



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
LANSING

MARLON I. BROWN, DPA
DIRECTOR

July 18, 2025

Jessica Thomas, Chief Internal Auditor
Office of Internal Audit Services
Michigan State Budget Office
George W. Romney Building
111 South Capitol, 6th Floor
Lansing, Michigan 48913

Dear Ms. Thomas:

In accordance with the State of Michigan, Financial Management Guide, Part VII, I submit to you LARA's Corrective Action Plan (CAP) addressing the recommendations contained within the Office of the Auditor General's FY23 Report on Internal Control, Compliance, and Other Matters (# 641-0161-24) involving the Michigan Liquor Control Commission's Liquor Purchase Revolving Fund.

Please direct any questions you may have to me at (517) 599-9270.

Sincerely,

Jocelyn Krueger
Audit Liaison

Enclosure: Liquor Purchase Revolving Fund CAP

cc: JoAnne Huls, Chief of Staff, Executive Office
Shelia Marshall-Curtis, Chief Compliance Officer, Executive Office
Tricia Foster, Chief Operating Officer, Executive Office
Doug Ringler, Office of the Auditor General
Mary Ann Cleary, Director, House Fiscal Agency
Kathryn Summers, Director, Senate Fiscal Agency
Representative Ann Bollin, Chair, House Appropriations Committee
Senator Sarah Anthony, Chair, Senate Appropriations Committee
Representative Timothy Beson, Chair, LARA/DIFS House Appropriations Subcommittee
Senator Mary Cavanagh, Chair, LARA/DIFS Senate Appropriations Subcommittee

Representative Joseph Aragona, Regulatory Reform House Standing Committee
Senator Jeremy Moss, Chair, Regulatory Affairs Senate Standing Committee
Marlon Brown, Director, LARA
Adam Sandoval, Chief Legal Officer and Deputy Director, LARA
Dan Horn, Director, Finance and Administrative Services, LARA
Kristin Beltzer, Chair, Michigan Liquor Control Commission

Department of Licensing and Regulatory Affairs
Michigan Liquor Control Commission
Liquor Purchase Revolving Fund
Report Number 641-0161-24
Office of the Auditor General
July 18, 2025
Department Final Corrective Action Plan

Summary Response Matrix

	Complied	Will Comply	Partially Complied	Will Not Comply
Agrees		1		
Partially Agrees				
Disagrees				

Final Corrective Action Plan (CAP)

Finding Number: 1

Material/Significant Deficiency: Significant Deficiency

Finding Title: MLCC lacks oversight of authorized distribution agent processes to receive and distribute State-owned spirit inventory.

Related IT system, if applicable: Michigan Liquor Ordering System (MILO)

OAG Recommendation

We recommend MLCC 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.

Department Response

MLCC agrees with this recommendation and is working to implement the corrective actions detailed below.

Milestone 1: Launch the Sales, Inventory and Purchasing System (SIPS+)

Key process enhancements following the implementation of SIPS+ will include:

- All orders will require an order number.
- Every order will require an invoice that includes the matching order number.
- All orders will have MILO order records, including salesmen's orders, phone orders taken by the ADA, adjustments to existing orders phoned

in to the ADA and Electronic Data Interface (EDI) orders from large chain stores.

- Ability to correlate liquor orders to sales, which will allow MLCC to independently verify liquor orders and invoiced amounts to observe variances and excessive inventory balances.
- Ability to generate on-demand product purchase orders, preventing negative inventory.

Anticipated Compliance Date: October 30, 2025

Responsible Individual: Pam Hamilton, Finance Director

Milestone 2: Review and revise administrative orders and bulletins based on SIPS+ requirements

Task(s):

- Collect and separate bulletins and administrative orders.
- Revise the documents to include SIPS+ requirements.
- Route the revised documents to Finance staff, managers, the business manager, and the Commission for review and approval.
- Communicate the revised documents to staff.
- Publish the documents to MLCC's website.

Anticipated Compliance Date: January 31, 2026

Responsible Individual: Pam Hamilton, Finance Director

Milestone 3: Organize and consolidate existing administrative orders, bulletins, and memorandums

Task(s):

- Organize existing administrative orders, bulletins, and memorandums by subject matter and date.
- Consolidate documents as appropriate.
- Route the revised documents to Finance staff, managers, the business manager, and the Commission for review and approval.
- Communicate the revised documents to staff.

Anticipated Compliance Date: January 31, 2026

Responsible Individual: Pam Hamilton, Finance Director

Milestone 4: Revise the ADA Handbook based on SIPS+ requirements

Task(s):

- Draft new administrative orders, consolidating by subject matter.
- Revise the handbook/instructions to include SIPS+ requirements.
- Route the revised handbook/instructions to Finance staff, managers, the business manager, and the Commission for review and approval.
- Publish the ADA handbook to MLCC's website.

Anticipated Compliance Date: January 31, 2026

Responsible Individual: Pam Hamilton, Finance Director

Milestone 5: Coordinate the release of the revised ADA Handbook after the launch of SIPS+

Task(s):

- Coordinate/work with Accenture, MLCC and DTMB staff regarding timing of SIPS+ handbook.
- Coordinate training of ADA staff to review the handbook.
- Distribute revised handbook and post on MLCC website.

Anticipated Compliance Date: January 31, 2026

Responsible Individual: Pam Hamilton, Finance Director

Milestone 6: Obtain an additional Full Time Employee position with auditing responsibilities

Task(s):

- An Executive Budget Recommendation was approved for fiscal year 2024.
- Obtain approval from Civil Service to fill the position.
- Work with Human Resources to create the position description.
- Post the position to the Civil Service jobs site.

Anticipated Compliance Date: January 31, 2026

Responsible Individual: Pam Hamilton, Finance Director

Milestone 7: Improve the oversight and management of complaints

Task(s):

- MLCC leadership holds regular touchpoint meetings to discuss the issues identified in this finding and the status of any complaints received regarding the ADAs.
- MLCC will work with LARA's IT Services Division and DTMB to identify potential enhancements to existing systems or other software programs that may be available to better manage and escalate valid ADA complaints.

Anticipated Compliance Date: January 31, 2026

Responsible Individual: Erika Hoppes, State Administrative Manager