

AUDIT FINDINGS PRESS RELEASE

Office of the Utah State Auditor
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STATE OF UTAH
OFFICE OF THE UTAH STATE AUDITOR



TINA M. CANNON
UTAH STATE AUDITOR

FOR IMMEDIATE RELEASE

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AUDIT OF THE DEPARTMENT OF ALCOHOLIC BEVERAGE SERVICES IDENTIFIED NINE SEPARATE FINDINGS INCLUDING LAPSES IN CONTROL PROCEDURES FOR CASH HANDLING

Salt Lake City, UTAH— Today, the Office of the Utah State Auditor released the annual audit of The Department of Alcoholic Beverage Services (DABS) pursuant to *Utah Code* 32B-2-302. The audit included both financial and regulatory aspects with a specific emphasis on the accounting system and monitoring procedures for Type 5 Package Agencies. Nine separate findings were identified and are summarized into three categories: cash handling and potential theft, Type 5 Package Agency accounting and oversight, and general accounting system and financial reporting. The final finding is an unresolved accounting issue which could directly impact the liquor profit transfer to Utah's General Fund.

Auditor Tina M. Cannon commented, "In fiscal year 2024, DABS contributed more than \$218 million to state and local communities on sales that exceeded \$578 million. It is imperative that proper financial controls, overseen by professionally trained and experienced accounting staff, are in place to ensure effective oversight of these funds. Lapses in bank reconciliation procedures and internal controls have contributed to the risk of theft and misstatements in financial reporting. While accounting and oversight procedures have improved, additional corrective actions still need to be implemented."

The Audit recommends managerial and oversight actions be taken immediately. Specifically, the Audit recommends that DABS take action to enforce updated cash handling policies and close existing control gaps, improve the tracking and oversight of funds collected from Type 5 Package Agencies, and continue efforts to reconcile the DABS accounting system with the State's system and resolve outstanding discrepancies. Most importantly, DABS must resolve potential misstatements of COGS before the 2025 fiscal year-end close out.

Audit Director Bertha Lui said, “The measures outlined will help safeguard public resources, ensure accurate financial reporting and promote greater transparency and accountability. The ‘Fiscal Year 2025 Proposed Audit Scope and Focus’ plan was presented to, and accepted by, the DABS Commission. We greatly appreciate the cooperation of the DABS Commission, management and staff, as well as the efforts taken for detection and mitigation of greater losses.”

This audit, pursuant to *Utah Code* 32B-2-302, began in February 2025 and concluded today, with the full report presented to the DABS Commission. The audit of The Department of Alcoholic Beverage Services is an annual audit. The Office of the Utah State Auditor will continue to review the status of the open audit findings as part of the State’s Annual Comprehensive Financial Report audit for 2025.

The report can be found at

<https://reporting.auditor.utah.gov/servlet/servlet.FileDownload?file=015Do0000017hfJIAQ>.

About the Office of the State Auditor

The Office of the Utah State Auditor provides Utah taxpayers and government officials with an independent assessment of financial operations, statutory compliance, and performance management, including development of interactive tools, for state and local government to ensure complete transparency and access to information for all. The State Auditor protects personal privacy rights and audits government entities to ensure statutory compliance. The State Auditor is a Constitutional Officer of the Executive Branch of government for the State of Utah.

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