



OFFICE OF THE INSPECTOR GENERAL

Megan Davey Limarzi, Esq.
Inspector General

NEWS RELEASE

For Immediate Release

October 20, 2022

OIG Follow Up Review of ABS Finds More Work Needed to Investigate Inventory Discrepancies

Rockville, Maryland – Montgomery County Maryland Inspector General Megan Davey Limarzi announced today the release of a new Office of the Inspector General (OIG) report, [*Inventory Internal Controls Follow Up Review, Alcohol Beverage Services*](#), OIG Publication # 23-005, detailing the results of an OIG review of Montgomery County Alcohol Beverage Services' (ABS) efforts to address previous audit findings and recommendations regarding inventory control issues. The review focused on ABS's accuracy in loading trucks for order fulfillment and efforts to investigate inventory discrepancies during the order fulfillment and inventory process.

The review was initiated in furtherance of the OIG's mission to identify actions which would enhance the productivity, effectiveness, or efficiency of programs and operations of County government and independent County agencies. The review was announced in the [OIG's FY 2022-25 work plan](#).

ABS serves as Montgomery County's sole wholesale distributor of alcoholic beverages to 1,033 licensees and 26 county-owned and operated retail stores. In 2015 and 2019, the OIG and the Montgomery County Office of Internal Audit (MCIA), respectively, conducted reviews of ABS operations. The OIG found that adjustments to ABS' electronic inventory system were made on an ad hoc basis and without investigation. The OIG recommended that ABS implement a program of routinely performing physical inventory test counts, i.e., a cycle count program, and that inventory discrepancies be investigated. MCIA recommended ABS revise written policies and procedures regarding variance investigations.

In conducting this review, the OIG noted fewer discrepancies in ABS's annual inventory reconciliation and greater compliance by drivers with check in procedures at the conclusion of their deliveries. However, the OIG found that 74% of beer trucks, and 52% of liquor/wine trucks sampled were inaccurately loaded. Additionally, in approximately 27% of the inventory adjustments tested, ABS was not able to provide any evidence that they investigated the cause for the adjustment. The OIG issued two recommendations to address the noted findings and strengthen practices and controls around inventory control. The County's Chief Administrative Officer concurred with both recommendations and agreed to take steps to address the noted deficiencies.

The full report can be found at [ABS Inventory Internal Controls Follow Up Review \(montgomerycountymd.gov\)](#)

Please direct all inquiries to: **Email:** ig@montgomerycountymd.gov

Phone: 240-777-8240