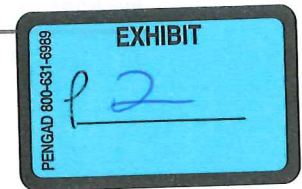




Finance Department

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Date: May 1, 2019

To: City of Madison Alcohol License Review Committee (ALRC)

From: Laura Larsen, Budget & Program Evaluation Manager

Subject: Divine Orders Catering Audit - Final Report

Background

On November 21, 2018, the ALRC requested an audit of Divine Orders Catering to confirm the licensed establishment was in compliance with Madison General Ordinance Sec. 38.05(10)(b) requiring that at least 50% of the establishment's revenue be generated from food sales. On January 23rd, 2019 a letter was sent to the establishment owner, Ms. LaVerne Buchanan, indicating the audit was scheduled to begin. The audit request was sent via certified mail to the business address for Divine Orders Catering (2122 Luann Way-Madison, Wisconsin). The mailed audit request was never retrieved by Ms. Buchanan.

The Madison Police Department and City Attorney's Office intervened to assist in delivering the audit request. On February 19th, Ms. Buchanan acknowledged receipt of the audit request via her employer's (State of Wisconsin) email address.

On March 13, 2019, Ms. Buchanan attended a meeting at the Finance Department to begin the audit process. During this meeting I reviewed the process with Ms. Buchanan including a discussion of the data required to complete the audit. Ms. Buchanan requested three weeks to compile the necessary documents. Ms. Buchanan subsequently canceled two meetings intended to conduct the audit citing family medical issues.

On April 15, 2019, I visited the Divine Orders Catering location to review the receipts for the audit period (January-December 2018). During this meeting Ms. Buchanan indicated all receipts are managed manually as paper records and that she does not keep electronic records. We reviewed the receipts for the month of January to ensure I was able to properly interrupt the receipt data, specifically how food and alcohol sales were being categorized and presented on the receipt.

Ms. Buchanan provided receipts for 106 days during the audit period (the full year of 2018). The hard copies of these receipts were scanned and then entered into a spreadsheet by Finance Department staff.

Findings

Based on the provided receipts, Divine Orders Catering appears to be compliant with Sec. 38.05(10)(b) by month, with the exception of August, during the audit period (see Table 1 below).

Month	Food Receipts	Alcohol Receipts	Other Bev Receipts	Gross Sales	Ratio of Alcohol Receipts to Gross Sales
Jan	5,484	2,998	28	8,510	35.23%
Feb	2,697	1,552	23	4,272	36.33%
Mar	2,612	2,098	10	4,720	44.45%
Apr	3,256	1,839	-	5,095	36.09%
May	1,182	513	8	1,703	30.12%
Jun	541	397	1	939	42.28%
Jul	748	513	2	1,263	40.62%
Aug	52	59	-	111	53.15%
Sep	291	180	-	471	38.22%
Oct	448	207	-	655	31.60%
Dec	114	55	-	169	32.54%
	\$17,425	\$10,411	\$72	\$27,908	

While the provided receipts indicate the business is compliant with MGO Sec. 38.05, I am unable to verify the accuracy of the provided receipts. There are a number of inconsistencies that bring the accuracy of the provided documentation into question, these inconsistencies are outlined below.

Missing Receipt Days/ Duplicate Dates

As noted previously, receipts were provided for 106 days of operation during 2018. The lack of receipts from the remaining dates would indicate the business was closed on the remaining 259 days in 2018. For reasons cited below, it does not seem plausible the business was closed during these dates.

Duplicate receipts were submitted for five days during the audit period. The alternate versions of the receipts are inconsistent and appear to be duplications of the same day.

Promotional Events

The provided receipts were cross-checked against promotional events advertised on Ms. Buchanan's social media page. In 2018 there were 15 events promoted via social media; of those 15 days, receipts were submitted for four days that had promotional events (the remaining 11 days did not have receipts). Table 2 below outlines the promotional events advertised and indicates whether a receipt was provided.

Date	Promotion	Receipt
February 3 rd	Free Ciroc Shots; Free Margaritas	Yes
February 6 th	Taco Tuesday	Yes
February 28 th	Gyro Burgers, Cheese Burgers, Polish Dogs, & Fries	No
March 6 th	Taco Night	Yes (Receipt indicates only burgers were sold-no tacos)
March 11 th	Ribs & Chicken with misc sides; Margarita & Beer specials	No
March 30 th	Chicken with misc sides; Free Margaritas	Yes (Receipt indicates open bar for 25-30 people-no food sales)
April 19 th	Thirsty Thursday-Shot Specials	No
April 28 th	Too Sharp Entertainment Event	No
August 17 th	Shauty Entertainment Event	No
September 6 th	Ladies Night Promotion	No
September 30 th	Old School Sunday Promotion	No
October 2 nd	Open Mic Night; Free Drink Specials	No
October 10 th	Karaoke Night	No
November 6 th	Election Day-Free Shot Promotion	No
November 26 th	Pizza & Drink Special	No

Police Calls for Service

During the audit period, the Madison Police Department (MPD) was called to Divine Orders Catering 59 times. Of these 59 days, receipts were provided for 11 days (the remaining 48 days did not have receipts).

Based on case notes, MPD can confirm Divine Orders Catering was *not* open on eight of days when calls for service were initiated. These calls were initiated by MPD for meetings with the establishment owner.

Of the remaining 40 days, MPD case notes can verify that Divine Orders Catering was open to patrons; however, receipts were not provided for these dates.

Conclusion

Based on the inconsistencies outlined above, I cannot provide an opinion regarding the status of Divine Orders Catering compliance with Madison General Ordinance Sec. 38.05(10)(b).

c.c. Jim Verbick, Madison City Clerk's Office
Jennifer Zilavy, Madison City Attorney's Office
Captain Cory Nelson, Madison Police Department