



**CITY OF ATLANTA**  
City Auditor's Office  
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April 2021

## ***Performance Audit:***

### **Liquor Licensing and Enforcement**

#### ***What We Found***

The License and Permits Unit's standard operating procedures outline controls to regulate the liquor licensing application process and enforcement; however, the department has allocated insufficient staff to implement all required procedures. Due to 11 of 21 positions currently filled within the Unit, processes for application vetting and acceptance of required materials, as well as annual inspections of licensed establishments fail to meet code requirements and introduce corruption and fraud risks.

Current liquor licensing processes allow Unit staff to accept incomplete applications and disregard city code requirements for verifying establishments' compliance with distance exemption requirements. The Unit also collects and handles licensing fees, which reduces the transparency, accuracy, and efficiency of cash handling within the application process.

Although the introduction of EnerGov should improve elements of the application process and centralize fee processing, additional provisions may impact the Unit's procedures. House Bill 879 introduces a new statewide liquor licensing process, but it is currently unclear how it will affect city processes since the legislation lacks details on the system's design and implementation.

Standard operating procedures and industry standards require the License and Permits Unit to inspect all licensed establishments annually. The Unit, however, is unable to consistently enforce this procedure due to insufficient staff. Moreover, the Unit's processes for documenting inspections, supervisory review of inspections, and follow-up of inspections of establishments with documented violations lack uniformity, consistency and fairness.

Finally, complaints are investigated at the Unit supervisor's discretion, although procedures state all complaints warrant an investigation. Due cause packages are also applied on a discretionary basis, although the mayoral approval requirement contributes to inconsistency in the process.

#### ***Why We Did This Audit***

We undertook this audit at a City Council member's request due to illegal activity surrounding some licensed establishments. We reviewed Police's License and Permits Unit licensing process to ensure that it was consistent with code and administered fairly, and we examined enforcement activities to assess whether procedures were fair and consistent with industry standards.

#### ***What We Recommended***

To improve liquor licensing and enforcement, the Police Chief should:

- assign sufficient staff to process applications in accordance with unit procedures
- report on staffing, compliance inspections, and complaints to City Council's Public Safety committee
- provide process for checking food and liquor sales of establishments receiving exemptions during renewal
- Direct applicants to pay all fees through EnerGov or directly to the Office of Revenue
- prioritize the inspection of high-risk establishments until each one can be inspected annually
- establish detailed procedures for inspections
- develop procedures for complaints and investigate all medium/high risk complaints
- standardize due cause package issuance

For more information regarding this report, please use the "contact" link on our website at [www.atlaudit.org](http://www.atlaudit.org)

## Management Responses to Audit Recommendations

### Summary of Management Responses

**Recommendation #1:** We recommend that the Police Chief assign sufficient staff to process applications, which includes rotating application intake and initial inspection assignments, and requiring multiple staff to review applications in accordance with the Unit's standard operating procedures.

**Response & Proposed Action:** Leadership will ensure that the review process will include an additional member of the unit to review the applications for completeness and applications are met prior to approval/acceptance. **Agree**

**Timeframe:** October 2021

**Recommendation #2:** We recommend that the Police Chief report staffing and workload statistics, number of compliance inspections completed, and the number of complaints to resolution during Police's quarterly presentations to City Council's Public Safety committee.

**Response & Proposed Action:** License and Permits will compile staffing, workload statistics, number of inspections completed and the number of complaints to resolution. Chief Bryant will provide this data to City Council upon request. **Partially Agree**

**Timeframe:** October 2021

**Recommendation #3:** We recommend that the Police Chief enforce investigators' use of worklogs to record assigned tasks and Unit sergeant supervisory review of worklogs weekly as outlined in the Unit's standard operating procedures.

**Response & Proposed Action:** We agree with the above listed recommendation. **Agree**

**Timeframe:** May 2021

**Recommendation #4:** We recommend that the Police Chief update the standard operating procedures to provide a process for checking food and liquor sales of establishments at the time for renewal to ensure establishments continue to meet city code requirements for distance exemptions.

**Response & Proposed Action:** We agree with the recommendation. **Agree**

**Timeframe:** June 2021

<b>Recommendation #5:</b>	We recommend that the Police Chief coordinate with the Chief Financial Officer to use Finance's forensic audits to assess alcohol license qualifications for establishments at the time of renewal.	
<b>Response &amp; Proposed Action:</b>	APD will request Finance's forensic audit data in the renewal process.	<b>Agree</b>
<b>Timeframe:</b>	May 2021	
<b>Recommendation #6:</b>	We recommend that the Police Chief revise the Unit's website and forms to be consistent with city code requirements and train newer staff on procedures to limit public confusion about the process.	
<b>Response &amp; Proposed Action:</b>	We agree with the above listed recommendation.	<b>Agree</b>
<b>Timeframe:</b>	July 2021	
<b>Recommendation #7:</b>	We recommend that the Police Chief direct applicants to pay all fees through EnerGov or directly to the Office of Revenue at City Hall.	
<b>Response &amp; Proposed Action:</b>	APD will request that all fees are paid through EnerGov. APD will no longer accept direct payments.	<b>Agree</b>
<b>Timeframe:</b>	December 2021	
<b>Recommendation #8:</b>	We recommend that the Chief Financial Officer work with Law to prepare for City Council consideration amendments to city code to clarify fee handling requirements.	
<b>Response &amp; Proposed Action:</b>	The Chief Financial Officer will work with Law to prepare a consideration amendment to city code to add language to Chapter 10 Section 10-46 that clarifies fee payment handling to encourage electronic payments and eliminate cash as a payment option. Finance agrees that policies should be established citywide to mitigate the risk associated with cash handling.	<b>Agree</b>
<b>Timeframe:</b>	June 2021	
<b>Recommendation #9:</b>	We recommend that the Police Chief rank licensed establishments by risk and inspect high-risk establishments until sufficient staff is assigned to the Unit and can inspect each licensed establishment on a rotating basis at least once annually.	
<b>Response &amp; Proposed Action:</b>	We agree with the above recommendation.	<b>Agree</b>
<b>Timeframe:</b>	June 2021	

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**Recommendation #10:** We recommend that the Police Chief establish detailed procedures for documenting, conducting, and supervising compliance inspections.

**Response & Proposed Action:** We agree with the above recommendation. **Agree**

**Timeframe:** April 2021

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**Recommendation #11:** We recommend that the Police Chief develop procedures for follow-up inspections for establishments that have documented violations of Chapter 10 of city code.

**Response & Proposed Action:** We agree with the above recommendation. **Agree**

**Timeframe:** April 2021

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**Recommendation #12:** We recommend that the Police Chief develop explicit procedures for documenting, assigning, and resolving complaints, to include prioritizing complaints based on risk and investigating all medium/high risk complaints.

**Response & Proposed Action:** We agree with the above recommendation. **Agree**

**Timeframe:** October 2021

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**Recommendation #13:** We recommend that the Police Chief standardize enforcement by determining and documenting which infractions should result in due cause packages.

**Response & Proposed Action:** We agree with the recommendation. **Agree**

**Timeframe:** April 2021

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