



MICHIGAN LIQUOR CONTROL COMMISSION

House Committee on Ethics and
Oversight

June 13, 2024

The **Michigan Liquor Control Commission** was created by the Legislature in 1933 upon the repeal of Prohibition.

The **Michigan Constitution of 1963** and the **Liquor Control Code** empower the Commission to regulate alcoholic beverage traffic within the State of Michigan.



The **Michigan Liquor Control Commission** is a **Type I agency** housed within the **Department of Licensing and Regulatory Affairs (LARA)**.



The mission of the Liquor Control Commission is to make alcoholic beverages available for consumption while protecting the consumer and the general public through regulation of those involved in the sale and distribution of these alcohol beverage products.

This act shall be construed to effect the intent and purposes set forth in this act and to protect the public health, safety, and welfare of the citizens of this state.

Total Licenses & Permits

The MLCCL currently has over 107,000* licenses and permits issued:

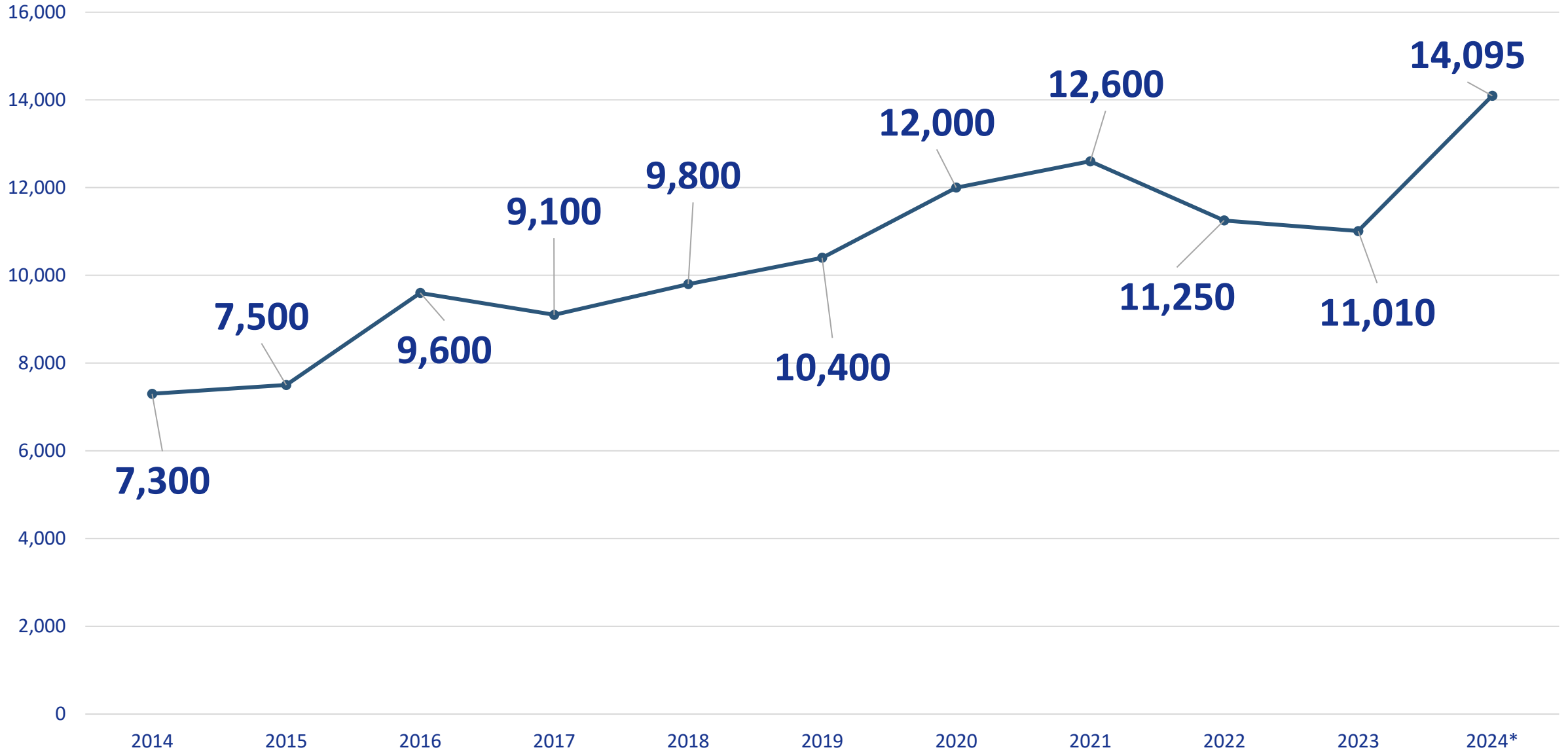
- 42,209 Licenses
- 65,197 Permits

The annual renewal period for these licenses occurs from March to April 30

*As of June 6, 2024



Number of Spirits SKUs Listed by MLCC



*Year-to-date

MLCC Annual Sales - Preliminary FY 23

\$1.9 Billion Dollars

10.5 Million Cases



**Vendors
Of
Spirits**



**Michigan
Liquor
Control
Commission**



**3 Authorized
Distribution Agents**

- **Imperial Beverage**
- **Great Lakes Wine & Spirits**
- **RNDC**



**Licensed
Retailers**

ADA Data

- Deliveries per week: 16,435

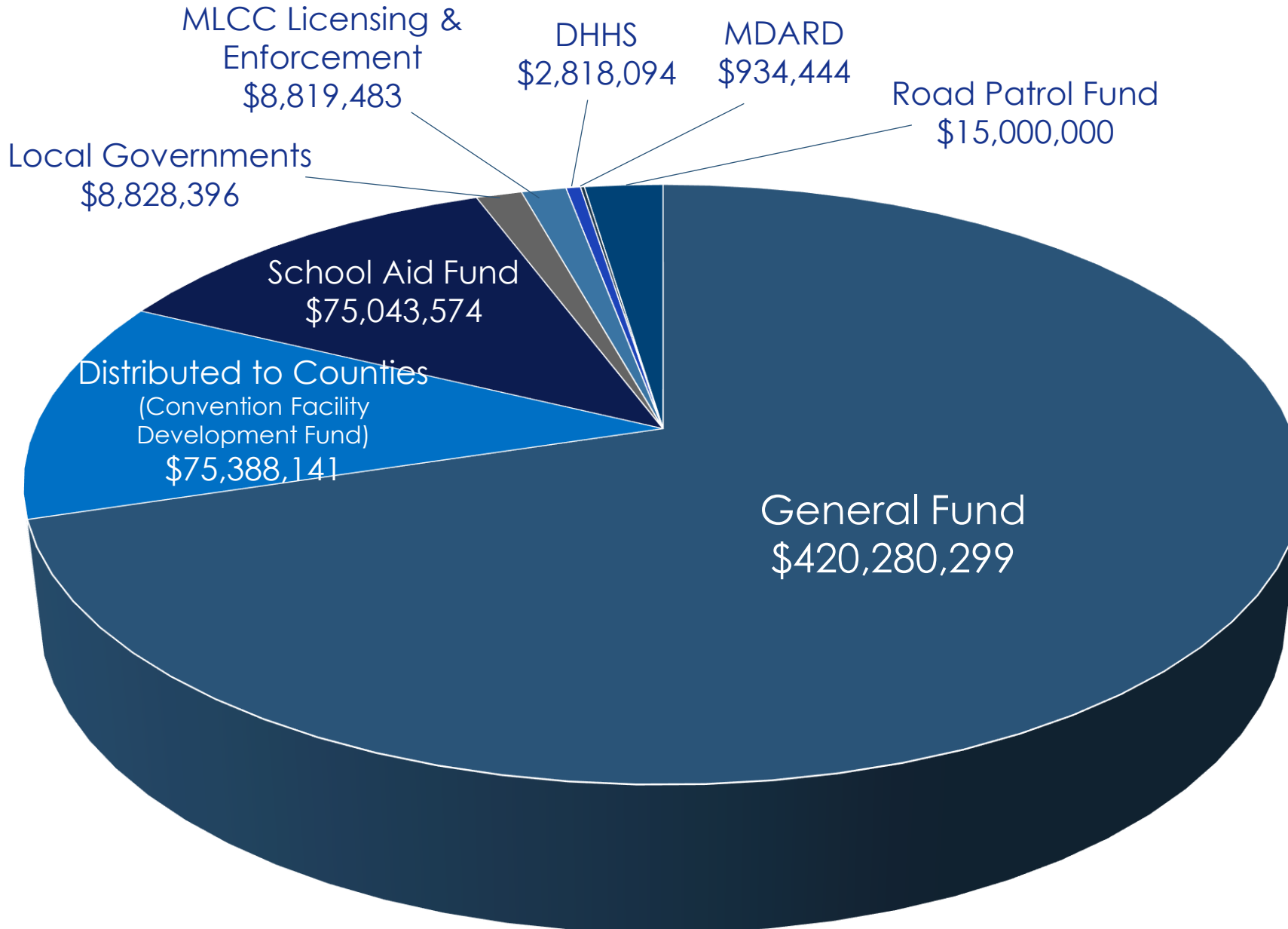


- Bottles Picked per week: 1,157,067



(May 2024 data)

Distribution of Total Revenue Collected – Preliminary FY 23



The MLCC collected total revenue of **\$607,112,431** during Fiscal Year 2023

Auditor General MLCC Audits

- Performance -Operational Process/IT Systems (April 2022 – March 2024)
- FY 22 Annual Financial (May 2023 – May 2024)

Finding 1: MLCC lacks oversight of ADA processes to receive and distribute State-owned spirit inventory. The OAG recommended the Commission provide adequate oversight of ADAs to ensure all State-owned spirits received and distributed by ADAs are reflected within the State's purchase and sales records and State inventory balances accurately reflect spirit products on hand at ADA warehouses.

Finding 2: Improvements needed to spirit inventory controls. The OAG recommended the Commission develop and implement sufficient controls to monitor and manage spirit inventory.

Finding 3: Missing spirit inventory of ADAs. The OAG recommended the Commission effectively manage State-owned spirit inventory housed at ADA warehouses.

Finding 4: Unsellable spirit inventory at ADAs. The OAG recommended the Commission monitor State-owned spirit inventory balances to ensure unsellable inventory is returned to the vendor at the end of the distribution contract.

Finding 5: Lack of internal control over liquor license management. The OAG recommended the Commission improve controls over the issuance of State liquor licenses to help ensure compliance with laws and minimize risk of illegal spirit sales.

Finding 6: Improvements needed to liquor IT system interface controls. The OAG recommended the Commission and DTMB improve controls over the liquor IT system interfaces to ensure audit logs are complete and accurate, audit logs cover a sufficient time period, and reconciliation procedures are consistently performed.

Finding 7: Improvements needed to liquor IT system access and security controls. The OAG recommended the Commission, in conjunction with DTMB, fully establish and implement access controls over selected liquor IT systems.

Corrective Action Plan: MLCC has submitted corrective action plans addressing the recommendations contained within the OAG's performance audit report involving selected operational processes and IT systems within the MLCC and DTMB.

- Sales, Inventory and Purchasing System (SIPS+)
- Revise ADA Handbook
- FTE with Full time audit focus

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