

# Records Management Systems (RMS) of Alcohol Regulatory Enforcement Agencies

FUNCTIONAL SPECIFICATIONS

PREPARED BY THE IJIS INSTITUTE

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# 1 Executive Summary

## 1.1 Purpose

The purpose of this publication is to aid state and local agencies responsible for alcohol licensing and enforcement in assessing, upgrading, or replacing their Alcohol Regulatory Enforcement (ARE) and Licensing Records Management Systems (RMS) to monitor compliance. The intended audience for this document is any individual or agency involved in procuring, developing, implementing, or supporting a licensing and enforcement management system to support process, training, compliance, and violation management. The Executive Summary encapsulates business functions commonly supported by these systems and reviews the strategic value for day-to-day operations and the solutions' management. The following sections define standard business functions across liquor alcohol regulatory enforcement agencies to explain these functions through use case specifications.

## 1.2 How to Use the Document

The use cases and the associated workflows in this functional specification are intended to provide the reader with baseline information on the functional areas necessary for an effective alcohol regulatory enforcement records management system (RMS). *They are at the functional level in defining what is to be accomplished versus how it should be accomplished.* Users will need to consider variations in their state and local regulations when using this document. The specifications should be tailored to fit the users' specific needs. These use cases and workflows should be used as a starting point to build a functional solution based on agency needs and open standards to efficiently interface and share information internally and externally with other systems.

## 1.3 Business Function Overview

Seven functional areas are addressed in this publication. These include 1) New License Application, 2) License Renewal, 3) License Transfer, 4) Special Events License/Permit Request, 5) Complaint Reporting and Inspection, 6) Case Processing, and 7) License Revocation. Each functional area provides a high-level overview of the function and supporting information to define key automation considerations.

## 1.4 Chapter Organization

Each functional chapter is organized consistently to provide an overview of the primary functions necessary when considering an RMS. A description of each use case is provided along with required information/categories of data to be collected, a high-level process workflow, required functions, categories/groupings of data to be collected, and possible integrations. This document serves to provoke thought and consideration of alcohol licensing and enforcement needs and requirements for an RMS. Federal, state, and local laws, agency-specific policies, and national standards should be considered when implementing a system. The impact of these

laws and policies must be understood. However, it is essential to remember that each agency may have different needs based on size, functional responsibility, and jurisdiction type.

Note that throughout this document, the term license is used. Licenses and permits are used synonymously throughout the document, as the terminology varies from state to state. While one state may issue a license, others use the term permits.

## 1.5 Next Steps

This publication documents the primary functions performed by alcohol regulatory agencies for both licensing and enforcement. These functional specifications serve as the foundation for the next logical steps for this effort which include a data standard for alcohol regulatory agencies and piloting the developed standard with two or more agencies which conform to the standard. Data standards will ensure that data is collected consistently and reliably across agencies.

Standards are essential to improving data quality, interoperability, efficiency, and cost-effectiveness. Accurate and consistent data is essential to ensure informed enforcement and policy decisions, and the exchange of information consistently across multiple entities. As alcohol regulatory agencies transition from managing information via paper or spreadsheets, it is critical that standards are in place to ensure consistency in the information collected and shared with other mission partners from state-to-state to inform national policy. Once standards are documented, a pilot with two or more organizations should be conducted to test and ensure the efficacy of the standard. The results of the pilot will inform necessary modifications to the standard and will result in the publication of a set of standards that alcohol regulatory agencies can implement to ensure interoperability across organizations. Interoperability and consistency in data collection are important to informing national policy decisions related to alcohol control.

Simultaneous with developing a set of data standards, a national dashboard should be initiated to collect a set of measures that can be reported consistently by all alcohol regulatory agencies. The dashboard would serve to be the source of information for state and national policymakers to ensure more efficient access to data related to alcohol licensing and enforcement.

## 2 Business Function Description

The following sections describe the primary business functions of Alcohol Regulatory Enforcement (ARE) agencies. ARE agencies are responsible for overseeing the manufacture, distribution, sale, and legal consumption of alcoholic beverages. Licensing responsibilities include screening applicants for new licenses, renewals of licenses, license transfers, revocation of licenses, and permits for special events. Enforcement responsibilities include monitoring and inspections, processing license violations and revocations, and ensuring audit and compliance with state and local laws and regulations.

### 2.1 New License Application

#### 2.1.1 Application Submittal

##### **Use Case**

Individuals or organizations must apply for a license when engaging in alcohol-related retail, manufacturing, or wholesaler activity from a state or local alcohol regulatory division. There are a variety of licenses processed by ARE agencies. Many of these agencies are state licensing agencies; however, some states have county-level licensing agencies and others authorize municipalities to engage in licensing activities in the state.

##### **Key Actors**

License applicant (company, individual), state/local licensing staff, binding authority, state, and local governing authority.

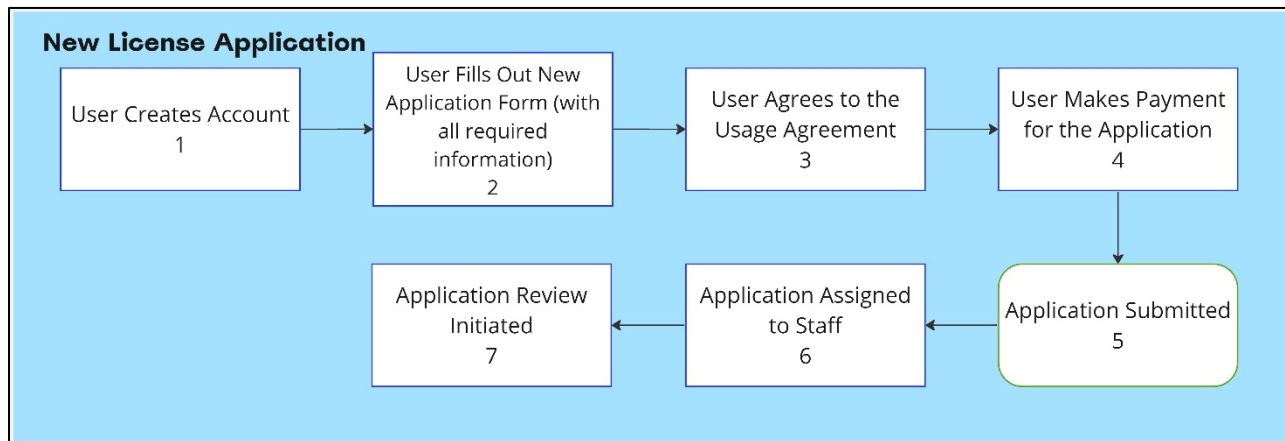
##### **Information Required**

COMPANY INFORMATION	
<b>Company Name</b>	Name of the organization requesting the license
<b>Company DBA</b>	Include Doing Business As (DBA) name, if applicable
<b>Street Address</b>	Street address, city, state, and zip code. Address suggestions shall pop up when the user begins to input the address. City and State shall auto-generate when the user enters a zip code.
<b>Telephone Number</b>	Area code, telephone number, and extension
<b>Email Address</b>	Business Email (if any)
<b>Website Address</b>	Business Website (if any)
<b>Organization Applicants</b>	Name, Address, Date of Birth, Social Security Number, and Arrest and Conviction information

Records Management Systems (RMS) of Alcohol Regulatory Enforcement Agencies: Functional Specifications

<b>Supporting Document</b>	The RMS shall allow the user to upload multiple documents and require the user to add the title of the document per upload (PDF, JPG format). Supporting documents may include proof of ownership, lease agreements, identification and proof of citizenship documents, background checks, incorporation documents (corporation or LLC paperwork), state and federal business license and tax identification documents, proof of liability insurance, and source of funds for the transactions, and approval letters from local governing authorities, where required.
<b>POINT OF CONTACT (POC)</b>	
<b>Name</b>	Company's contact person for questions / Contract negotiations
<b>Title</b>	Title the listed POC holds in the company
<b>Address</b>	OPTIONAL. (Entry of address if different than above)
<b>Email Address</b>	Text boxes for users to input email addresses
<b>Telephone Number</b>	Phone number of the POC. Area Code, Number, and Extension (if applicable)
<b>AUTHORIZED BINDER/POWER of ATTORNEY</b>	
<b>Authorized Individual</b>	Name of the individual authorized to submit the application
<b>Address</b>	Authorized individual's address
<b>Terms and Conditions</b>	Display the terms and conditions, including a check box for the user to agree to those terms and conditions
<b>Signature</b>	Digital signature functionality shall allow the user to input their full name and date of signature. The RMS shall generate a digital signature upon completion
<b>PAYMENT PROCESSING</b>	
<b>Payment Type</b>	Payment method (credit card, check, automated clearinghouse (ACH) payments, etc.)
<b>Payment Amount</b>	Filing Fee/Licensing Fee Amount
<b>Credit Card Details</b>	Credit Card Number
<b>Credit Card Holder Name</b>	Name of the Individual under whose name the credit card is issued
<b>Credit Card Expiration Date</b>	Credit card Month, Day, Year of expiration
<b>Credit Card CV</b>	Credit card security code
<b>Receipt</b>	Receipt documenting payment for tracking purposes

## **New License Application Process Flow**



*Figure 1 New License Application Process*

The New License Application process flow is generally the same regardless of the type of license application requested. An individual will create an online user account to complete a license application. The user will review and agree to the licensing agency's usage agreement when the account is created. The application is not considered complete until all required supporting documents are uploaded, and the application payment processing fee is submitted. Upon completion of the application process, the application is assigned to staff, and the review process is initiated.

## **License Application Functions**

- User account creation with Multi-Factor Authentication (MFA)
- Unique identification number for application
- User agreement
- Terms and conditions for application submission
- Online checklist of required documents
- Applicant information
- Applicant organization information
- Entry of multiple applicants for the same organization with role definition
- License request type
- Document upload functionality
- Payment processing
- Statement of application accuracy upon submission
- Designation/Validation of required fields before submission
- Digital signature capabilities
- Processing status notifications
- Saving of in-process applications before submittal



### **Integration with Other Systems**

- Payment processing
- Document management system
- Email system
- Online ordering systems
- Secretary of State or other like agencies to validate incorporation
- Departments of Health and Taxation, etc.
- GIS mapping and address validation services

### **Standard Output**

- Completed application form available in PDF format
- Log of applications in-progress
- Log of applications not completed
- Log of rejected applications
- Log of applications ready for renewal

## **2.1.2 Application Review and Decision**

### **Use Case**

Upon receipt of an application for a license, licensing staff will process the application for determination of a decision. Multiple steps must be completed before the final decision. The review process results in the approval or denial of a licensing application.

### **Key Actors**

Licensing applicants, state/local regulatory and licensing staff, public, local governing authority, and law enforcement

### **Information Required**

COMPLETED APPLICATION

APPLICATION COMPONENTS COVERED IN SECTION 2.1.1

APPLICATION REVIEW CHECKLIST (REQUIRED DOCUMENTS)

BACKGROUND CHECK RESULTS

INSPECTION RESULTS

PUBLIC NOTIFICATION

APPROVAL/DENIAL LETTER

## New License Application Review and Decision Process Flow

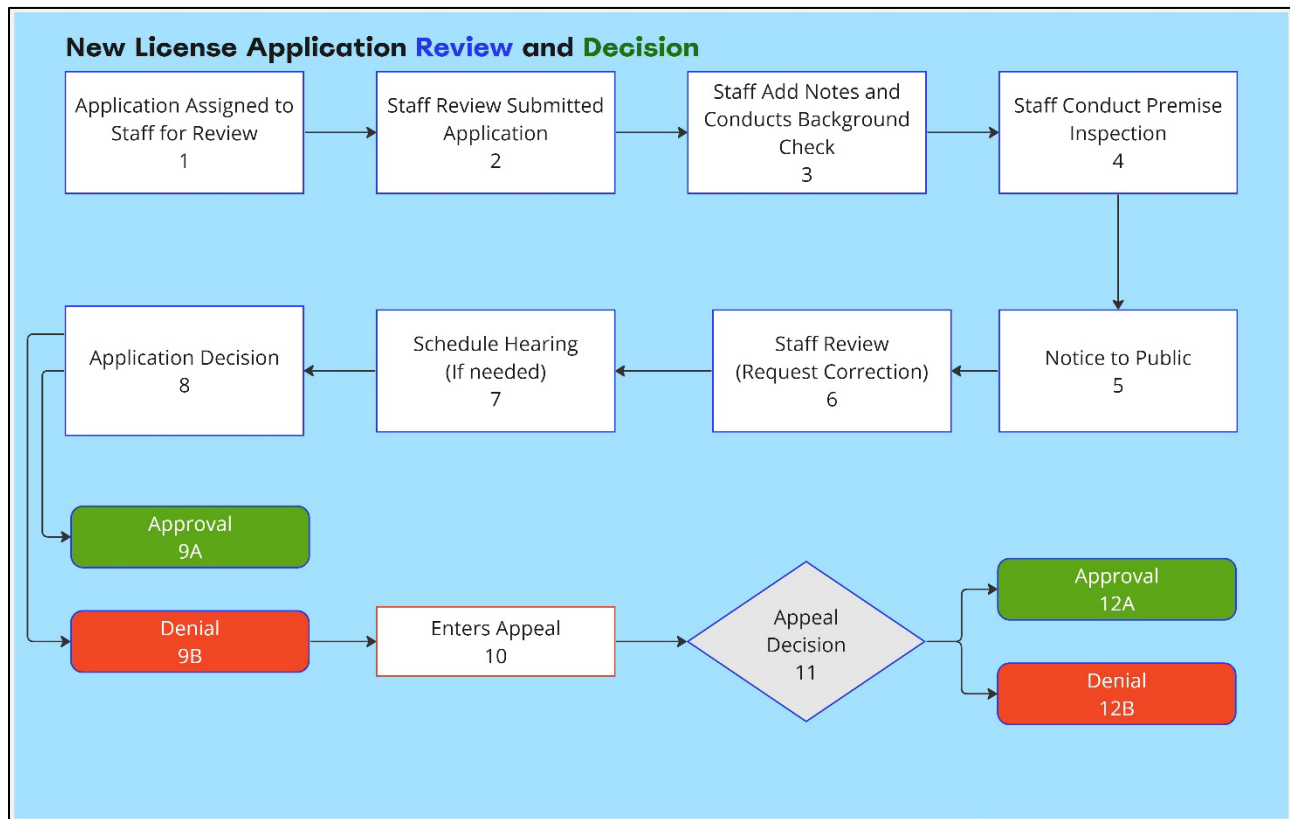


Figure 2 New License Application Review and Decision Process

The application review process requires a series of reviews and public notifications before approval. The licensing staff must confirm the submitted application is complete and that the applicant(s) is eligible to apply for the identified license type. Once these items are verified, the review begins with confirmation of submitted documentation and required background checks. The licensing staff may contact the applicant for clarification during this review process. The premises are inspected once all required documents are reviewed and denoted as complete. Inspection results are documented, and if the inspection is approved, a Public Notice is issued to allow public comment on the applicant's request to obtain a liquor license for the specified premise. Local governing authorities may issue public notices and a public hearing may ensue. Upon completion of the hearing, all information is weighed, and a decision is made to either approve or deny the license at the local level. If the license is approved at the local level, a state review is required. Should the license be denied at either the local or state level there are multiple avenues for appeal and an applicant may continue with this process until all options for appeal are exhausted.

### **New License Application Review and Decision Functions**

- Unique identification number for application
- Preliminary review checklist
- Date and time stamping for all review events
- Staff name who completed each review step
- Application status indicators
- Capability to generate automated messages/requests to the applicant
- Ability for the applicant to respond to messages/requests by email and by mail
- Field reports/inspections
- Notes/Comments sections
- Generate automated public notification letters/announcements
- Ability to save written comments/note comments received via telephone
- Schedule hearing
- Gather records/documents for hearings
- Issue notice of hearing
- Record application decision – Approved/Denied
- Document decision notes (if any)
- Letter requesting application corrections
- Issue approval or denial letter
- Request for appeal
- Document basis for appeal
- Ability to print license certificate and email to applicant

### **Integration with Other Systems**

- Background check application
- Email application
- Secretary of State
- Local governing authority
- Department of Health and Taxation

### **Standard Output**

- Background check results
- Notice of approval
- Notice of denial
- Notice to public
- Final approval or denial decision of application
- Log of approving or denying individual(s)
- Field reports, including deficiency letters

## Records Management Systems (RMS) of Alcohol Regulatory Enforcement Agencies: Functional Specifications

- PDF of license certificate to be printed by applicant

### 2.1.3 New License Issuance

#### **Use Case**

The license is issued upon completing the background check, physical inspections, interviews, and review/approval of all the information submitted by the applicant. When the license is issued, formal notification is provided to appropriate parties. Newly licensed entities must undergo the required licensing training dictated by law or regulation.

#### **Actors**

License applicant organization and staff, state/local regulatory and licensing staff, law enforcement, wholesale organization, local governing authority

#### **Information Required**

LICENSE DOCUMENTATION

BACKGROUND CHECK REPORT

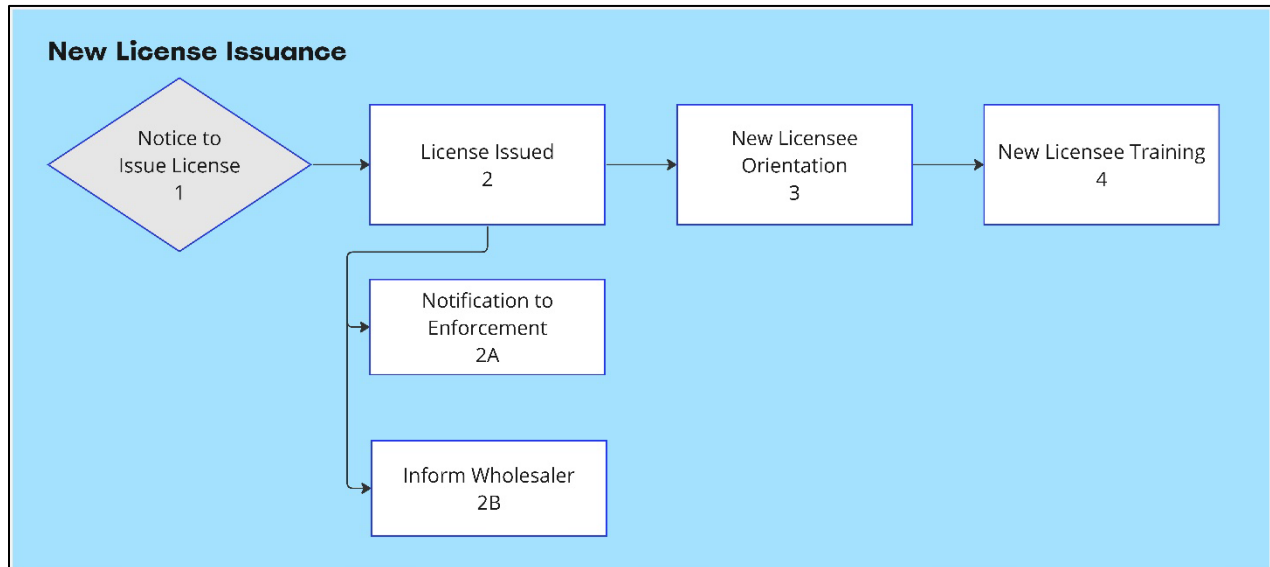
ENFORCEMENT NOTIFICATIONS

ORIENTATION SCHEDULING

TRAINING DOCUMENTATION

TRAINING RECORDS

## **New License Issuance Process Flow**



*Figure 3 New License Issuance Process*

The applicant is issued a notice of approval when the application is approved. The license is issued, and the appropriate enforcement entities are notified that the liquor license has been approved for the specified premise. Enforcement entities include state/county liquor license agents, state policy and local law enforcement agencies. In most states, wholesalers are also notified that the application has been approved. When approved, the designated licensing entity representatives may be required to attend new licensing orientation and training to ensure all required regulations are clearly understood. Orientation and training may be a single event. Instead of formal training, some states may require applicants to sign an acknowledgment that they will follow state laws, rules, and regulations.

### **License Issuance Functions**

- Unique identification number for application
- Generate license
- Provide automatic notification to the licensee
- Provide automatic notification to enforcement authority and other required agencies
- Document training requirements and issue notifications
- Document training requirements fulfilled
- Send approval notification letters

### **Integration with Other Systems**

- Other enforcement agencies' RMS
- Local governing authority

## Records Management Systems (RMS) of Alcohol Regulatory Enforcement Agencies: Functional Specifications

- Email system
- Training system
- Online ordering systems/state stores

### **Standard Output**

- Approved license
- New license welcome notice
- Training notice
- Training criteria
- Notice to other entities

## 2.2 License Renewal Application Process

### **Use Case**

Liquor licenses are typically issued for a one-to-three-year period. The alcohol statutes and regulations dictate the frequency of the license renewal process and may send automated renewal notices via mail or electronically. The licensee must submit the application for renewal within the specified time and pay the required renewal fees. The renewal period provides an opportunity for the ARE agency, local governing authority, and the public to protest the renewal of a license. In some cases, license renewals may be automated.

### **Key Actors**

State/local regulatory and licensing staff, taxation/revenue departments, applicant, public, local governing authority

### **Information Required**

RENEWAL NOTICE

RENEWAL APPLICATION

VIOLATION HISTORY

RENEWAL DECISION

LOCAL APPROVAL/DENIAL

## License Renewal Process Workflow

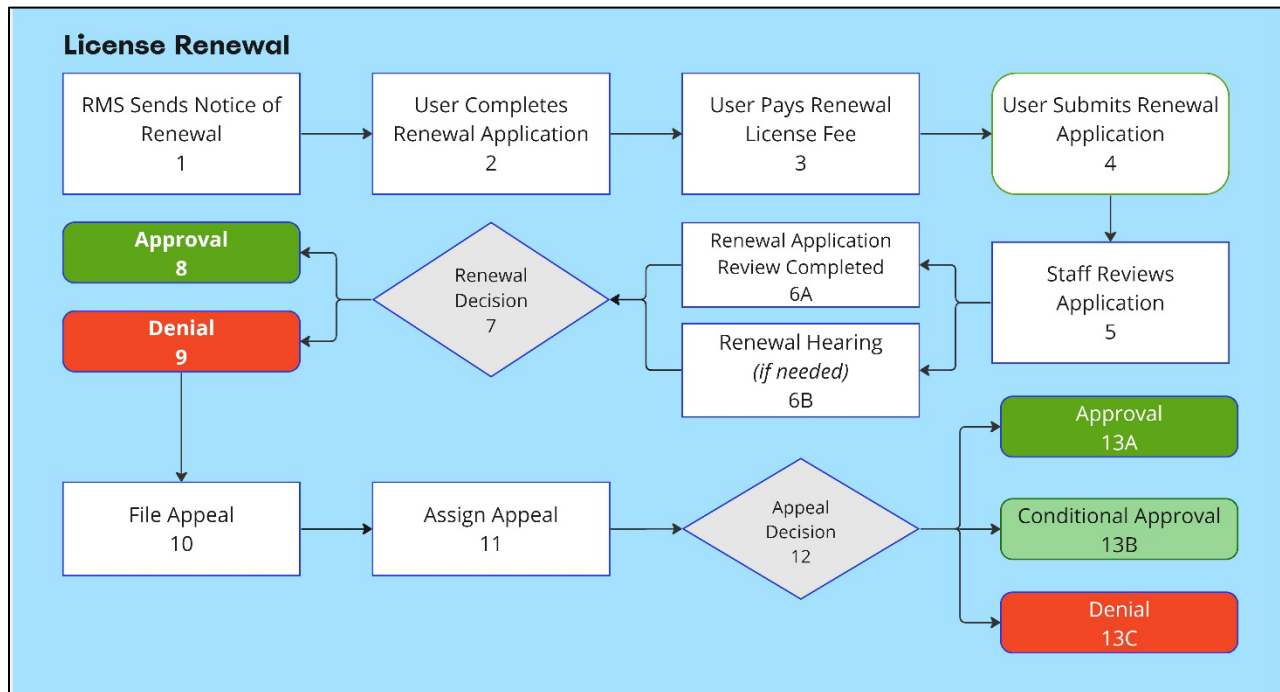


Figure 4 License Renewal Process

The ARE agency will issue a notice of renewal to the applicant within a specified timeframe before the expiration of the license. Upon receipt of the notification, the licensed entity will complete the renewal application, recording new/changed information from the prior application submission. In some jurisdictions a license renewal may be automated. The ARE agency reviews the application for completeness, reviews any recorded complaints or violations against the licensed establishment and whether a protest has been issued. The ARE agency also determines if compliance is still being met by reviewing health permits, business tax status, and other key licensing requirements. The renewal application is reviewed, and in some instances, a hearing may be scheduled before the final renewal decision is made. Upon completion of the review or the hearing, the ARE agency approves or denies the application. A denial of the application may result in an appeal.

## License Renewal Functions

- Unique identification number for application
- Generate automated renewal notifications
- Schedule of notifications – 90 days, 60 days, 30 days, etc.
- Letters to advise licensees of additional required documents
- Renewal application checklist for each review process
- Renewal application entry
- Application validation (required information)

## Records Management Systems (RMS) of Alcohol Regulatory Enforcement Agencies: Functional Specifications

- Document upload functionality
- Payment processing
- Statement of application accuracy upon submission
- Designation/Validation of required fields before submission
- Digital signature capabilities
- Processing status notifications
- Saving of in-process applications before submittal
- Generate automated public notification letters/announcements
- Scheduling hearings
- Generating reports and documents for hearings

### **Integration with Other Systems**

- Email system
- Payment processing
- Document management
- Other law enforcement agencies' RMS to review violations or complaints
- Online ordering systems/state stores
- Adjudicating authority for appeals

### **Standard Output**

- Renewed license
- Renewal notice
- Final approval or denial decision of application
- Log of approving or denying individual(s)
- Payment receipt
- Discrepancy letters
- Appeal logs
- PDF of renewed license certificate

#### 2.2.1 License Renewal Denial Process

##### **Use Case**

The license renewal denial process is invoked when an applicant's request for renewal is reviewed, and the determination is to deny the renewal for the license application.

##### **Key Actors**

State/local regulatory and licensing staff, applicant, legal counsel, courts, local governing authority



## **Required Information**

DENIAL NOTICE

REASON FOR DENIAL

HEARING REQUEST DOCUMENTATION

CASE REPORT DOCUMENTING THE REASONS FOR DENIAL

DECISION/OUTCOME

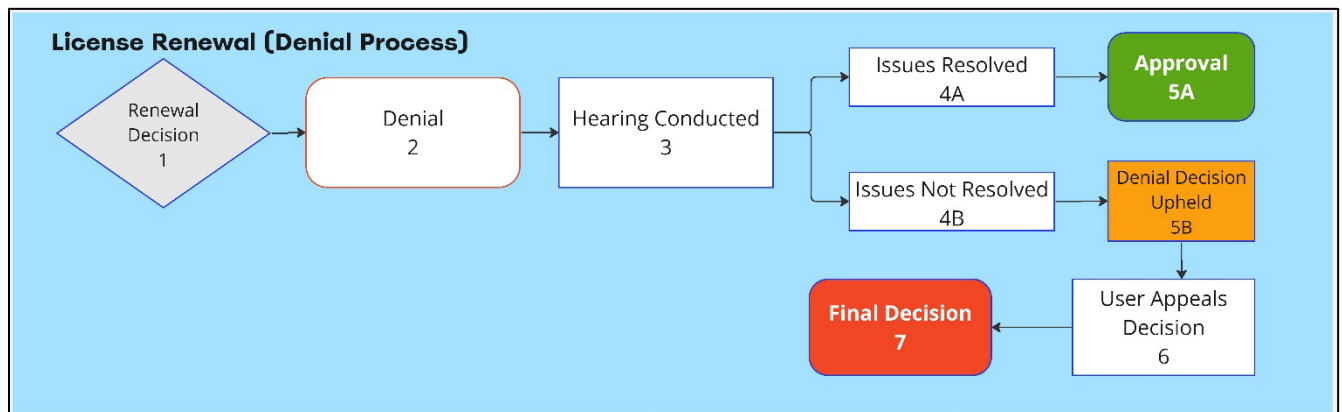
NOTICE OF RIGHTS TO APPEAL

APPEAL DOCUMENTATION

APPEAL DECISION

CONDITIONAL APPROVAL FOR LISTING ALL THE CONDITIONS

## **License Renewal Denial Process Workflow**



*Figure 5 License Renewal Denial Process*

When a license is denied, the applicant is notified of the denial, along with an explanation of the reasons for denial. Denial reasons may include excessive complaints against the establishment, failure to comply with state/local liquor laws or regulations, protests, or failure to pay the renewal processing fees. The applicant may petition an appeal to the authorized appeal entity for a hearing.

## **License Renewal Denial Functions**

- Unique identification number for application
- Denial notification
- Law enforcement and wholesaler notification
- Documentation of reasons for denial

## Records Management Systems (RMS) of Alcohol Regulatory Enforcement Agencies: Functional Specifications

- Upload of supporting documentation
- Hearing schedule
- Hearing results report
- Generating reports and documents for hearings

### **Integration with Other Systems**

- Email system
- Document management
- Online sales systems/state stores

### **Standard Output**

- Notice of denial
- Notice of hearing
- Hearing schedule
- Final decision

## 2.2.2 License Renewal Incomplete Application

### **Use Case**

The application process is fully automated with online submission. There are various reasons an applicant may begin the application and save it to finish later. Incomplete applications cannot be processed and would be considered a failure to renew if the renewal deadline passes before completion.

### **Key Actors**

State/local regulatory and licensing staff, applicant, local governing authority

### **Required Information**

INFORMATION REQUIRED IN 2.2.1 APPLICATION RENEWAL

APPLICATION EXPIRATION NOTIFICATION

REASON FOR FLAGGING APPLICATION

NOTIFICATION OF EXPIRATION WITH LATE FEE NOTICE

## License Renewal Incomplete Application Process Flow

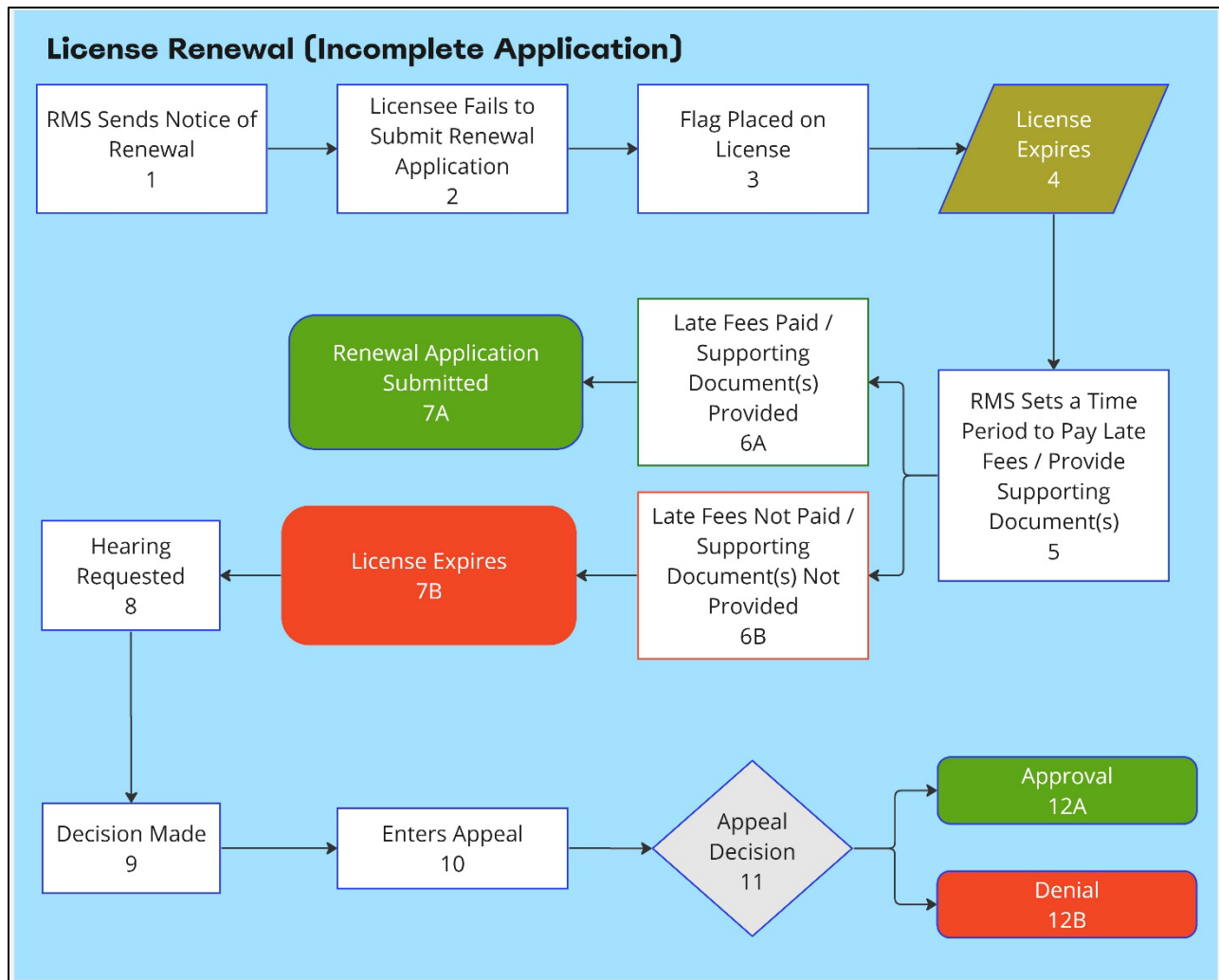


Figure 6 License Renewal Incomplete Application Process

When an applicant initiates and does not complete their application renewal, the application is considered incomplete. If the incomplete application is not completed before the renewal deadline, a flag is placed on the license, and the establishment is not authorized to operate. A remedy is available if the applicant completes the application and pays the application renewal fee and the required late fees. In some instances, a hearing is requested after the expiration of the license.

## License Renewal Incomplete Application Process Functions

- Unique identification number for application
- License expiration queue for licensing staff
- Automated notification that license has expired

## Records Management Systems (RMS) of Alcohol Regulatory Enforcement Agencies: Functional Specifications

- License expiration letter generation capability
- Payment process

### **Integration with Other Systems**

- Email system
- Payment processing
- Document management
- Departments of Taxation and Health

### **Standard Output**

- Incomplete application report
- Notice to the applicant for incomplete application
- Hearing schedule
- Generating reports and documents for hearings
- Hearing results report

## 2.3 License Transfer

### **Use Case**

A liquor license is typically transferred when a business establishment is bought and sold, or there is a need to change the licensee. A license transfer is used to differentiate that the premise is not a new license but a transfer of an existing license from one person or entity to another. A license may also be transferred to a new location and a new owner.

### **Required Information**

APPLICATION TO TRANSFER

AGREEMENTS TO TRANSFER OWNERSHIP

APPLICATION COMPONENTS COVERED IN SECTION 2.1.1

APPLICATION REVIEW CHECKLIST (REQUIRED DOCUMENTS)

BACKGROUND CHECK RESULTS

INSPECTION RESULTS

PUBLIC NOTIFICATION

APPROVAL/DENIAL LETTER

CASE MANAGEMENT

HEARING SCHEDULE

**License Transfer Workflow Process**

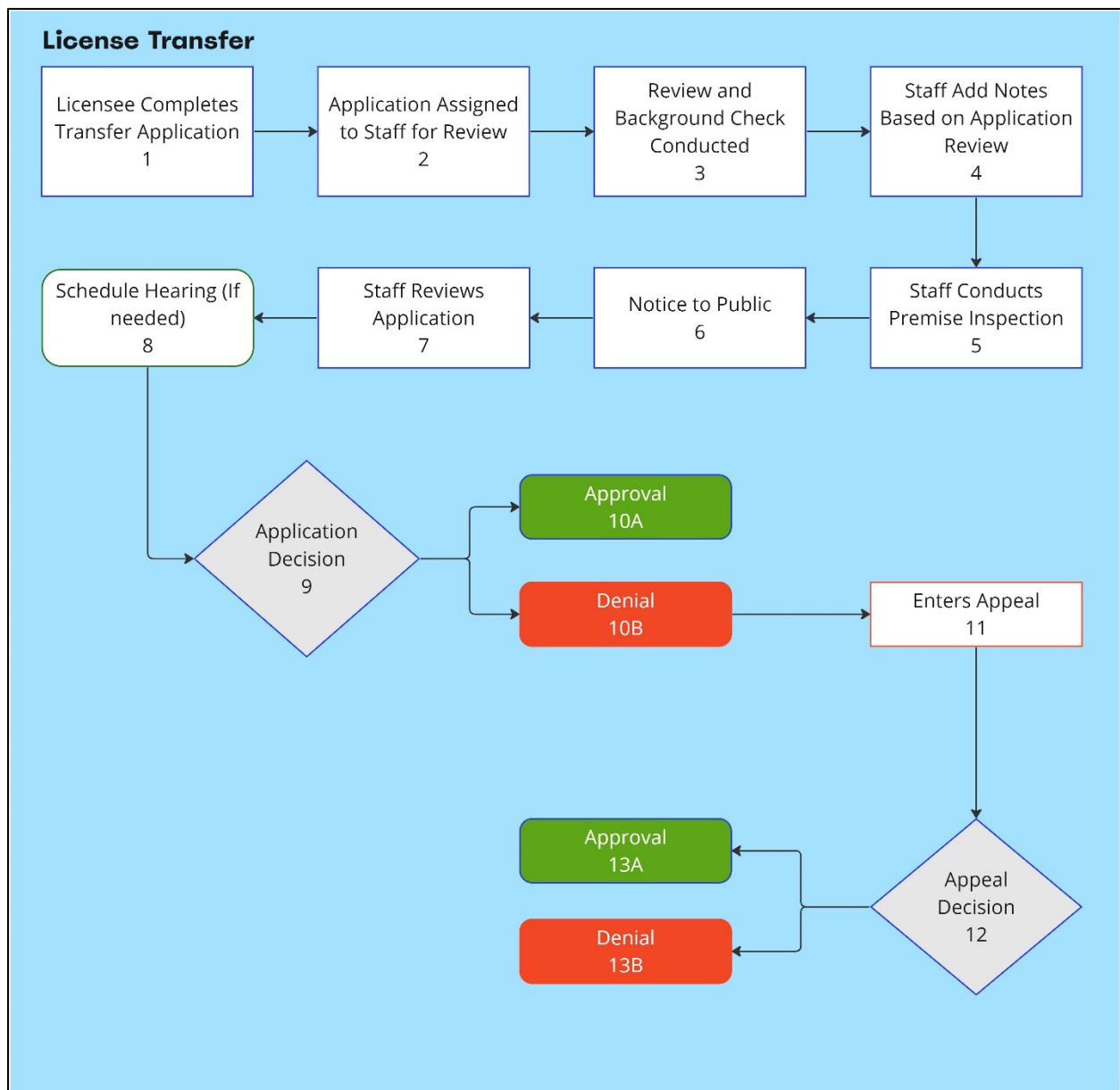


Figure 7 License Transfer Process

Licensees may transfer a license when an establishment is sold to another individual or organization or a simple ownership transfer within the same organization. The transfer process follows the process for a new license but is distinguished, given the establishment is already operating with a license. This is done by applying for a license transfer. The application for license transfer requires a fee the applicant must pay before submission. After completing the

application, a staff member will be assigned to review the application. This triggers the same process that would be followed for a new application license. The staff member adds notes based on the application review findings. The steps that follow would mirror those required when a new license is required. It should be noted that some states have a temporary operating permit that allows a licensee to operate under an existing license at a specific premise for a set period before their new license application is approved and issued.

### **Temporary Operating Permit Process**

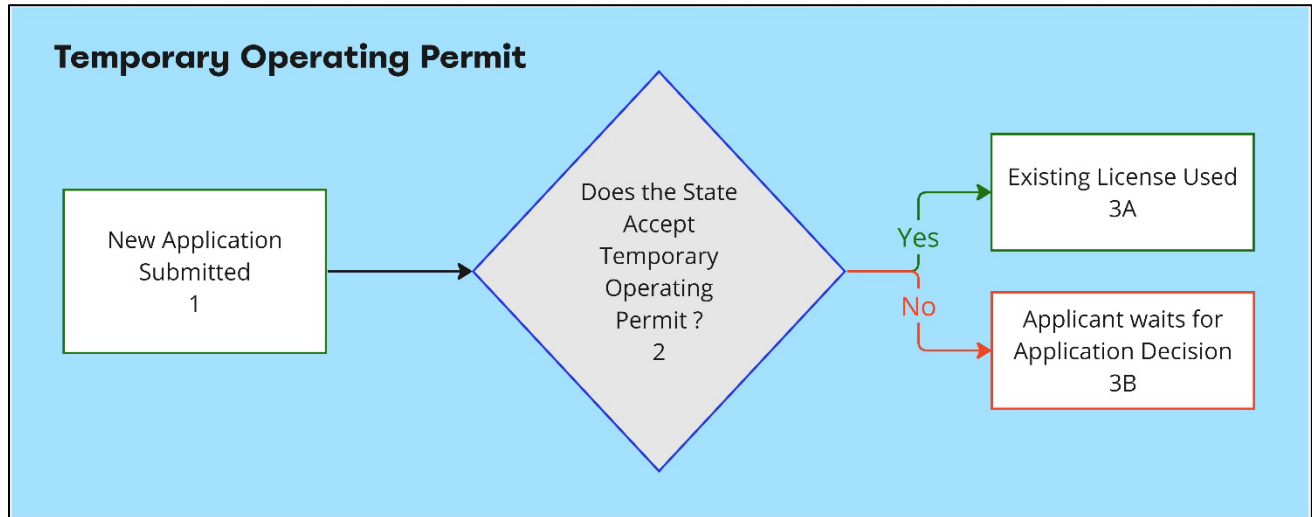


Figure 8 Temporary Operating Permit

### **License Transfer Process Functions**

- User account creation with multi-factor authentication
- Unique identification number for application
- User agreement
- Terms and conditions for application submission
- Online checklist of required documents
- Applicant Information
- Applicant organization information
- Entry of multiple applicants for the same organization with role definition
- License request type
- Document upload functionality
- Payment processing
- Generating required letters
- Statement of application accuracy upon submission
- Designation/Validation of required fields before submission

## Records Management Systems (RMS) of Alcohol Regulatory Enforcement Agencies: Functional Specifications

- Digital signature capabilities
- Processing status notifications
- Saving of in-process applications before submittal
- Generate license certificate
- Provide automatic notification to the licensee
- Provide automatic notification to enforcement authorities and wholesalers
- Document training requirements and issue notifications
- Document training requirements fulfilled

### **Integration with Other Systems**

- Email system
- Payment processing
- Background check system
- Document management
- Other law enforcement RMS to review violations or complaints
- Online ordering systems/state stores
- Departments of Taxation and Health

### **Standard Output**

- Approved license
- New licensee welcome notice
- Training notice
- Training criteria
- Notice to other entities
- Payment receipt
- Background check report
- Notice of approval
- Notice of denial
- Appeal notification
- Log of approving or denying individual(s)

## 2.4 Special Events License

### **Use Case**

A special events license is typically required in situations where alcohol will be sold at a public event or private establishments for a short duration of time. Examples include community

## Records Management Systems (RMS) of Alcohol Regulatory Enforcement Agencies: Functional Specifications

events and festivals. Licenses are typically required if alcohol is sold at the event, alcohol is available, donations for admission are solicited, or payment is required to attend the event. Note that some states treat special events licenses the same as a new license request. These licenses are usually temporary.

### **Key Actors**

State/local regulatory and licensing staff, applicants, public, other law enforcement agencies, local governing authorities

### **Required Information**

SPECIAL PERMIT LICENSE APPLICATION

APPLICATION CHECKLIST

PAYMENT PROCESSING

AUTOMATED NOTIFICATIONS REGARDING STATUS

REVIEW PROCESS NOTES

INSPECTION RESULTS

PUBLIC NOTIFICATION

APPROVAL/DENIAL LETTER

LOG OF APPEAL



## Special Events License Process Workflow

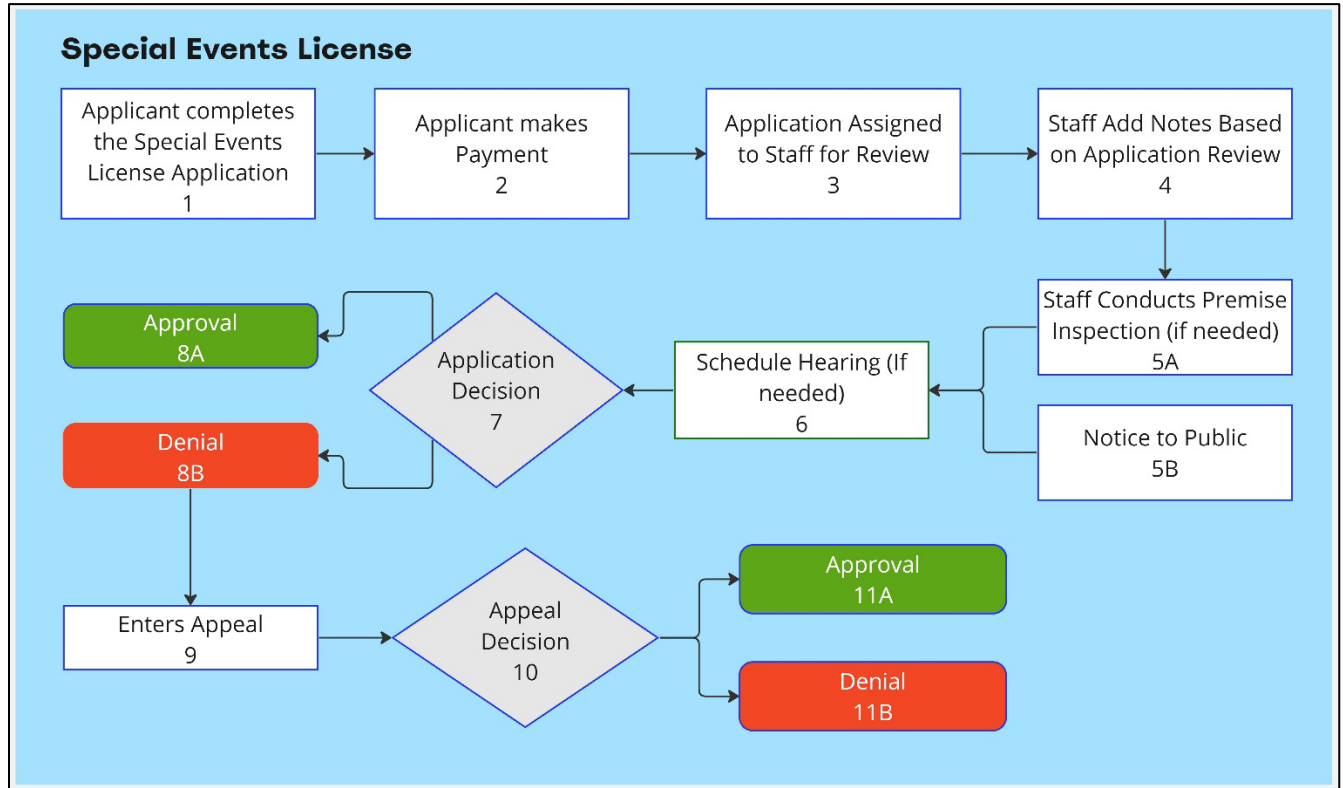


Figure 9 Special Events License

A special events license is required when alcohol is sold or distributed at a public event. A permit may be issued automatically based on an already vetted license. A special events application is submitted for review and approval. The application must be completed along with payment processing before reviewing the application for the license. The license applicant may or may not be an existing licensee. The licensing staff reviews the application for completeness and conducts a site-premise inspection. The inspection results are documented, and a public notice may be issued. Notification may be issued to the local governing authority and to local enforcement agencies. If feedback results from the public notice, a hearing may be scheduled. The application information, required documentation, and hearing feedback are considered, and an application decision is rendered. The special events license application is approved or denied. The applicant may appeal the decision.

## Special Events License Process Functions

- User account creation with multi-factor authentication
- Unique identification number for application
- User agreement
- Terms and conditions for application submission

## Records Management Systems (RMS) of Alcohol Regulatory Enforcement Agencies: Functional Specifications

- Online checklist of required documents
- Applicant information
- Applicant organization information
- Event details
- Entry of multiple applicants for the same organization with role definition
- License request type
- Document upload functionality
- Payment processing
- Notification letters
- Field inspection reports
- Statement of application accuracy upon submission
- Designation/Validation of required fields before submission
- Digital signature capabilities
- Processing status notifications
- Saving of in-process applications before submittal
- Generate license
- Provide automatic notification to the licensee
- Provide automatic notification to enforcement authorities and wholesalers
- Provide automatic notification to local governing authority
- Document training requirements and issue notifications
- Document training requirements fulfilled

### **Integration with Other Systems**

- Email system
- Payment processing
- Background check system
- Document management
- Other law enforcement RMS to review violations or complaints
- Online ordering systems/state stores

### **Standard Output**

- Approved license
- Special license welcome notice
- Notice to other entities
- Payment receipt
- Notice of approval
- Notice of denial
- Log of approving or denying individual/s

## Records Management Systems (RMS) of Alcohol Regulatory Enforcement Agencies: Functional Specifications

- Hearing scheduling
- Generating reports and documents for hearings

## 2.5 Complaint Reporting and Inspection

### 2.5.1 Complaint Reporting

#### **Use Case**

License complaints are reported from multiple sources, including the public, other licensees, law enforcement, regulatory inspectors, and social media and/or tip lines. When a complaint is reported, the ARE staff reviews the complaint and decides the next action steps.

#### **Key Actors**

Public, law enforcement, state/local licensing staff, regulatory inspector, applicant, liquor establishment management and staff, local governing authority

#### **Required Information**

COMPLAINT

DOCUMENTATION OF COMPLAINT REVIEW/INVESTIGATION

NOTIFICATION LETTER

COMPLAINT DISPOSITION

ACTION PLAN

ACTION PLAN FOLLOW-UP

RECORD OF COMPLAINT CLOSURE

REFER TO INSPECTION

REFER TO CASE INTERNALLY OR TO ANOTHER STATE AGENCY

## **Complaint Review Process Flow**

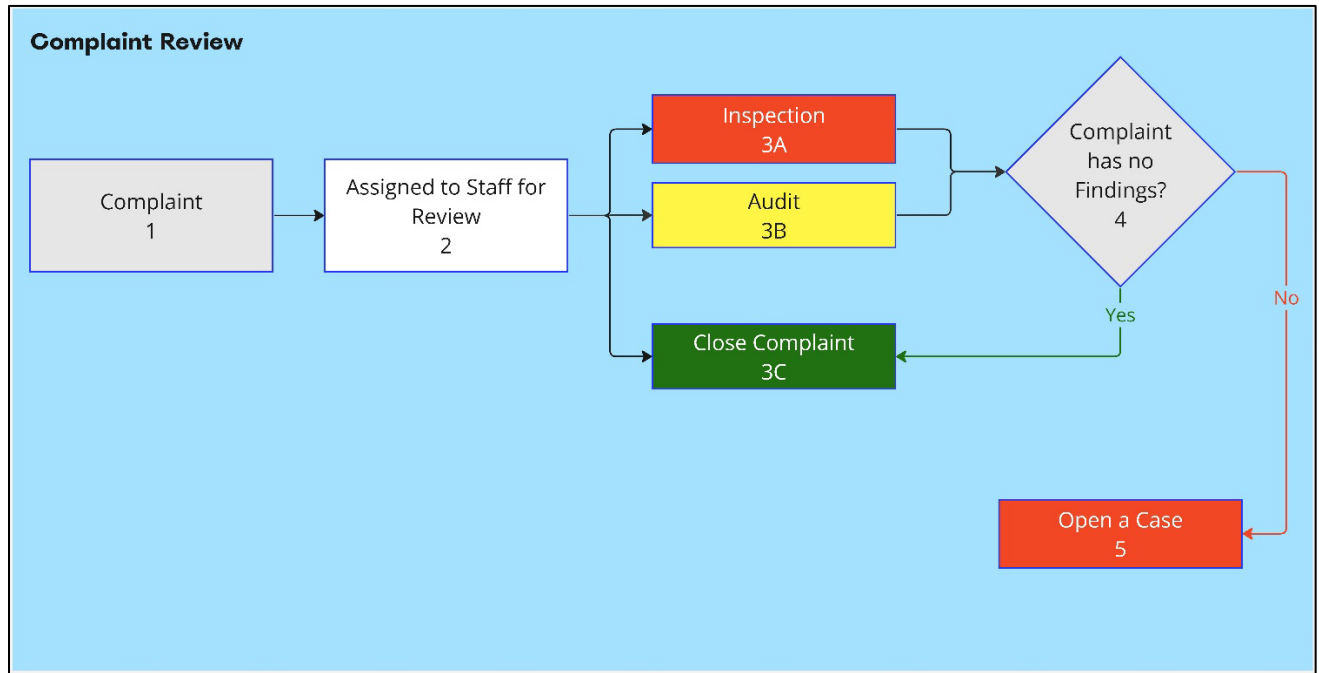


Figure 10 Complaint Review

There are multiple avenues for reporting a complaint. A complaint can be submitted via a tip from the public, other licensees, state/local law enforcement, or a local governing authority. Upon receipt of a complaint, it is assigned to staff for review. Facts of the complaint are reviewed, and may result in an inspection, an audit, a case, or closure. ARE agency staff will review and process any violations that result from the complaint upon opening a case. While audits are a potential outcome of a complaint, they typically focus on regulatory reporting reviews. Regulatory reporting processes and flows will be considered in a future phase of the report.

### **Complaint Review Process Functions**

- Create audit
- Create inspection
- Create case
- Close complaint no action

### **Integration with Other Systems**

- Email system
- Citation system
- Regulatory/enforcement systems (state and local)

## **Standard Output**

- Notice of complaint
- Complaint disposition (closure or violation notification)

### 2.5.2 Inspection Process Flow

#### **Use Case**

Once an inspection is assigned and conducted it may result in a violation. If there is a violation the ARE staff will start a case. If no violation is found the ARE staff will close out the complaint.

#### **Key Actors**

State/local regulatory staff, licensing inspector, applicant, licensee

#### **Complaint Inspection Functions**

- Inspector assignment (automatic)
- Inspector assignment override
- Reassign inspector
- Inspection reports
- Inspection status
- Licensee and applicant profile access
- Licensee report generation
- Report review comments
- Report approval
- Inspection data
- Follow-up dates and assignment
- Create case
- Create audit
- Issue violation
- Issue warning
- Inspection receipt with licensee signature

### Inspection Process Workflow

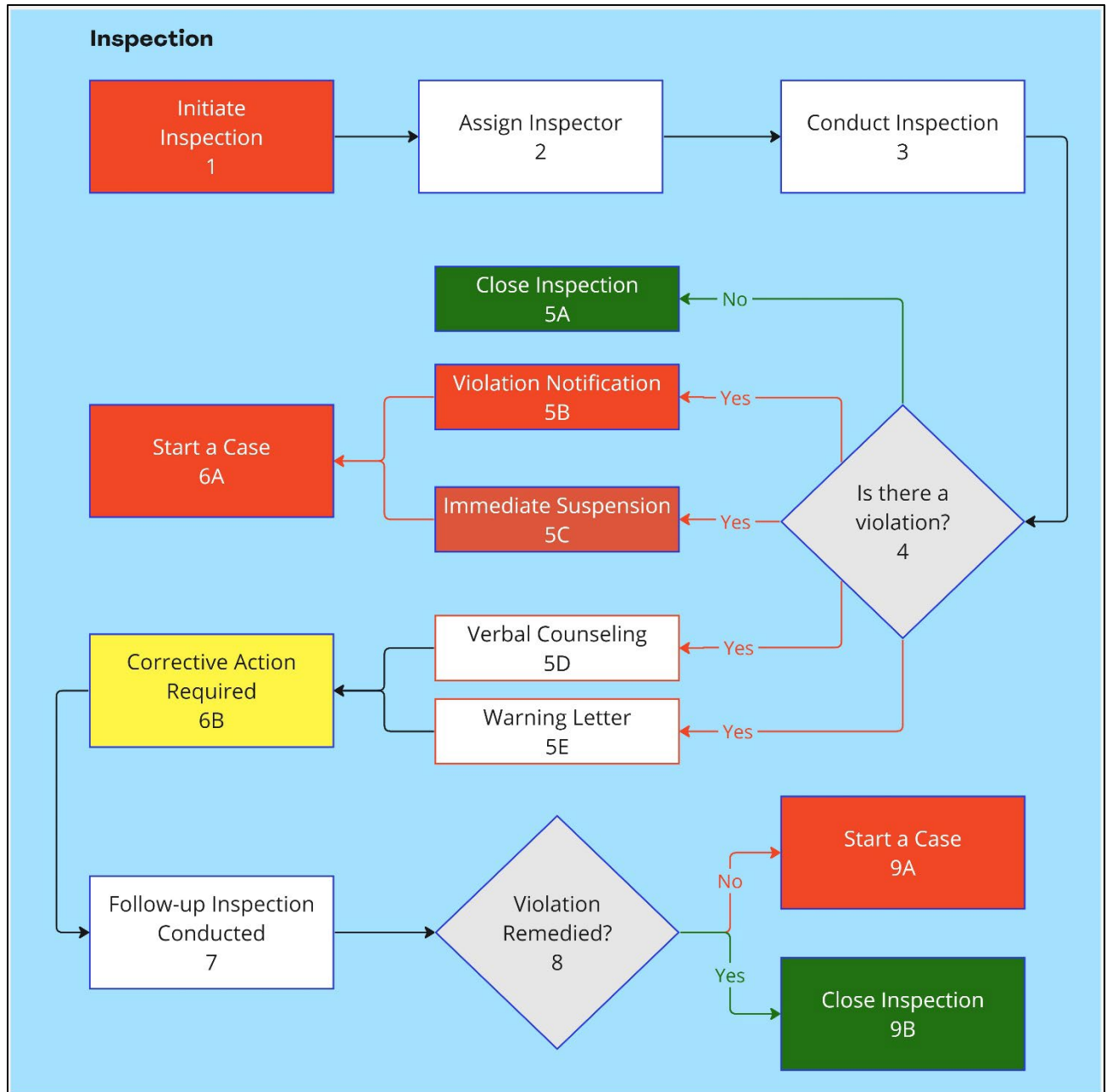


Figure 11 Inspection

When a complaint is confirmed and processed by ARE agency staff, it may be forwarded to an inspector for follow-up. The inspector will conduct an inspection of the establishment based on the complaint to assess the validity of the complaint. The inspector will either issue a citation or close the complaint. When there is a violation, the inspector may issue a warning letter, provide verbal counseling, issue a citation, or in severe circumstances immediately suspend the license. Upon remedy, the inspector will reinspect for compliance. If the licensee complies, the complaint is closed. Noncompliance results in a case being opened to continue to monitor for

compliance and remedy. The inspection results are documented in the field and transferred to the central office.

### **Integration with Other Systems**

- Email system
- Citation system
- Regulatory/enforcement systems (state and/or local)

### **Outputs**

- Inspection report
- Violation notification

## 2.5.3 Violation Reporting/Case Creation

### **Use Case**

Upon review of a complaint or completion of an inspection, a notice of violation/citation may be issued. The notice results in the creation of a case.

### **Key Actors**

Law enforcement, state/local ARE staff, regulatory inspector, applicant, liquor establishment management and staff, local governing authority

### **Required Information**

VIOLATION REPORT COMPLAINT

DOCUMENTATION OF COMPLAINT REVIEW/INVESTIGATION

NOTIFICATION LETTER

COMPLAINT VIOLATION DISPOSITION

ACTION PLAN

ACTION PLAN FOLLOW-UP

RECORD OF COMPLAINT CLOSURE

REFER TO INSPECTION

REFER TO CASE

REFER TO AUDIT

## 2.6 Case Process Flow

### Use Case

Upon review of a complaint or completion of an inspection, a violation may be issued. The issued violation results in the creation of a case. The case is either referred for criminal and/or administrative review. The case results in a hearing or penalty.

### Key Actors

State/local ARE staff, commission/board, administrative law judge, law enforcement, courts, licensee

### Case Process Workflow

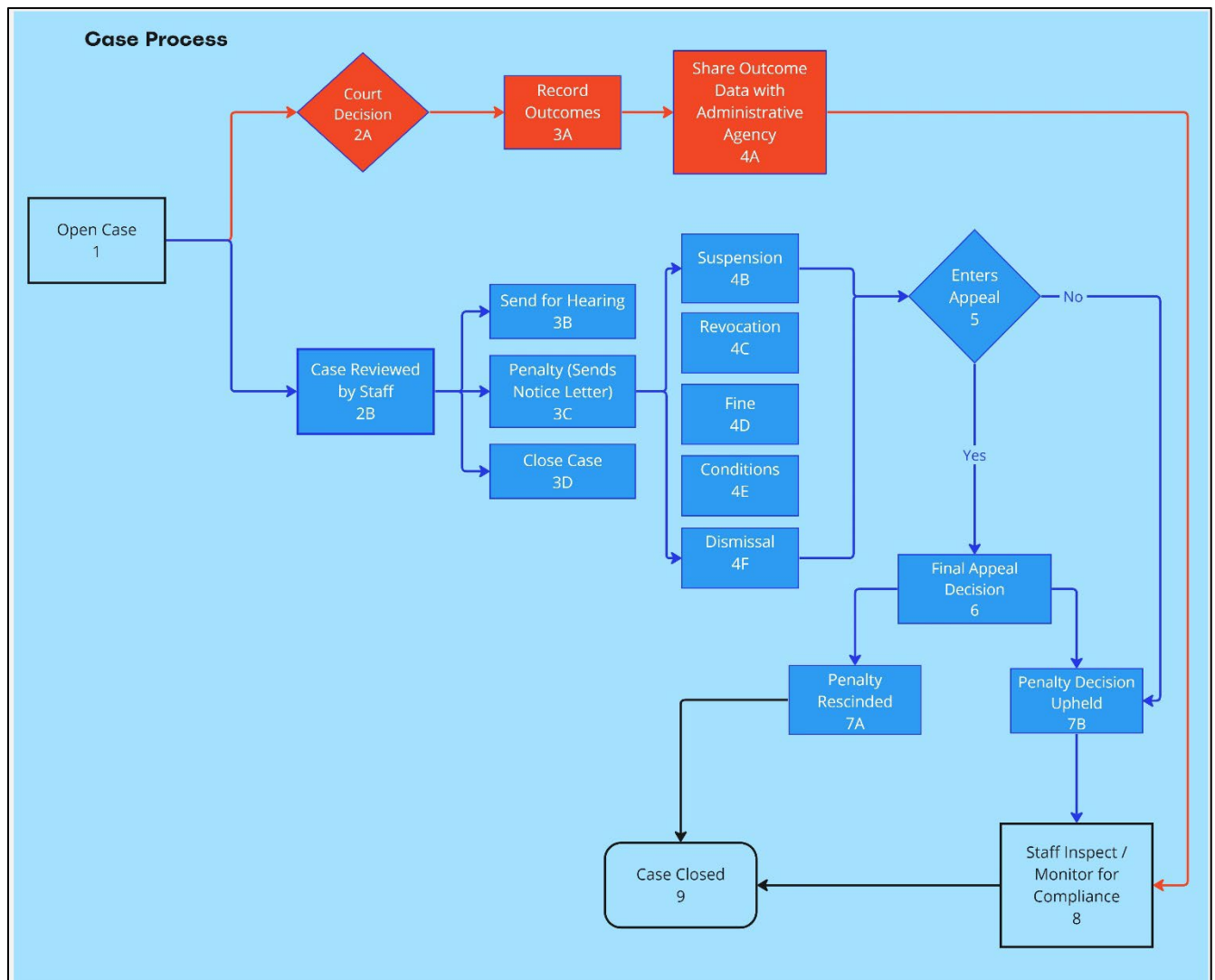


Figure 12 Case Process



## Records Management Systems (RMS) of Alcohol Regulatory Enforcement Agencies: Functional Specifications

A case is either referred for criminal and/or administrative review. When the violation is administrative legal staff reviews the case to determine whether the case is sent for a hearing, penalty is issued, or the case is closed. Penalties may include suspension, revocation, fines, or conditions. A criminal adjudication is referred to the court for disposition with the final disposition reported to ARE staff to record case outcomes. Administrative adjudications may result in verbal counseling, a warning, or a penalty. The range of penalties may include suspension, revocation, fine, and/or license conditions. In the event it is determined there is no violation, the case is dismissed. The hearing outcome may be appealed with the decision being upheld or rescinded. When there is a penalty either from the initial decision or appeal, ARE staff inspect/monitor for compliance.

### **Case Processing Functions**

- Open case
- Assign case
- Hearing schedule and processing
- Adjudication issued
- Referral processing and routing
- Adjudication report
- Follow-up notes
- Follow-up report
- Compliance report
- Criminal complaint
- Criminal disposition report
- Penalty notification
- Payment processing
- Case management
- Inspection follow-up

### **Integration with Other Systems**

- State stores/sales systems
- Court case management systems
- Email system
- Citation system

### **Standard Output**

- Case report
- Investigation report
- Disposition
- Log of individual/s investigating the case

## 2.7 License Revocation

### Use Case

Multiple situations may result in a petition to revoke an alcohol license. Revocation of the license may occur for various reasons, including improper identification checks, underage staff serving alcohol, alcohol served outside of permitted areas, overserving patrons, maintenance of improper documentation, operational history, insufficient tax payments, and non-compliance with local, state, or federal laws.

### Key Actors

Public, state/local regulatory staff, liquor establishment stakeholders and staff, licensing enforcement staff, and law enforcement.

### Revocation Review Process Workflow

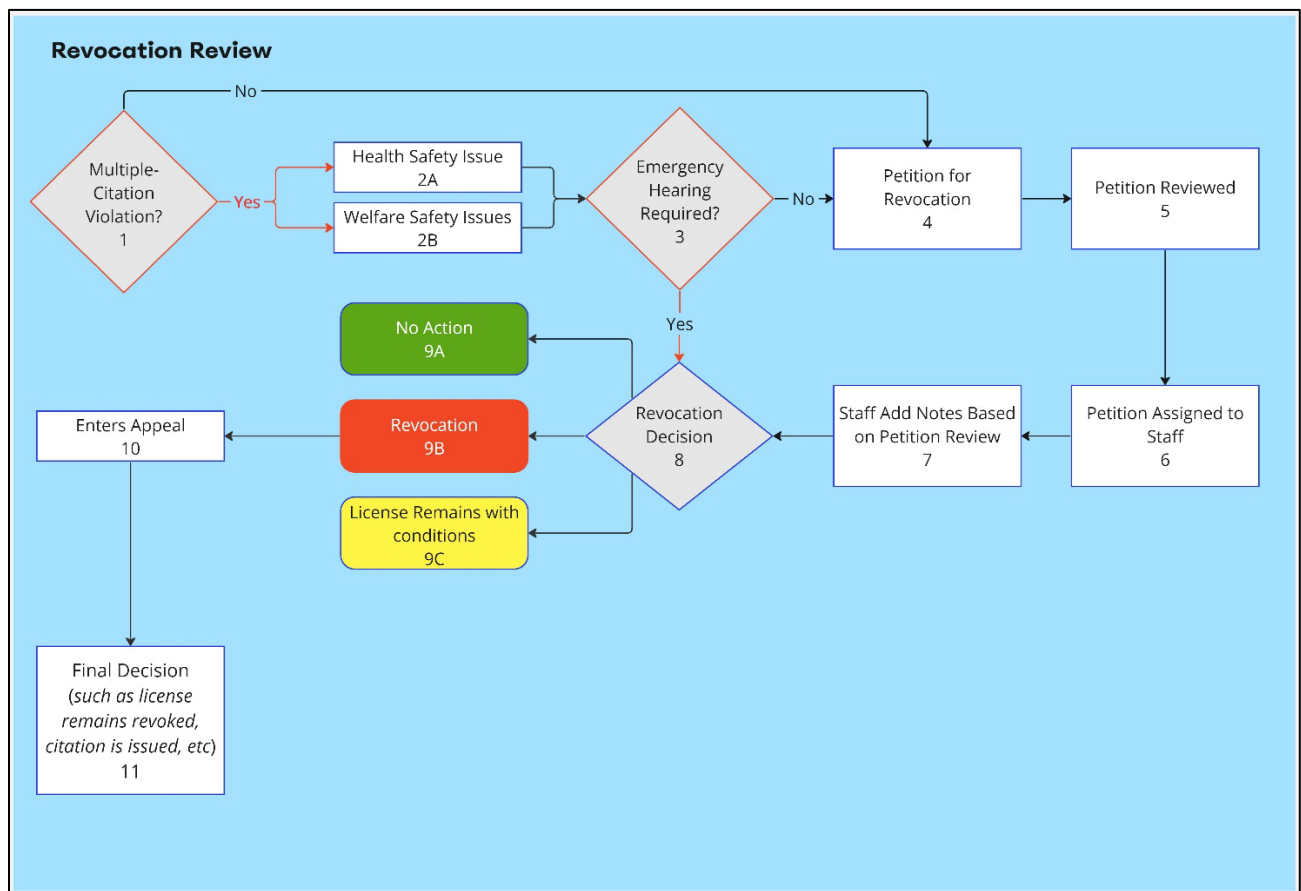


Figure 13 License Revocation Process

## Records Management Systems (RMS) of Alcohol Regulatory Enforcement Agencies: Functional Specifications

The hearing outcome may result in a revocation of the license. Upon submission of the petition to revoke the license, it is assigned to staff for review. Staff review the petition and research pertinent components to revoke and document findings. The findings are reviewed and utilized to make a revocation decision. The decision may include no action, a formal notification of revocation, or notification that the license will remain with conditions that must be met, adhered to, and monitored. If the license is revoked, an appeal may be entered and a request for appeal processed.

### **Revocation Review Process Functions**

- Petition entry or upload
- Petition review notes
- Decision
- Decision notice
- Revocation order
- Schedule for follow-up on conditions
- Appeals notice

### **Integration with Other Systems**

- Other law enforcement RMS
- Online ordering systems/state stores

### **Standard Output**

- Petition of revocation report
- Review notes
- Revocation decision
- Appeals
- Log of individual/s involved in the revocation process

## 3 Other Areas of Consideration

### 3.1 Remote Access

The RMS shall allow the ability to view licensee information on mobile devices when no internet connection is available. The RMS should enable the ability to enter data associated with inspection on mobile devices when no internet connection is available.

The RMS shall allow the ability to pull information necessary to complete the inspection, including but not limited to license status, renewal status, previous inspection results, last inspection date, most recent sanction, etc., from the database prior to going into the field. Field inspections, etc. which may be created in an offline mode should automatically be uploaded once internet connectivity is available.

The RMS should support a mobile application that provides field staff with the ability to access the RMS data in the field during inspections. The inspection results should be documented on the mobile application and sent to the RMS. The mobile application should support printing and emailing of inspection reports.

The RMS shall allow the ability to print inspection reports and associated files when not connected to the internet. The RMS shall enable the ability to collect required signatures on a mobile device with no network connection.

The RMS shall allow the ability to automatically synchronize to the database after remote entry and submit from the field. The RMS will support the ability to view the map and the location of licensed premises. The RMS shall also support seeing school locations and buffers on the map.

### 3.2 Cyber Security

Any developed or procured ARE RMS should have security and privacy controls to ensure data protection and compliance with federal and state privacy laws and regulations. At a minimum, the RMS solution should address:

- **Access Management** - Access control is a necessary component of data security that prescribes what RMS functions users can access. Protecting data from unauthorized access is a means to ensure the integrity and confidentiality of the data and underlying system.
- **Logging and Monitoring** - The purpose of an application and system log is to capture user activities and events. Log monitoring reviews system and application logs to help identify attempts or the success of unauthorized activities. It is nearly impossible to confirm a system's security without having a trail of what, when, and how a system was accessed.
- **Patch Management** - Patch Management is the process of updating operating systems, third-party Commercial Off-the-Shelf (COTS) applications, middleware, and firmware. Vendors publish known vulnerability fixes in patch updates. Patches should be applied

when issued to help secure the system, application, and environment. This should also include regular penetration testing of the application and the environment in which it is hosted.

- **Software Development and Testing** - Secure software development is a methodology for creating software that incorporates security into each development phase of the software development life cycle (SDLC). This is accomplished when secure coding standards are implemented during the development process at inception. Identifying and remediating application code vulnerabilities once an application has gone to production requires additional time, resources, cost, and risk exposure until remediation.
- **Data Encryption** - Data encryption is a security method where information is encoded and can only be accessed or decrypted by a user with the correct encryption key.

### 3.3 Reports and Dashboards

The ARE RMS should provide out-of-the-box reporting and analytics capability and provide a dashboard to publish the reports in an organized manner. The reporting capability should:

- Produce management and statistical reports specific to cases and staff workload as monitored by the ARE agency.
- Give the user the ability to create parameter-driven statistical reports.
- Provide the ability to complete daily/weekly/monthly/quarterly/annual statistical and analytical reports on new license applications, renewal, special events, complaints, active investigations, violations, penalty outcomes, etc.
- Produce canned reports for staff to customize on a needed basis.
- Enable a customizable dashboard to link to the various reports to be viewed by the staff, executives, and other partner organizations.

The Licensee's dashboard shall provide the licensee's information and license status (current or not). The dashboard shall have the following capabilities.

- Create new report for submission
- Apply for a license
- Document business structure changes
- Extend license premises
- Add a permit to an existing license
- Submit reports to the agency, such as direct shippers, common carriers, wholesalers, producers, etc.
- View license expiration date
- Update contact information

- Upload documents into the application, save draft documents, e-sign documents, preview and edit entries before completion, print draft and completed documents and submit online payments at the time of application with automatic receipt generation
- Review violations/citations
- Review existing agreements between the licensee and governing body

## 4 General Recommendations

The RMS is one of the core systems used to manage the enforcement of liquor laws and licensing process of alcohol establishments. RMS serves as the record-keeping and workflow processing for licensing and enforcement agencies to document, manage, and retrieve data for operational activities. This NLEEA RMS functional specification document provides the baseline for the functional areas required for agencies to implement and configure their agency-specific RMS and recognizes that each agency will have unique requirements based on their laws, policies, and operational needs that an RMS must support.

In addition to some of the capabilities and processes listed in this functional specification, ARE agencies should consider the following recommendations in implementing an RMS:

**Open Standards-based Architecture**– When implementing an RMS, the agency should consider requiring an open standards-based architecture to ensure the system is interoperable to allow interfacing with other systems in a cost-effective manner. Open standards like the National Information Exchange Model (NIEM) will provide the data taxonomy for standardizing the data definitions across various RMS systems offered by the different solution providers. The Application Programming Interfaces (APIs) should follow either Service Oriented Architecture (SOA) or RESTFUL web services that support total client-server separation and ensure that each component of the applications can be operated independently without impacting other functionality or features. To support the web-based application, ensure that the RMS supports standards like JavaScript Object Notation (JSON) to display data in a structured format within web forms correctly.

**Data Security Privacy**– Since the RMS will store Personally Identifiable Information (PII), privacy and security features must be enabled as soon as the system is operational. Privacy and security constraints need to be implemented and managed to address data collection, accessibility, and dissemination among authorized users. Each agency should develop a policy to address data privacy and security compliance. In addition, RMS should provide the ability to restrict access to specific data sets based on user or user groups. The RMS should support compliance with laws like the Data Privacy Act (DPA), Payment Card Industry Data Security Standard (PCI DSS), and FBI Criminal Justice Information Services (CJIS) security policy.

**Data Quality** – Ensuring data quality within RMS is important as multiple stakeholders manage and capture data. The RMS should have a workflow in place to ensure that each process step has validations built in to reduce data entry or collection errors. The errors and warnings should be clearly defined if the entered data does not meet the quality controls.

**Data Reusability** - Once the data is entered or ingested within one of the RMS modules, the solution should provide functionality to ensure that the data is not reentered. Entering data once will reduce the potential for data entry errors and ensure that information is consistent across all modules.

**Printing** – RMS should provide the capability to print all available reports (canned or customized) so agencies can produce printable copies of the official and unofficial reports. The RMS should allow the addition of watermarks and tags to identify copies for official use only or public versions. The print capability should also provide the feature to redact the data based on agency-specific policies and other laws.

**Document Management** – The RMS should provide the capability to handle large file sizes as applications may include hundreds of pages of supporting materials. File compression capabilities should be included.

**Audit Logs** – The RMS should log every transaction within the system. It should provide the agency administrator with audit logs that include user actions, data, time, and specific actions taken. Audit alert features should provide the system administrator information to identify potential data misuse or lists of users not meeting certain system thresholds. The audit logs should be stored in a database and only accessible to critical users. Most importantly, users should not be able to delete the log files without multi-user validation.

## 5 Next Steps

This publication documents the primary functions performed by alcohol regulatory agencies for both licensing and enforcement. These functional specifications serve as the foundation for the next logical steps for this effort, which include a data standard for alcohol regulatory agencies and piloting the developed standard with two or more agencies that conform to the standard. Data standards will ensure that data is collected consistently and reliably across agencies.

Standards are essential to improving data quality, interoperability, efficiency, and cost-effectiveness. Accurate and consistent data is essential to ensure informed enforcement and policy decisions and consistently exchange information across multiple entities. As alcohol regulatory agencies transition from managing information via paper or spreadsheets, it is critical that standards are in place to ensure consistency in the information collected and shared with other mission partners from state to state to inform national policy. Once standards are documented, a pilot with two or more organizations should be conducted to test and ensure the efficacy of the standard. The results of the pilot will inform necessary modifications to the standard and will result in the publication of a set of standards that alcohol regulatory agencies can implement to ensure interoperability across organizations. Interoperability and consistency in data collection are important to informing national policy decisions related to alcohol control.

Simultaneous with developing a set of data standards, a national dashboard should be initiated to collect a set of measures that can be reported consistently by all alcohol regulatory agencies. The dashboard would serve to be the source of information for state and national policymakers to ensure more efficient access to data related to alcohol licensing and enforcement.