable, continue its efforts to develop and implement an accurate mail log and reconcile it to amounts recorded and deposited, and develop and/or revise and implement written policies and procedures to help ensure staff comply with cash-handling requirements in the SAAM.
- Develop and implement conflict-of-interest policies and procedures and update its conflict-of-interest form to include Department-specific statutory requirements.
- Investigate complaints within the time frames established in its policies and procedures, develop and implement time frames for resolving complaints that require disciplinary action, and document explanations for deviations from its penalty guidelines, as required by its policy.
- Establish requirements for registering alcohol delivery contractors and conduct a workload/cost analysis to evaluate the appropriateness of its funding and staffing for the cocktails and alcohol to-go programs.