

# Performance Audit Report

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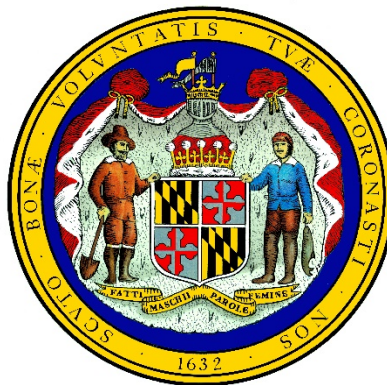
## Board of License Commissioners for Prince George's County

January 2025

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**In compliance with the requirements of the State Government Article Section 2-1224(i), of the Annotated Code of Maryland, the Office of Legislative Audits has redacted cybersecurity findings and related auditee responses from this public report.**



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DEPARTMENT OF LEGISLATIVE SERVICES  
OFFICE OF LEGISLATIVE AUDITS  
MARYLAND GENERAL ASSEMBLY

Brian S. Tanen, CPA, CFE  
Legislative Auditor

January 28, 2025

Senator Shelly L. Hettleman, Senate Chair, Joint Audit and Evaluation Committee  
Delegate Jared Solomon, House Chair, Joint Audit and Evaluation Committee  
Members of Joint Audit and Evaluation Committee  
Annapolis, Maryland

Ladies and Gentlemen:

We have conducted a performance audit to evaluate the effectiveness and efficiency of the management practices of the Board of License Commissioners for Prince George's County (BOLC) as required by the State Government Article, Section 2-1220 of the Annotated Code of Maryland. As of January 24, 2024, there were 637 active alcoholic beverage licenses that had been issued by BOLC, including 34 new licenses issued during calendar year 2023, and fiscal year 2023 revenues totaled \$2.4 million, primarily derived from license fees.

The law requires our audit to focus on BOLC operations relating to licensing, inspections, disciplinary procedures, and management oversight, which broadly represent the four audit objectives established. BOLC had findings in two of the four areas reviewed.

Licensing

BOLC did not always timely deposit license related collections.

Management Oversight

Our audit disclosed a cybersecurity-related finding. However, in accordance with the State Government Article, Section 2-1224(i) of the Annotated Code of Maryland, we have redacted the finding from this audit report.

Specifically, State law requires the Office of Legislative Audits to redact cybersecurity findings in a manner consistent with auditing best practices before the report is made available to the public. The term "cybersecurity" is defined in the State Finance and Procurement Article, Section 3.5-301(b), and

using our professional judgment we have determined that the redacted finding falls under the referenced definition. The specifics of the cybersecurity finding were previously communicated to those parties responsible for acting on our recommendations.

This is our third audit of the BOLC, and we have noticed continual improvement in BOLC audit results, with the number of report findings decreasing from 17 in our first report to 2 in this report. Our audit included a review to determine the status of the six findings contained in our proceeding audit report of BOLC. For the non-cybersecurity-related findings we determined that BOLC satisfactorily addressed those findings.

Our overall audit scope, objectives, and methodology are explained on pages 5 and 6. BOLC's response to this audit is included as an appendix to this report. Consistent with State law, we have redacted the elements of BOLC's response related to the cybersecurity audit finding. In addition, we reviewed the response to our findings and related recommendations, and have concluded that the corrective actions identified are sufficient to address all audit issues.

We wish to acknowledge the cooperation extended to us during the audit by the Board and the staff of the BOLC. We also wish to acknowledge the Board's continued willingness to address the audit issues and to implement appropriate corrective actions.

Respectfully submitted,

*Brian S. Tanen*

Brian S. Tanen, CPA, CFE  
Legislative Auditor

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# **Audit Scope, Objectives, and Methodology**

## **Audit Scope**

The State Government Article, Section 2-1220(g) of the Annotated Code of Maryland requires the Office of Legislative Audits, at least once every six years,<sup>1</sup> to conduct a performance audit of the Board of License Commissioners for Prince George's County (BOLC) to evaluate the effectiveness and efficiency of the management practices of BOLC and the economy with which BOLC uses resources. The law also states the audit shall focus on operations relating to licensing, inspections, disciplinary procedures, and management oversight.

Our audit was performed in accordance with generally accepted government auditing standards. Those standards require we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained for our findings and conclusions met those standards.

State Government Article Section 2-1224(i) requires that we redact in a manner consistent with auditing best practices any cybersecurity findings before a report is made available to the public. This results in the issuance of two different versions of an audit report that contains cybersecurity findings – a redacted version for the public and an unredacted version for government officials responsible for acting on our audit recommendations.

The State Finance and Procurement Article, Section 3.5-301(b), states that cybersecurity is defined as “processes or capabilities wherein systems, communications, and information are protected and defended against damage, unauthorized use or modification, and exploitation”. Based on that definition, and in our professional judgment, we concluded that a finding in this report falls under that definition. Consequently, for the publicly available audit report all specifics as to the nature of the cybersecurity finding and required corrective actions have been redacted. We have determined that such aforementioned practices, and government auditing standards, support the redaction of this information from the public audit report. The specifics of this cybersecurity finding have been communicated to BOLC and those parties responsible for acting on our recommendations in an unredacted audit report.

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<sup>1</sup> Chapter 661, 2024 Laws of Maryland, effective October 1, 2024, changed the performance audit frequency from once every 3 years to once every 6 years for BOLC.

## Objectives and Methodology

Our audit included the following objectives:

1. Evaluate the adequacy of procedures for alcoholic beverage licensing and the maintenance of related records and determine if the licensing process complied with State law and Board requirements.
2. Evaluate the adequacy of BOLC policies and procedures for conducting inspections of alcoholic beverage licensees and maintaining related records and to determine whether inspections were performed in accordance with governing laws, policies, and procedures.
3. Evaluate the disciplinary process and determine if BOLC complied with applicable State law, enforced applicable Board rules and regulations governing licensees, and maintained accurate disciplinary records.
4. Evaluate management processes to determine if proper oversight exists over BOLC operations.

To accomplish our objectives, we reviewed applicable State laws, and the policies and procedures established by the Board and BOLC administrative personnel governing the licensing process and related records. We also reviewed pertinent sections of BOLC's *Standard Operating Procedures* that govern BOLC administrative functions; the *Rules and Regulations of the Board of License Commissioners for Prince George's County*, which governs the conduct of licensee business operations; and applicable Prince George's County policies.

Additionally, we interviewed BOLC staff to determine the processes used to issue licenses, conduct inspections, administer disciplinary proceedings, and maintain related records. We also observed the licensing and disciplinary hearing processes.

We obtained data files of current BOLC licensees as of January 2024, that included data such as renewals and transfers for license year 2023,<sup>2</sup> and violation data from the BOLC licensing database; this database is stored on servers maintained by the Prince George's County Office of Information Technology. We also obtained data files of inspections performed during license years 2022 to 2024 (through January 2024) from a separate inspection database maintained by the Prince George's County Office of Information Technology. We used these data files to perform various tests of the relevant data and determined that these data files were sufficiently reliable for the purposes they were used during the audit.

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<sup>2</sup> Depending on the type of license, the license year begins in April, May or June.



We also reviewed the scanned licensee paper files and the minutes of Board hearings that evidenced the decisions and actions taken by the Board. Finally, we obtained records of complaints received by BOLC, as well as complaints registered through the Prince George's County 311 Community Relations Service Request System (311 System),<sup>3</sup> to evaluate the BOLC process for complaint-initiated inspections.

Generally, transactions were selected for testing based on auditor judgment, which primarily considers risk, the timing or dollar amount of the transaction, or the significance of the transaction to the area of operation reviewed. As a matter of course, we do not normally use sampling in our tests, and unless specifically indicated, neither statistical nor non-statistical audit sampling was used to select the transactions tested. Therefore, unless sampling is specifically indicated in a finding, the results from any tests conducted or disclosed by us cannot be projected to the entire population from which the test items were selected.

The reliability of data used in this report for background or informational purposes was not assessed. In addition to the conditions included in this report, other findings were communicated to BOLC that did not warrant inclusion in this report.

## **Fieldwork and Agency Response**

We conducted our fieldwork from January 2024 to June 2024. BOLC's response to our findings and recommendations is included as an appendix to this audit report. Depending on the version of the audit report, responses to any cybersecurity findings may be redacted in accordance with State law. As prescribed in the State Government Article, Section 2-1224 of the Annotated Code of Maryland, we will advise BOLC regarding the results of our review of its response.

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<sup>3</sup> Prince George's County transitioned to a new 311 System in February 2022.

## **Background Information**

### **Agency Responsibilities**

The Board of License Commissioners for Prince George's County (BOLC) is an agency of the County. BOLC operations are governed by Title 26 of the Alcoholic Beverages and Cannabis Article of the Annotated Code of Maryland for alcoholic beverage licensing and enforcement. BOLC is responsible for processing applications for and renewals of licenses to sell beer, wine, and liquor; conducting periodic inspections of businesses licensed to sell alcoholic beverages; collecting all license fees and fines; and fining, suspending, or revoking the licenses of violators of alcoholic beverage laws. BOLC also issues licenses for special venues (such as a casino, convention center, or stadium) and for special events (such as one-day licenses for beer and wine festivals).

BOLC revenues from licenses issued, fines, and late fees are paid to Prince George's County, and all BOLC expenditures, including employee salaries, are paid by the County. Furthermore, BOLC is included in the County's annual budget and its financial activity is included in the County's *Annual Comprehensive Financial Report*. According to Prince George's County records, BOLC's fiscal year 2023 revenues totaled approximately \$2.4 million, and expenditures totaled approximately \$1.9 million. In accordance with State law, BOLC revenues in excess of its expenditures and salaries are to be used by the County Executive and County Council for the general purposes of the County.

BOLC is governed by a board consisting of 5 members appointed by the County Executive of Prince George's County, subject to confirmation by the Maryland Senate. As of February 2024, BOLC had 21 regular employees— which included 2 executive staff, 3 supervising inspectors, 4 support staff – as well as 12 part-time inspectors.

## Status of Findings from Preceding Audit Report

Our audit included a review to determine the status of the six findings contained in our preceding audit report dated February 8, 2022. As disclosed in Figure 1, for the non-cybersecurity-related findings, we determined that BOLC satisfactorily addressed these findings.

**Figure 1**  
**Status of Preceding Findings**

<b>Preceding Finding</b>	<b>Finding Description</b>	<b>Implementation Status</b>
Finding 1	BOLC did not ensure that all documents required by State law or BOLC policy were obtained prior to the issuance of licenses and permits.	Not repeated
Finding 2	BOLC did not always have adequate documentation of criminal background checks of license applicants and could not support that it verified applicants did not have taxes due to the State or Prince George's County prior to issuing licenses.	Not repeated
Finding 3	BOLC had not established adequate record keeping procedures and internal controls over license fees and other office collections.	Not repeated
Finding 4	Inspection reports were not always properly completed or subject to an independent documented supervisory review.	Not repeated
Finding 5	BOLC did not maintain adequate records, did not adequately review the assessment and collection process, and did not always assess late fees or take other required action on delinquent accounts.	Not repeated
Finding 6	BOLC did not adequately monitor user access to the License Manager System, the County's 311 System, and to critical data files on BOLC's network resulting in employees with improper or unnecessary access.	Status Redacted <sup>4</sup>

<sup>4</sup> Specific information on the current status of this cybersecurity-related finding has been redacted from this publicly available report in accordance with State Government Article, Section 2-1224(i) of the Annotated Code of Maryland.

## Findings and Recommendations

### Objective 1 – Licensing

#### Objective and Methodology

Our objective for the licensing process was to evaluate the adequacy of Board of License Commissioners for Prince George’s County (BOLC) procedures for alcoholic beverage licensing and the maintenance of related records, and to determine, based on this evaluation and transaction testing, if the licensing process complied with State law and Board requirements. To accomplish our objective, we reviewed applicable State laws, BOLC’s *Standard Operating Procedures* (SOPs) and the *Rules and Regulations for the Board of License Commissioners for Prince George’s County*.

Additionally, we interviewed BOLC staff to determine the processes used to collect fees; issue, renew, and transfer licenses; and maintain related records. We obtained a data file of the current licenses as of January 2024 from the BOLC’s License Manager System (LMS), which is maintained by Prince George’s County Office of Information Technology. We used this license file to perform various tests of the licensing process including issuance of new licenses and permits, license renewals, license transfers, and collection of related cash receipts. We performed various tests of the relevant data and determined that the data were sufficiently reliable for the purposes the data were used during the audit.

#### Background

BOLC processes applications for new licenses, license renewals and modifications, and transfers of existing licenses to sell beer, wine, and liquor in Prince George’s County. There are four different classes of alcoholic beverage licenses, and each are valid for a one-year period ending April 30 (Class A), May 31<sup>st</sup> (Class B), or June 30<sup>th</sup> (Class C and D).

- \* **Class A licenses** are issued to liquor stores.
- \* **Class B licenses** are issued to restaurants, and other special venues as described in law, including arenas, hotels/motels, casinos, and stadiums.
- \* **Class C licenses** are issued to non-profit private clubs.
- \* **Class D licenses** are issued to taverns.

BOLC also issues permits for special events (such as beer and wine festivals) and when providing entertainment (such as music or dancing). According to BOLC records, there were 637 active alcoholic beverage licenses as of January 2024. Additionally, 446 permits and other privileges were issued for various activities (such as, permits for Class A (liquor stores) or Class B (restaurants) to sell alcohol

on Sundays for off-premises consumption. Annual fees for alcoholic beverage licenses are established in State law and vary depending on the type of establishment and the beverages sold. Figure 2 includes the types of licenses issued by BOLC and the related license fees. Additional permits and other privileges with fees issued by BOLC are identified in Figure 3.

**Figure 2**  
**Annual License Fees and Active Licenses as of January 24, 2024**

License Type	Annual License Fee	Total Active Licenses
Class A Beer & Wine	\$500	1
Class A Beer, Wine, & Liquor	\$910	140
Class B Beer	\$365	3
Class B Beer and Wine	\$365	22
Class B Beer and Wine (Baseball Stadium)	\$2,420	1
Class B Beer, Wine, and Liquor	\$2,305	143
Class B Beer, Wine, and Liquor (Arts & Entertainment)	\$3,600	7
Class B Beer, Wine, and Liquor (Caterer)	\$4,480	5
Class B Beer, Wine, and Liquor (Convention Center)	\$22,000	1
Class B Beer, Wine, and Liquor (Development District)	\$3,025	10
Class B Beer, Wine, and Liquor (Educational Conference Facility)	\$5,175	1
Class B Beer, Wine, and Liquor (Education Conference Facility/Dining Service)	\$8,275	1
Class B Beer, Wine, and Liquor (Entertainment Concessionaire)	\$5,000	2
Class B Beer, Wine, and Liquor (Entertainment Facility)	\$22,000	1
Class B Beer, Wine, and Liquor (Equestrian Center Restaurant)	\$2,420	1
Class B Beer, Wine, and Liquor (Golf Course)	\$500	3
Class B Beer, Wine, and Liquor (Hotel)	\$5,000	24
Class B Beer, Wine, and Liquor (Luxury-Type Restaurant)	\$3,875	123
Class B Beer, Wine, and Liquor (Plus)	\$3,270	25
Class B Beer, Wine, and Liquor (Racetrack)	\$60 per day used	1
Class B Beer, Wine, and Liquor (Stadium)	\$21,780	1
Class B Beer, Wine, and Liquor (Theme Park)	\$4,290	1
Class B (Micro-brewery)	\$1,090	1
Class C Beer and Wine	\$245	1
Class C Beer, Wine and Liquor (Concessionaire)	\$1,815	6
Class C Beer, Wine and Liquor (Fraternal/Sororal/Service organization)	\$910	14
Class C Beer, Wine and Liquor (Veterans' Organization or Club)	\$910	20
Class D Beer	\$500	8
Class D Beer and Wine	\$500	66
Class D Beer and Wine (Waterfront)	\$660	4
<b>Total Licenses</b>		<b>637</b>

Source: Annotated Code of Maryland, *Rules and Regulations of the Board of License Commissioners for Prince George's County*, and BOLC's License Manager System

**License Type Classes:** A-Package Goods; B-Restaurant; C-Private Membership Club; D-Tavern and Convenience Stores

**Figure 3**  
**Active Permits and Privileges and Related Fees**  
**as of January 24, 2024**

Permits and Other Privileges	Annual Fee	Number of Active Permits and Privileges
Special Entertainment Permit	\$1,500	89
Family Entertainment Permit	\$250	13
Beer Tasting License*	\$120	2
Beer and Wine Tasting License*	\$120	20
Beer, Wine, and Liquor Tasting License*	\$220	143
Delivery Permit (one-time advertising fee)	\$250	28
Distillery On-Premise Consumption Permit	\$500	2
Draft Beer Container Permit	\$500	12
Sunday Off-Sale Permit - Class A Beer, Wine, and Liquor Only	\$2,590	118
Sunday Off-Sale Permit - Class B Beer, Wine, and Liquor with an Off-Sale Privilege Only	\$1,080	19
<b>Total Permits and Other Privileges</b>		<b>446</b>

Source: Annotated Code of Maryland, *Rules and Regulations of the Board of License Commissioners for Prince George's County*, and BOLC's License Manager System

\* License is an add-on permit to provide additional privileges to existing license holders.

### New and Transfer Licenses

Applicants for new licenses and license transfers complete and submit an application form to BOLC, along with certain required documents and an application fee (\$700 for new licenses and \$500 for transfers). This includes submitting information for a criminal background check (for any new license holders). A license transfer occurs when there is a change in ownership or location.

Applications are processed by BOLC staff who ensure applicants include all required information and pay the appropriate fees. The Board schedules public hearings to review the new and transfer applications and to vote on approval of the licenses. If approved, applicants must submit additional documents to BOLC (such as a valid trader's license and proof of personal property tax payment). Once all documentation is submitted, BOLC staff will issue the license to the applicant once the applicant has paid the applicable license fee. According to BOLC records, in calendar year 2023, there were 34 new licenses and 41 transfers issued.

## License Renewals

BOLC emails all current licensees a renewal notice in January each year. According to State law, licensees must file renewal applications by March 1, April 1, and May 1 for Class A licenses, Class B licenses, and Classes C and D licenses, respectively. Renewal applications with the applicable license and permit fees (fees vary depending on the type of license and if there are any permits associated with the license) are submitted to BOLC either by mail or in person. BOLC may assess an extension fee of \$1,000 for renewal applications submitted after the applicable renewal deadline. BOLC staff process renewal applications and related license and permit fee payments and issue the license to the licensees. To retain their licenses, licensees must provide certain documents, such as a copy of their current trader's license and an affidavit confirming that they have not been convicted of a felony.

## Conclusion

BOLC *Standard Operating Procedures* did not specify the frequency for which collections should be deposited. Our review disclosed that BOLC did not always deposit collections in a timely manner.

### Finding 1

**BOLC did not always timely deposit license related collections.**

## Analysis

BOLC did not always timely deposit license related collections. For example, we analyzed BOLC collection and deposit records from June 2022 to April 2024 (which we determined to be reliable for our audit purposes) that included 2,350 collections totaling \$4.3 million. Our analysis disclosed that 993 of the collections (or 42 percent) totaling \$1.3 million were deposited from 6 to 26 business days after being received.

This condition was caused, at least in part, because BOLC's *Standard Operating Procedures* did not specify the frequency for which collections should be deposited. In this regard, the County *Administrative Procedures* generally requires deposits to be made no later than the next business day.

## Recommendation 1

**We recommend that BOLC**

- a. deposit collections timely, such as daily; and**
- b. revise its SOP to specify the frequency for which deposits should be performed.**



## Objective 2 – Inspections

### Objective and Methodology

Our objective for the inspection process was to evaluate the adequacy of BOLC policies and procedures for conducting inspections of alcoholic beverage licensees and maintaining related records, and to determine whether inspections selected for review and testing were conducted in accordance with governing laws, policies and procedures.

To accomplish our objective, we reviewed applicable State laws, and the policies and procedures established by the Board and BOLC administrative personnel governing the inspection process and related records. Additionally, we interviewed BOLC staff to determine the processes used to schedule, conduct, record, and monitor inspections.

We obtained a data file, which we deemed reliable for our purposes, from the inspection database maintained for BOLC by the Prince George's County Office of Information Technology. The database included 5,863 inspection-related activities conducted during fiscal year 2023. We arbitrarily selected 25 licensees to determine if inspections recorded in the inspection database were properly documented with an inspection report. Furthermore, we performed a detailed review of the inspection documentation to ensure inspections were conducted in accordance with BOLC policies. We also analyzed the inspection database used to record inspection dates and other relevant information to determine if all licensed establishments received quarterly inspections in calendar year 2023.

### Background

BOLC conducts periodic inspections of businesses licensed to sell alcoholic beverages in Prince George's County. State law does not specify the frequency of or establish a schedule for required inspections, but BOLC *Standard Operating Procedures (SOP)* includes a goal to conduct routine inspections of each licensed establishment at least once quarterly. BOLC primarily conducts the following inspection activity:

- **Routine inspections** are standard in scope and ensure licensed establishments are operating in compliance with requirements established for licensees by the *Rules and Regulations of the Board of License Commissioners for Prince George's County*, including having a current license properly displayed, having applicable permits, not serving minors, and not serving after authorized hours. Routine inspections are judgmentally assigned to all inspectors to be completed daily according to existing circumstances, with the goal of inspecting all licensees at least quarterly.

- **Focused inspections** are narrow in scope and address a specific requirement, complaint, or common problem with licensees and are used for training purposes. These inspections are assigned to inspectors as needed such as to verify whether closed businesses are no longer selling alcoholic beverages without a valid license.
- **Underage Compliance inspections** are conducted to identify licensees that allow underaged individuals (under age 21) to illegally purchase alcoholic beverages. The inspection is performed using at least two inspectors and a minor operative, who attempts to purchase an alcoholic beverage at the selected licensed establishment. There is no set number of these inspections to be conducted as they are scheduled on an intermittent basis depending on the availability of minor operatives (typically County Police cadets, participants from the County Police's Explorers Program, or BOLC personnel, who are under age 21) or in response to a complaint.
- **Entertainment inspections** are standard in scope and cover the basic operating requirements established in various Board policies for licensees with entertainment permits, including having applicable permits, not posing a threat to the peace and safety of the community, not allowing underaged individuals on the licensed premises, and not serving alcoholic beverages after hours. Entertainment inspections are judgmentally assigned to all inspectors to be completed daily according to existing circumstances, with the goal of inspecting all permit holders at least quarterly.

#### Other Types of Inspection Activities:

- Investigation inspections of licensees are usually conducted based on complaints or tips received from the public (such as for allegations of underaged drinking or having entertainment without a permit), concerns noted by inspectors during a routine inspection, or to follow up on a violation. These investigations may be conducted with other government agencies such as the Prince George's County Police Department.
- New/transfer application activities are completed by inspectors at the site of a proposed new license or the transfer of an existing license to another location to post a sign and gather information. This information includes if the location is the required distance away from schools and how many liquor establishments are within a defined area.
- Sign-posting activities are completed by inspectors at a licensed establishment or an establishment for which the license is pending Board approval. The

inspector places the sign and takes photos indicating it was placed and the photos are then uploaded into the inspection database.

- One-day inspections occur for special events such as beer and wine festivals to ensure the event is operating according to the *Rules and Regulations of the Board of License Commissioners for Prince George's County*.

Although there are approximately 637 licensees, based on Board policy and professional judgment, many licensees are subject to multiple inspections of a similar type (such as routine, entertainment, and underage compliance inspections) or specialized inspections (such as related to a complaint), which are often initiated by external sources. According to BOLC records, during fiscal year 2023, BOLC conducted 5,863 inspections, which consisted of 4,901 routine inspections, 10 focused inspections, 178 underage compliance inspections, 769 entertainment inspections, and 5 one-day license inspections. In addition, BOLC conducted investigations in response to 9 complaints received directly by BOLC during fiscal year 2023.

BOLC has written guidance over the Inspection Division operations referred to as the *Inspector's Handbook*, effective August 11, 2023. Additionally, the *Rules and Regulations for the Board of License Commissioners for Prince George's County*, revised January 2024, provides specific guidance to licensees and is used as criteria for determining violations. BOLC also has SOPs that were approved by the Board.

### **Conclusion**

Based on our review, BOLC had established adequate procedures over inspections and inspections were conducted in accordance with governing laws, policies and procedures.

## **Objective 3 – Disciplinary Procedures**

### **Objective and Methodology**

Our objective for BOLC’s disciplinary process was to evaluate the disciplinary procedures, BOLC’s compliance with applicable State laws, its enforcement of applicable Board rules and regulations governing licensees, and its maintenance of the related disciplinary records.

To accomplish this objective, we interviewed BOLC employees and reviewed the *Rules and Regulations for the Board of License Commissioners for Prince George’s County* to determine the procedures over disciplinary proceedings and the process that occurs when it is determined that a violation may have occurred. We also observed two public Board hearings in which cases resulting from licensee violations were adjudicated. Additionally, we performed testing to evaluate whether the disciplinary process was properly administered and documented.

### **Background**

The Board holds disciplinary proceedings to adjudicate licensee noncompliance with State laws and the *Rules and Regulations for the Board of License Commissioners for Prince George’s County*. Disciplinary proceedings result from violations noted during licensee inspections, complaint inspections, and on occasion referrals from the Prince George’s County Police Department and other regulatory entities. Instances of licensee noncompliance are subject to internal reviews prior to being sent to the Board for adjudication.

State law provides that the Board is charged with enforcing provisions of the Alcoholic Beverages and Cannabis Article of the Annotated Code of Maryland. The Board is also responsible for adjudicating cases to determine if violations have occurred and for setting the related penalties. The Board generally holds hearings twice a month in public sessions to adjudicate these cases, as well as to grant new licenses and license transfers. The hearings are considered quasi-judicial and include testimony from inspectors, police, and licensee representatives, including counsel. The Board will obtain other information, as needed (such as the licensee’s violations history), prior to making a decision and determining whether a penalty is appropriate. The “preponderance of the evidence” standard is used to determine if the licensee has been found in violation of the *Rules and Regulations for the Board of License Commissioners for Prince George’s County*. Licensees may appeal the decisions of the Board to the Circuit Court.

Licensees are provided the Board's rulings verbally at the hearing and in a written Offer Letter if the ruling resulted in a penalty (fine, suspension, or revocation). The Offer Letter includes the law or rule violated, the amount of the penalty, and the amount of time the licensee has to pay the fine (usually up to 21 days). If the licensee fails to pay the fine within 21 days, a \$500 late fee is assessed, and the licensee is subject to being summoned to appear before the Board for further action.

The Alcoholic Beverages and Cannabis Article of the Annotated Code of Maryland includes penalty provisions for licensees found guilty of violating State law and/or the *Rules and Regulations for the Board of License Commissioners for Prince George's County*.

- For a first offense, instead of or in addition to suspending or revoking the license, the Board may impose a fine not exceeding \$1,500 (unless the offense is providing for or allowing underage consumption for which the minimum fine is \$1,500).
- For a second offense in a 24-month period, instead of or in addition to suspending or revoking the license, the Board may impose a fine not exceeding \$6,000.
- For a third offense in a 24-month period, instead of or in addition to suspending or revoking the license, the Board may impose a fine not exceeding \$7,500.
- The Board may also impose fines for violations related to entertainment permits that can range from \$1,000 to \$12,500 per violation or revoke the entertainment permit.
- The Board may revoke or suspend any license for any cause which, in the judgment of the Board, is necessary to promote the peace or safety of the community in which the place of business is situated.
- A license must be revoked or suspended under certain specific circumstances (such as when a licensee is convicted of a felony that is related to operations under the license).

According to BOLC's records, in calendar year 2023 there were 82 fines assessed by the Board totaling \$199,500.

## **Conclusion**

Based on our review, BOLC had established adequate procedures over disciplinary proceedings in compliance with State laws and its own rules and regulations.

## **Objective 4 – Management Oversight**

### **Objective and Methodology**

Our objective was to determine if adequate oversight exists over BOLC operations. To accomplish this objective, we reviewed Board approved SOPs, interviewed BOLC employees, and reviewed and tested BOLC’s procedures with respect to cash receipts, timesheet submissions, personnel evaluations, system access, financial disclosures, and potential conflicts of interest. Our review was restricted to BOLC oversight of its operations and compliance with certain County policies. Our review did not include an assessment of the appropriateness or suitability (to achieve the stated purpose) of the County governance practices or policies.

As noted earlier, BOLC is governed by a five-person board of Commissioners, appointed by the County Executive of Prince George’s County, subject to confirmation by the Maryland Senate. During our audit, we noted that the current Commissioners had not been appointed and confirmed in accordance with Section 26-202 of the Alcoholic Beverages and Cannabis Article of the Annotated Code of Maryland. After bringing this to the attention of BOLC management, it contacted the County Executive’s Office and the County issued new appointments for all five Commissioners. However, these appointments were still contingent on Senate confirmation as of the end of our audit fieldwork in June 2024.

### **Conclusion**

We determined that Finding 2 related to “cybersecurity,” as defined by the State Finance and Procurement Article, Section 3.5-301(b) of the Annotated Code of Maryland, and therefore is subject to redaction from the publicly available audit report in accordance with the State Government Article 2-1224(i). Consequently, the specifics of the conclusion and the finding, including the analysis, related recommendation(s), along with BOLC’s responses, have been redacted from this report copy.

<p><b>Finding 2</b> <b>Redacted cybersecurity-related finding.</b></p>
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## APPENDIX



Tara H. Jackson  
Acting County Executive

### PRINCE GEORGE'S COUNTY GOVERNMENT BOARD OF LICENSE COMMISSIONERS



Terence Sheppard  
Director

January 23, 2025

Mr. Brian S. Tanen, CPA, CFE  
Legislative Auditor  
Office of Legislative Audits  
The Warehouse at Camden Yards  
351 West Camden Street, Suite 400  
Baltimore, MD 21201

Dear Mr. Tanen:

The Prince George's County Board of License Commissioners (BOLC) would like to thank the Office of Legislative Audits for conducting the performance audit as required by the State Government Article, Section 2-1220 of the Annotated Code of Maryland. The two (2) findings provided essential insight into the commitment that the BOLC has to improving its efficiency.

Results of the 2017 audit yielded seventeen (17) findings and fifty (50) action items. The 2020 audit showed improvement and yielded six (6) findings and fifteen (15) action items. This most recent audit, which showed even further improvement, returned two findings and two action items. This constitutes a tremendous, continued improvement on the part of the BOLC. We look forward to the publishing of this report so that the entirety of Prince George's County can see our commitment to transparency and efficient government operations.

Sincerely,

A handwritten signature in cursive script, reading "Oretha Simms".

Oretha Bridgwaters-Simms  
Chari

A handwritten signature in cursive script, reading "Terence Sheppard".

Terence Sheppard  
Director

9200 Basil Court, Room 420, Largo, Maryland 20774  
Office: 301-583-9980 Fax: 301-583-9978

# Board of License Commissioners for Prince George's County

## Agency Response Form

### Objective 1 – Licensing

#### **Finding 1**

**BOLC did not always timely deposit license related collections.**

**We recommend that BOLC**

- a. deposit collections timely, such as daily; and**
- b. revise its SOP to specify the frequency for which deposits should be performed.**

Agency Response			
<b>Analysis</b>			
<b>Please provide additional comments as deemed necessary.</b>			
<b>Recommendation 1a</b>	Agree	<b>Estimated Completion Date:</b>	September 2025
<b>Please provide details of corrective action or explain disagreement.</b>	The BOLC agrees with the County that deposits should be made no later than the next business day. With the addition of the new licensing software suite (expected completion 9/2025), deposits will be done in a timelier manner when staffing levels are appropriate to complete this task.		
<b>Recommendation 1b</b>	Agree	<b>Estimated Completion Date:</b>	September 2025
<b>Please provide details of corrective action or explain disagreement.</b>	We will align the SOP with County government recommendations upon implementation of the new licensing software.		



# **Board of License Commissioners for Prince George's County**

## **Agency Response Form**

### **Objective 4 – Management Oversight**

The Office of Legislative Audits (OLA) has determined that Finding 2 related to “cybersecurity,” as defined by the State Finance and Procurement Article, Section 3.5-301(b) of the Annotated Code of Maryland, and therefore is subject to redaction from the publicly available audit report in accordance with the State Government Article 2-1224(i). Although the specifics of the finding, including the analysis, related recommendation(s), along with BOLC’s responses, have been redacted from this report copy, BOLC’s responses indicated agreement with the finding and related recommendations.

#### **Finding 2**

**Redacted cybersecurity-related finding.**

**Agency Response has been redacted by OLA.**

AUDIT TEAM

**Raymond G. Burton, Jr., CPA, CFE**  
Audit Manager

**Edward J. Welsh, CFE**  
Senior Auditor

**Yuvaraj N. Sharma**  
**Garrett A. White**  
Staff Auditors