

Memorandum



CITY OF DALLAS
(Report No. A18-013)

DATE: September 14, 2018
TO: Honorable Mayor and Members of the City Council
SUBJECT: Audit of Miscellaneous Permit Fee Revenues¹

Opportunities exist to improve the internal controls over the administration and collection of City of Dallas (City) fees applied to holders of alcoholic beverage licenses and permits issued by the Texas Alcoholic Beverage Commission (TABC) for businesses located within the City. Between October 1, 2014 and March 31, 2017, the City collected approximately \$1.4 million in alcoholic beverage license and permit fees, averaging about \$553,000 per year. Improved internal controls² could have resulted in increased revenues of approximately \$341,000, or 25 percent, during this same period. Specifically:

- Alcoholic beverage license and permit fee processes including duties, responsibilities, and enforcement mechanisms are not clearly defined
- Information about the City's alcoholic beverage license and permit fees and the associated processes, which would encourage voluntary compliance, is limited and not readily available through the City's website

Background

The Department of Dallas Water Utilities (DWU) Special Collections Section collects fees for 26 types of alcoholic beverage licenses and permits issued by the Texas Alcoholic Beverage Commission. The DWU collected:

- \$425,957 in Fiscal Year (FY) 2015
- \$633,558 in FY 2016
- \$323,723 from October 1, 2016 through March 31, 2017

Source: DWU

¹ This audit was conducted under the authority of the City of Dallas (City) Charter, Chapter IX, Section 3 and in accordance with the Fiscal Year 2017 Audit Plan approved by the City Council. The audit objective was to determine whether controls were adequate/effective to ensure permit fee revenues were collected from business entities required to obtain a permit to operate a business in the City. The audit objective was limited to focus on the City's alcoholic beverage license and permit fees. The audit scope included management operations and transactions from October 1, 2014 through March 31, 2017; however, certain other matters, procedures, and transactions outside that period were reviewed to understand and verify information during the audit period. This audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based upon our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. To achieve the audit objective, we: (1) interviewed personnel from the Offices of the City Attorney (ATT) and City Secretary and the Departments of Code Compliance, Dallas Police, Dallas Water Utilities (DWU), and Sustainable Development and Construction (SDC); (2) reviewed policies and procedures, the *Texas Alcoholic Beverage Code*, and the City of Dallas, Texas Code of Ordinances (Dallas City Code), Volume I, Chapter 6, *Alcoholic Beverages* (Dallas City Code, Chapter 6); and, (3) performed various analyses.

² "Internal control is a process used by management to help an entity achieve its objectives." **Source:** *Standards for Internal Control in the Federal Government by the Comptroller General of the United States*

- Billing processes do not identify all businesses required to pay City alcoholic beverage license and permit fees; and the City’s Alcoholic Beverage Fee Schedule³ (Fee Schedule) is not always set at the maximum permitted under State of Texas law as required by City Ordinance 30653

As a result, there is an increased risk that certain revenues that support General Fund initiatives such as public safety and quality of life are not maximized, and businesses that operate within the City without paying all required fees are not held accountable.

The number of original alcoholic beverage licenses and permits issued by the TABC to businesses within the City limits increased significantly after the city-wide sale of alcoholic beverages was approved by voters in November 2010⁴ (see textbox). With certain exceptions, the *Texas Alcoholic Beverage Code* authorizes the governing body of an incorporated city or town to levy and collect a fee not to exceed one-half of the State of Texas fee for each license and permit issued by the TABC. The City of Dallas, Texas Code of Ordinances (Dallas City Code), Volume I, Chapter 6, *Alcoholic Beverages* (Dallas City Code, Chapter 6) establishes this fee as “the maximum permitted under state law.”

The issues and associated recommendations resulting from this audit are discussed in more detail on the following pages.

2010 Wet-Dry Election

In November 2010, the City of Dallas (City) held a canvassing of the wet-dry election to authorize the sale of alcoholic beverages city-wide. The wet-dry election authorized “the legal sale of beer and wine for off-premise consumption only” (Proposition No. 1) and “the legal sale of mixed beverages in restaurants by food and beverage certificate holders only” (Proposition No. 2). Through Council Resolution (CR) 10-2843, the City Council approved the following results:

- Proposition No. 1 – For 128,846 and Against 65,890
- Proposition No. 2 – For 141,383 and Against 52,114

Source: CR 10-2843

³ The City’s Alcoholic Beverage Fee Schedule is a complete listing of fees that the City charges for different types of alcoholic beverage license and permits issued by the Texas Alcoholic Beverage Commission (TABC).

⁴ The seven-year average for original licenses and permits issued by the TABC per year prior to and subsequent to the November 10, 2010 wet-dry election were 488 and 1,985, respectively.

The City's Authoritative Documents for Alcoholic Beverage License and Permit Fees Are Insufficient

Although the City has authorization⁵ to levy and collect alcoholic beverage license and permit fees (see textbox), the City's authoritative documents, such as the Dallas City Code, Chapter 6 and Administrative Directives, do not address certain relevant elements⁶ of the alcoholic beverage license and permit fee processes. Specifically:

- Duties and responsibilities for application processing, collecting fees, issuing receipts, refunding payments, and enforcing delinquent payments
- Enforcement mechanisms⁷ such as penalties, late fees, posting of receipts by businesses, citations, and reporting of non-compliance

<p style="text-align: center;">Alcoholic Beverage License and Permit Fee Authorization</p> <p>City Ordinance 30653 states: "The city hereby levies, and shall collect, a fee from every person who is issued a permit or license for a premise located within the City, as allowed under the Texas Alcoholic Beverage Code, as amended. The amount of the fee shall be the maximum permitted under state law."</p> <p>Source: City Ordinance 30653</p>
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Without specific guidelines, businesses may not be fully aware of the City's alcoholic beverage license and permit fee requirements. Also, City departments may not fully understand the duties, responsibilities, and mechanisms of alcoholic beverage license and permit fee processes. Currently, no City department is responsible for the enforcement process. For example:

- **Special Collections Section:** The Department of Dallas Water Utilities (DWU) Special Collections Section (SCS) currently collects alcoholic beverage license and permit fees; however, SCS does not have a process for handling delinquent accounts⁸
- **Other departments:** Departments typically responsible for enforcement of Dallas City Code and State of Texas laws, such as the Department of Code Compliance and the Dallas Police Department, do not perform enforcement procedures related to the City's alcoholic beverage license and permit fee processes. These departments, as well as the Department of Dallas Fire-Recue and the City Attorney's Office (ATT) Community Prosecution Section, make up the Community Risk Abatement Team (Team) that visits businesses and verifies that these businesses follow the codes enforced by the City. Although the Team ensures businesses have current TABC issued alcoholic beverage

⁵ Until September 2017, the Dallas City Code, Chapter 6 did not include the directive that authorized the City to levy and collect alcoholic beverage license and permit fees. The Dallas City Code, Chapter 6 was amended through City Ordinance 30653 on September 13, 2017 to include this authorization.

⁶ These elements are included in other Texas cities' Codes of Ordinances such as Austin, Fort Worth, Houston, Richardson, and San Antonio (see Attachment III).

⁷ One of the enforcement mechanisms is contacting TABC. The TABC Office of the General Counsel (OGC) contributes to TABC's objectives through legal opinions and advice. Under the supervision of the OGC, the Legal Services Division (Legal) prosecutes violations of the *Texas Alcoholic Beverage Code* and *Administrative Rules*. At the request of local governments, Legal brings administrative actions for cancellation or denial of a renewal application due to a permit holder's non-payment of local fees. **Source:** TABC *Guide for Manufacturers, Wholesalers, Distributors & Retailers of Alcoholic Beverages in Texas*

⁸ The DWU Special Collections Section (SCS) has been working with ATT since September 2016 to develop a delinquent letter to send to businesses that have not paid alcoholic beverage license and permit fees to the City. **Source:** DWU

licenses and permits, the City does not require the Team to ensure businesses have paid the City's alcoholic beverage license and permit fees, as the Dallas City Code, Chapter 6 does not provide any guidance relating to enforcement.

Administrative Directive 4-09, *Internal Control*, requires the City to establish a system of internal control in accordance with the *Standards for Internal Control in the Federal Government by the Comptroller General of the United States* (Green Book). Green Book Principle 12, *Implement Control Activities*, states:

Management should implement control activities through policies, including documentation of responsibilities through policies. Management documents in policies for each unit its responsibility for an operational process's objectives and related risks, and control activity design, implementation, and operating effectiveness. [12.01, 12.03]

Like policies and procedures, ordinances are an authoritative decree or direction for City management to follow. According to the Charter of the City of Dallas, Texas, Chapter XVIII, *Ordinances and Resolutions*, Section 1, "The city council shall evidence its official actions by written ordinances, resolutions or oral motion."

Information about the City's Alcoholic Beverage License and Permit Fee Processes Are Limited and Not Readily Available

The City's website design does not provide a positive user experience⁹ and the content is not sufficient to effectively communicate with businesses that should apply to pay the City's alcoholic beverage license and permit fees. Without an effective communication process, these businesses may not realize an alcoholic beverage license and permit fee is owed, thus increasing the risk of financial loss for the City. Specifically:

- The alcoholic beverage license and permit fee information is not readily available on the City's website. The links available from the top search results on the Internet or the City's main website do not take businesses directly to the SCS website where limited alcoholic beverage license and permit fee information is currently shown.
- The SCS' portion of the City's website does not provide businesses with important information that is readily available on other Texas cities'¹⁰ websites, such as: (1) the city's authorization to charge alcoholic beverage license and permit fees; (2) the original and renewal application processes, including the required supporting documentation; (3) the Fee Schedule; and, (4) the enforcement process and the associated penalties for not paying the City's alcoholic beverage license and permit fees

⁹ A positive user experience for website design is generally considered how easy a visitor finds the website to understand and use. The following are examples of criteria used in evaluating website design: (1) can a visitor to the website find what they need; (2) is the navigation intuitive; and, (3) is the content accurate and verifiable.

¹⁰ Austin, Fort Worth, Houston, Richardson, and San Antonio (see Attachments IV and V).

- Businesses cannot download original and renewal application forms. Instead, businesses must visit SCS offices to obtain these forms.
- There is no information about the City's alcoholic beverage license and permit fees on the Department of Sustainable and Development Construction (SDC) website and forms. The SDC Building Inspection Unit is responsible for approving TABC Pre-Qualification Packets (see Attachment I).

Principle 15, *Communicate Externally*, of the Green Book identifies communication attributes to help achieve the entity's objectives. Specifically:

- Management should externally communicate the necessary quality information to achieve the entity's objectives, including communication with external parties and appropriate methods of communication [15.01]
- Management considers a variety of factors in selecting an appropriate method of communication. Some factors to consider follow: audience, nature of information, availability, cost, legal or regulatory requirements. [15.07]

Internal Controls to Ensure the City Collects All Alcoholic Beverage License and Permit Fees Are Not Sufficient

Although the SCS has certain internal controls, as documented in DWU-PRO-156-RB, *Beer and Liquor* (DWU-PRO-156-RB), to identify original and renewal license and permit fees, the SCS does not have sufficient internal controls to ensure all businesses that sell alcoholic beverages pay alcoholic beverage license and permit fees to the City. As a result, there is an increased risk of financial loss to the City. For example, between October 1, 2014 and March 31, 2017, of the 4,561 alcoholic beverage licenses and permits issued by the TABC, the City did not:¹¹

- Invoice businesses for \$245,250 in alcoholic license and permit fees associated with 777 alcoholic beverage licenses and permits
- Update billing records with 476 alcoholic beverage licenses and permits that were within the three-year waiting period before the City may collect a fee¹²

Also, the City charged less than the full amount permitted under the *Texas Alcoholic Beverage Code* for 273 licenses and permits (Beer Retailer's On Premise License [BE], Wine and Beer

¹¹ Of these 777 and 476 licenses and permits (referenced above), four licenses and permits were issued to businesses in a location that was not matched to a specific location in the City. These locations are in a ZIP Code where the City shares the ZIP Code with another city. **Source:** Office of the City Auditor's analysis based on information provided by the SDC Geographic Information System mapping division

¹² For certain TABC issued alcoholic beverage licenses and permits, the City cannot charge license and permit fees until the businesses' fourth year (second year of the first renewal), such as a: (1) Caterer's Permit; (2) Mixed Beverage Late Hours Permit; (3) Mixed Beverage Permit (MB); and, (4) Mixed Beverage Permit with Food and Beverages (RM). In order to mail renewal letters to businesses when the first renewal is due, it is important for SCS to timely record TABC approved licenses and permits in the Systems, Applications and Products System Incorporated (SAP). (See Attachment II)

Retailer's Permit [BG], Mixed Beverage Permit [MB], and Mixed Beverage Permit with Food and Beverage [RM]) by \$95,750 (see Attachment II).

According to SCS personnel:

- Originals – the DWU identifies original licenses and permits approved by the TABC by: (1) downloading a report from the TABC website each month; (2) adding these new licenses and permits in the Systems, Applications and Products System Incorporated¹³ (SAP); and, (3) invoicing businesses the appropriate alcoholic beverage license and permit fees. These activities, however, are not sufficiently documented to demonstrate SCS follows DWU-PRO-156-RB.
- Renewals – the SAP automatically generates and sends to businesses renewal letters, 30 days prior to each alcoholic beverage license and permit fee due date

The SCS, however, does not have a process to ensure the City is paid the appropriate alcoholic beverage license and permit fees per the maximum permitted by the TABC. Additionally, the Fee Schedule in SAP, for the City's alcoholic beverage license and permit fees, is not complete or accurate. Specifically, the Fee Schedule does not:

- Include Winery Festival Permits which are allowed per the TABC
- Exclude Nonresident Brewer's Permits and Nonresident Manufacturer's Licenses which the City does not issue
- Reflect the full alcoholic beverage and permit fee amount the City is permitted to charge and collect per the TABC. The fees for the following license and permit types are incorrectly setup in the SAP: BE, BG, MB, and RM.

Although the *Texas Alcoholic Beverage Code* was amended to allow the TABC to issue licenses and/or permits for a two-year term rather than a one-year term in 2009,¹⁴ when the City authorized the sale of alcoholic beverages city-wide in November of 2010, the City established alcoholic beverage license and permit fees based on a one-year term. This caused the City to charge less than the full amount approved by the TABC. Additionally, SCS did not update the Fee Schedule in SAP to reflect the rates approved by the TABC (see Attachment II).

According to the *Texas Alcoholic Beverage Code*:

- Section 11.38 *Local Fee Authorized*, "the governing body of a city or town may levy and collect a fee not to exceed one-half the state fee for each permit issued for premises located within the city or town"

¹³ The SAP was implemented to automate billings, payment collections, and provide certain customer services for the City. **Source:** Department of Communication and Information Services and DWU

¹⁴ The *Texas Alcoholic Beverage Code* was amended for: (1) MB and RM and (2) the Beer Retailer's On Premises Permit and the Wine and Beer Retailer's Permit, effective January 1, 2009 and September 1, 2009, respectively. As of September 1, 2009, all licenses and permits issued by the TABC were for two-year terms. **Source:** TABC

- Section 61.36 *Local Fee Authorized*, “the governing body of an incorporated city or town may levy and collect a fee not to exceed one-half of the state fee for each license, except a temporary or agent’s beer license, issued for premises located within the city or town”

I. We recommend the City Manager:

- In consultation with ATT, determines if further updates to the Dallas City Code, Chapter 6 are needed to more clearly address areas such as: (1) the City’s duties and responsibilities for application processing, collecting fees, issuing receipts, refunding payments, and enforcing delinquent payments; and, (2) enforcement mechanisms such as penalties, late fees, posting of receipts by businesses, citations, and reporting of non-compliance
- Develops a city-wide policy, such as an Administrative Directive to provide an internal control framework for all City departments involved in the alcoholic beverage license and permit fee processes
- Ensures responsible departments comply with: (1) the newly established requirements in the Dallas City Code, Chapter 6, if deemed appropriate; and, (2) the new city-wide policy
- With the assistance of the Director of the Department of Communication and Information Services (CIS) and directors from other relevant departments such as DWU and SDC, ensures the City’s website is designed to provide a positive user experience and the content is sufficient to effectively communicate with businesses that should apply to pay the City’s alcoholic beverage license and permit fees, including the following important information:
 - The City’s authorization to charge alcoholic beverage license and permit fees
 - The original and renewal application processes for alcoholic beverage license and permit fees, including the required supporting documentation
 - The Fee Schedule for different types of alcoholic beverage license and permit fees
 - The alcoholic beverage license and permit fee enforcement process and the associated penalties for not paying alcoholic beverage license and permit fees
 - Other relevant information as deemed necessary

II. We recommend the Director of DWU:

- Reviews systematically the: (1) *Texas Alcoholic Beverage Code*; (2) TABC's *Guide for Tax Assessor Collectors and information*; and, (3) other relevant guidance to update the Fee Schedule as permitted by the TABC
- Improves internal controls such as systematically comparing the population of active licenses and permits issued by the TABC with the population of active license and permit fees issued by the City to ensure the City issues and collects all alcoholic beverage license and permit fees as permitted by the *Texas Alcoholic Beverage Code*
- Revises DWU-PRO-156-RB to incorporate the improved internal controls
- Retains documentation of monitoring controls including review of the Fee Schedule updates, identification of original licenses and permits, and comparison of the City's population of active license and permit fees with the TABC's population of active licenses and permits

Please see Attachment I through Attachment V for background information related to the audit and Attachment VI for management's response to the recommendations made in this report.

We would like to acknowledge management's cooperation during this audit. If you have any questions or need additional information, please contact me at 214-670-3222. You may also contact Carol Smith, First Assistant City Auditor, at 214-670-4517 or Thandee Kywe, Audit Manager, at 214-939-2524.

Sincerely,



Craig D. Kinton
City Auditor

Attachments

C: T.C. Broadnax, City Manager
Chris Caso, Interim City Attorney
Kimberly Bizzor Tolbert, Chief of Staff
Majed Al-Ghafry, P.E., Assistant City Manager
William Finch, Director – CIS
Terry S. Lowery, Director – DWU
Kris Sweckard, Director – SDC
Sheila Delgado, Assistant Director – DWU
Denise Wallace, Senior Program Manager – DWU, Revenue and Business Systems Division
Ulundra (Shon) Bowers, Manager III - DWU, Revenue and Business Systems Division
Sarai Vasquez, Manager II – DWU, SCS

Background

The Texas Alcoholic Beverage Commission (TABC) regulates all phases of the alcoholic beverage industry in the State of Texas including sales, taxation, importation, manufacturing, transporting, and advertising. The *Texas Alcoholic Beverage Code* authorizes the TABC to regulate these phases and authorizes the City of Dallas (City) to collect alcoholic beverage license and permit fees.

Between October 1, 2014 through March 31, 2017, TABC records indicated that 11,296 alcoholic beverage licenses and permits were originally issued or renewed to City businesses. Of the 11,296, the City was permitted to collect a fee for 4,561 licenses and permits.

Special Collections Section

Special Collections is a section of the Department of Dallas Water Utilities Revenue and Business Systems Division. The Special Collections Section (SCS) is responsible for the collection of multiple General Fund revenues including: (1) security alarm permits; (2) land-based receivables such as demolitions and weed liens; (3) Dallas Police Department's vice-controlled licenses such as sexually oriented businesses; (4) multi-tenant inspections; (5) beer and liquor fees; and, (6) others.

Department of Sustainable Development and Construction and Building Inspection

The Department of Sustainable Development and Construction (SDC) is responsible for: (1) safeguarding the citizens' health, safety, and welfare through application of the City's development codes and other Federal and State of Texas mandates; and, (2) supplementing a sustainable built environment base for citizens. These responsibilities include: (1) providing plan review services for commercial and residential development and redevelopment projects; and, (2) issuing construction and trade building permits. The SDC is divided into several subunits that focus on particular trades (i.e., engineering, water, etc.).

The Building Inspection Unit is one subunit and is responsible for: (1) commercial and residential building plan reviews; (2) site plan and landscaping plan reviews; (3) zoning code interpretations; (4) coordination of plan reviews; (5) issuance of trade building permits; (6) consultation on the City of Dallas, Texas Code of Ordinances (Dallas City Code) requirements and building permit processes; (7) intake, routing, and providing resolution to customer inquiries; and, (8) administrative support to staff. Also, the Building Inspection Unit is responsible for approving TABC Pre-Qualification Packets.

The TABC requires each business, within the City, applying for a license or permit to complete TABC Pre-Qualification Packets to ensure that the business will be in a zone approved by the City and relevant counties to sell alcoholic beverages. The Building Inspection Unit reviews each business' location to ensure the location meets the zoning requirements included in the Dallas City Code before signing off on the packet. Quarterly, using information from the TABC Pre-Qualification Packet, the Building Inspection Unit notifies SCS of the business and license type.

ATTACHMENT II

Relevant Information for Certain Alcoholic Beverage Licenses and Permits

The City of Dallas (City) continued to collect alcoholic beverage license and permit fees based upon a one-year-term rather than the two-year term authorized by the *Texas Alcoholic Beverage Code* in 2009, resulting in lost revenue totaling \$95,750. This lost revenue was calculated as follows:

- **Years one and two** - \$21,875 (four businesses' Beer Retailer's On Premise Licenses totaling \$500 and 171 businesses' Wine and Beer Retailer's Permits totaling \$21,375)
- **Beginning after the three-year waiting period for subsequent renewals in years four, five, and six** – \$73,875 (61 businesses' Mixed Beverage Permits \$46,125 and 37 businesses' Mixed Beverage Permits with Food and Beverage totaling \$27,750)

Table I below and Table II on the next page, show the difference between the amount charged for alcoholic beverage license and permit fees based upon a two-year term and one-year term.

Table I

Comparison of the Amount Charged for Two-Year Terms and One-Year Terms for Alcoholic Beverage License and Permit Fees
(Beer Retailer's On Premise License and Wine and Beer Retailer's Permit)

Year	License or Permit	Issue Date ¹	Expiration Date ²	TABC Fee	City Fee (Permitted)	City Fee (Actual)	Fee Difference
1	Original	1/1/2017	1/1/2019	\$2,000	\$500	\$500	\$-0-
2					\$500	\$375	\$125
3	First and Subsequent Renewals	1/1/2019	1/1/2021	\$1,500	\$375	\$375	\$-0-
4					\$375	\$375	\$-0-

Source: Office of the City Auditor's analysis based on Texas Alcoholic Beverage Commission (TABC) *Guide for Tax Accessor Collectors and information* confirmed with TABC and Systems, Applications and Products System Incorporated (SAP) data

Note: (1) and (2) are examples of issuances and expiration dates

Audit of Miscellaneous Permit Fee Revenues

Table II

**Comparison of the Amount Charged for Two-Year Terms and One-Year Terms for
Alcoholic Beverage License and Permit Fees
(Mixed Beverage Permit and Mixed Beverage Permit with Food and Beverage)**

Year	License or Permit	Issue Date ¹	Expiration Date ²	TABC Fee	City Fee (Permitted)	City Fee (Actual)	Fee Difference
1	Original	1/1/2017	1/1/2019	\$6,000	3-year waiting period		
2							
3	First Renewal	1/1/2019	1/1/2021	\$4,500			
4							
5	Second Renewal	1/1/2021	1/1/2023	\$3,000	\$750	\$375	\$375
6					\$750	\$375	\$375
7	Third and Subsequent Renewals	1/1/2023	1/1/2025	\$1,500	\$375	\$375	\$-0-
8					\$375	\$375	\$-0-

Source: Office of the City Auditor's analysis based on TABC *Guide for Tax Accessor Collectors and information* confirmed with TABC and SAP data

Note: (1) and (2) are examples of issuances and expiration dates

Comparison of Dallas City Code with Certain Texas Cities' Codes of Ordinances

Table III

**City Codes of Ordinances with Guidance
Related to the Alcoholic Beverage License and Permit Fee Processes**

Guidance	Austin	Fort Worth	Houston	Richardson	San Antonio	Dallas
Authorization	✓	✓	✓	✓	✓	✓
Enforcement	X	X	X	X	✓	X
Collection	✓	X	✓	X	✓	X
Issuance of Licenses and Permits	X	✓	X	X	X	X
Issuance of Receipts	✓	X	✓	X	✓	X
Posting of Receipts	X	X	✓	X	✓	X
Punishment/Penalty	✓	✓	✓	✓	✓	✓
Refunds	X	X	✓	X	✓	X
Building Requirements	X	X	X	X	✓	X

Source: Office of the City Auditor's summary of research on certain Texas cities' Codes of Ordinances

Note: ✓ – Guidance included in Codes of Ordinances

X – Guidance not included in Codes of Ordinances

ATTACHMENT IV

Comparison of the City of Dallas' Website with Certain Texas Cities' Websites

Table IV

Information Made Readily Available on Cities' Websites

Information Availability	Austin	Fort Worth	Houston	Richardson	San Antonio	Dallas
General Process Steps	✓	✓	✓	✓	✓	✓
Detailed Process Steps	✓	✓	✓	✓	X	X
Texas Alcoholic Beverage Commission Website Link	✓	✓	✓	✓	✓	X
Fee Schedule	X	✓	X	✓	✓	X
City Ordinance Establishing Fees	X	X	X	✓	X	X
Code of Ordinances/ City Code	X	X	✓	✓	✓	X
Easily Accessible ("Alcoholic Beverage" Search)	✓	✓	✓	✓	✓	X

Source: Office of the City Auditor's summary of research on certain Texas cities' websites

Note: ✓ – Information made available on cities' websites

X – Information not made available on cities' websites

Alcoholic Beverage License and Permit Fees Schedule City of Richardson, Texas

As shown in Table V below, the City of Richardson, Texas' website includes thorough and easily accessible information regarding alcoholic beverage license and permit fees. In addition, the City of Richardson, Texas collects alcoholic beverage license and permit fees based upon a two-year term as authorized by the *Texas Alcoholic Beverage Code*.

Table V

City of Richardson Two-Year Fee Chart: Effective 10/01/2014					
Code	Description of Permits/Licenses	Authorizing Statute TABC Code	State Fees	City of Richardson Fee	Check Applicable Fee
LIQUOR PERMITS					
PE	Beverage Cartage Permit	Ch 44	\$40	\$20	
J	Bonded Warehouse Permit	Ch 46	\$300	\$150	
B	Brewer's Permit	Ch 12	\$3,000	\$1500	
CB	Caterer's Permit	Ch 31	\$1,000	\$500	
D	Distiller's & Rectifier's Permit	Ch 14	\$3,000	\$1500	
BP	Brewpub License	Ch 74	\$1,000	\$500	
LP	Local Distributor's Permit	Ch 23	\$200	\$100	
LI	Local Industrial Alcohol Manufacturer's Permit	Ch 47	\$200	\$100	
MR	Market Research Packager's Permit	Ch 49	\$200	\$100	
MI	Minibar Permit	Ch 51	Original	\$4,000	\$2000
			1st Renewal	\$3,000	\$1500
			2nd Renewal	\$2,000	\$1000
			3rd and All Subsequent Renewals	\$1,500	\$750
MB	Mixed Beverage Permit	Ch 28	Original	\$6,000	\$0
			1st Renewal	\$4,500	\$1125
			2nd Renewal	\$3,000	\$1500
			3rd and All Subsequent Renewals	\$1,500	\$750
RM	Mixed Beverage Permit with FB	Ch 28	Original	\$6,000	\$0
			1st Renewal	\$4,500	\$1125
			2nd Renewal	\$3,000	\$1500
			3rd and All Subsequent Renewals	\$1,500	\$750
LB	Mixed Beverage Late Hours	Ch 29	\$300	\$150	
P	Package Store Permit	Ch 22	\$1,000	\$500	
PS	Package Store Tasting Permit	Ch 52	\$50	\$25	
Q	Wine Only Package Store	Ch 24	\$150	\$75	
WINE LICENSES					
W	Wholesaler's Permit	Ch 19	\$3,750	\$1875	
X	General Class B Wholesaler's Permit	Ch 20	\$600	\$300	
LX	Local Class B Wholesaler's Permit	Ch 21	\$150	\$75	
V	Wine and Beer Retailer's Permit Excursion Boat	Ch 25	\$260	\$130	
Z	Wine Bottler's Permit	Ch 18	\$450	\$225	
G	Winery Permit	Ch 16	\$150	\$75	
GF	Winery Festival Permit	Ch 17	\$100	\$50	
BEER LICENSES					
BC	Branch Distributor's License	Ch 66	\$150	\$75	
BB	General Distributor's License	Ch 64	\$600	\$300	
BI	Importer's License	Ch 67	\$40	\$20	
BJ	Importer's Carrier's License		\$40	\$20	
BD	Local Distributor's License	Ch 65	\$150	\$75	
BA	Manufacturer's License	Ch 62	1st Establishment	\$1,500	\$750
			2nd Establishment	\$3,000	\$1500
			3rd, 4th, & 5th Establishment	\$8,550	\$4275
			Excess of 5 Establishments	\$16,800	\$8400
MW	Manufacturer's Warehouse License	Ch 62	\$600	\$300	
BP	Brewpub License	Ch 74	\$1,000	\$500	
BF	Beer Retailer's Off Premise License	Ch 71	\$120	\$60	
BE	COLLIN COUNTY Beer Retailer's On Premise License	Ch 69	\$300	\$150	
BE	DALLAS COUNTY Beer Retailer's On Premise License ORIGINAL	Ch 69		\$2,000	\$1000
	DALLAS COUNTY RENEWAL			\$1,500	\$750
BL	Retail Dealer's On Premise Late Hours License	Ch 70	\$500	\$250	
BG	COLLIN COUNTY Wine and Beer Retailer's Permit	Ch 25	\$350	\$175	
BG	DALLAS COUNTY Wine and Beer Retailer's Permit ORIGINAL	Ch 25		\$2,000	\$1000
	DALLAS COUNTY RENEWAL			\$1,500	\$750
				\$120	\$60
BQ	Wine and Beer Retailer's Off Premise Permit	Ch 26	\$120	\$60	

REV 2018-01-23
PER TABC GUIDE FOR TAX ASSESSOR-COLLECTORS
MAY 2014

Source: City of Richardson Website

Management's Response

RECEIVED

AUG 30 2018

City Auditor's
Office



CITY OF DALLAS

Memorandum

DATE: August 29, 2018

TO: Craig D. Kinton, City Auditor

SUBJECT: Response to Audit Report:
Audit of Miscellaneous Permit Fee Revenues

Our responses to the audit report recommendations are as follows:

Recommendation I

We recommend the City Manager:

- In consultation with ATT, determines if further updates to the Dallas City Code, Chapter 6 are needed to more clearly address areas such as: (1) the City's duties and responsibilities for application processing, collecting fees, issuing receipts, refunding payments, and enforcing delinquent payments; and, (2) enforcement mechanisms such as penalties, late fees, posting of receipts by businesses, citations, and reporting of non-compliance
- Develops a city-wide policy, such as an Administrative Directive to provide an internal control framework for all City departments involved in the alcoholic beverage license and permit fee processes
- Ensures responsible departments comply with: (1) the newly established requirements in the Dallas City Code, Chapter 6, if deemed appropriate; and, (2) the new city-wide policy
- With the assistance of the Director of the Department of Communication and Information Services (CIS) and directors from other relevant departments such as DWU and SDC, ensures the City's website is designed to provide a positive user experience and the content is sufficient to effectively communicate with businesses that should apply to pay the City's alcoholic beverage license and permit fees, including the following important information:
 - The City's authorization to charge alcoholic beverage license and permit fees
 - The original and renewal application processes for alcoholic beverage license and permit fees, including the required supporting documentation

Audit of Miscellaneous Permit Fee Revenues

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- o The Fee Schedule for different types of alcoholic beverage license and permit fees
- o The alcoholic beverage license and permit fee enforcement process and the associated penalties for not paying alcoholic beverage license and permit fees
- o Other relevant information as deemed necessary

Management Response/Corrective Action Plan

Agree Disagree

Implementation Date

December 31, 2019

Responsible Manager

Sheila Delgado, Assistant Director - DWU



T.C. Breadnax
City Manager



Majed Al-Ghafry, P.E.
Assistant City Manager

C: Larry Caslo, City Attorney
Kimberly Bizer Tolbert, Chief of Staff
William Finch, Director - CIS

RECEIVED

AUG 29 2018

City Auditor's
Office



CITY OF DALLAS

Memorandum

DATE: August 28, 2018
TO: Craig D. Kinton, City Auditor
SUBJECT: Response to Audit Report:
Audit of Miscellaneous Permit Fee Revenues

Our responses to the audit report recommendations are as follows:

Recommendation II

We recommend the Director of DWU:

- Reviews systematically the: (1) *Texas Alcoholic Beverage Code*; (2) TABC's *Guide for Tax Assessor Collectors and information*; and, (3) other relevant guidance to update the Fee Schedule as permitted by the TABC
- Improves internal controls such as systematically comparing the population of active licenses and permits issued by the TABC with the population of active license and permit fees issued by the City to ensure the City issues and collects all alcoholic beverage license and permit fees as permitted by the *Texas Alcoholic Beverage Code*
- Revises DWU-PRO-156-RB to incorporate the improved internal controls
- Retains documentation of monitoring controls including review of the Fee Schedule updates, identification of original licenses and permits, and comparison of the City's population of active license and permit fees with the TABC's population of active licenses and permits

Management Response/Corrective Action Plan

Agree Disagree

Implementation Date

August 31, 2019

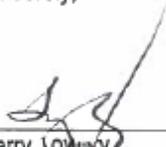
"Our Product is Service"
Empathy | Ethics | Excellence | Equity

Audit of Miscellaneous Permit Fee Revenues

Responsible Manager

Denise Wallace, Sr. Program Manager

Sincerely,



Terry Lowery
Director of LWU



Majed Al-Ghafry, P.E.
Assistant City Manager

C: T.C. Broadnax, City Manager
Kimberly Bizzor Tolbert, Chief of Staff