

# Alabama Alcoholic Beverage Control Board Procedures Manual

May 19, 2014

v2.0

**FINAL VERSION**

**Prepared for:**

Alabama Alcoholic Beverage Control Board  
2715 Gunter Park Drive West  
Montgomery, AL 36109



## Table of Contents

<b>Table of Contents .....</b>	<b>1</b>
<b>1 Approach and Methodology .....</b>	<b>4</b>
1.1 Report Format .....	4
1.2 Work Performed .....	4
1.3 List of Existing Business Processes .....	5
<b>2 Index of Changed Business Processes .....</b>	<b>8</b>
2.1 Master List of Re-Engineered Processes (Including Categorization of Minor, Moderate, and Major Revisions and Rationale).....	8
2.2 List of Discontinued Business Processes .....	12
2.3 List of Added Business Processes.....	12
<b>3 To-Be Business Processes .....</b>	<b>14</b>
3.1 Purchasing .....	14
3.1.1 Listing/De-List Product and Appeal De-Listing .....	14
3.1.2 Store Replenishment .....	17
3.1.3 Product Distribution .....	19
3.1.4 Superstore Sales .....	21
3.1.5 Store to Warehouse Transfer .....	23
3.1.6 Product Buy-Ins .....	25
3.1.7 Bottle Invoicing .....	27
3.1.8 Return of Merchandise to Vendor from Warehouse .....	29
3.2 Merchandising .....	31
3.2.1 Create Master Template .....	31
3.2.2 Develop Store Layouts .....	34
3.2.3 Plan Retail Displays.....	36
3.3 Warehouse/Transportation/Distribution/Wholesale .....	38
3.3.1 Receiving Product .....	38
3.3.2 Shipping to Stores .....	42
3.3.3 Ensure Adequate Stock at the Warehouse.....	44
3.3.4 Process Claims for Warehouse Breakage .....	46
3.3.5 Process Unlisted Product Request (Wholesale) .....	48

---

3.3.6	Process Store Request/Customer Backorder .....	50
3.3.7	Update/transmit Product Information from the Central Office System to BevPro/RapidRoute .....	52
3.4	Pricing .....	55
3.4.1	Add and Categorize New Product .....	55
3.4.2	Process Unlisted Product Request .....	57
3.4.3	Maintain Vendor/Broker List .....	59
3.4.4	Publish (or Arrange for Publishing) of Product Pricing.....	61
3.4.5	Military Sales .....	63
3.5	Store Operations .....	65
3.5.1	Manage Employee Information.....	66
3.5.2	Set and Update Store Hours, Locations, and Districts.....	68
3.5.3	Enter and Verify Store Deposits .....	71
3.5.4	Store-to-Store Transfers at the Store .....	73
3.5.5	Process Store Requests .....	75
3.5.6	Conduct Physical Inventory .....	77
3.5.7	Receive Inventory.....	79
3.5.8	Process Claims for Damaged or Broken Goods .....	81
3.5.9	Process Unlisted Product Request.....	83
3.5.10	Process Wholesale Orders .....	85
3.5.11	Process Store Requests .....	87
3.5.12	Process Customer Backorder.....	89
3.5.13	Process Retail Sales .....	91
3.5.14	Conduct Beginning and End-of-Day Processes on Registers.....	94
3.5.15	Collect Tax for Products Not Sold by AABC .....	96
3.6	Personnel.....	98
3.6.1	Employee Time Keeping.....	98
3.7	Audit.....	101
3.7.1	Conduct Physical Inventory of Warehouse .....	101
3.7.2	Conduct Physical Inventory of Wholesalers.....	104
3.7.3	Store Audit.....	106

---

- 3.7.4 Audit Beer and Wine..... 109
- 3.8 Accounting ..... 112
  - 3.8.1 Generate Distiller Invoice..... 112
  - 3.8.2 Reconcile Payment Cards ..... 115
  - 3.8.3 Reconcile General Ledger ..... 117
  - 3.8.4 Disburse Revenues ..... 119
  - 3.8.5 Account for Non-Store Revenues ..... 121
  - 3.8.6 Order Non-Liquor Supplies Through the Registers..... 123
- 3.9 Licensing ..... 125
  - 3.9.1 License Manufacturers, Importers, Wholesalers, and Retailers..... 125
  - 3.9.2 Licensee Disciplinary Action ..... 128
  - 3.9.3 Administer Responsible Vendor Program..... 131
  - 3.9.4 Approve Product Labels for Alcohol Products ..... 134
  - 3.9.5 License Renewals ..... 136
- 4 Technical Environment..... 138**
  - 4.1 Technical Environment ..... 138
  - 4.2 Internal and External Interfaces ..... 138
  - 4.3 To-Be IT Systems Architecture Diagram..... 139
  - 4.4 Server Inventory ..... 140
  - 4.5 POS Hardware Inventory ..... 141
- 5 Glossary..... 142**
- 6 Archive of Procedures Manual Updates ..... 149**

**Table i: Version History of the Document**

Version	Date	Description
<b>TOC</b>	12/11/2013	Working draft of Table of Contents delivered to State's Project Manager
<b>v 1.0</b>	1/24/2014	Updated to working draft
<b>v 2.0</b>	4/11/2014	Updated based on on-site business process re-engineering with AABC staff
<b>v. 3.0</b>	5/19/2014	Final update based on AABC review

## 1 Approach and Methodology

This section of the report describes how the Procedures Manual was developed and its primary purpose.

### 1.1 Report Format

The Alabama Alcoholic Beverage Control Board (AABC) Procedures Manual is a set of descriptions and instructions to be used by AABC staff in the accomplishment of their major wholesale, retail, point of sale, and licensing business processes. The Procedures Manual is comprised of three major sections:

1. Approach and Methodology. This section describes the Procedures Manual format and work performed to develop the manual, and includes the list of existing business processes for which the manual was developed.
2. To-Be Business Processes. This section provides a high-level description of each to-be business process of the AABC. These process descriptions were documented during development of the AABC Current Environment Report between August and October 2013. Business processes are documented in both narrative and process flow format.
3. System Environment Description. This section provides a description of the current information technology environment along with a set of placeholders for vendor development of to-be system architecture features. These placeholders will address new information technology mechanisms for accomplishing the to-be business processes described in Section 2 of the manual.

### 1.2 Work Performed

The AABC is contemplating acquisition of new information technology systems to better accomplish its wholesale, retail, point of sale, and licensing processes. As stated in the competitive procurement that led to this phase of systems modernization planning, “the AABC is not merely looking to replace software and hardware, but also to re-examine business processes, take advantage of best practices, and reengineer how we do what we do.” Accordingly, this Procedures Manual was created to document to-be business processes that accommodate new technologies, new systems, and new ways of approaching established processes that increase efficiency and value. The Procedures Manual is intentionally incomplete so that it may be progressively elaborated by selected information technology system vendors.

AABC, in collaboration with BerryDunn, evaluated the business processes documented in the Current Environment report during face-to-face workshops. Each current business process was preliminarily evaluated for possible re-engineering by BerryDunn. Suggestions were provided to the AABC for considerations and preparation before face-to-face workshops. Suggestions for improvements are listed in tables at the beginning of each business process description, as well as potential system “fixes” or system requirements. Suggestions were collaboratively reviewed and decisions about each process were made. Those processes where there was agreement to revise or re-engineer were changed accordingly, marked using the “track changes” function in Microsoft Word. Placeholders for

systems vendor development are highlighted with yellow in the process descriptions throughout the report. Business process changes were logged into one of three tables in Section 2 of this report:

- All business process changes are logged in the Master Index of Re-Engineered Processes in Section 2.1.
- Any processes that have been marked as likely to be discontinued are noted in Section 2.2.
- A list of placeholders for vendor development is located in Section 2.3.

### 1.3 List of Existing Business Processes

The following is a list of major AABC business processes. All processes were considered for re-engineering opportunities. This list will be updated as processes are added or deleted in the future.

Master List of AABC Business Processes	
Business Area	Process Name
<b>Purchasing</b> (8 Processes)	Listing/De-List Product and Appeal De-Listing
	Store Replenishment
	Product Distribution
	Superstore Sales
	Store to Warehouse Transfer
	Product Buy-Ins
	Bottle Invoicing
	Return of Merchandise to Vendor from Warehouse
<b>Merchandising</b> (3 Processes)	Create Master Template
	Develop Store Layouts
	Plan Retail Displays
<b>Warehouse/Transportation/                      Distribution/Wholesale</b> (7 Processes)	Receiving Product
	Shipping to Stores
	Ensure Adequate Stock at the Warehouse
	Process Claims for Warehouse Breakage
	Handle Special Requests from Stores (Wholesale)
	Update/Transmit Product Information in BevPro/ RapidRoute
<b>Pricing</b> (5 Processes)	Add and Categorize New Product
	Process Unlisted Product Request
	Maintain Vendor/Broker List

Master List of AABC Business Processes	
Business Area	Process Name
	Publish (or arrange for publishing) Product Pricing
	Military Sales
<b>Stores – Central Office Store Operations</b> (3 Processes)	Manage Employee Information
	Set and Update Store Hours and Locations and Districts
	Enter and Verify Store Deposits
<b>Stores – Individual Stores: Managerial/Back Office Operations</b> (4 Processes)	Store-to-Store Transfers at the Store
	Process Store Requests
	Conduct Physical Inventory
	Receive Inventory
<b>Stores – Individual Stores: Cashiering POS</b> (8 Processes)	Process Claims for Damaged or Broken Goods
	Process Unlisted Product Request
	Process Wholesale Orders
	Process Store Requests
	Process Customer Backorder
	Process Retail Sales
	Conduct Beginning and End of Day Processes on Registers
	Collect Tax for Products Not Sold by AABC
<b>Personnel (1 Process)</b>	Employee Time Keeping
<b>Audit</b> (4 Processes)	Conduct Physical Inventory of Warehouse
	Conduct Physical Inventory of Wholesalers
	Store Audit <ul style="list-style-type: none"> <li>• Conduct physical inventory of stores</li> <li>• Audit cash receipts, procedures, and equipment</li> </ul>
	Audit Beer and Wine
<b>Accounting</b> (6 Processes)	Generate Distiller Invoice Orders
	Reconcile Payment Cards
	Reconcile General Ledger
	Disburse Revenues

<b>Master List of AABC Business Processes</b>	
<b>Business Area</b>	<b>Process Name</b>
	Account for Non-Store Revenues (Licensing and Compliance Division fees, license fees, etc.)
	Ordering Non-Liquor Supplies Through the Registers
<b>Licensing and Compliance Division – Licensing</b> (5 Processes)	License Manufacturers, Importers, Wholesalers, and Retailers
	Licensee Disciplinary Action
	Administer Responsible Vendor Program (Including Providing Training and Education)
	Approve Product Labels for Alcohol Products
	License Renewals

## 2 Index of Changed Business Processes

This section of the report lists each business process that has been modified or discontinued, or that contains a placeholder for vendor development.

### 2.1 Master List of Re-Engineered Processes (Including Categorization of Minor, Moderate, and Major Revisions and Rationale)

The following is a list of all major AABC retail, wholesale, point of sale, and licensing business processes that will change from their current, as-is state. The list reflects those processes that the AABC has determined will change and how they will change.

List of Re-Engineered Business Processes			
Process Number	Process Name	Major, Moderate, Minor	Brief Description
3.1.1	Listing/De-List Product and Appeal De-Listing	Moderate	Quarterly listing system
3.1.1	Listing/De-List Product and Appeal De-Listing	Major	The central office system will not rely on case size to determine quantity of product sold.
3.1.2	Store Replenishment	Major	Replenish product based on projected sales and inventory needs rather than on retail and wholesale codes.
3.1.2	Store Replenishment	Major	Detailed forecasting system.
3.1.2	Store Replenishment	Minor	Restrict product replenishment by store.
3.1.4	Superstore Sales	Moderate	Superstore orders treated as payables.
3.1.4	Superstore Sales	Major	Superstores may now pay by credit card through the online wholesale ordering system.
3.1.5	Store to Warehouse Transfer	Moderate	Store to warehouse transfers are conducted electronically using hand held devices.
3.1.6	Product Buy-Ins	Minor	Distiller invoices and claims now contain a comment field.
3.1.8	Return of Merchandise to Vendor from Warehouse	Minor	A pre-defined list of reason codes is available in the central office system.
3.2.2	Develop Store Layouts	Minor	Data from the AABC planogram software is uploaded by the central office system to create replenishment schedules.
3.2.3	Plan Retail Displays	Moderate	The broker identification card will be created by the licensing system.
3.3.1	Receiving Product	Major	1. The system automatically sends warehouse inventory "low level" reports to vendors.

### List of Re-Engineered Business Processes

Process Number	Process Name	Major, Moderate, Minor	Brief Description
			<p>2. The system automatically generates, for each store, a final invoice after variance adjustment and emails it to the proper store for receipt.</p> <p>3. The receiving list is printed from the scanner rather than manually re-writing the list.</p> <p>4. The system maintains truck invoices and bailment goods receipt for a two-year minimum to keep retention consistent.</p> <p>5. The system automates bailment goods receipt creation process through the use of a backorder system.</p>
3.3.3	Ensure Adequate Stock at the Warehouse	Major	Use of a vendor online portal to receive ASNs and generate revised bill of ladings.
3.3.4	Process Claims for Warehouse Breakage	Major	Automatic creation of a bailment goods receipt when an ASN is submitted to AABC by a vendor.
3.3.5	Handle Special Requests from Stores	Major	A backorder system is used at the warehouse to fulfill store requests and customer backorder.
3.3.6	Process Store Request/Customer Backorder	Major	The AABC now uses a backorder system to order product requested by a customer or store but not in the store..
3.4.1	Add and Categorize New Product	Moderate	Use of NABCA code and discontinuance of ABC code.
3.4.2	Unlisted Product Request	Major	The AABC or an AABC customer now enters orders for unlisted products into a ticket-based tracking system.
3.4.4	Publish (or Arrange for Publishing) Product Pricing	Major	The AABC now provides an online portal for suppliers to enter their price changes.
3.4.5	Maintain/Distribute/Print Shelf Labels	Minor	Shelf labels are now printed at stores on the manager's PC.
3.4.6	Military Sales	Moderate	AABC envisions that military sales will be placed from the wholesale on-line ordering system while block sales of certain product from military stores.

<b>List of Re-Engineered Business Processes</b>			
<b>Process Number</b>	<b>Process Name</b>	<b>Major, Moderate, Minor</b>	<b>Brief Description</b>
3.5.1	Manage Employee Information	Major	The AABC will use biometrics for employees to log in to registers, rather than an employee identification number and password only.
3.5.2	Set and Update Store Hours, Locations, and Districts	Minor	The AABC now directs customers to a SharePoint list of stores that includes store hours, locations, and districts.
3.5.5	Store-to-Store Transfers	Major	<ol style="list-style-type: none"> <li>Stores have the ability to look up inventory at other locations to improve efficiency in finding inventory.</li> <li>Transfers are received without the need to re-enter data, possibly by just scanning barcode at bottom of a transfer receipt and accepting or editing the entry, if necessary.</li> <li>Non-local transit from store to warehouse to store is traceable.</li> <li>Store-to-store transfer label is printed out of the system instead of manually written. The use of a handheld printer is an option for the printing.</li> </ol>
3.5.6	Process Store Requests	Minor	Employees may review and print store requests after they are entered.
3.5.7	Conduct Physical Inventory	Moderate	The AABC Audit division no longer needs to schedule a store inventory.
3.5.8	Receive Inventory	Moderate	Product location is automatically updated when scanned.
3.5.9	Process Claims for Damaged or Broken Goods	Minor	The term S9A is now a “store claim”.
3.5.10	Process Unlisted Product Request	Major	The special order process is now handled by an unlisted product request system dedicated to placing orders for product not listed by the AABC.
3.5.11	Process Wholesale Orders	Major	Records of licensees that include the name of the licensee, a phone number, street address and names of those licensee employees who are authorized to pick up or receive product from an AABC wholesale location are now displayed in the register system.
3.5.12	Process Store Requests	Moderate	The stores will have access to the same backorder system that the Warehouse uses.

<b>List of Re-Engineered Business Processes</b>			
<b>Process Number</b>	<b>Process Name</b>	<b>Major, Moderate, Minor</b>	<b>Brief Description</b>
3.5.13	Process Customer Backorder	Moderate	A customer backorder was previously called a special order. The process is not new, although the introduction of a backorder system is a new feature.
3.5.14	Process Retail Sales	Moderate	The register solution must automate and facilitate the process of determining that spirits are not sold to anyone who is under the legal age to purchase.
3.5.16	Collect Tax for Products Not Sold by the AABC	Minor	The AABC now calculates tax on alcohol purchased outside the state in the register system.
3.7.1	Conduct Physical Inventory of Warehouse	Major	Both board-owned and vendor-owned (bailment and non-bailment) inventory is now available in the central office system in near real time.  Superstores and military sales can be made as long as the warehouse inventory and in-transit inventory is reduced before inventory is counted.  Posting of inventory cost adjustments to the State's accounting system will not need to be rekeyed into the central office system by Accounting.
3.7.3	Store Audit	Moderate	Audit no longer needs to schedule a store audit.
3.7.4	Audit Beer and Wine Wholesalers	Moderate	The AABC will now use a document management system to manage all documents related to auditing of beer and wine wholesalers.
3.8.2	Reconcile Payment Cards	Moderate	The AABC reconciles credit card receipts with the AABC processor by matching a credit card processing statement with central office system records.
3.8.6	Order Non-Liquor Supplies Through the Register	Moderate	The AABC currently uses a web-based stand-alone application for stores to order non-liquor supplies.
3.9.1	License Manufacturers, Importers, Wholesalers, and Retailers	Major	Removal of pre-application packet and use of electronic licensing system.

List of Re-Engineered Business Processes			
Process Number	Process Name	Major, Moderate, Minor	Brief Description
3.9.2	Licensee Disciplinary Action	Minor	This process will be performed entirely in the licensing system in the future environment.
3.9.4	Approve Product Labels for Alcohol Products	Minor	Use of licensing system to upload and manage labels and promotions.
3.9.5	License Renewals	Moderate	Renewals processed in the same system that originals are processed in.

## 2.2 List of Discontinued Business Processes

The following processes have been identified as candidates for discontinuance by the AABC.

List of Discontinued Business Processes		
Process Number	Process Name	Rationale for Discontinuance
3.4.5	Maintain/Print/Distribute Shelf Labels	Stores will now print labels locally based on text from the item file in the register.
3.5.3	Retrieve Missing Sales	A real time or near real time connection will eliminate the problems that lead to this process.

## 2.3 List of Added Business Processes

The following processes have been identified as candidates for addition by the AABC.

List of Added Business Processes		
Process Number	Process Name	Rationale for Creation
3.3.5	Process Unlisted Product Request (Wholesale)	This process is similar to the existing process of Handle Special Requests from Store (Wholesale), but differs in that there is now a distinction between “store requests” and “unlisted product”.
3.3.6	Process Store Request/Customer Backorder	This process is similar to the existing process of Handle Special Requests from Store (Wholesale), but differs in that there is now a customer backorder process for products listed by the AABC but not available in a store when requested.
3.5.9	Process Unlisted Product Request	This process is the same as Process Special Orders but has been re-named to clarify that product ordered is not listed by the AABC.
3.5.12	Process Customer Backorder	This process is similar to Process Store Request but differs in that customer backorders are requests for product listed by the

**List of Added Business Processes**

Process Number	Process Name	Rationale for Creation
		AABC but not available in a store when ordered by a customer.

### 3 To-Be Business Processes

This section of the manual describes each business process and presents suggested business process re-engineering opportunities and system fixes (which are also potential system requirements).

#### 3.1 Purchasing

The Purchasing division of the AABC is responsible for managing product inventory at all retail and wholesale stores throughout the state. Purchasing is involved in the addition of new liquor to the list of products sold, overseeing the inventory transfer of product between stores and the warehouse, and selling product to certain licensees that buy directly from the AABC. Purchasing has three full-time staff who report to the Product Operations Director.

List of Purchasing Business Processes	
Process Number	Process Name
3.1.1	Listing/De-List Product and Appeal De-Listing
3.1.2	Store Replenishment
3.1.3	Product Distribution
3.1.4	Superstore Sales
3.1.5	Store to Warehouse Transfer
3.1.6	Product Buy-Ins
3.1.7	Bottle Invoicing
3.1.8	Return of Merchandise to Vendor from Warehouse

**Table 3.1: Purchasing Business Processes**

##### 3.1.1 Listing/De-List Product and Appeal De-Listing

Summary of Changes from the Current Environment: The AABC now lists product quarterly, rather than twice a year.

The central office system will track quantity sold, but will not rely on case size to determine quantity of product sold.

New liquor products that are displayed on the shelf at the AABC retail stores are added to the list of available products during quarterly meetings with vendors. The listing event is announced by email to registered suppliers and new products are determined by a committee consisting of Product Management staff. The listing process takes about a week and results in a decision by the committee as to what products to list and what not to list.

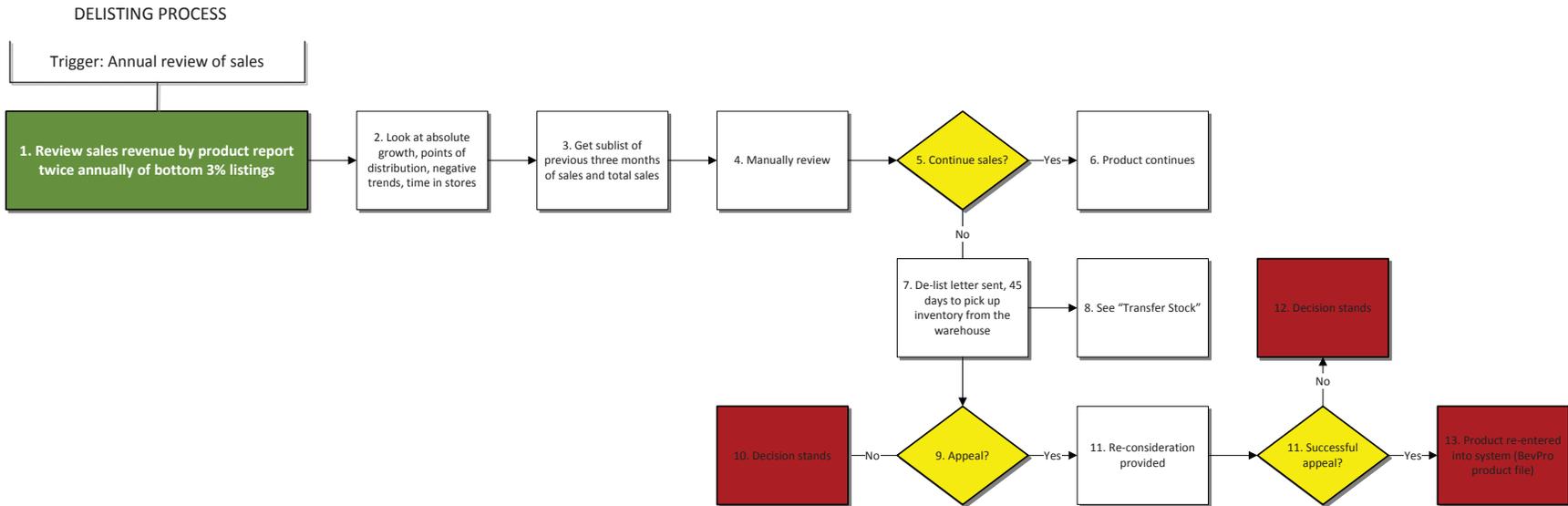
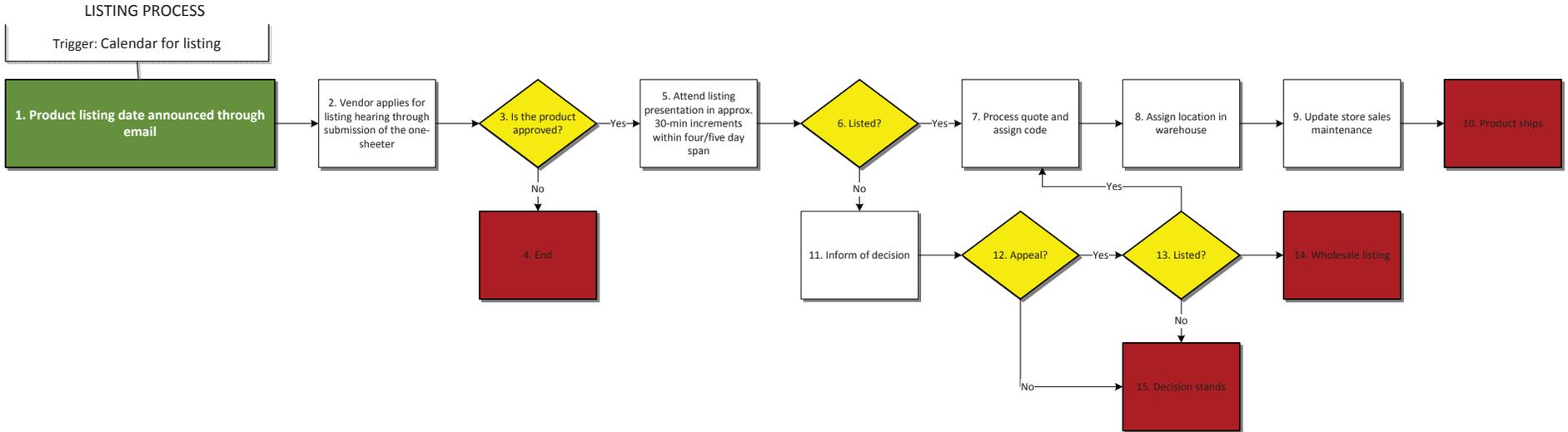
The process is triggered by a scheduled listing date and an announcement to vendors via the online portal. Interested vendors apply for a listing hearing via the online portal. An initial approval to attend

listing hearings is required. The products that pass this initial approval process move on to listing presentations for the committee. Once presentations take place, Purchasing determines what products will be listed and stocked on shelves. Those products that are listed provide a price quote to Product Management, and a product code and warehouse location are then assigned. Store sales maintenance is updated and the product is shipped to the warehouse for distribution to stores.

An unsuccessful product listing may be appealed by the vendor. The appeals process may result in one of two scenarios: the decision stands and the product is not listed or the appeal is successful and results in a wholesale product listing. In the latter case, the product will be carried by AABC and given a code so that it may be ordered through the wholesale process, but it will not be regularly stocked on retail store shelves.

The de-listing process is triggered by an annual review of sales revenue by product report. The report will show the percentage of retail sales for each product. Products that are in the bottom 3% of gross sales become the initial starting point for de-listing. When deciding which products in the bottom 3% to keep or list, factors such as absolute growth, point of distribution, negative trends, and time in stores are considered. The prior three months of sales and total sales are also reviewed. A decision is then made whether to continue listing or to de-list. If a decision is made in favor of keeping the product on the shelves, it continues. If not, the product is de-listed and the vendor is notified. The vendor then has 45 days to remove the product from the warehouse. A de-listing decision may be appealed within 30 days. If the appeal is successful, the product is re-entered into BevPro/RapidRoute (warehouse shipping system) and product database. If no appeal is made or is unsuccessful, the decision stands.

Process Area	Process Detail
<b>Trigger Event (Listing):</b>	Calendar for listing
<b>Trigger Event (De-Listing):</b>	Annual Review of Sales
<b>Predecessor Process:</b>	Product Distribution (listing), Receiving Product
<b>Successor Process:</b>	Transfers, Product from Warehouse to Vendor, Shipping to Stores
<b>Systems Used:</b>	Central office system, BevPro/RapidRoute
<b>Divisions Involved:</b>	Purchasing, Warehouse, NABCA, BM Global



### 3.1.2 Store Replenishment

Summary of Changes from the Current Environment: The AABC now replenishes product, whether wholesale product (not regularly replenished) or retail (regularly replenished), based on projected sales and inventory needs.

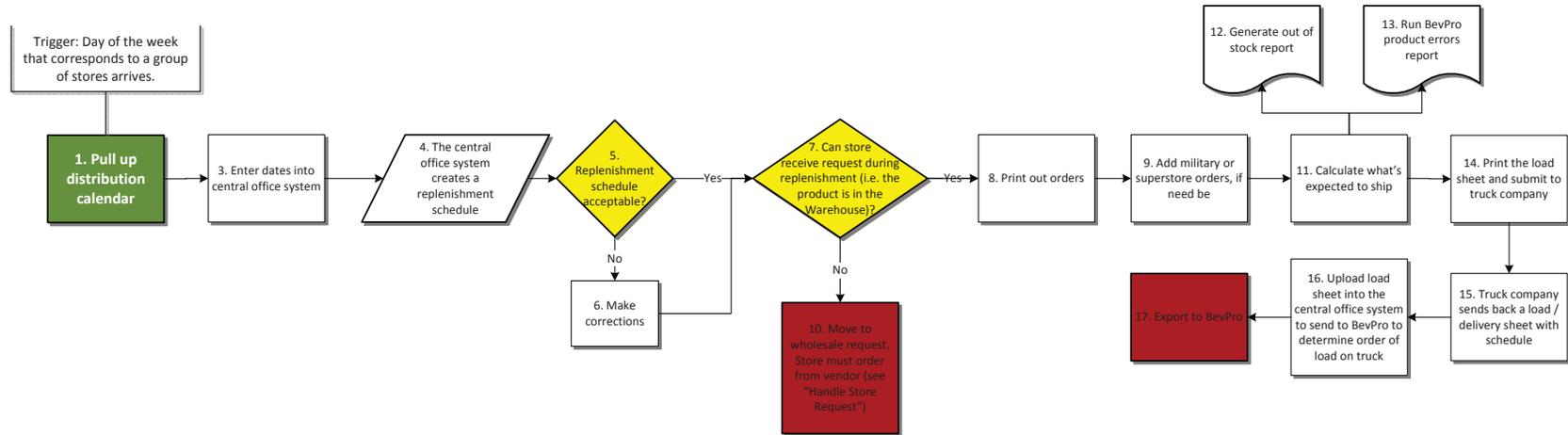
The AABC will utilize a more detailed forecasting system, rather than the current method of replenishment based on historical sales data, allocation of products with limited quantities, and store requests for product that may be required in greater quantities during a particular period.

The central office system can now restrict product replenishment by store.

Store replenishment is the process of keeping product stocked in AABC retail stores and wholesale stores. Stores are replenished based on forecasting that includes both historical sales data and other AABC determined factors. The process of replenishment is performed daily, four days a week, and by group. Approximately 40 retail and wholesale stores are replenished each day. The AABC-contracted trucking company, Loftin Brothers, determines the route schedule for delivery of product.

The calendar is analyzed for expected truck routes, and replenishment schedules with dates of delivery are set by AABC. Once these are entered into the central office system, they are manually reviewed for accuracy and corrections are made if necessary. The weekly store requests, or the lists of product that is not automatically ordered but is ordered by stores, are reviewed manually, order amounts are modified if necessary, and the replenishment information is updated. Each store is assigned a truck invoice number. If an ordered product is not available in the warehouse, Purchasing must order it from the vendor before being able to ship to the store. Military or superstore orders are added after retail and wholesale orders. Shipments are calculated, and a load sheet is printed and sent via fax to the Loftin Trucking Company. Note: BevPro/ RapidRoute product errors and out of stock reports are also printed at this time. Loftin will send back a load/delivery sheet with schedule. Purchasing will key this load/delivery sheet route information into the central office system to send to BevPro/RapidRoute, which will determine the order of store shipments loaded on the truck. Purchasing then exports the information to BevPro/RapidRoute.

Process Area	Process Detail
<b>Trigger:</b>	Day of the week that corresponds to a group of stores
<b>Predecessor Process:</b>	Place Product Orders
<b>Successor Process:</b>	Receive Inventory
<b>Systems Used:</b>	Central office system, BevPro/RapidRoute, Excel, Google Calendar
<b>Divisions Involved:</b>	Purchasing



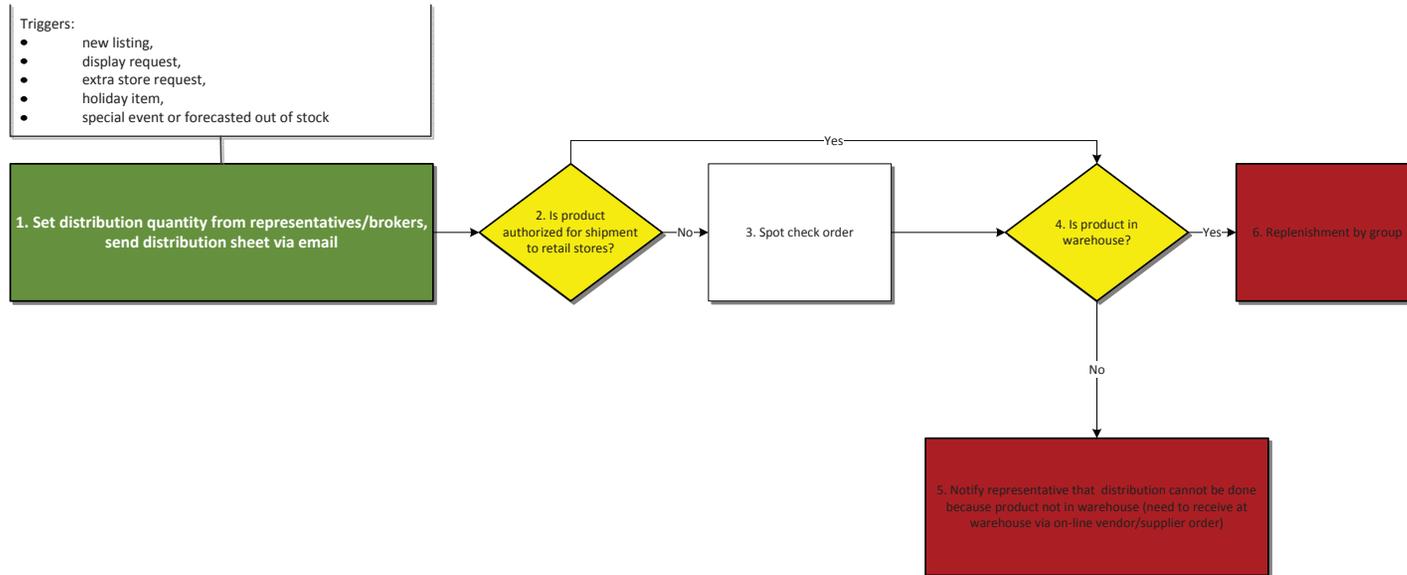
### 3.1.3 Product Distribution

Product distribution is the process of sending newly acquired liquor product to retail and wholesale stores. The process may be initiated by one of the following triggers:

- New listing
- Display request
- Extra store request
- Holiday item
- Special event
- Forecasted out of stock

The process begins when Purchasing receives a request for a product in a store that is not scheduled for regular replenishment. A broker or vendor sets a distribution quantity once a representative sends the request. Purchasing will spot-check products that are not approved for store requests. The store replenishment process then occurs. If there is no warehouse inventory available, the vendor must be notified that a supply is needed. The process of receiving at the warehouse must then occur.

Process Area	Process Detail
<b>Trigger:</b>	<ul style="list-style-type: none"> <li>• New listing</li> <li>• Display request</li> <li>• Extra store request</li> <li>• Holiday item</li> <li>• Special event</li> <li>• 30 days out of stock</li> <li>• Other forecasted need</li> </ul>
<b>Predecessor Process:</b>	Listing Process
<b>Successor Process:</b>	Receiving Product
<b>Systems Used:</b>	Central office system
<b>Divisions Involved:</b>	Purchasing



### 3.1.4 Superstore Sales

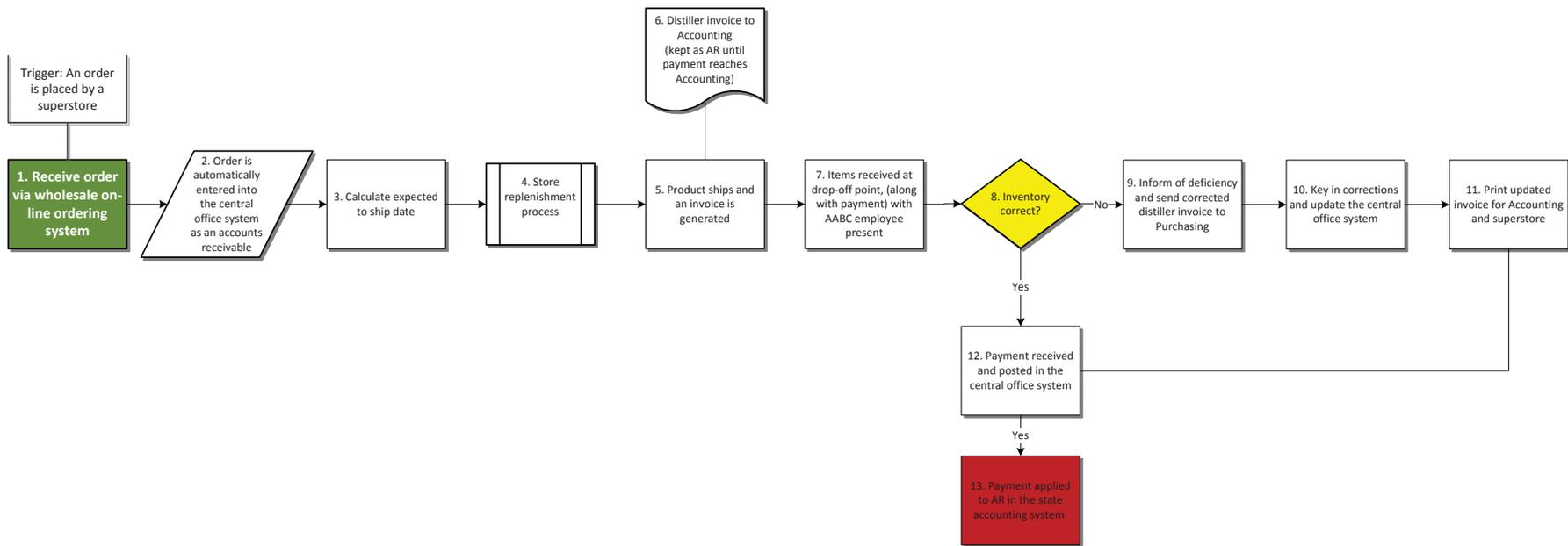
Summary of Changes from the Current Environment: Superstore orders are now treated as payables in the central office system. Superstores may still pay by check or card, but it is expected that there will be a delay in receipt of a check from a superstore. Superstores may now pay by credit card through the online wholesale ordering system.

A superstore is a large licensee, such as a casino or larger package store like Wind Mill Beverages, for which a separate process of product distribution occurs. Some larger events such as Mardi Gras and other special events are also considered superstores for the purposes of ordering and shipping product. The difference is that while most licensees purchase spirits from an AABC wholesale store, superstores receive delivery directly from the AABC warehouse.

The process begins when a superstore makes an order in the licensee ordering system. The order is automatically entered into the central office system. An expected shipment and delivery date is entered, expected shipment is calculated, and a load sheet is printed. The central office system then exports the file to BevPro/RapidRoute. The product ships on the scheduled ship date and an invoice is generated for the product, one copy of which is sent to Accounting and another of which will accompany the product on the delivery truck.

If there is a discrepancy between what was ordered and what was received, corrections must be sent to Purchasing to create a corrected invoice for Accounting and the superstore. Corrections are keyed in the central office system and the invoice is paid.

Process Area	Process Detail
<b>Trigger:</b>	An order is requested by a superstore
<b>Predecessor Process:</b>	Special Order Process
<b>Successor Process:</b>	Accounting Processes
<b>Systems Used:</b>	Central Office System, BevPro/RapidRoute, TSYS
<b>Divisions Involved:</b>	Purchasing, Warehouse



### 3.1.5 Store to Warehouse Transfer

Summary of Changes from the Current Environment: Store to warehouse transfers are conducted electronically using hand held devices to eliminate the need to manually enter or re-key shipments.

Returning product to the warehouse is done periodically when product not requested is received by a store or if product arrives broken, defective, or damaged. Product may be returned for the following reasons:

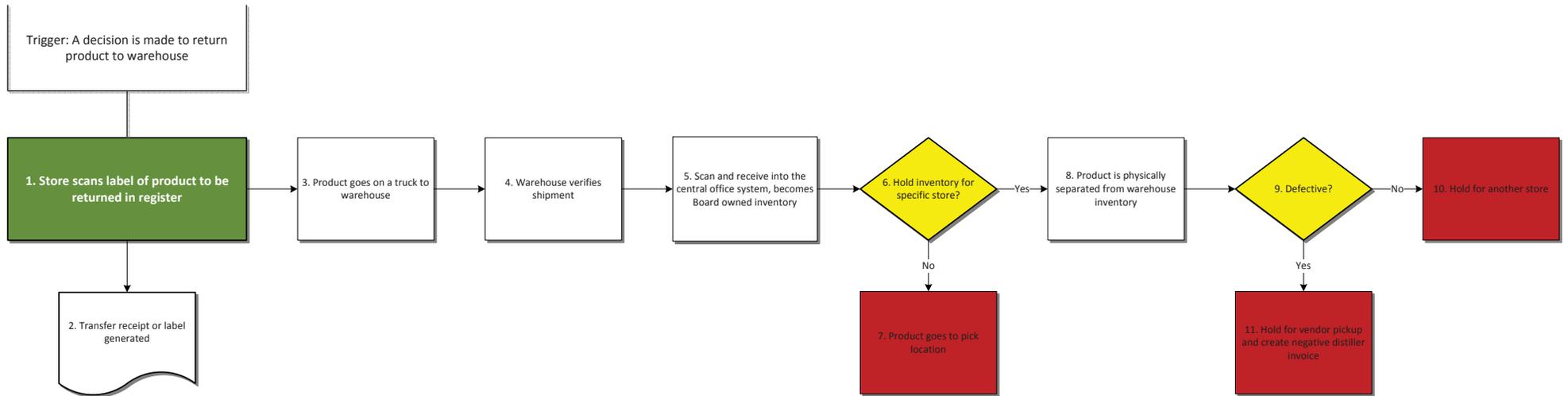
- There is a special event and more product is needed in the warehouse to fulfill it.
- The product is not selling in a certain location.
- Broker has concern about defective merchandise.
- The product was mis-keyed/mis-shipped.

A key consideration is that when product is returned to the warehouse and is still usable by the AABC, it is Board-owned stock (i.e., owned by the AABC) and not bailment stock. Board-owned stock must be shipped first, as it has an impact on cash flow.

The process begins with store personnel scanning a warehouse return in the store register. A pending transfer record is created. The product is then shipped back to the warehouse and received by that division. The warehouse clerk . The product is scanned and received into the central office system as Board-owned stock.

Some product that is returned to the warehouse is sent as a store-to-store transfer. If the product is returned and not meant for another store, it is returned to the general picking area. If it is meant to be transferred to another store, it is physically separated from warehouse inventory and kept in an area where store-to-store transfers are organized by store group. If the product is defective, a negative distiller invoice is created and the product is held aside for vendor pickup. If not defective, it is held pending transfer to another store and the process ends.

Process Area	Process Detail
<b>Trigger:</b>	It is determined that a product must be returned to the warehouse
<b>Predecessor Process:</b>	Store-to-Store Transfers
<b>Successor Process:</b>	Claims for Defective Product
<b>Systems Used:</b>	Central office system
<b>Divisions Involved:</b>	Purchasing, Warehouse, Stores, Trucking



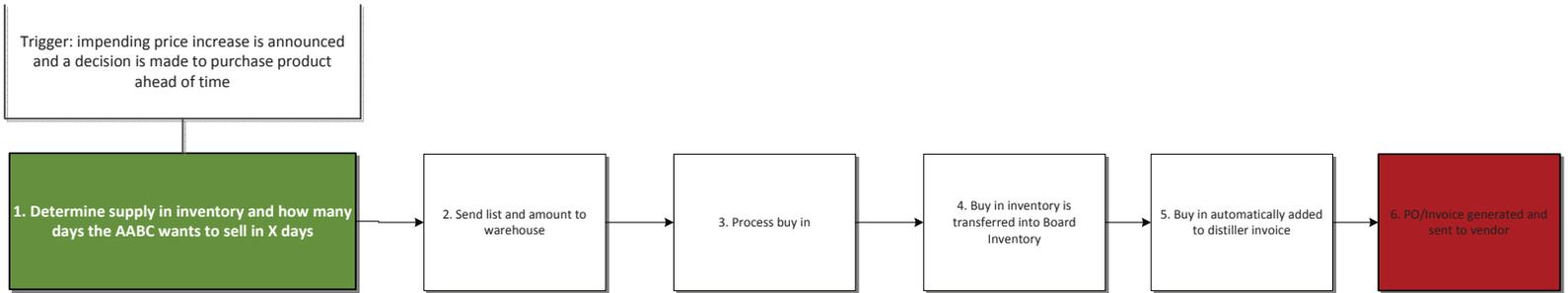
### 3.1.6 Product Buy-Ins

Summary of Changes from the Current Environment: Distiller invoices and claims now contain a comment field that explains why a claim or distiller invoice was issued, reducing the confusion when a claim is created for a product buy-in. The comment field will indicate that product was not broken or defective: it was simply purchased before the price increased.

From time to time, the AABC purchases bailment stock before a pending price increase (usually an increase deemed significant enough by Product Management). The product will remain in the warehouse and become AABC-owned, pending replenishment for stores or licensees.

The process begins by Product Management staff determining how much product can be sold in a set number of days. The list of what to purchase is sent to the warehouse, and a buy-in is made to bring the stock into AABC-owned inventory. The buy-in then prints on the distiller invoice that is sent to the vendor.

Process Area	Process Detail
<b>Trigger:</b>	Impending price increase is announced and a decision is made to purchase product ahead of time
<b>Predecessor Process:</b>	Process price change
<b>Successor Process:</b>	Replenishment of Stores, Shipping
<b>Systems Used:</b>	Central office system, Excel Sheet with formulas
<b>Divisions Involved:</b>	Purchasing, Warehouse, Supplier

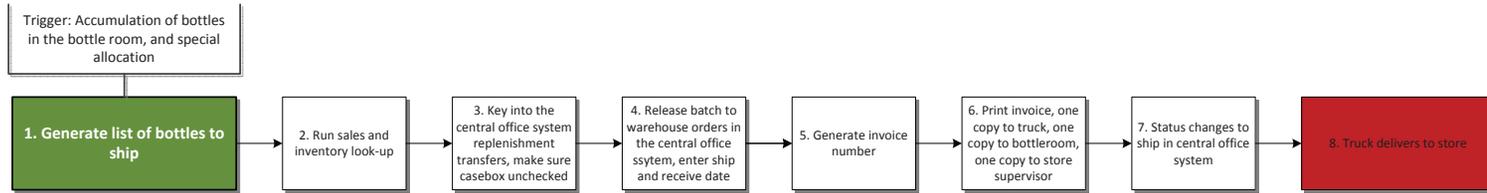


### 3.1.7 Bottle Invoicing

In the warehouse, a number of bottles are broken due to staff error, as well as arriving broken on trucks from the vendor. If any bottles break while in transit, they are returned to the vendor. Salable bottles remain in the warehouse as bailment, or vendor-owned, product and are kept in the warehouse bottle room. When enough bottles are accumulated to create a case, a purchase of the product can be made and shipped to stores (sometimes, less than a case is sent to a store). The accumulated bottles are designated for stores as a special allocation rather than part of a routine replenishment.

The process begins when enough bottles have accumulated to ship to stores. A list of bottles to ship is generated, as well as a sales and inventory lookup to determine what store to send to and how much. The warehouse keys replenishment transfers into the central office system and makes sure that the “case box” is unchecked. A warehouse batch is created in the central office system and ship and receive dates are entered, generating an invoice number. Three copies of the invoice are generated: one for the truck, one for the bottle room, and one for the warehouse supervisor. The product status changes to “ship” in the central office system and the product is shipped to the store. BevPro/RapidRoute is not involved in the process of bottle invoicing.

Process Area	Process Detail
<b>Trigger:</b>	Accumulation of bottles in the bottle room and special allocation
<b>Predecessor Process:</b>	Process Claims for Warehouse Breakage
<b>Successor Process:</b>	Receive Inventory
<b>Systems Used:</b>	Central office system
<b>Divisions Involved:</b>	Warehouse, Stores



### 3.1.8 Return of Merchandise to Vendor from Warehouse

Summary of Changes from the Current Environment: A pre-defined list of claims reason codes is available in the central office system.

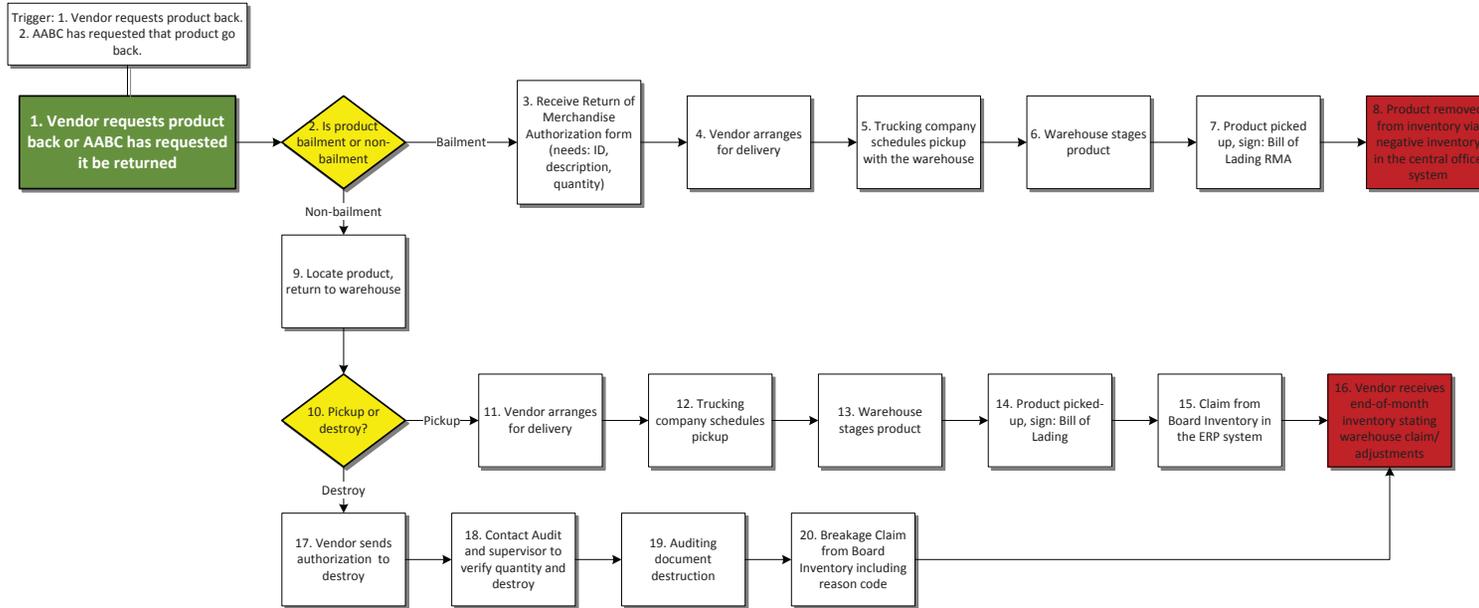
Product may be returned to a vendor at either the request of the vendor or the AABC. The vendor may determine that the product is needed in another state, or the AABC may determine that too much product was delivered or that what was delivered has spoiled. The process begins with the determination that product must be returned to the vendor.

The next steps in the process depend on whether the product is bailment or AABC-owned product. If the product is vendor-owned (bailment), a Return of Merchandise Authorization Form must be completed by the vendor and received by the AABC. Once the form is delivered, the vendor arranges delivery, and the trucking company schedules a pickup from the warehouse. The warehouse stages the product and the product is picked up once a Return of Merchandise Authorization/Bill of Lading is signed. The product is then removed from inventory in the central office system, marking the end of the process for bailment product.

If the product is AABC-owned (non-bailment), it must be located and returned to the warehouse. If the product is being destroyed due to spoilage or defect, the vendor sends an authorization to destroy the product. The Audit division is contacted and a supervisor verifies the quantity before the product is destroyed. Audit then documents the destruction and completes a Breakage Claim from Board Inventory form, which is processed in the central office system by warehouse personnel. The vendor then receives an end-of-month inventory listing the warehouse claim, marking an end to the process.

For AABC-owned product that is to be picked up, the vendor will arrange for delivery. The trucking company schedules a pickup, and the warehouse stages the product. Once the product is picked up, the bill of lading must be signed. A claim is completed, reducing AABC-owned inventory in the central office system. Finally, the vendor receives an end-of-month inventory listing the warehouse claim, marking the end of the process for non-bailment products for pick-up.

Process Area	Process Detail
<b>Trigger:</b>	1. Vendor requests product back. 2. AABC has requested that product go back.
<b>Predecessor Process:</b>	None
<b>Successor Process:</b>	None
<b>Systems Used:</b>	Central office system, Outlook, Fax
<b>Divisions Involved:</b>	Warehouse, Product, Audit, Vendor, Trucking, Stores, Accounting



### 3.2 Merchandising

The Merchandising division coordinates all merchandising efforts in AABC retail and wholesale outlets, including shelf settings and display locations in the stores. Merchandising is responsible for generating store layouts, planograms, and placement of product in stores, and works in partnership with certain vendors/suppliers to arrange the layout of existing and new product for stores. Merchandising has one dedicated full-time staff and reports to the Product Operations Director.

List of Merchandising Business Processes	
Process Number	Process Name
3.2.1	Create Master Template
3.2.2	Develop Store Layouts
3.2.3	Plan Retail Displays

**Table 3.2: Merchandising Business Processes**

#### 3.2.1 Create Master Template

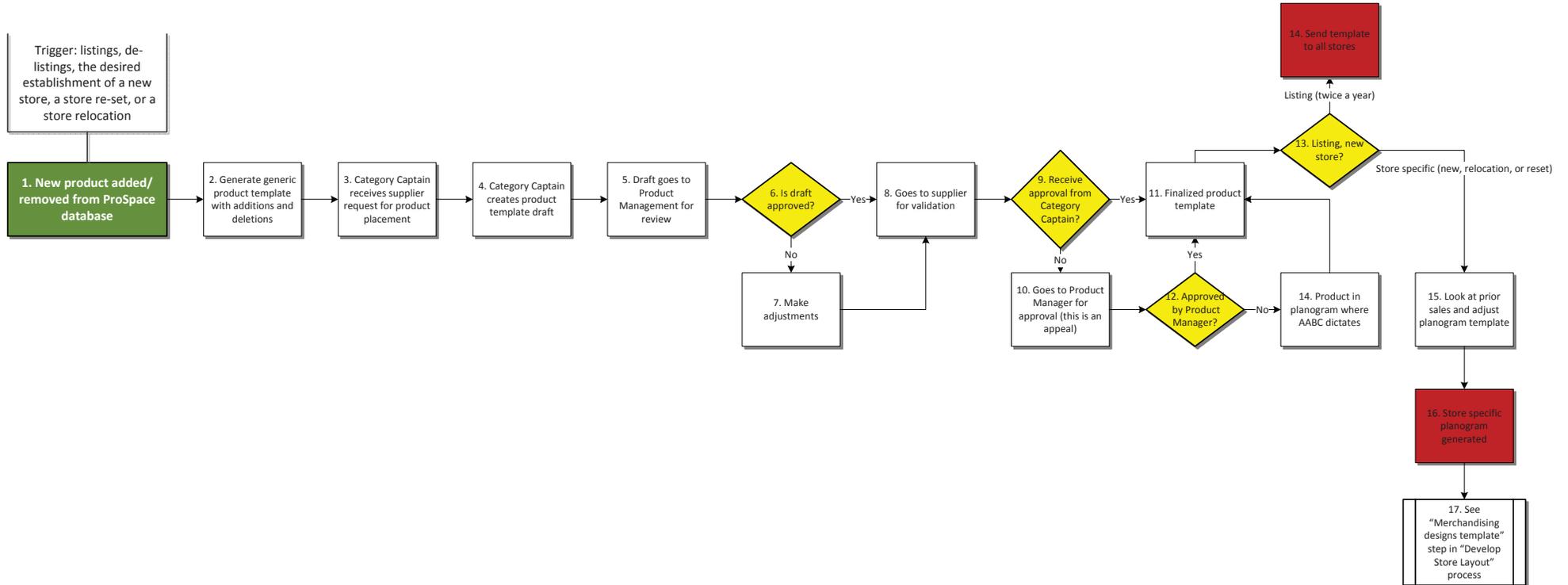
AABC retail stores are organized by product templates and planograms. The template for each store drives the arrangement of each planogram, which is a layout of specific liquor product in a product area. Each retail store at AABC has a specific template for arrangement of product in the store, which includes 13 product categories (gin, vodka, whiskey, etc.).

The process of creating the master template is triggered by one of a number of occasions: listings, de-listings, desired establishment of a new store, store reset, or store relocation. First, a new product is either added or removed from the ProSpace (planogram software) database. This generates a generic product template that factors in the additions and deletions of product. The vendor/supplier whose product is being listed sends a request to the AABC Category Captain (or appropriate vendor/supplier designee who helps oversee product placement).

The Category Captain creates a product template draft, based in part upon the request, which goes to all industry (vendors/suppliers for whom product is listed at the AABC) for validation and review. If the product template is not approved, adjustments are made to create a template that is as satisfactory to industry as possible without compromising the integrity of the set or the benefit to the state. Once approved by the Category Captain, the draft goes to Product Management for final approval. If Product Management approves it, the product template is finalized. If not, the product manufacturer may file an appeal with Product Management. The product in the planogram will ultimately be placed where AABC determines.

Once product templates are finalized, a series of successor steps occur. If there is a new product listing, the template is sent to all stores. If there is a new store opening, prior sales for each product are reviewed and the store planogram template is adjusted accordingly. Then a planogram is generated specifically for the store that is opening. The process continues as part of the “Develop Store Layout” process.

Process Area	Process Detail
Trigger:	Listing/de-listing, new store, store reset, store relocation
Predecessor Process:	None
Successor Process:	None
Systems Used:	ProSpace, Diver, Nielsen, Spectra, Excel, Central office system
Divisions Involved:	Product Management, Category Captain, Supplier, Brokers



### 3.2.2 Develop Store Layouts

Summary of Changes from the Current Environment: Data from the AABC planogram software is uploaded by the central office system to create replenishment schedules.

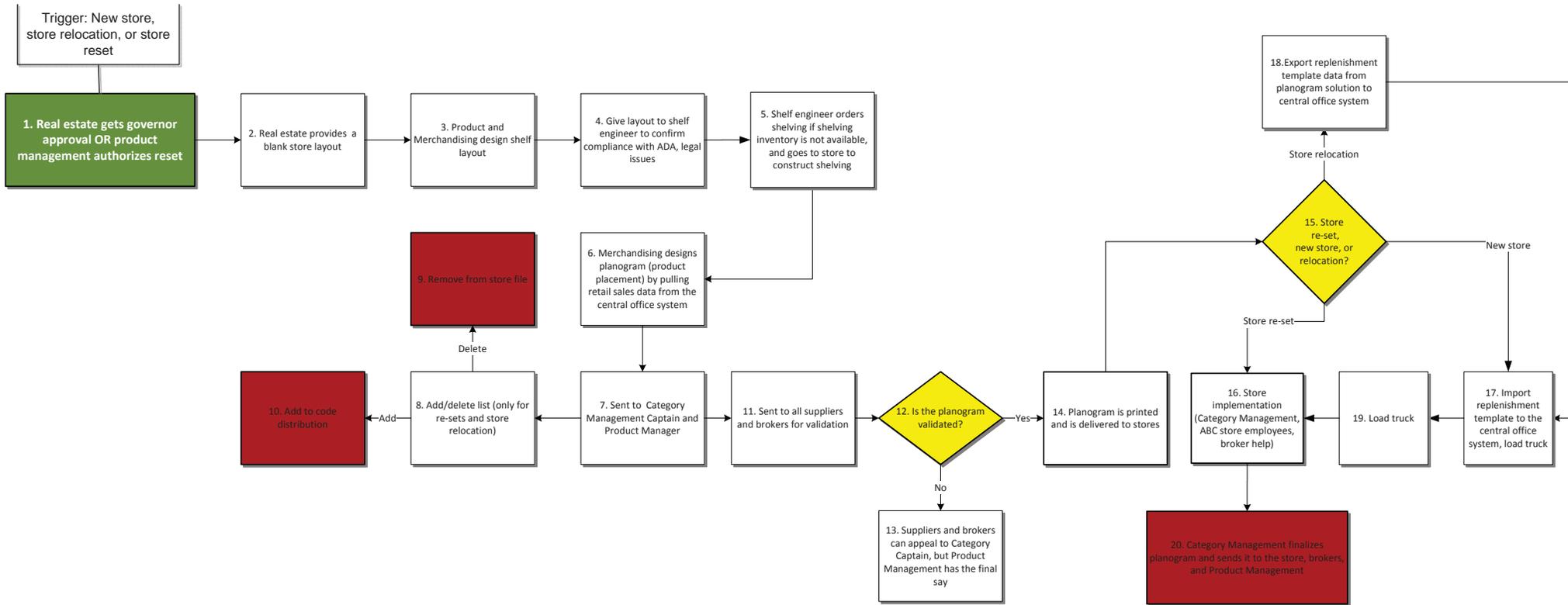
A store layout will be developed or modified when a new store is approved, a store relocates, or a store is reset. Store resets occur for events such as football season (in the cities of Auburn and Tuscaloosa), spring (for beach area stores), or the holiday season. Store resets also occur based on the length of time since the store’s last reset or based on a store request.

The AABC Real Estate office must get the approval of the governor to open a new location. Once Real Estate gets the governor’s approval, or when Product Management authorizes a store reset, the Real Estate office creates a blank store product layout. Then, Product Management and Merchandising design a shelf layout for that store. The layout is given to a shelf engineer to confirm compliance with specifications such as Americans with Disability Act (ADA). At this point, various parallel processes begin.

It must be determined if enough shelving inventory is available to supply a new or relocated store. If not, shelving must be ordered. Once it is available, the shelf engineer goes to the store to construct the shelving. Concurrently, Merchandising designs a planogram (for product placement) by pulling retail sales data from the central office system. This planogram is sent to the Category Captain and Product Management for approval. For store resets and relocation, Product Management will take a product add/delete list and either remove or add product to store files (code product distribution). The Category Captain and Product Management also send the planogram to all suppliers and brokers for their approval. Suppliers and brokers can appeal a planogram to the Category Captain and Product Management, who have the final say in its approval. If the planogram layout is validated, the planogram goes to print and is used in the stores to place product.

The next step in the process depends on whether there is a store reset, new store, or relocation. For a reset, Category Management, AABC store employees, and brokers re-organize the store. Then, Category Management finalizes the planogram and sends it to the store, brokers, and Product Management for review. For a new store, product quantities are exported from the planogram and imported into the central office system to create a replenishment schedule. A truck is loaded with product before store implementation and planogram finalization. For relocation, product is replenished in the new location by utilizing product sales history from the old location before the planogram is keyed in. The truck is then loaded, the store implemented, and the planogram finalized. For all sub-processes (store resets, new stores, and relocations), planogram finalization and distribution marks the end of this process.

Process Area	Process Detail
<b>Trigger:</b>	New store, store relocation, or store reset
<b>Predecessor Process:</b>	For new store or store relocation: Lease Approved by the Governor
<b>Successor Process:</b>	Store Replenishment
<b>Systems Used:</b>	ProSpace, Central office system, Microsoft Excel

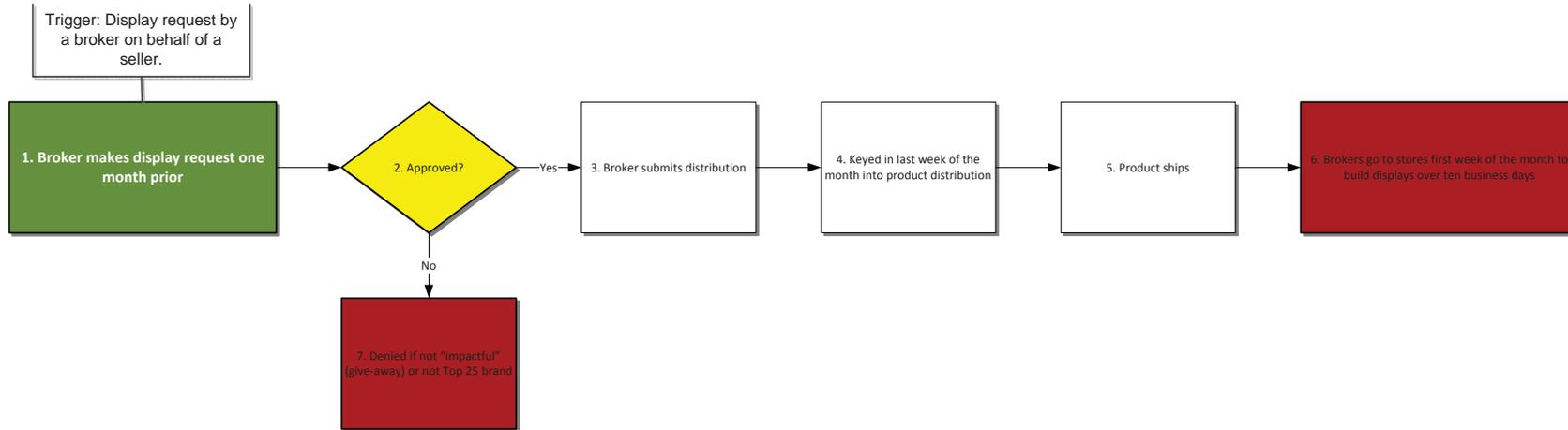


### 3.2.3 Plan Retail Displays

Product displays, such as cardboard cutouts, lights, or other material that calls attention to a product, are permitted in AABC retail stores but must have the approval of Product Management. Brokers will submit requests for displays on behalf of a vendor/supplier.

The process for establishing retail displays is triggered by a broker's display request on behalf of a seller. This request must be made one month in advance of the requested beginning of the display. Product Management decides if the display request shall be approved. Requests are denied if the store request is not deemed "impactful" on sales, such as including a give-away or not being a Top 25 brand. If approved, the broker submits a request for distribution. If accepted, the distribution is keyed into the central office system in the last week of the month. The product then ships from the warehouse, and brokers go to the stores at the beginning of the month to build displays over the course of 10 business days.

Process Area	Process Detail
Trigger:	Display request by a broker on behalf of a seller
Predecessor Process:	None
Successor Process:	None
Systems Used:	Central office system
Divisions Involved:	Product Management, Brokers



### 3.3 Warehouse/Transportation/Distribution/Wholesale

The Warehousing/Transportation/Distribution/Wholesale Division of the AABC is responsible for operating a bailment warehouse in Montgomery. The warehouse supplies spirituous liquor directly to all 173+ AABC retail and wholesale stores in the state. Over 500 privately-owned package stores also sell liquor provided by this warehouse, but do so indirectly through purchase of liquor at an AABC wholesale store. The warehouse contracts with Loftin Brothers, which delivers product around the state. According to the 2010-2011 Annual AABC report, the warehouse ships and receives about 10,000 cases of liquor daily and maintains a 250,000-case inventory year round.

Warehousing/Transportation/Distribution/Wholesale is responsible for three distinct operations. The Warehouse receives and stores liquor product, and maintains a single physical inventory and two book inventories: AABC-owned (already purchased by the state) inventory and vendor-owned (known as “bailment”) inventory. Distribution is responsible for shipping product to stores, and Wholesale is responsible for maintaining certain liquor products referred to as “wholesale” because they are not products regularly listed in retail stores (e.g., seasonal liquor that is not in retail stores except for certain months of the year, or a specially requested product that was ordered by a customer, is now listed by AABC, but is still not regularly stocked in retail stores). Warehousing/Transportation/Distribution/Wholesale has approximately 30 employees.

List of Warehousing/Transportation/Distribution/Wholesale Business Processes	
Process Number	Process Name
3.3.1	Receiving Product
3.3.2	Shipping to Stores
3.3.3	Ensure Adequate Stock at the Warehouse
3.3.4	Process Claims for Warehouse Breakage
3.3.5	Handle Special Requests from Stores (Wholesale)
3.3.6	Update/Transmit Product Information for BevPro/RapidRoute (Warehouse Management System)

**Table 3.3: Warehousing/Transportation/Distribution/Wholesale Business Processes**

A new wholesale online ordering system was launched in August 2012. This system allows licensees to order product via an internet application. The order is sent to the store for fulfillment.

#### 3.3.1 Receiving Product

Summary of Changes from the Current Environment: There are six reported changes to the current environment:

1. The system automatically sends warehouse inventory “low level” reports to vendors.
2. The system automatically generates, for each store, a bailment goods receipt after variance adjustment and emails it to the proper store for receipt.
3. The receiving list is printed from the scanner rather than manually re-writing the list.

4. The system maintains truck invoices and bailment goods receipt for a two-year minimum to keep retention consistent.
5. The system automates bailment goods receipt creation process through the use of a backorder system.
6. A bailment goods receipt is automatically created when an ASN is submitted to AABC by a vendor. The vendor updates the ASN to a bailment goods receipt via the online vendor portal.

The process allows warehouse staff to receive and track all product inventory. There are two types of product received in the warehouse: retail and wholesale. Retail product is replenished automatically or on a regular schedule, as it is regularly sold merchandise stocked on AABC store shelves. Wholesale product is not regularly carried in stores, but may be carried in package stores, restaurants, and bars. Wholesale product is ordered on an as-needed basis.

Vendors are automatically notified when one of the products they supply is either low in inventory based on sales in the last 30 days or completely out of stock. When vendors need to send product to the AABC warehouse, an online portal is used to submit an advanced shipment notice (ASN). The process is triggered by the fulfillment of inventory, through a bailment request or automatic bailment replenishment. The warehouse receives an advanced shipment notice (ASN) from a vendor using the online vendor portal. When the ASN is received, the product is checked to ensure that it is currently needed. The AABC has the ability to limit products based on defined sales thresholds. During the Christmas season, 45 days of inventory based on historical sales are maintained in the warehouse. During the rest of the year, 30 days of historical sales are maintained in the warehouse. If the product is not needed at the time of the ASN submission, it is modified or deleted and re-submitted to the vendor using the online portal. The vendor is notified as to whether their ASN was modified or approved by the AABC. When the ASN is approved, the vendor converts the ASN to a bill of lading and a date is scheduled by the vendor for shipment of the product in the online portal. AABC reviews the scheduled date and a time for the shipment delivery.

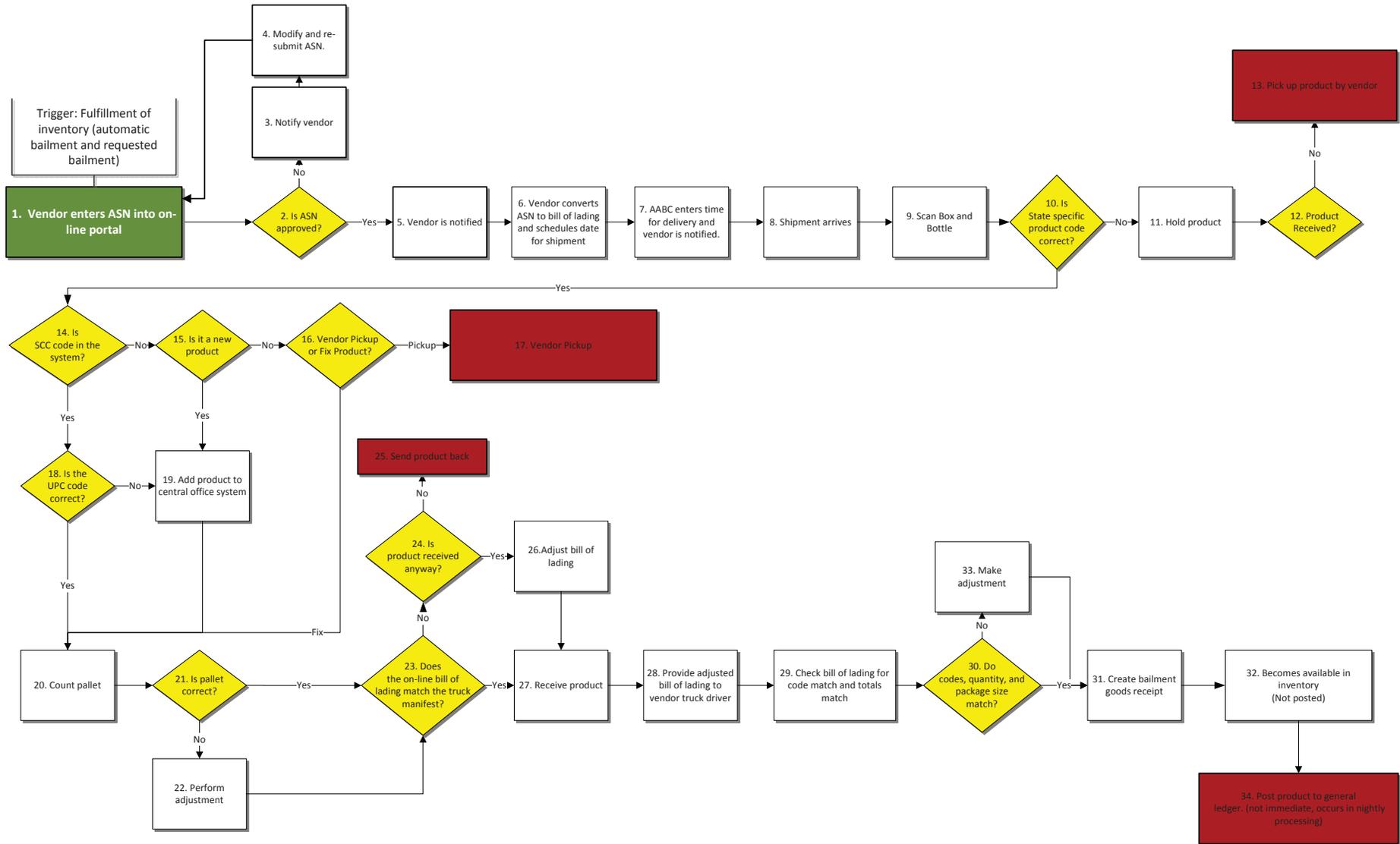
Once the shipment arrives at the warehouse, product is scanned in at the warehouse using a handheld scanner. The state specific code, Shipping Container Code (SCC), and the Universal Product Code (UPC) are all verified. If any code is incorrect, the product is held until the problem can be resolved. If the state-specific code is incorrect, the product is held by AABC until a decision can be made to receive or refuse the product. If the product is refused, the vendor will retrieve it. If the product is received, a bailment goods receipt is created for the product and it becomes available in inventory.

If the SCC is not in the system for any product being received, there are two options. If it is a new product, it is added to the system. If the SCC is not in the system and it is not a new product, the vendor must either correct the SCC or pick the product up. If the UPC is not in the system for any product, it is added to the system.

After all codes are verified, the pallet is counted. If the number of cases per pallet is incorrect in the system, this will cause an overage or shortage in the number of cases received. In this case, an adjustment is performed. If the pallet count is correct, the vendor converted online bill of lading is compared to the count of actual inventory received. If the two quantities do not match, it is determined

whether or not to receive any excess product. If it is determined not to receive the product, it is sent back to the vendor. If product is accepted, the bill of lading is adjusted and the discrepancies captured. AABC staff captures the reasons for the discrepancies between the bill of lading and the product that is received. A printed copy of the bill of lading discrepancies is kept by the warehouse and an adjusted bill of lading is given to the vendor truck driver. A bailment goods receipt is applied to the shipment. The product is available as inventory after the bailment goods receipt is created. The product is then approved by management and posted to the GL.

Process Area	Process Detail
<b>Trigger:</b>	Receive advance shipping notice
<b>Predecessor Process:</b>	Warehouse – Ensure Adequate Stock
<b>Successor Process:</b>	Warehouse – Shipping to Stores
<b>Systems Used:</b>	Central office system, on-line vendor portal
<b>Divisions Involved:</b>	Warehouse, Product Management



### 3.3.2 Shipping to Stores

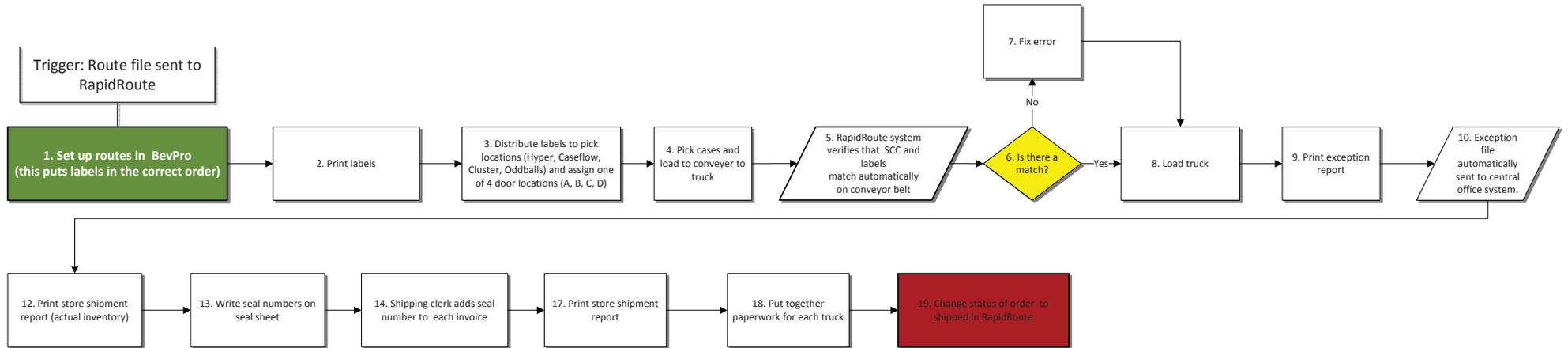
The process of shipping from the warehouse is triggered by the route file being sent to BevPro/RapidRoute from the central office system. The route file indicates stores and the order in which they receive the product. BevPro/RapidRoute identifies store invoices as “waves.” A wave can include up to 300 cases to one store location. Multiple waves are loaded onto one truck, but are organized in order of store location for delivery. Two trucks are loaded at a time.

When the route file is received, the routes are set up in BevPro/RapidRoute. Setting up routes ensures that shipping labels are created in the correct order. Once the routes are set up, labels are printed and distributed to one of four pick-up locations (designated A, B, C, or D). Cases are picked and loaded to the conveyor to go on one of the two trucks. The product’s SCC and label are matched by a barcode scanner on the conveyer before being put on one of the two trucks.

If the label matches the SCC, the product is loaded on the truck. If the SCC and the shipping label do not match, the error is fixed by either printing a new label or returning the product to the warehouse to be re-picked. An exception report of any variance between the products that were ordered and the products that were actually loaded on the truck is printed and an exception file is automatically sent to the central office system. The manifest (which shows the actual inventory on the truck) is printed as well.

After being loaded, each truck is sealed and the seal numbers assigned to the truck are written on the seal sheet. Seal sheets are given to the shipping clerk, who adds them to the truck invoice in the central office system. The shipping clerk then matches the load sheet and truck invoice. If the two sheets do not match, the shipping clerk waits until the automated system process, load sheet, and truck invoice match. Once they match, the invoice is printed and the paperwork is put together for each truck. The order status is changed to “shipped” in the central office system.

Process Area	Process Detail
<b>Trigger:</b>	Route file sent to BevPro/RapidRoute
<b>Predecessor Process:</b>	Warehouse – Receiving Product
<b>Successor Process:</b>	Stores - Receive Product
<b>Systems Used:</b>	Central office system, BevPro/RapidRoute
<b>Divisions Involved:</b>	Warehouse



### 3.3.3 Ensure Adequate Stock at the Warehouse

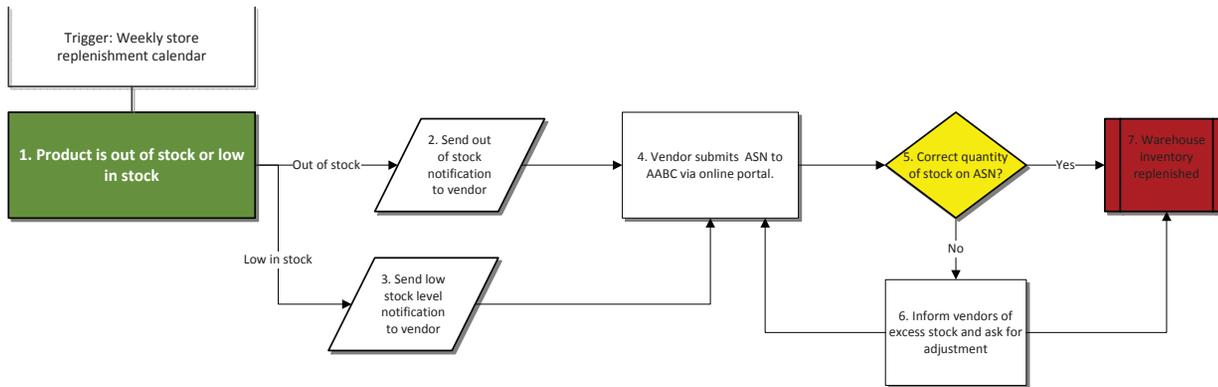
Summary of Changes from the Current Environment: The AABC now receives Advanced Shipment Notices via an on-line vendor portal.

An out-of-stock notification is automatically sent to vendors when their product is partially depleted.

Ensuring adequate warehouse stock is the continual process of maintaining inventory sufficient for store replenishment. The process entails communicating to vendors when inventory is too low or too high. Inventory levels for each product are set by Product Management on a quarterly basis.

This process is triggered by the weekly store replenishment calendar. An out-of-stock notification is automatically sent to vendors when their product is fully depleted. Vendors whose product falls below the AABC-defined level are automatically sent a notification. The vendors and the AABC will then follow the Receive Product process for the warehouse.

Process Area	Process Detail
<b>Trigger:</b>	NABCA and store divisions send any out-of-stock reports to vendor
<b>Predecessor Process:</b>	None
<b>Successor Process:</b>	Warehouse – Receiving
<b>Systems Used:</b>	NABCA (Future Environment), Central office system
<b>Divisions Involved:</b>	Warehouse



### 3.3.4 Process Claims for Warehouse Breakage

Summary of Changes from the Current Environment: The bill of lading is modified via the online portal in order to reflect the amount of the claim.

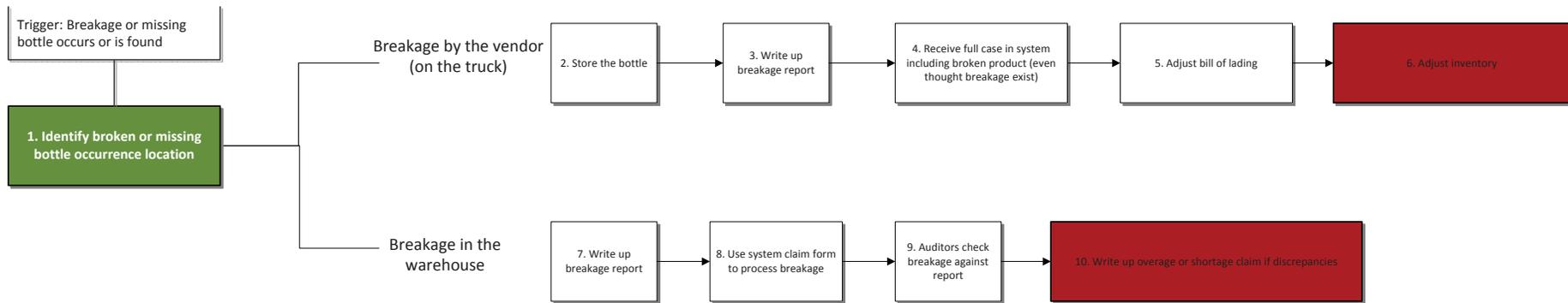
When bottle breakage occurs in the warehouse, a claim is created to either reduce inventory that is held by the warehouse or to pay a vendor for damaged product. The process is triggered when a bottle break occurs either on the truck or in the warehouse. A break can be identified in three primary ways:

1. Breakage identified on the truck.
2. Warehouse staff note that a bottle is missing.
3. Warehouse staff find a broken bottle in the warehouse.

A breakage identified on the truck is the responsibility of the vendor. It is assumed that the bottle broke in transit to the warehouse and there was no fault on warehouse staff. The broken bottle is stored while warehouse staff create a breakage report. Warehouse staff then receive the full case in the central office system including broken product, even though breakage exists. The bill of lading is modified in order to charge back the breakage to the vendor and adjust the inventory received from the vendor.

A breakage identified in the warehouse is the responsibility of AABC. These breakages generally occur while picking orders. When a breakage occurs, the S9A form is used to process a claim. The S9A form is used in NAVision to capture location, quantity, size, who broke the bottle, accounting code, and claim number. Auditors check actual breakage against the report. If there are discrepancies between actual breakage and the report, an overage or shortage claim is filed. Breakages in the warehouse are paid for by the AABC.

Process Area	Process Detail
<b>Trigger:</b>	Broken or missing bottle is identified Breakage identified on the truck Warehouse staff note that a bottle is missing Warehouse staff find a broken bottle in the warehouse
<b>Predecessor Process:</b>	None
<b>Successor Process:</b>	Accounting Pays for the Broken Product
<b>Systems Used:</b>	Central office system
<b>Divisions Involved:</b>	Warehouse



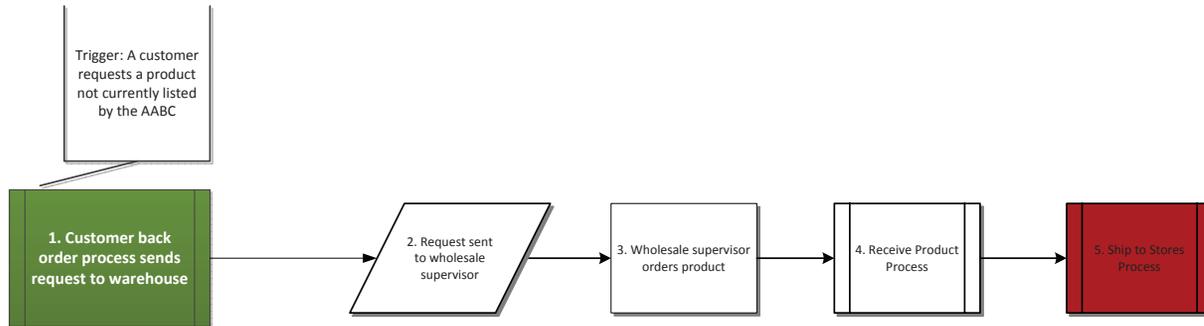
### 3.3.5 Process Unlisted Product Request (Wholesale)

Summary of Changes from the Current Environment: A backorder system is used at the warehouse to fulfill unlisted product requests to the correct store and customer.

The AABC allows retail customers and wholesale businesses to order products that are not listed in the central office and register systems. In this case, the cashier enters a special order (the vendor may provide a solution in the point of sale system, or create an external ticket tracking system for this process) in order to add information about the product is then sent to the wholesale supervisor who calls the vendor to get a quote for the requested product. When a quote is received, the wholesale supervisor calls the store to give the quote and find out if the customer would still like to purchase the product. If the customer would like to purchase the product, the wholesale supervisor will order the product from the vendor.

The wholesale supervisor updates the status of special request in the special request system throughout the process which notifies the store of the status of the special request (e.g., quote requested, quote received, quote sent to store, product ordered). In the meantime, the store will process a backorder in the register system for the item and the customer backorder process will be followed.

Process Area	Process Detail
<b>Trigger:</b>	Request from store entered in register
<b>Predecessor Process:</b>	Stores Operations – Store Request
<b>Successor Process:</b>	Warehouse – Receiving Product Warehouse – Process Store Requests
<b>Systems Used:</b>	Central office system, BevPro/RapidRoute, Register system
<b>Divisions Involved:</b>	Warehouse, Stores Division



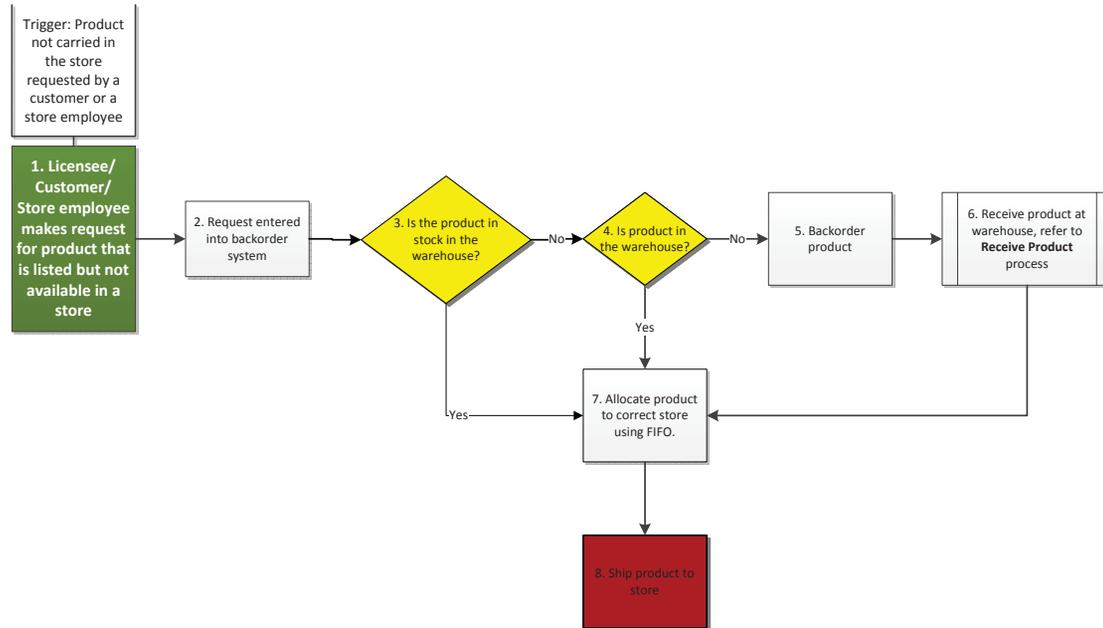
### 3.3.6 Process Store Request/Customer Backorder

Summary of Changes from the Current Environment: This process is not new, but has been re-classified.

The AABC allows retail customers and wholesale businesses to order products that are not normally stocked on AABC retail store shelves. Each store is also able to request additional product that is not normally stocked on the shelves, or may be required for an expected surge in sales. Some products are frequently ordered and therefore maintained at the AABC warehouse. Others are not kept at the warehouse and are thus ordered from vendors when requested.

The process is triggered when a request for a product that is not stocked on the shelves, or is over the normal replenishment amount entered in the store point of sale system. If the product is in stock in the warehouse, the Store Replenishment business process is followed. If the product is not in stock, the product is ordered from the vendor and allocated to the appropriate store using the FIFO method. When the product arrives at the warehouse, the Receive Product process is followed and the product is allocated and shipped to the store during the Shipping to Stores process.

Process Area	Process Detail
<b>Trigger:</b>	Request for product that is not stocked on shelves or is over the normal replenishment amount.
<b>Predecessor Process:</b>	Stores Operations – Store Request/Customer Backorder
<b>Successor Process:</b>	Warehouse – Receiving Product Warehouse – Shipping to Stores
<b>Systems Used:</b>	Central office system, BevPro/RapidRoute, Register System
<b>Divisions Involved:</b>	Warehouse, Stores Division



### 3.3.7 Update/transmit Product Information from the Central Office System to BevPro/RapidRoute

The master product file information is maintained manually in central office system by Product Management. The BevPro/RapidRoute product file consists of pick module location, AABC product code, description, size, and SCC and bulk location files, which refer to the location in the warehouse. When the product file information is updated, a new product file must be exported to BevPro/RapidRoute in order to effectively maintain consistent information. The BevPro/RapidRoute system performs an FTP transfer, or a “push” from the Central office system server to the BevPro/RapidRoute server, to get the product file. RapidRoute (the warehouse conveyor system application running on the BevPro/RapidRoute server) imports the file(s) and updates the database for product and UPCs. The product code files and location files are updated and transmitted to BevPro/RapidRoute in the same manner as the product file.

The triggers for a product UPC change are as follows (the processes are slightly different for each):

1. A new product
2. A product location change
3. A discontinued/de-listed product
4. A new UPC or SCC
5. Items missing from the product file
6. Items missing from the location file

For a new product, For a new product, the following entries are made:

- New product UPC and SCC are entered in Navision in Bar Code Edit List.
- Pick module, location, ABC product code and Bulk location are entered in Navision in the BEVPRO product file.

Both the product file and SCC file are then transmitted to BevPro/RapidRoute.

The pricing manager then changes the status of the product to “active.” New product is entered into NAVision, and the updated product and UPC files are sent to BevPro/RapidRoute.

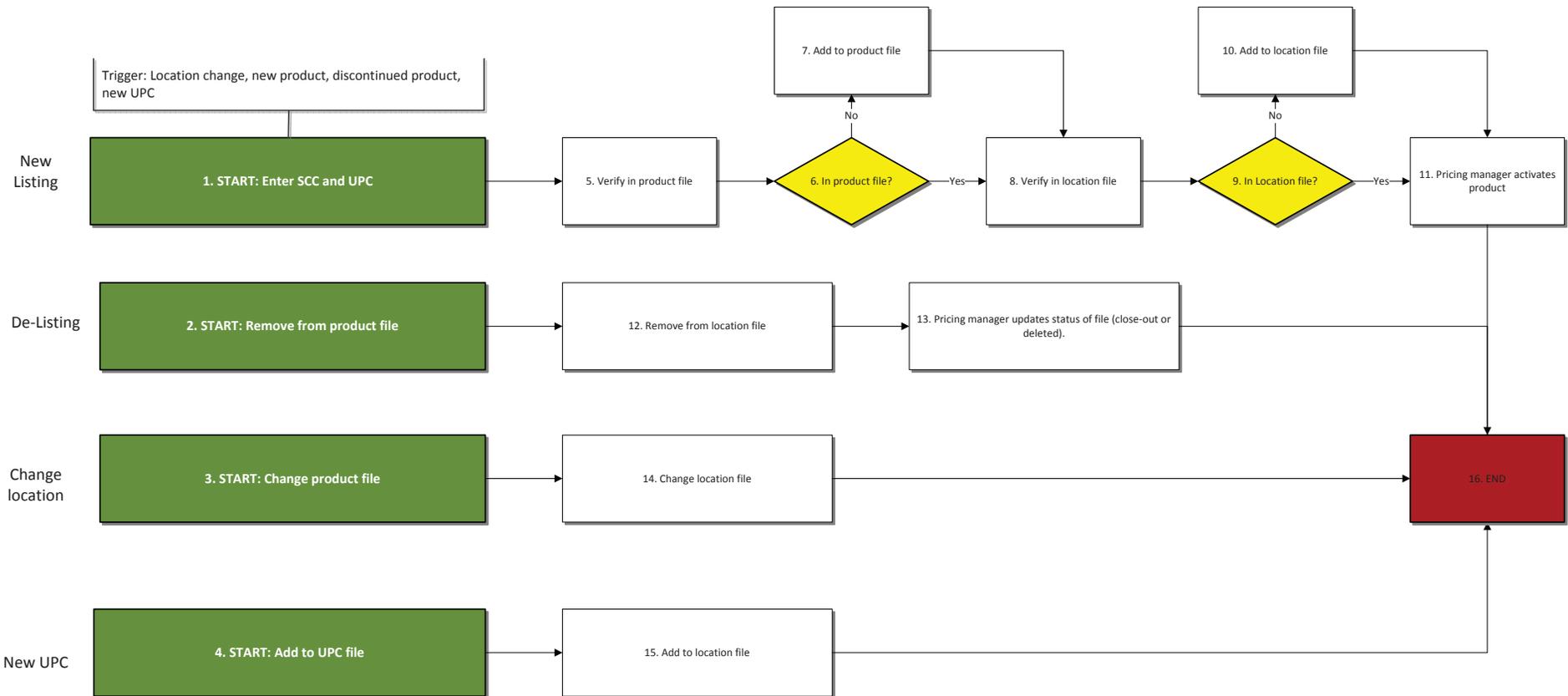
For a product de-listing, the UPC and SCC must be removed from the product file and location file in the central office system. The pricing manager then changes the status of the file from active to “close-out,” or “deleted.” Files cannot be marked deleted or closed out until all products with that code are out of the warehouse and out of all stores. Products removed/deleted are reflected in the new product and UPC files that are sent to BevPro/RapidRoute.

In order to change a product location, the product file and location file must be updated with the new information on location.

For a new UPC, the additions must be added to the UPC file and the location file.

To create the route file for BevPro/RapidRoute, the file is manually updated in the central office system.

Process Area	Process Detail
<b>Trigger:</b>	Product UPC change: <ul style="list-style-type: none"> <li>• Location change, new product, discontinued product, new UPC or SCC, items missing from product file, items missing from location file</li> </ul> Route File for BevPro/RapidRoute: <ul style="list-style-type: none"> <li>• Receive load sheet from truck company (paper sheet)</li> </ul> Missing Report: <ul style="list-style-type: none"> <li>• Items not in product file</li> <li>• Items not in location file</li> </ul> (Process is incorporated in other processes described below)
<b>Predecessor Process:</b>	None
<b>Successor Process:</b>	None
<b>Systems Used:</b>	BevPro/RapidRoute, Central office system
<b>Divisions Involved:</b>	Warehouse



### 3.4 Pricing

The Pricing division records prices for all product sold by the AABC. Prices are published quarterly both in print (via a third-party printing contract) and on the AABC website. Pricing is also responsible for selling to military bases in Alabama. Military bases operate their own chain of retail stores but sell AABC’s products at a discounted price. Pricing consists of a single full-time employee who reports to the Director of Product Operations.

List of Pricing Business Processes	
Process Number	Process Name
3.4.1	Add and Categorize New Product
3.4.2	Process Unlisted Product Requests
3.4.3	Maintain Vendor/Broker List
3.4.4	Publish (or arrange for publishing) of Product Pricing
3.4.6	Military Sales

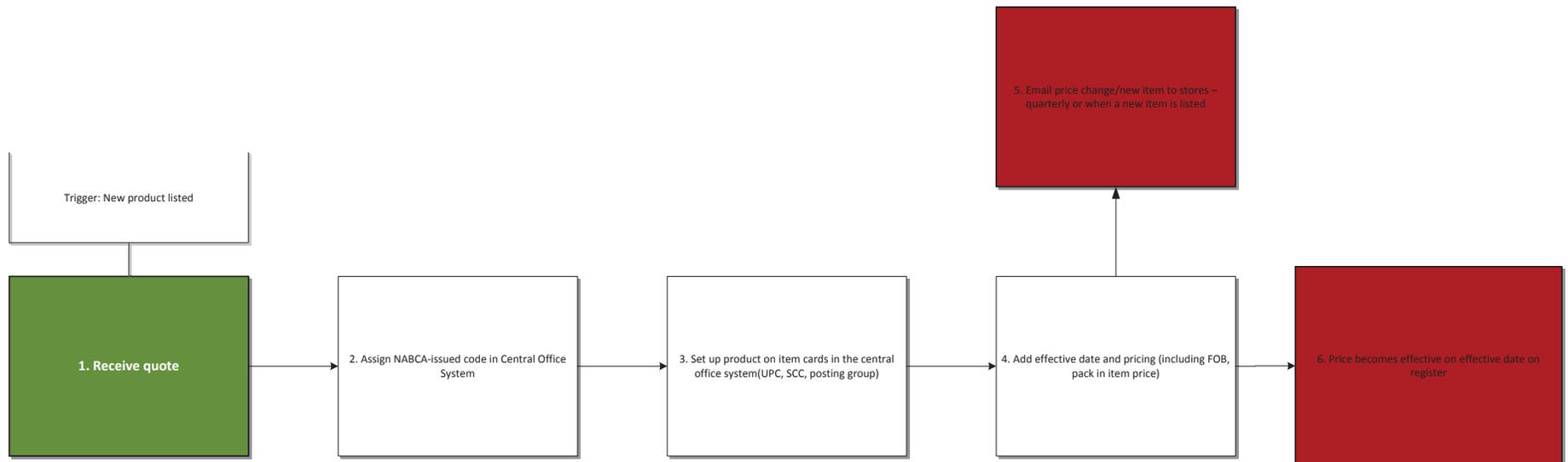
**Table 3.4: Pricing Business Processes**

#### 3.4.1 Add and Categorize New Product

Summary of Changes from the Current Environment: When the AABC lists new product only, the NABCA code is used. AABC no longer uses the ABC product code.

The trigger for the process of adding and categorizing new products is the decision by the AABC to carry products in AABC stores. The AABC will obtain a price quote from the vendor of record. The vendor/supplier sends that quote to the Pricing division. The product is then set up in the central office system (including information about the product such as UPC, SCC, posting group, etc.), and a price effective date and the pricing for the product (Freight on Board (FOB), pack, item price) are created. The register is then updated and the product will be available for sale. An email is sent quarterly to stores noting the price change or new item. The pricing is also available on the register, printed in the quarterly pricing guide, and published on the AABC website.

Process Area	Process Detail
<b>Trigger:</b>	Product listed
<b>Predecessor Process:</b>	Listing/De-Listing Product, Maintain Vendor/Broker List
<b>Successor Process:</b>	Replenishment, Code Distribution, Shipping
<b>Systems Used:</b>	Central office system
<b>Divisions Involved:</b>	Pricing

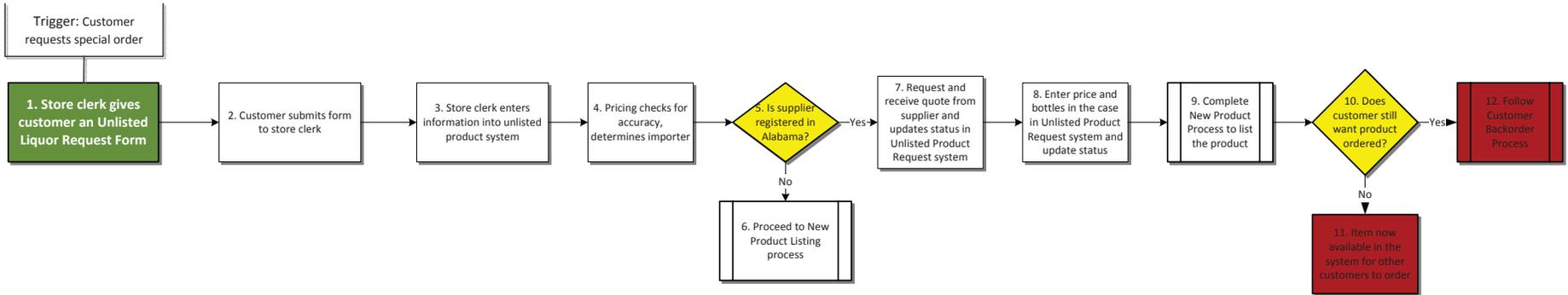


### 3.4.2 Process Unlisted Product Request

Summary of Changes from the Current Environment: The AABC or an AABC customer now enters orders for unlisted products into a ticket-based tracking system. This system allows both the AABC and the customer to track the status of the order. When the product vendor is identified and the price is established and accepted by the customer, the product is entered into the product backorder system for shipment, and delivered to the store for customer purchase and pick up.

An unlisted product request is an order placed by a customer for a product that is not carried by the AABC. When the order is made, the store cashier or the customer enters customer contact information and information about the product sought into the unlisted product request system. The unlisted product request form routes the request to Pricing. Pricing determines the importer of the requested product. If the supplier is not registered in Alabama, the New Product Listing process is completed, which allows the product to be carried by the AABC. If the supplier is already registered, a quote is requested and received by Pricing from the supplier or vendor of record. The unlisted liquor request system provides progress status updates during the process which informs the store employee and the customer when the product is available. Once the product is listed and a price is received, Pricing updates the unlisted product request system. The customer is asked if they still want the product. If so, the process follows the Customer Backorder process. If not, the product is now available for other customers, generally as a wholesale product (the product would need to go to a listing hearing to be listed as a retail product).

Process Area	Process Detail
<b>Trigger:</b>	Customer makes special order
<b>Predecessor Process:</b>	None
<b>Successor Process:</b>	New product listing, add/categorize new product, wholesale store request
<b>Systems Used:</b>	Central office system, Outlook
<b>Divisions Involved:</b>	Product Management (Wholesale), Pricing, Stores

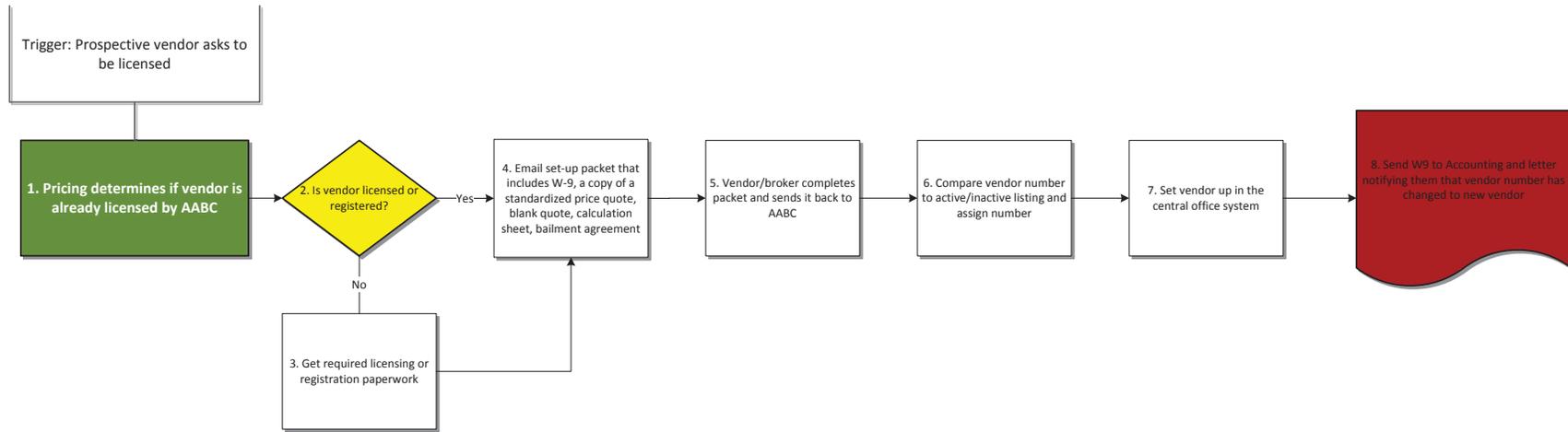


### 3.4.3 Maintain Vendor/Broker List

All vendors and brokers wanting to do business selling liquor products in Alabama must be licensed as a vendor or broker by the AABC. The master list of vendors and brokers is maintained by Pricing.

The process for maintaining the vendor/broker list is triggered by a vendor request for license to sell liquor in Alabama. If the vendor is not licensed or registered with the AABC, they must first gather the required paperwork. Then, a set-up packet is emailed to the vendor including a W-9, a copy of a standardized price quote, a blank quote, a calculation sheet, and a bailment agreement. Once the vendor/broker completes the set-up packet, they return it to AABC by mail. AABC will assign a vendor number. The vendor is then established in the ERP system. Accounting receives a W-9 and a letter notifying them that the vendor number has been assigned to a new vendor.

Process Area	Process Detail
<b>Trigger:</b>	Request for license to sell liquor in Alabama by a new vendor
<b>Predecessor Process:</b>	None
<b>Successor Process:</b>	Add/Categorize New Products
<b>Systems Used:</b>	Central office system
<b>Divisions Involved:</b>	Pricing, Accounting, Licensing, Suppliers, Representatives



### 3.4.4 Publish (or Arrange for Publishing) of Product Pricing

Summary of Changes from the Current Environment: The AABC now provides an online portal for suppliers to enter their price changes. The portal provides the ability for vendors/suppliers to check their current pricing and can let AABC know when product is discontinued. A workflow will be available for changes requiring Pricing approval.

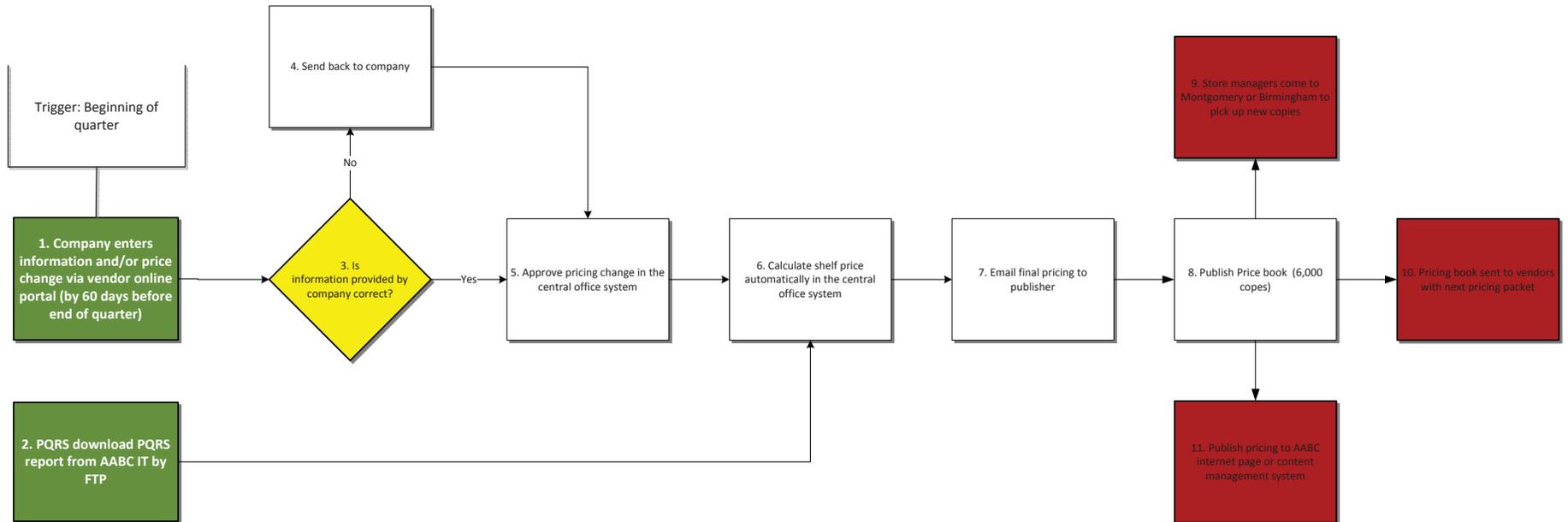
The AABC sets and publishes pricing quarterly for all product listed. Price setting dates are in February, May, August, and November. The quarterly publishing of product pricing occurs through the AABC quarterly price guide, which is both printed and available for download on the AABC website.

Vendors/suppliers receive an email four times a year announcing the availability of the next pricing quarter and provides the anticipated date of the next price listing. Vendors log in to the vendor online portal to submit price changes, if any exist. Any changes will send an alert to the appropriate central office staff, who will make price updates as necessary or reserve changes until the next quarterly price change.

Price changes must be received 60 days before the end of the upcoming quarter. If the pricing information provided by the supplier is incorrect, central office staff may reject the price change which sends a notification to the vendor. If pricing information is correct, the updated pricing is then approved in the central office system, which automatically calculates the pricing, including markup that the AABC uses to generate revenue to state agencies, cities, and counties. The new price information is sent to the register..

The final pricing is emailed to the quarterly price guide publisher, and 6,000 copies of the guide are printed and distributed to AABC stores. The quarterly price guide is posted on the AABC website and the pricing book is sent to vendors with the next pricing packet. Store managers come to Montgomery or Birmingham to pick up new copies.

Process Area	Process Detail
<b>Trigger:</b>	Beginning of quarter
<b>Predecessor Process:</b>	None
<b>Successor Process:</b>	None
<b>Systems Used:</b>	PQRS (NABCA), Central office system, Adobe, Outlook
<b>Divisions Involved:</b>	Pricing, IT, NABCA



### 3.4.5 Military Sales

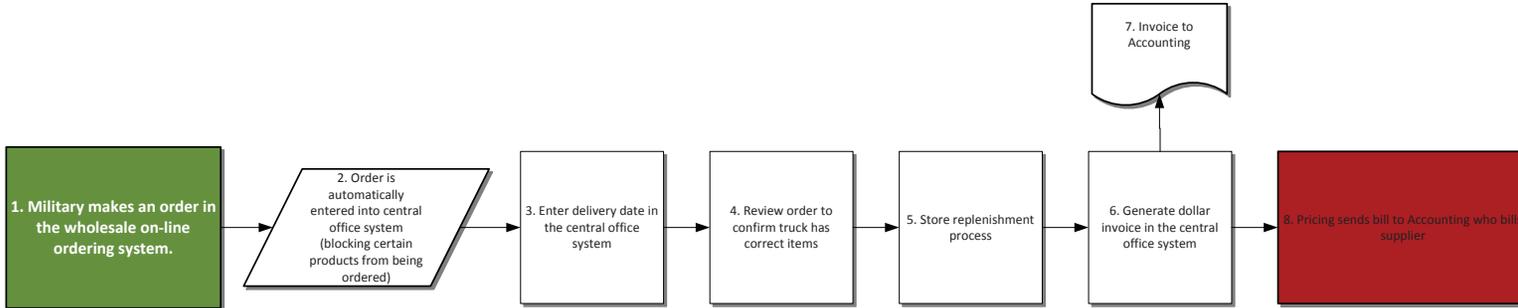
Summary of Changes from the Current Environment: AABC envisions that military sales will be placed from the wholesale on-line ordering system. The central office system must be configured to block sales of certain product from military stores.

Sales of liquor on military bases in Alabama come from two providers: the AABC or the Army and Air Force Exchange Service (AAFES), a Dallas-based agency of the United States Department of Defense focused on providing merchandise and services to Army and Air Force personnel. AAFES runs base liquor stores, which also include beer and wine. AABC liquor sold to AAFES is provided at 5% over cost. Military bases have product shipped directly from the AABC rather than picking up the product at an AABC wholesale store.

The military sales process is triggered by a military store making an order in the online wholesale ordering system. The military order is then automatically entered into the central office system, including each item number and quantity of each product ordered. An expected shipment and delivery date is entered, expected shipment is calculated, and a load sheet is printed. The central office system exports the file to BevPro/RapidRoute. Any items that are not available in the warehouse are deleted from the invoice. Product ordered is loaded on the AABC shipping truck and the order is checked against the invoice for accuracy.

The military sales process concludes by continuing to the store replenishment process. This process generates an invoice in the central office system. The invoice is then sent to Accounting, who bills the military store for all products ordered.

Process Area	Process Detail
<b>Trigger:</b>	Military store order (weekly or every other week)
<b>Predecessor Process:</b>	Receiving Product
<b>Successor Process:</b>	Generate Distiller Invoices (Accounting)
<b>Systems Used:</b>	Central office system
<b>Divisions Involved:</b>	Pricing, Purchasing



### 3.5 Store Operations

The Store Operations Division is the largest division in the AABC. It includes about 650 employees who serve as clerks, cashiers, or managers. There are two regional directors (one for the northern part of the state and one for the southern part), and seven districts managers in each region. The Stores division is overseen by a single director in Montgomery.

Stores are responsible for liquor sales to the public and to licensees through retail stores and wholesale/retail stores. Some wholesale/retail stores provide a separate area for licensees to pick up liquor for sale at their establishments.

List of Store Operations Business Processes	
Process Number	Process Name
Central Office Store Operations (includes Store Operations Control (SOC))	
3.5.1	Manage Employee Information
3.5.2	Set and Update Store Hours and Locations and Districts
3.5.3	Enter and Verify Store Deposits
Individual Stores – Managerial/Back Office Operations	
3.5.4	Store-to-Store Transfers at the Store
3.5.5	Process Store Requests
3.5.6	Conduct Physical Inventory
3.5.7	Receive Inventory
3.5.7	Process Claims for Damaged or Broken Goods
Individual Stores – Cashiering/Point-of-Sale	
3.5.9	Process Unlisted Product Request
3.5.10	Process Wholesale Orders
3.5.11	Process Store Requests
3.5.12	Process Customer Backorder
3.5.13	Process Retail Sales
3.5.14	Conduct Beginning and End of Day Processes on Registers
3.5.15	Collect Tax for Products Not Sold by AABC

**Table 3.5: Store Operations Business Processes**

### 3.5.1 Manage Employee Information

Summary of changes from the Current Environment: The AABC will use biometrics for employees to log in to registers, rather than an employee identification number and password only. All employee information will be maintained in a centralized database.

With over 173 store locations, the AABC has hundreds of employees for whom they must maintain information, including a access credentials to the AABC's register system.

This process begins when a position becomes available at an AABC store. Positions become available for various reasons, including new employee, employee transfer, retirement, resignation, employee termination, increase/decrease of store sales volume resulting in need for additional or fewer employees, or a store being added or deleted.

The AABC Personnel Director sends the request to State Personnel for certification of eligibles (persons who are eligible for hire). The State Personnel Director then sends the AABC the list of eligible hires and applications. Store supervisors conduct interviews with candidates and perform background checks and drug screens.

Once a new employee is selected, new employee paperwork is completed by the District Supervisor and sent to the Stores division. The paperwork is then sent to the AABC personnel director, which includes store location number, position, and job classification.

The form is then sent to Store Operations Control (SOC), who assigns the new employee a cashier number. This cashier number is maintained in a central database along with biometric information about employees needed to access the system.

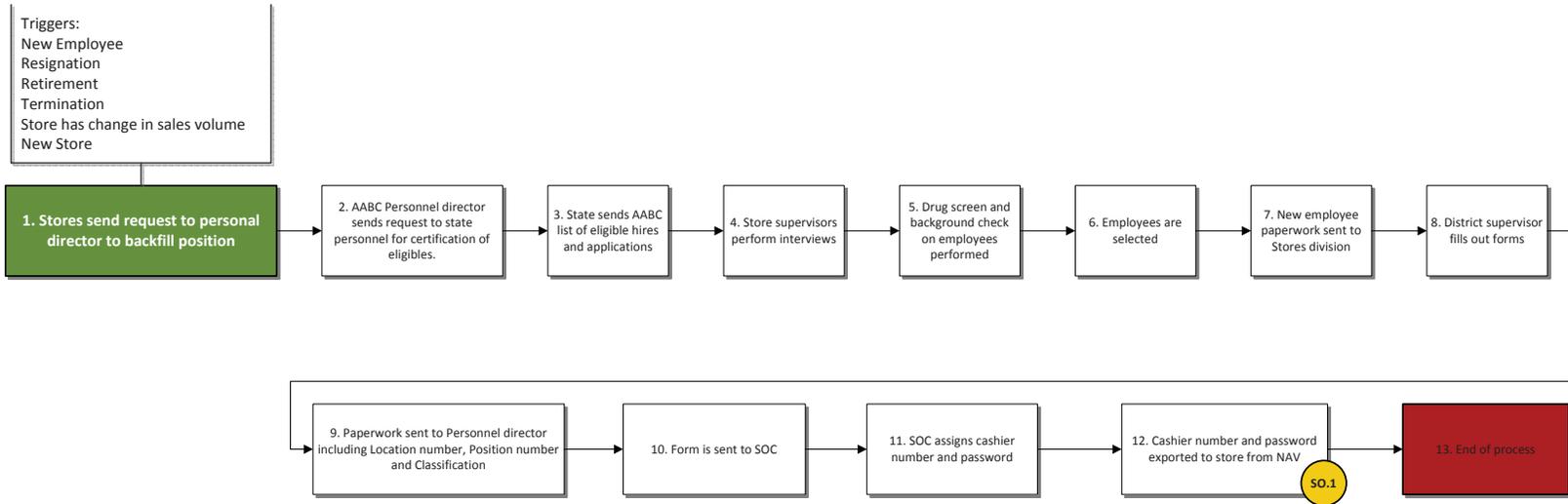
Process Area	Process Detail
<b>Trigger:</b>	New employee Employee transfer Retirement Resignation Termination Increase/decrease store sales volume Add/delete store
<b>Predecessor Process:</b>	None
<b>Successor Process:</b>	None
<b>Systems Used:</b>	Excel, Word , Email, Central office system, Website, Central database of employee biometric data.
<b>Divisions Involved:</b>	Stores, SOC, AABC Personnel , State Personnel, IT



Project:  
Business Process:

Alabama Alcoholic Beverage Control Board Wholesale/Retail System Analysis and Design

Store Operations: Manage Employee Information



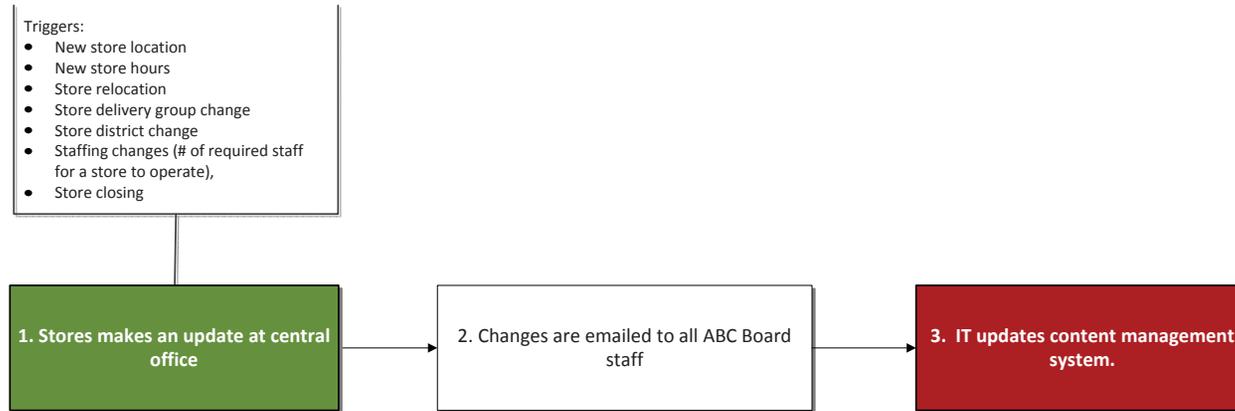
### 3.5.2 Set and Update Store Hours, Locations, and Districts

Summary of Changes from the Current Environment: The AABC now directs customers to a SharePoint list of stores that includes store hours, locations, and districts. This change may be accomplished by the AABC (no vendor requirement involved).

The AABC maintains a variety of information that serves as a central database for managing data about each store in NAVision including store hours, locations, and districts. When this information is modified, changes have to be communicated to appropriate personnel.

There are various reasons for updating store hours, locations, and districts. The reason may be a new store location, new store hours, store relocation, store changes delivery groups, store changes districts, store closing, or a staffing change. For any one of these changes, the stores division makes the appropriate update in NAVision. Once changes have been made by the stores division, the change(s) is emailed to all AABC Board staff. IT then updates an online portal list that is publically available from the AABC website to end the process.

Process Area	Process Detail
<b>Trigger:</b>	New store location, new store hours, relocation, store changes delivery groups, store district changes (number of required staff for a store to operate), store closing
<b>Predecessor Process:</b>	None
<b>Successor Process:</b>	None
<b>Systems Used:</b>	MS Word, MS Excel, Central office system , Email, Website, Supply Ordering System, SharePoint
<b>Divisions Involved:</b>	Stores, SOC, IT, ISD

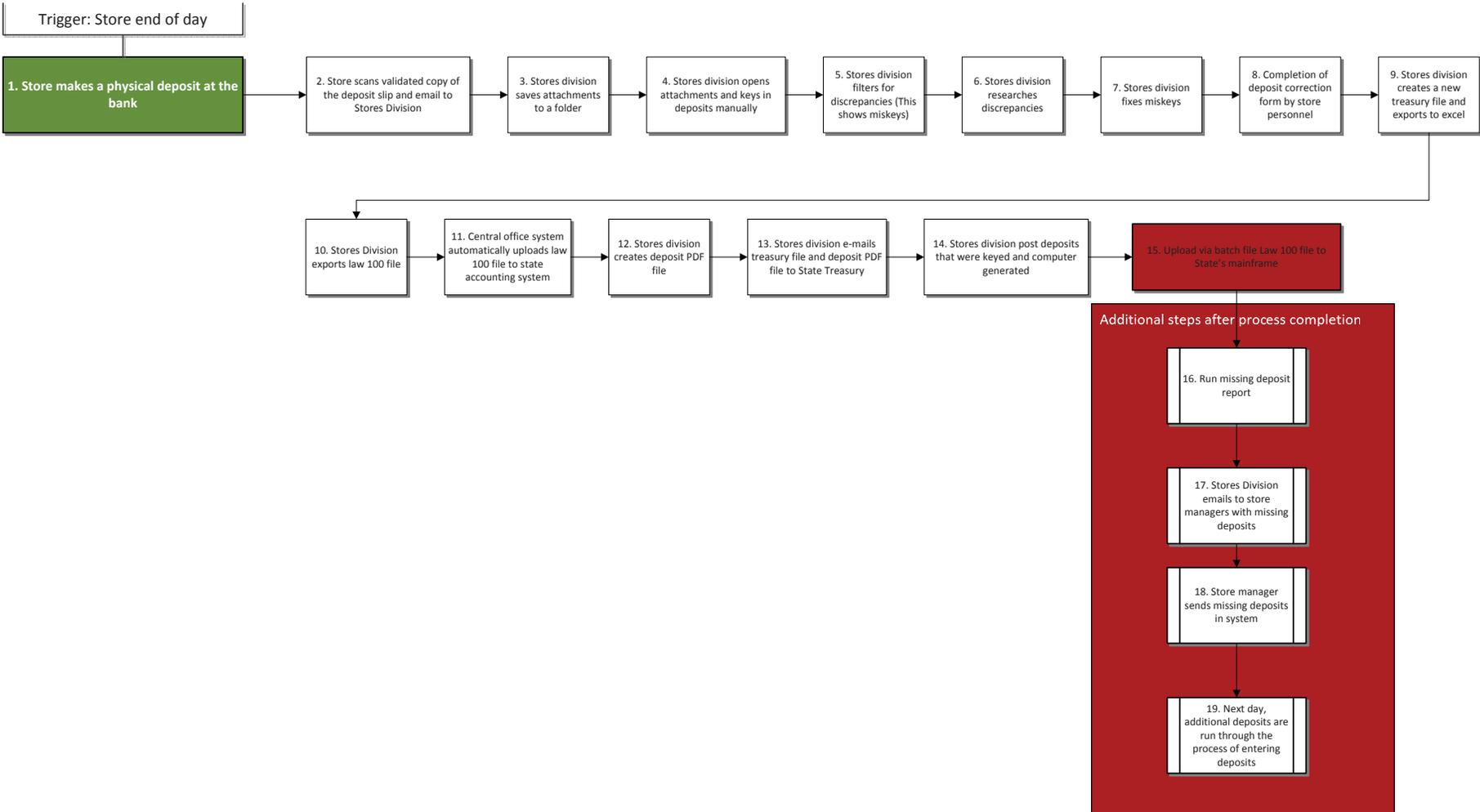


### 3.5.3 Enter and Verify Store Deposits

The store operations division verifies each store deposit and enters them into the central office system after receiving each store’s bank deposit slip. This process begins when each store makes a physical deposit at the bank. The store scans the validated copy of the deposit slip from the bank and emails the copy to the stores division. The store division saves the copies of the deposit slips to a folder for all deposit attachments received. They open the attachments and key each deposit manually into the central office system. Once all deposits have been entered, they filter for discrepancies. If the discrepancy is due to mis-keyed information, the information is corrected. If it was not a mis-key, the discrepancy is researched. If there was a problem at the store, store personnel complete a S43 form to correct inaccurate deposits.

The stores division creates a “treasury file,” an Excel file containing deposits of store sales for export to the state Treasury, in the central office system once all discrepancies are fixed or researched. The “Law100” file, or file of deposits data to be exported to the State’s accounting system, is then created in the central office system and uploaded manually to the State accounting system. The stores division creates a deposit report PDF file showing the day’s deposits in the central office system, then emails the excel treasury file and the deposit report PDF file to the State Treasury. After emailing the deposit PDF, the stores division posts the deposits that were keyed and computer generated in the central office system. The Law100 file is uploaded to the State’s mainframe via a batch file. A missing deposit report is run after all files have been generated and uploaded and the stores division emails any store managers that have missing deposits. The store managers then send any missing deposits in the system and the process repeats for entering store deposits. The missing deposits process is not necessary to end the process of entering and verifying store deposits; rather, they are additional steps that are performed to ensure there are no missing deposits. Missing deposits are treated like all other deposits in that they run through the same enter/verify business process steps the following day.

Process Area	Process Detail
<b>Trigger:</b>	Store End of Day
<b>Predecessor Process:</b>	Conduct End of Day Process on Registers
<b>Successor Process:</b>	Run Missing Deposit Report
<b>Systems Used:</b>	PDF Reader, MS Excel, Central office system, Email
<b>Divisions Involved:</b>	Stores Division, SOC, IT, Accounting, Stores



### 3.5.4 Store-to-Store Transfers at the Store

Summary of changes from the Current Environment: The following changes will occur in the to-be environment:

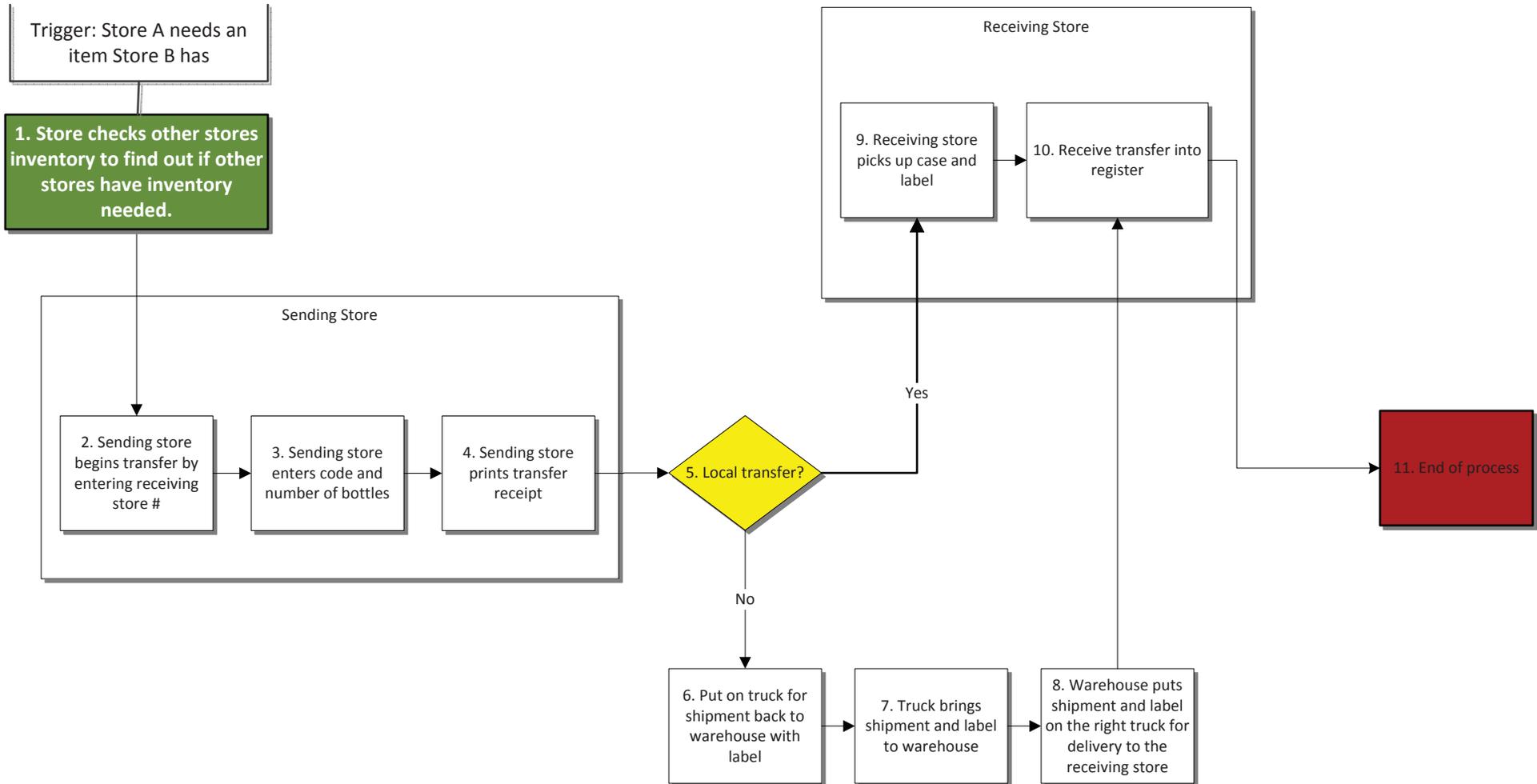
1. Stores have the ability to look up inventory at other locations to improve efficiency in finding inventory.
2. Transfers are received without the need to re-enter data, possibly by just scanning barcode at bottom of a transfer receipt and accepting or editing the entry, if necessary.
3. Non-local transit from store to warehouse to store is traceable.
4. Store-to-store transfer label is printed out of the system instead of manually written. The use of a handheld printer is an option for the printing.

Store-to-store transfers occur when one store needs product that is in stock at another store. Stores can either ship directly to the requesting store if they are close by or ship to the warehouse for delivery if the receiving store is further away.

This process is triggered by the need for a product located at another store. The receiving store checks the inventory at nearby stores in the register system to see which store may have enough inventory to supply the need. The receiving store then sends an email to find out if other stores are willing to transfer the product. The sending store begins the transfer of inventory at the register by entering the transferred product. The sending store then enters the AABC code and number of bottles being sent and prints the transfer receipt to be shipped with the inventory. If the transfer is local, the receiving store picks up the bottles and the receipt. The receiving store verifies that the transferred product matches the transfer in the system. If the transfer and product match, the receiving store then receives the transfer in the register system. If inventory transfer does not reconcile, the receiving store makes adjustments before receiving, which is then reported to the sending store. If there is a dispute in the transfer between the two stores, the issue is resolved by the stores division inventory manager.

If the transfer is not local, the inventory is put on a truck for shipment back to the warehouse with a receipt. The inventory and receipt are brought to the warehouse to be loaded on the appropriate truck for delivery to the receiving store. There is a separate physical area for this inventory in the warehouse so that it is not grouped with regular inventory.

Process Area	Process Detail
<b>Trigger:</b>	Out of stock item
<b>Predecessor Process:</b>	None
<b>Successor Process:</b>	None
<b>Systems Used:</b>	Email, Register system, Central office system
<b>Divisions Involved:</b>	Warehouse, SOC, Stores, Product Management



### 3.5.5 Process Store Requests

Summary of changes from the Current Environment:

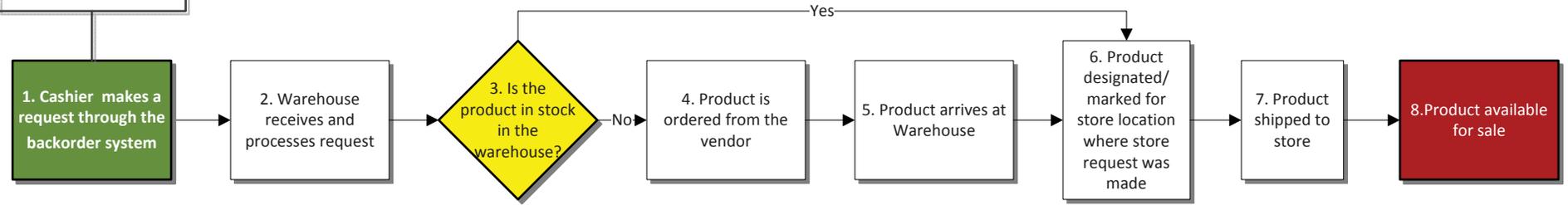
Employees are able to review and print store requests after they are entered.

This process occurs at AABC stores when there is an item that is out of stock, there is a need for additional product that is not normally stocked on store shelves but is stocked in the warehouse, or a customer has a special event that requires a larger quantity of product than the store would normally carry.

When any of these trigger events occur, the store will enter the request in the POS system. This will trigger a shipment of the requested type and amount of stock to the requesting store.

Process Area	Process Detail
<b>Trigger:</b>	Out of stock item
<b>Predecessor Process:</b>	None
<b>Successor Process:</b>	Process Retail Order, Process Wholesale Order
<b>Systems Used:</b>	Register system , Central office system
<b>Divisions Involved:</b>	Product, Stores, SOC

Trigger: Store needs product not regularly replenished on AABC store shelves



### 3.5.6 Conduct Physical Inventory

Summary of Changes from the Current Environment: The AABC Audit division no longer needs to schedule a store inventory. Scheduling the inventory is a function of the lack of a real time connection between the registers and the central office system. The AABC will consider the possibility of selling product during an inventory if way to not interrupt the inventory is possible. Currently, no selling can occur as it skews inventory counts.

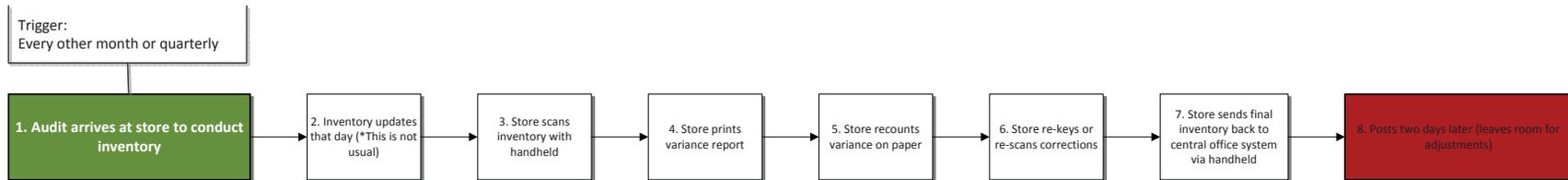
Each AABC store is required to perform a complete physical inventory count on a monthly, bi-monthly, or quarterly basis, depending on the historical accuracy of the store inventory. Inventory is scheduled on a predefined basis at the central office. The process of counting the inventory is performed using a handheld scanner which communicates directly with the register system.

Inventory may be taken in the morning before the store opens or in the evening after the store closes. The system compares the inventory counted with the current system inventory levels.

The inventory batch is updated at that time. The store employees then count the physical inventory by scanning all of the items with a handheld unit and print a variance report. All items that appear on the variance report are recounted and corrections are rekeyed or rescanned into the handheld.

The store then indicates inventory is completed and approved for posting in real time from the handheld scanner and the process ends.

Process Area	Process Detail
<b>Trigger:</b>	Calendar: Monthly, bi-monthly, or quarterly (depends on the store)
<b>Predecessor Process:</b>	None
<b>Successor Process:</b>	None
<b>Systems Used:</b>	MS Word, MS Excel, Register system, Central office system , Hand held scanners, Email
<b>Divisions Involved:</b>	Stores, SOC, IT



### 3.5.7 Receive Inventory

Summary of Changes from the Current Environment: The register system will automatically assign the store location to product upon scanning instead of manual re-keying.

AABC stores track inventory of each item in the store. The receive inventory process is utilized to update AABC systems with accurate information on inventory quantities at each store when shipments arrive from the warehouse.

This process begins when a truck arrives at a store with a load of product from the warehouse. The store uses a handheld scanner to enter the invoice number retrieved from the shipment and other pertinent data, and receive the shipment. The first data entered into the handheld is the cashier number and invoice number. The store employee then proceeds to scan the SCC from each case of liquor arriving at the store.

When all the cases are entered, the store then prints a variance report, which displays any discrepancy between what the warehouse claimed was shipped on the invoice and what was physically scanned at the store. Any items that have a discrepancy are rescanned or rekeyed into the handheld scanner. A store must indicate that a truck delivery is completed and approved for posting. A variance report with product received at the store is created when truck deliveries are posted.

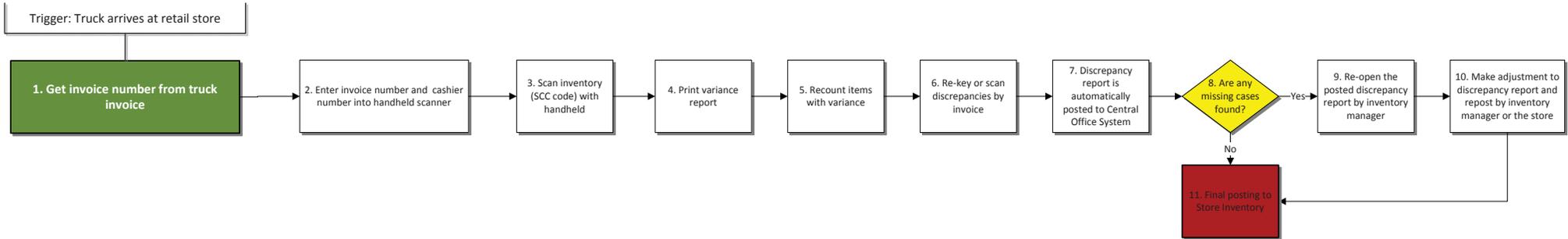
Process Area	Process Detail
<b>Trigger:</b>	Truck arrives at the store
<b>Predecessor Process:</b>	Warehouse – Shipping
<b>Successor Process:</b>	None
<b>Systems Used:</b>	Central office system, hand held scanner, Register system
<b>Divisions Involved:</b>	Stores, SOC, IT, Warehouse, Accounting



Project:  
Business Process:

Alabama Alcoholic Beverage Control Board Wholesale/Retail System Analysis and Design

Store Operations: Receive Inventory



### 3.5.8 Process Claims for Damaged or Broken Goods

Summary of changes in the current environment: The term S9A is now referred to as a “Store Claim.” Inventory at the stores will now be available in near real time, which will allow for more timely claims – related adjustments to inventory.

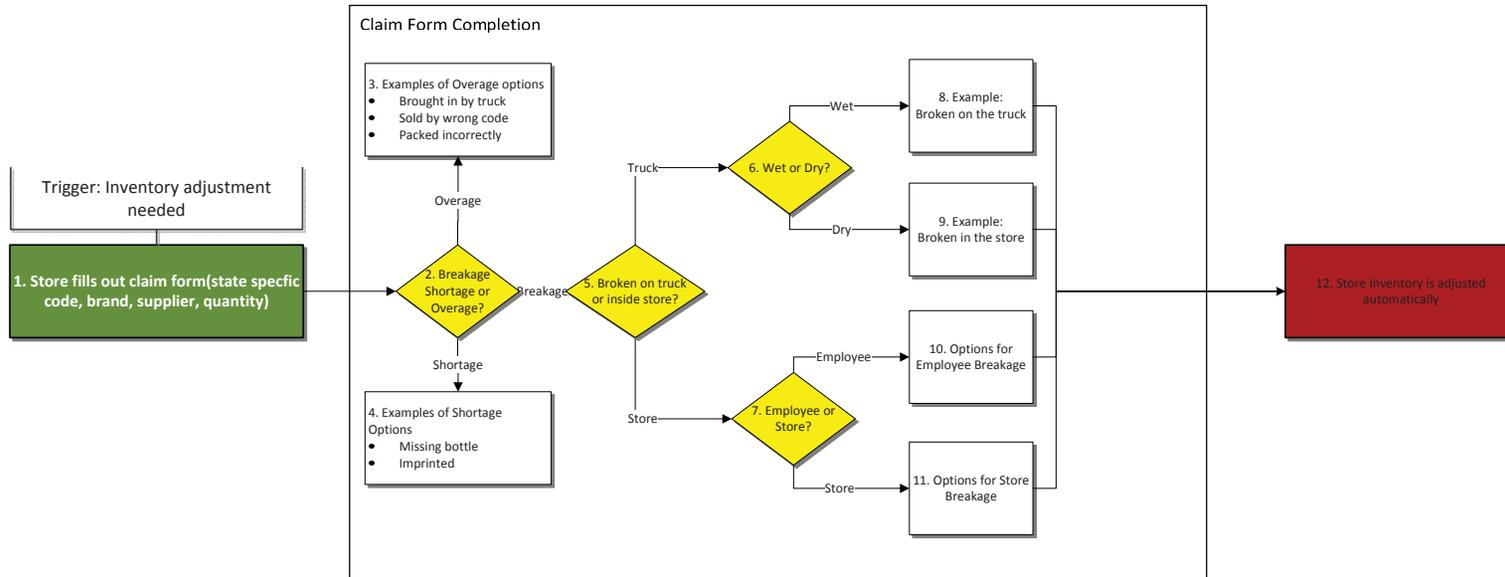
This process is used to report inventory adjustments such as overages, shortages, and damaged product. A claim form is used for reporting, found in in the register system. After the form is filled out, it is sent to SOC. A claim form is used when product may be over shipped or there may be a bottle missing from a case, in which case an employee would report the extra or missing bottle(s), or if a product is damaged in transit, before transit, or by an employee.

This process is triggered by the need for an inventory adjustment due to product breakage. When a claim is necessary, a store employee will fill out a claim form using the state-specific product code, product brand, supplier, and quantity. An overage may be caused by things like extra product brought in by the truck, product sold by the wrong code, or product packed incorrectly. A shortage of product may be due to things like missing bottles or imprinted boxes, which means a bottle was missed during packing of the case or was stolen.

In the case of a damaged product, store employees determine where the bottle was broken: either on the truck or inside the store. If the item is broken on the truck, it must be determined if the item is wet or dry. If the item is wet, then it was broken on the truck. If the item is dry, it is determined to have been broken before it reached the truck. If the item was broken in the store, it must be determined if it was broken by an employee. The claim form is then completed accordingly. Inventory is updated in the register system and then updates the central office system inventory in near real time.

An example of an overage or shortage that does not use the claim form is an incorrect truck invoice. If the truck invoice is incorrect, a variance entry is made in lieu of a claim when truck deliveries are posted.

Process Area	Process Detail
<b>Trigger:</b>	Unsalable merchandise and inventory correction
<b>Predecessor Process:</b>	None
<b>Successor Process:</b>	None
<b>Systems Used:</b>	Central office system, Register system
<b>Divisions Involved:</b>	SOC, Stores, Accounting



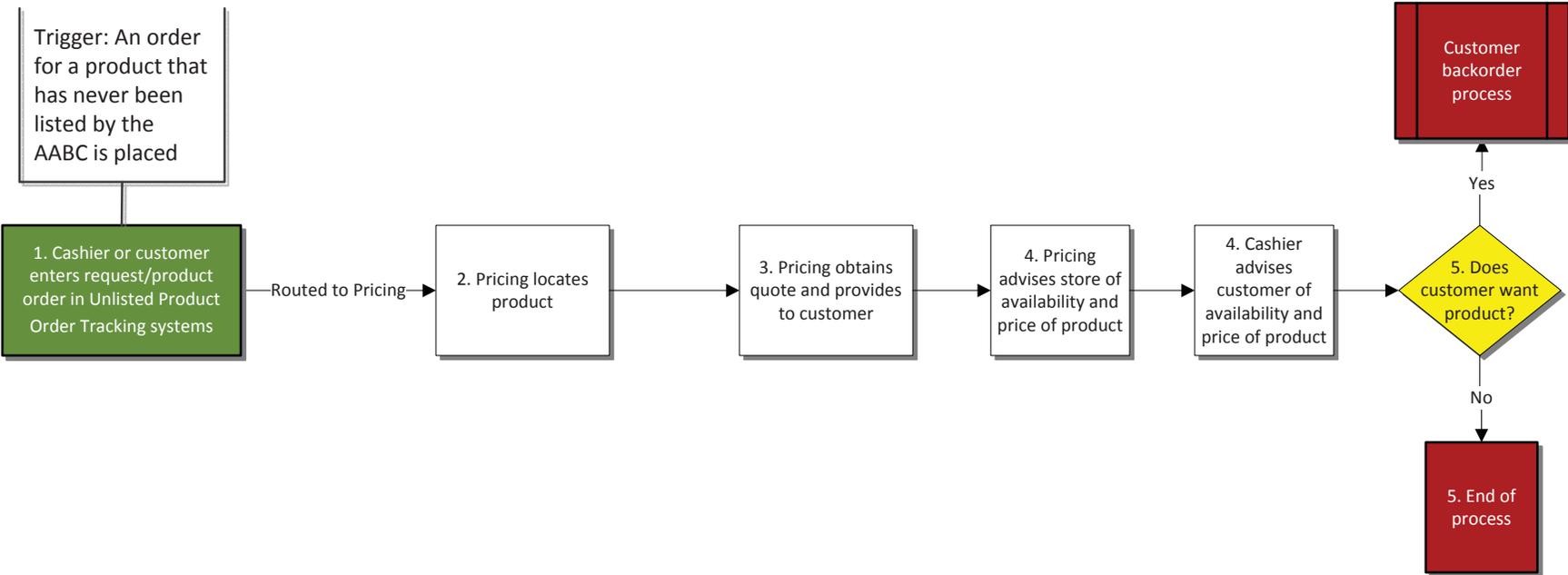
### 3.5.9 Process Unlisted Product Request

Summary of Changes from the Current Environment: The special order process is now handled by a unlisted product request system dedicated to placing orders for product not listed by the AABC. The unlisted product request system will issue a tracking number for each order made and will track the status of the order. The unlisted product tracking system may be accessed via the Internet so that both the AABC and the customer making the request can view the status of their order.

The business process is triggered by a customer ordering an item that has never been listed by the AABC.

The Pricing division is contacted for product information via an unlisted product request tracking system. Pricing determines if the product is available from a vendor, and provides the price quote and time estimate of delivery to the store for the customer. At every step in the process, the wholesale supervisor updates the online tracking system with the status of the unlisted product order. If the customer decides that they still want the item, Pricing creates the item and its code in the central office system and then orders the product. The store cashier enters a backorder in the register system and the sale follows the customer backorder process.

Process Area	Process Detail
<b>Trigger:</b>	An item is not in the system or does not have a listed retail or wholesale code
<b>Predecessor Process:</b>	None
<b>Successor Process:</b>	New product Listing, Add/Categorize New Product, Wholesale Request
<b>Systems Used:</b>	Central office system, Register system
<b>Divisions Involved:</b>	SOC, Stores, Pricing



### 3.5.10 Process Wholesale Orders

Summary of Changes from the Current Environment: Records of licensees that include the name of the licensee, a phone number, street address and names of those licensee employees who are authorized to pick up or receive product from an AABC wholesale location are now displayed in the register system. The AABC no longer records a separate tabulation of licensee sales to record who picked up an order, including a record of who is authorized to pick up product, on paper. Licensees may be required to present a licensee identification card for the purposes of making purchases.

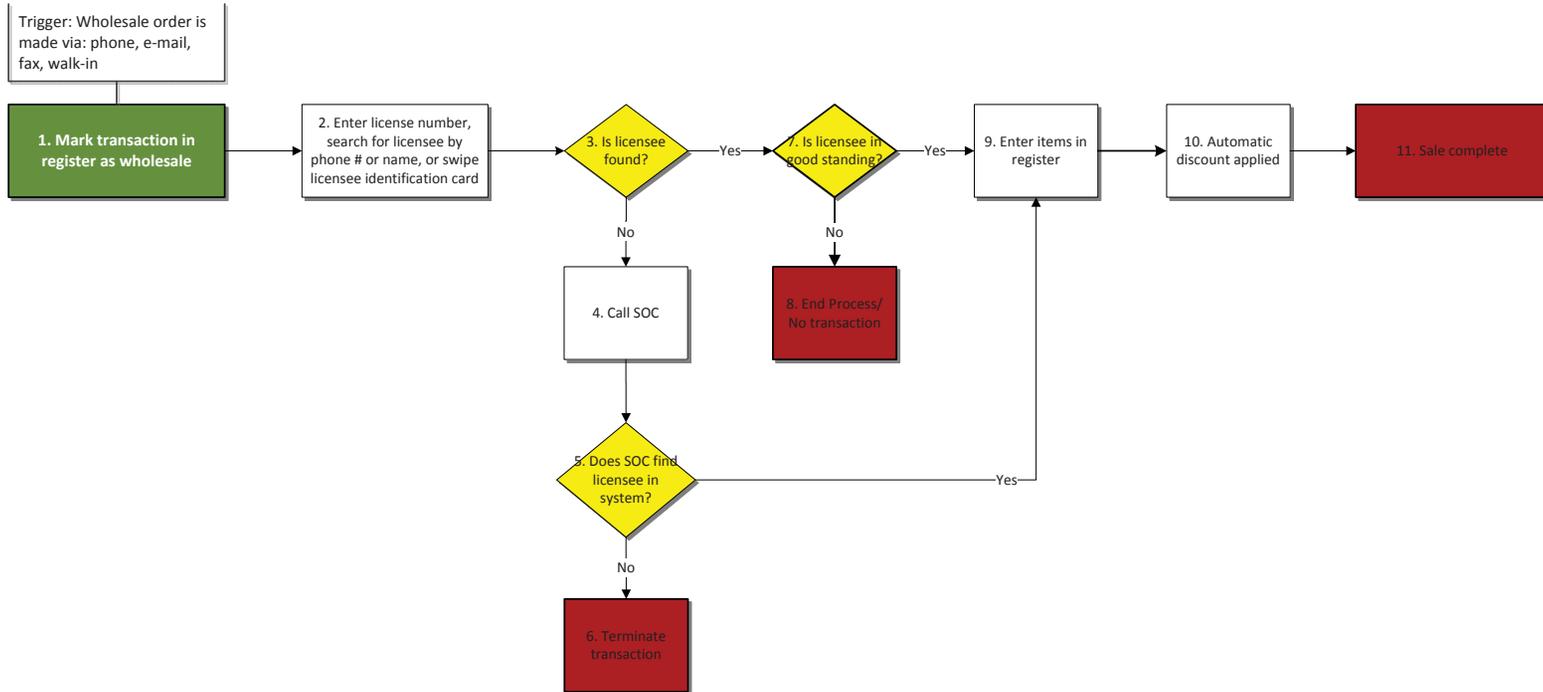
Licensees may sign for product purchased using a pin-pad terminal.

Licensees are required to have a license number to make purchases and there is a 10% discount on wholesale case purchases. The 10% discount is applied only to whole cases, not to partial cases. Wholesale orders may be placed using the online ordering system and then picked up at an AABC store, or the order can be made in person at a store.

The process is triggered when a wholesale order is made via phone call, email, fax, or walk-in. The licensee twelve-digit license number is entered into the system, or a licensee look-up may be performed by phone number or last name. The central office system maintains a connection with the licensing system which allows for access to real time licensee information at the registers. The system prompts for re-entry of the license number in order to verify it is the correct licensee. If the licensee is found in the system, the wholesale items for purchase are entered and are discounted automatically.

Licenses that have not been renewed or are otherwise not valid are flagged in the licensing system. The interface between the licensing system and online wholesale ordering system prohibits those with invalid licenses from placing orders. The licensing system also notifies beer and wine distributors when a license is invalid for the purpose of prohibiting sales. If the licensee has a valid license, AABC staff also verifies that the licensee employee purchasing the product is authorized to purchase liquor on behalf of the licensee by accessing a list of approved names in the online wholesale ordering system.

Process Area	Process Detail
<b>Trigger:</b>	A wholesale order is made one of the following ways: Call-in order Email order Fax order Walk-in
<b>Predecessor Process:</b>	None
<b>Successor Process:</b>	None
<b>Systems Used:</b>	Register system, Central office system, Licensee system (written in-house), online wholesale ordering system
<b>Divisions Involved:</b>	SOC, IT, Store, Licensing and Compliance



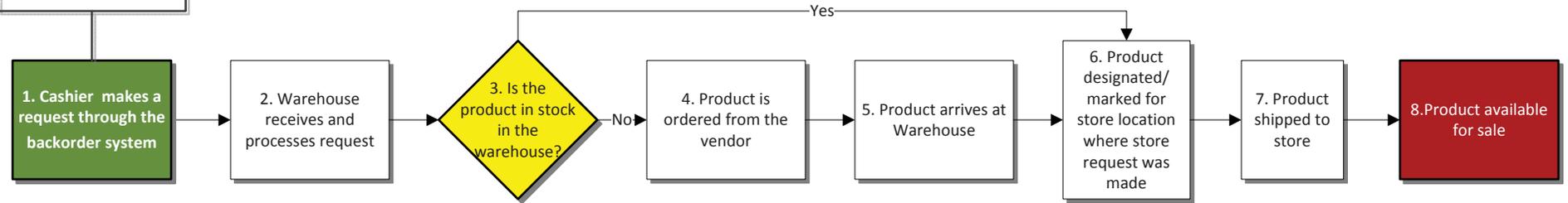
### 3.5.11 Process Store Requests

Summary of Changes from the Current Environment: The stores will have access to the same backorder system that the Warehouse uses. The backorder system allows store employees to make a store order, or order for a product carried by a store but which is not in a particular store when requested by a customer or licensee, and designate the name of the customer or licensee for which or whom the store order was placed. The backorder system operates in a first in, first out fashion: the product is allocated to the oldest order available. The backorder system may look up orders by criteria that includes but is not limited to: state specific product code, order status, licensee number, customer name, and product description.

The process is triggered by a store need for product that is not regularly replenished by the AABC. These products are traditionally referred to as “wholesale” products: they are listed by the AABC, but are not regularly replenished and available in stores. The process begins by a cashier or store employee entering a store request. Product code and quantity are entered. If the product is available at the warehouse it is shipped on the next truck going to that store. If the product is unavailable at the warehouse, it is ordered. When the product arrives at the warehouse, it is designated for the store that placed the order and shipped on the next truck going to the store.

Process Area	Process Detail
<b>Trigger:</b>	Store request for product listed by AABC but not available in the store
<b>Predecessor Process:</b>	Receive Inventory
<b>Successor Process:</b>	Receive Product (Warehouse)
<b>Systems Used:</b>	Register system, Central office system, Backorder system
<b>Divisions Involved:</b>	Stores, Warehouse

Trigger: Store needs product not regularly replenished on AABC store shelves



### 3.5.12 Process Customer Backorder

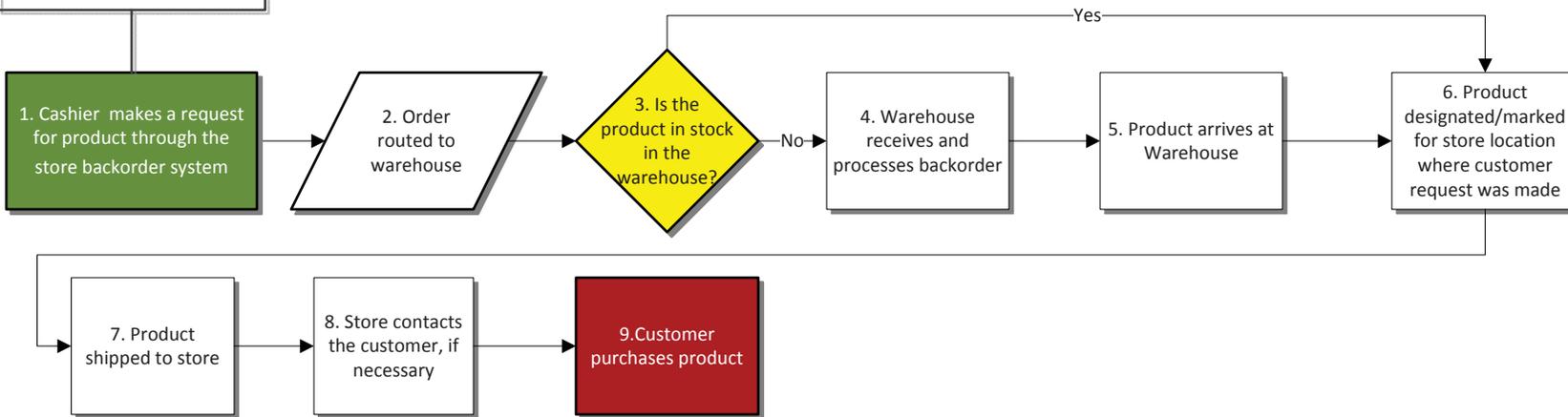
Summary of Changes from the Current Environment: A customer backorder was previously called a special order. The process is not new, although the introduction of a backorder system is a new feature.

The process is triggered by a customer need for product that is not in the store. The product and quantity are backordered and the customer’s contact information is recorded in the backorder system. The backorder is placed on order from the warehouse. If the product is available at the warehouse, it is shipped on the next truck going to that store. If the product is unavailable at the warehouse, it is ordered from the vendor. When the product arrives at the warehouse, it is designated for the store that placed the order and shipped on the next truck.

When product arrives, the customer is contacted so that they may come and complete the purchase. The process ends when the customer comes and completes the transaction.

Process Area	Process Detail
<b>Trigger:</b>	Customer request for product listed by AABC but not available in the store
<b>Predecessor Process:</b>	Receive Inventory
<b>Successor Process:</b>	Receive Product (Warehouse)
<b>Systems Used:</b>	Register system, Central office system, Backorder system
<b>Divisions Involved:</b>	Stores, Warehouse

Trigger: Customer requests product not regularly replenished on AABC store shelves



### 3.5.13 Process Retail Sales

Summary of Changes from the Current Environment: The register solution must automate and facilitate the process of determining that spirits are not sold to anyone who is under the legal age to purchase. The solution may include one or more of the following features:

Allow the cashier to attest that the customer is of legal age to purchase alcohol by entering either a “yes” or “no” in a screen prompt for each sale.

Allow the cashier to enter in the customer’s birthday in a screen prompt and have the system determine if the customer is of legal age.

Allow the cashier to swipe the magnetic strip barcode on a government issued identification card.

Allow the cashier to scan a two-dimensional barcode on the government issued identification card.

The AABC processes retail sales several ways at its stores. A customer may make a purchase via cash, payment card (Visa, MasterCard, Discover, and American Express), check, or on account (accounts are only used by a few select state agencies). Stores use NexCheck check verification service before processing retail sales paid for by check and TSYS as the merchant services company for sales paid by payment card. Some AABC stores process retail and wholesale sales; others are retail only; three stores are wholesale only. Wholesale checks are not verified by NexCheck.

The business process is triggered by a customer making a purchase. The cashier verifies the age of the customer using an electronic age verification system/method. A bottle of liquor is scanned by a barcode reader or manually keyed into the system when ringing up sales at the register. The cashier scans the customer’s item to begin the transaction and the item is either found in the system or not. If the product is in the register, the item is either scanned or the product number or code can be keyed manually. If the item is not found in the system, it must be determined whether or not the item exists in the system. If the item does not exist in the system, the cashier must call SOC. Pricing will then update the system with the missing item information and then SOC pushes down the changes to the POS system. Once the item is scanned or manually entered into the system, the transaction is tendered. The cashier chooses the correct payment type key in order to tender the transaction.

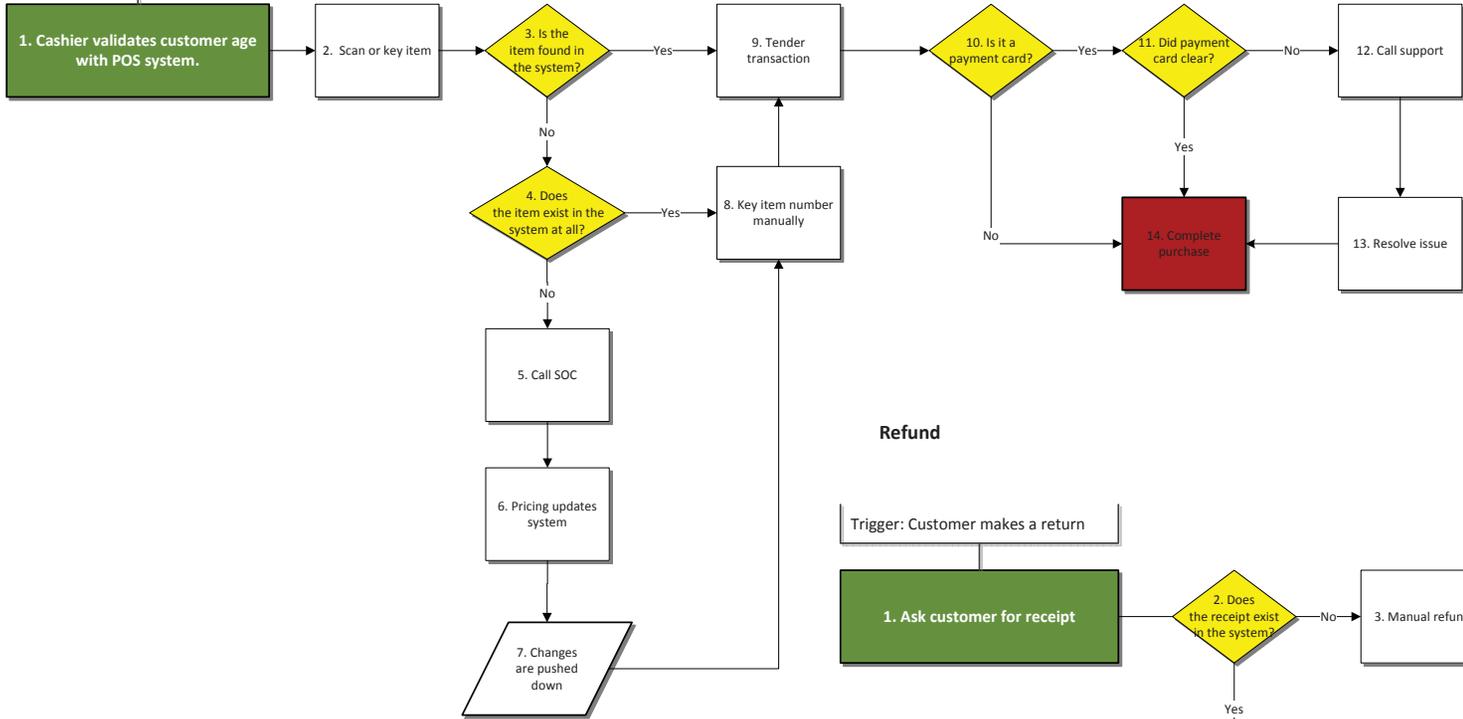
Customers may choose to pay by payment card. Payment cards can be swiped without hitting the tender key. Payment cards may also be manually processed. If the payment card does not process, the cashier must call IT support to resolve the issue. The issue may be anything from an internet connection being down or the payment card provider’s server being down. Once the issue is resolved, the transaction is complete.

A sub-process of processing retail sales is processing a refund. A refund is allowed when there is a receipt available or a record of the purchase in the system. The process is triggered when a customer wants to return an item to the store. If the receipt can be retrieved from the system, it is scanned or manually looked up using the terminal. The adjustment is then made and the correct tender is entered for the refund. If the receipt can be retrieved from the system and it is discovered that multiple products were added using the quantity key and the number of items need to be adjusted, a manual refund will need to be processed. If the receipt cannot be retrieved from the system at all, a manual

refund is processed. For a manual refund, any discounts on the transaction will be calculated manually.

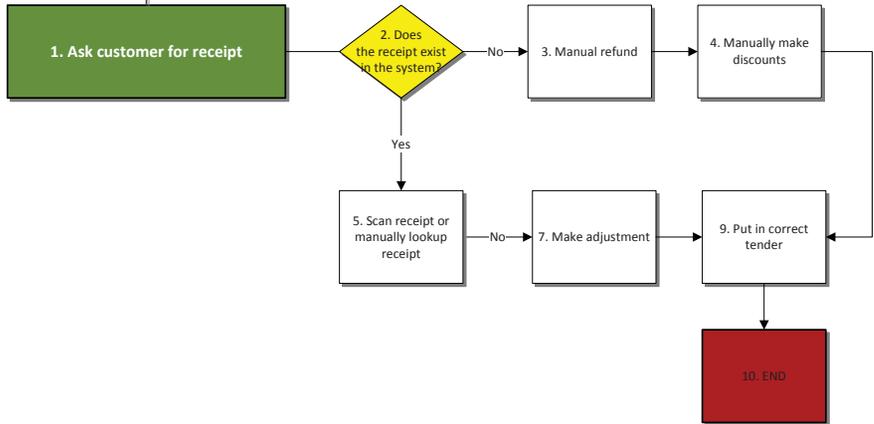
Process Area	Process Detail
<b>Trigger:</b>	A customer wants to make a liquor purchase
<b>Predecessor Process:</b>	None
<b>Successor Process:</b>	None
<b>Systems Used:</b>	Register system, DBS- Gateway, TSYS- Payment cards, NexCheck (check verification system), Central office system
<b>Divisions Involved:</b>	SOC, Stores

Trigger: Customer makes a purchase



**Refund**

Trigger: Customer makes a return



### 3.5.14 Conduct Beginning and End-of-Day Processes on Registers

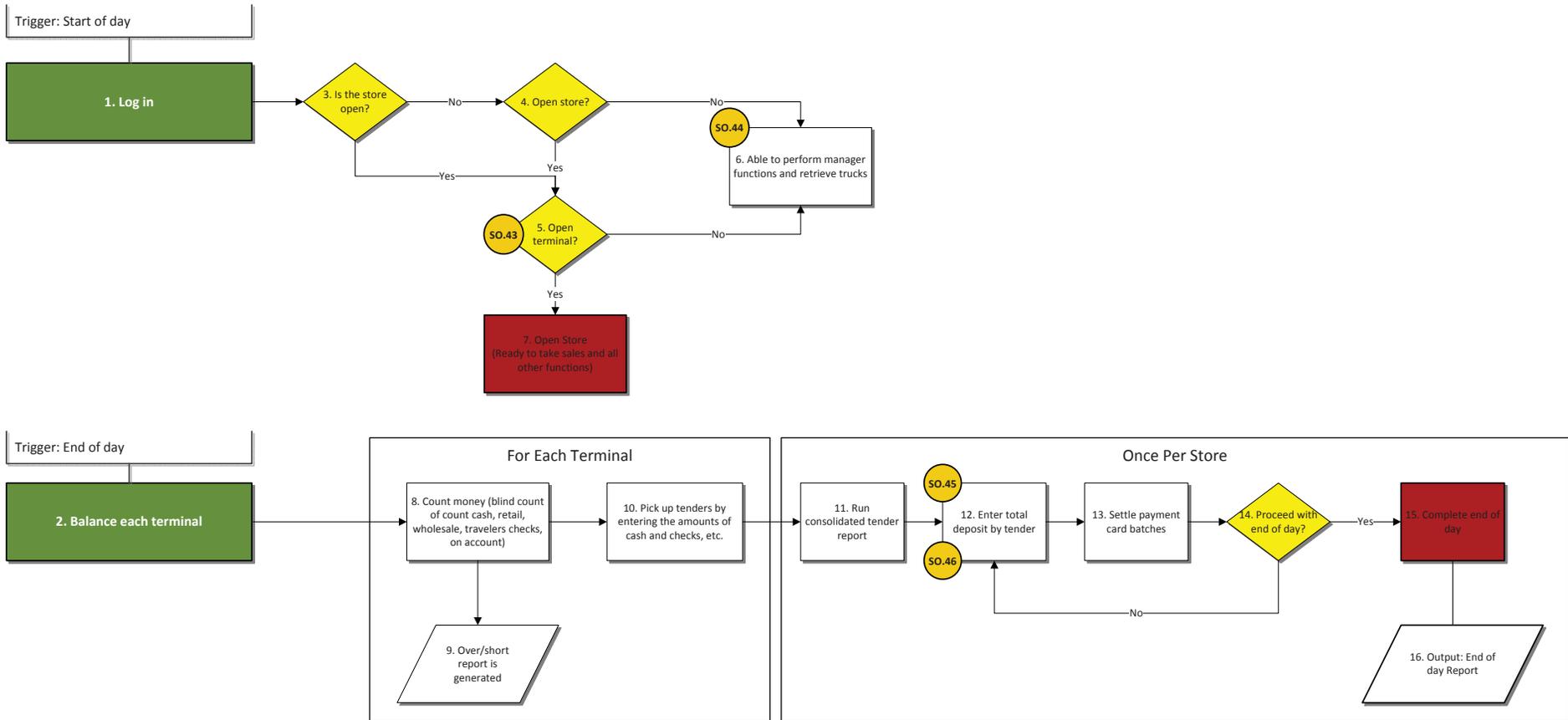
The AABC conducts a beginning of the day process at the registers to prepare the registers to receive transactions. The AABC conducts an end-of-day process on the registers to count all the money received during the day and reconcile any imbalances for reporting to the central office so that totals can be reported.

To begin the day, the cashier logs in to the system. If the store has not been opened in the register system, normal store operation occurs. The exception occurs when the store manager simply needs to access manager functions prior to the opening of the store. In this case, they will not be able to process sales until the store and terminals are opened. After the store is opened, each terminal must be opened as well.

At the end of the day, each terminal is balanced. Each terminal used for transactions must have its money counted, which is a “blind” count of cash, retail, wholesale, travelers check, and account transactions. In a blind count, the cashier is not given the total expected tender prior to counting and reporting the actual tender in the drawer. An over/short report is generated after the money has been counted. The tenders are picked up by entering the amounts of cash and checks, etc. into the register. A tender pickup resets the register cash on-hand balance. All secondary registers must be closed before the end-of-day process is completed on the primary register. This is so that sales files and information will be included in combined the sales and information file for the entire store.

After all tenders are counted and picked up, once per store, a consolidated tender report is run. The totals are entered into the system by tender type. Payment card batches must then be settled. The cashier must then decide if they want to proceed with the end-of-day process. If they do not want to proceed, they will have to go back and re-enter total deposits by tender type. If they do proceed with the end-of-day process, they complete the process by the automatic production of an end-of-day report.

Process Area	Process Detail
<b>Trigger:</b>	Begin the day: To begin the day, the cashier logs in to the system End the day: Balance terminal - each register does a balance terminal
<b>Predecessor Process:</b>	Process Retail Sales, Receive Inventory
<b>Successor Process:</b>	Process Retail Sales, Receive Inventory
<b>Systems Used:</b>	Register system
<b>Divisions Involved:</b>	Stores, IT (if there is an issue)



### 3.5.15 Collect Tax for Products Not Sold by AABC

Summary of Changes from the Current Environment: The AABC now calculates tax on alcohol purchased outside the state in the register system.

The AABC collects tax on any alcohol (wine, beer, and spirits) purchased outside of the state. It is illegal to possess alcohol that is not purchased in the state of Alabama or has not had tax paid to the AABC. Wine represents the majority of purchases brought into Alabama from outside of the state because of the advent of wine tours and online wine clubs.

Military personnel who return from service in other regions or nations also represent a significant portion of alcohol purchased out of state. Military personnel pay a different tax rate than the civilian tax rate for alcohol purchased out of state. New residents in possession of alcohol who move to Alabama from other states are also responsible for paying tax on alcohol brought into the state.

Wine and beer tax is calculated based on volume. Tax on spirits is calculated based on the type of liquor and on a percentage of the original purchase price if the customer has the original receipt. If the customer does not have the original receipt, then there is a standard calculation based on the type of spirit and the volume purchased. The standard tax on wine is .38 cents per liter.

This process is triggered when a person either desires to purchase alcohol out of the state, or brings alcohol purchased out of the state into Alabama. If the person is making a purchase out of state, they must have the alcohol shipped to an AABC store of their choice along with direct import authorization form. The person must go to the AABC website and download and fill out the direct import authorization form to be shipped with the product. This form includes the customer's information, the product quantity and information, the shipping point of origin, and AABC store information.

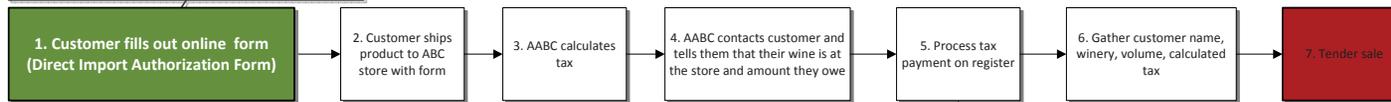
When alcohol arrives at the AABC location with the direct authorization form, the store calculates the tax using the register system. Then the AABC store contacts the person who made the purchase using the information on the included direct authorization form and lets them know that their alcohol arrived and the total tax that is due.

When the customer arrives to pick up the alcohol, payment is made through the POS system. The clerk gathers the customer's name, winery or brand name, volume of alcohol, and calculated tax.

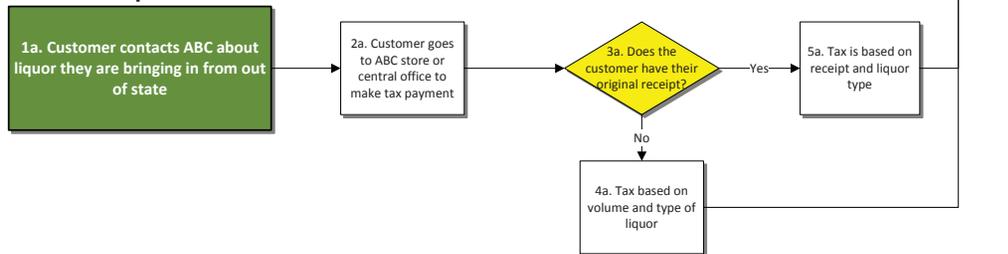
Process Area	Process Detail
<b>Trigger:</b>	Alcohol not purchased in Alabama is brought into Alabama
<b>Predecessor Process:</b>	None
<b>Successor Process:</b>	Accounting
<b>Systems Used:</b>	Register system, State Accounting System
<b>Divisions Involved:</b>	Stores, SOC, Accounting, Product Management

## Wine & Beer

Trigger: Alabama resident brings alcohol into Alabama.



## Liquor



### 3.6 Personnel

The Personnel division handles and manages all matters related to AABC staffing. This includes benefits management, payroll, training, discipline, and regulations related to the management of personnel.

The AABC is a pilot agency for a new time and attendance tracking system. The State has awarded a new time and attendance tracking system to Kronos systems, which is expected to go live on October 1, 2013.

List of Personnel Business Processes	
Process Number	Process Name
3.6.1	Employee Time Keeping

**Table 3.6: Personnel Business Processes**

#### 3.6.1 Employee Time Keeping

AABC store and warehouse non-exempt employees are required to log their hours worked on a paper time sheet. Store and warehouse employees are paid semimonthly and in arrears, meaning that paychecks are lagged one pay period. Employees requesting leave for any reason must have written approval from their manager in the form of a leave slip.

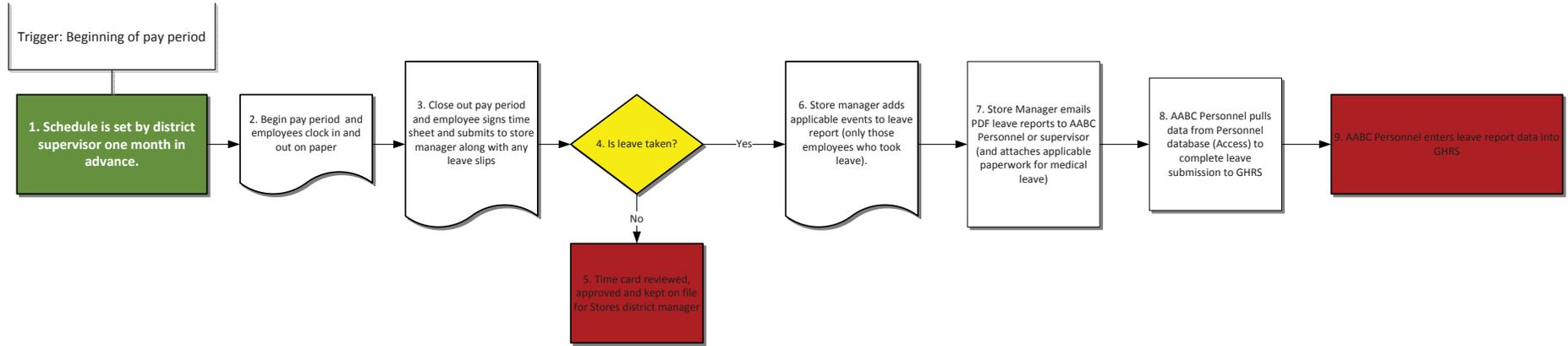
The process begins when the work schedule is set by the store’s district manager one month in advance. The pay period commences and employees log in and out on paper. When the pay period closes, employees sign their time sheets and submit to the store or warehouse supervisor with any completed and signed leave slips. The paper time sheet is reviewed and approved (ultimately) by the store or warehouse supervisor. The paper time sheet is filed at the store where the employee works or at the warehouse whether or not leave is taken.

If leave is taken, the store or warehouse manager adds applicable leave to the leave report. Leave taken or earned (compensatory time or holiday) is reported on the leave report, but no medical documentation is attached to it. The store manager will email a leave report in PDF format to Personnel (applicable medical leave paper work is attached). A Microsoft Access database is utilized to look up the employee’s full SSN. Only the last four digits are provided on the leave report. That updated data is then entered directly in the State’s Government Human Resources System (GHRS) and the process ends.

Process Area	Process Detail
<b>Trigger:</b>	End of the pay period
<b>Predecessor Process:</b>	Employee Hiring/Onboarding
<b>Successor Process:</b>	Payroll
<b>Systems Used:</b>	GHRS, Personnel Database (Access), AABC Website (employee section)

---

Process Area	Process Detail
Divisions Involved:	Stores, Warehouse, Personnel



### 3.7 Audit

The Audit division is responsible for audits of the records of all beer and wine wholesalers and all AABC stores. Audit is also responsible for physical inventories of the warehouse and AABC stores as well as internal audits. The Audit division has about 13 staff and is headquartered in Montgomery.

List of Audit Business Processes	
Process Number	Process Name
3.7.1	Conduct Physical Inventory of Warehouse
3.7.2	Conduct Physical Inventory of Wholesalers
3.7.3	Store Audit <ul style="list-style-type: none"> <li>• Conduct physical inventory of stores</li> <li>• Audit cash receipts, procedures and equipment</li> </ul>
3.7.4	Audit Beer and Wine

**Table 3.7: Audit Business Processes**

#### 3.7.1 Conduct Physical Inventory of Warehouse

Summary of Changes from the Current Environment: Both board-owned and vendor-owned (bailment and non-bailment) inventory is now available in the central office system in near real time. Previously, a 24-hour period had to elapse before updated inventory counts were available in the central office system.

Superstores and military sales can still be made as long as the warehouse inventory and in-transit inventory is reduced before inventory is counted. Previously, these sales would have to be made before or after inventory was counted.

Posting of inventory cost adjustments to the State’s accounting system will not need to be rekeyed into the central office system by Accounting. Previously, this was a manual process.

Audit performs a warehouse inventory at the end of every fiscal year, September 30, and four to five additional times throughout the year.

This process begins when Audit schedules the inventory and notifies staff involved including the auditors, the administrator, IT, and the warehouse. Auditors then divide the warehouse into sections and print location codes for each section.

On the day before the inventory, audit verifies that the following manual procedures are performed prior to inventory:

- The product manager has approved all products received.
- The warehouse has received all deliveries.
- The warehouse has all shipments marked shipped.

On the day of inventory, audit places location codes on bins in the warehouse. One auditor and one warehouse personnel count inventory in each section previously set up. After the inventory is counted, a variance report is run and the biggest variances are recounted. The final step on the day of inventory is to check for paperwork problems that may allow for easy corrections to inventory. After this, a variance report ordered by bin location is run in the central office system and any items that have a variance are recounted and corrections are made as needed.

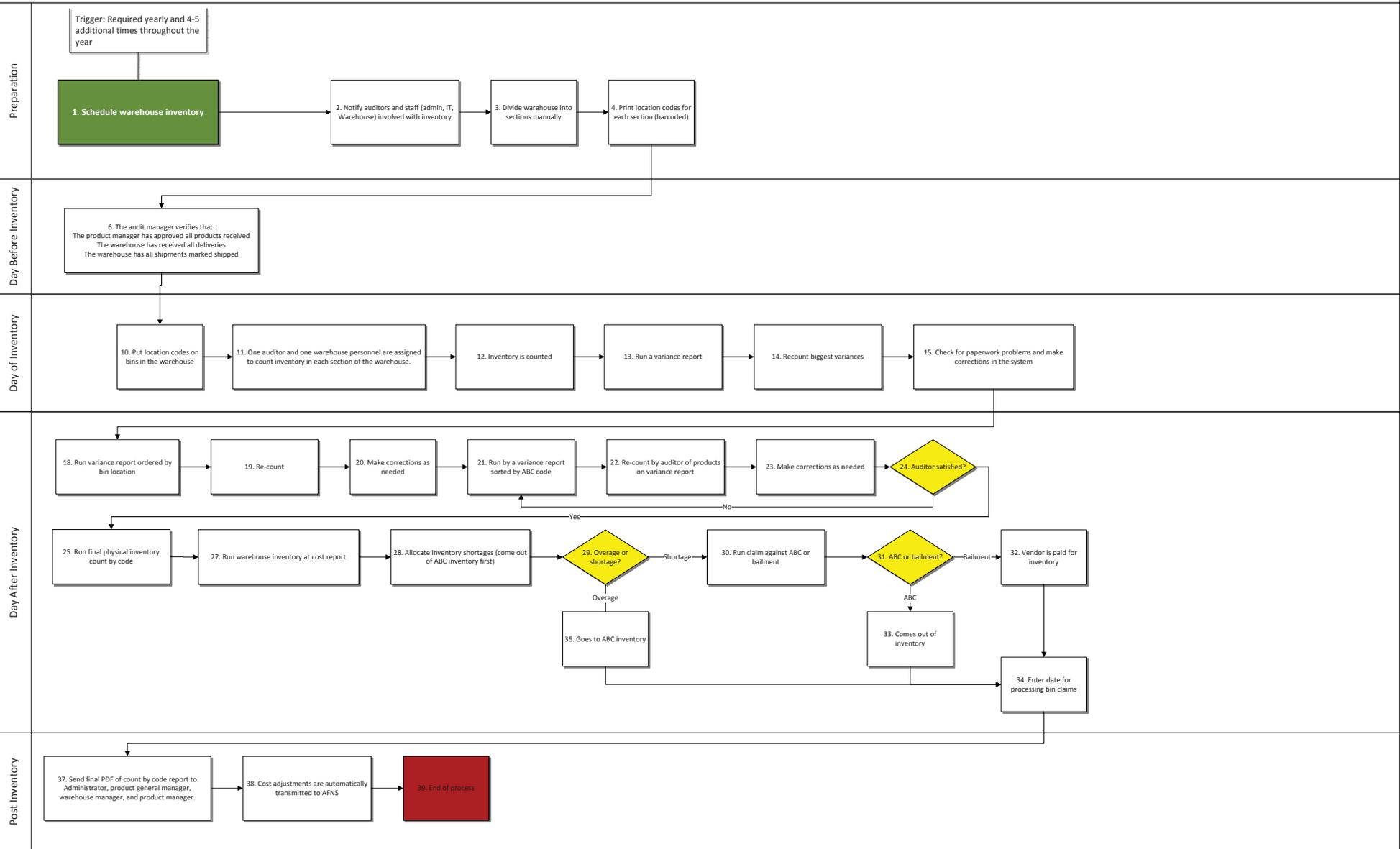
A variance report sorted by AABC code is run and another recount is performed and corrections are made as needed. If the auditor is not satisfied that the inventory is accurate, a variance report sorted by AABC code is rerun, items are recounted, and corrections are made until the auditor is satisfied that all possible corrections are completed. At this point, a final physical inventory count by code report and a warehouse inventory at cost report is run.

Inventory adjustments are then allocated. If there is an overage in inventory, it transfers to AABC-owned inventory. If there is a shortage and there is excess AABC-owned inventory, AABC-owned inventory is reduced. If there is no AABC-owned inventory, a claim is processed to pay the vendor for the missing inventory.

A final PDF report of count by product code is sent to the AABC Administrator, Product General Manager, Warehouse Manager, and Product Manager and a copy of warehouse inventory by cost is sent to Accounting and the Administrator.

Process Area	Process Detail
<b>Trigger:</b>	Four to five times a year, and at fiscal year-end
<b>Predecessor Process:</b>	None
<b>Successor Process:</b>	None
<b>Systems Used:</b>	Central office system, Email, Excel
<b>Divisions Involved:</b>	Warehouse, Audit, Product Management, Administration, Accounting

ABC Warehouse



### 3.7.2 Conduct Physical Inventory of Wholesalers

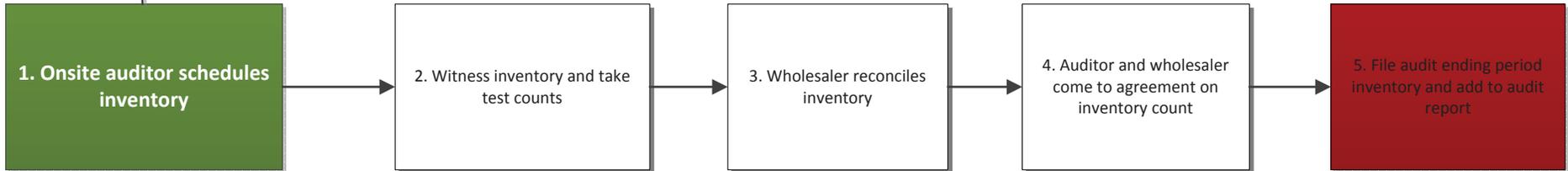
The AABC audits liquor wholesaler inventory in the state of Alabama to ensure that all inventory is properly taxed and sold through legal channels. The purpose of a wholesaler audit is to verify an inventory at a wholesaler’s location and receive a certified inventory count. All inventory is reconciled from the beginning to the end of the period by the wholesaler and used by AABC as the period inventory. Wholesalers are usually audited every one to three years.

The purpose of a wholesaler audit is to verify all inventory at a wholesaler’s location and receive a certified inventory count. An inventory count period is the time from one inventory count to the next. This process begins when the on-site auditor schedules the date of the inventory audit. The inventory count is witnessed by the auditor and the auditor takes random counts of product. The auditor reconciles inventory by using the count from the last audit. Then the auditors add shipments received, subtract shipments sent, and subtract any breakage or giveaways. This gives the auditor a final count that should match the current inventory at the wholesaler.

The auditor ultimately comes to agreement with the wholesaler on inventory count. AABC files the audit ending period inventory using an ending inventory book. The ending inventory is then added to audit report, which is the final report produced by audit with their findings.

Process Area	Process Detail
<b>Trigger:</b>	Calendar, every 1-3 years
<b>Predecessor Process:</b>	None
<b>Successor Process:</b>	None
<b>Systems Used:</b>	Word, Excel
<b>Divisions Involved:</b>	Audit

Trigger: Required for audit every 1-3 years



### 3.7.3 Store Audit

Summary of Changes from the Current Environment: The AABC Audit division no longer needs to schedule a store inventory. Scheduling the inventory is a function of the lack of a real time connection between the registers and the central office system. The AABC will consider the possibility of selling product during an inventory if way to not interrupt the inventory is possible. Currently, no selling can occur as it skews inventory counts.

Every AABC store in Alabama is audited on a regular basis. Depending on the historical accuracy of the inventory and cash, some locations receive an audit more often than others. The store audit is typically performed when a new manager is hired, when there is an issue, or at minimum once every one to two years. The audit process has two sub-processes: a full inventory count of the store to insure accuracy and an audit of cash receipts, procedures, and equipment.

The store audit process starts when audit schedules an audit date.

Auditors begin the inventory count by setting up sections in the store using post it notes. These sections are named logical areas of the store such as “vodka” or “bourbon” that help auditors identify the quantity counted when a product is found in multiple sections of the store.

All counts are performed on handheld scanners, and the first step is to enter the location number on the handheld. Before a section is counted, the section name is entered and all following barcodes scanned will be counted and included in that section.

When the entire inventory is counted, a variance report sorted by AABC code is requested on the handheld and printed. Variances are then recounted, corrections are made, and another variance report is run. If the auditor is satisfied that all possible inaccuracies have been rectified, the auditor turns the variances over to the manager for review. If the auditor is not satisfied, a variance report is rerun, recount is performed, and corrections made until the auditor is satisfied. At the completion of the manager’s review, the manager may request a recount of individual variance items. This process continues until the auditor and the manager agree on the final count.

When all counts are complete, all variances are posted, which adjusts the store inventory. The final variance report is emailed to the AABC Administrator, Licensing and Compliance Division, the store director, and Product Management.

During the store audit process, the auditor also audits cash receipts, procedures, and equipment. The auditor begins this sub process by counting all the cash in the store including the change fund, petty cash, and the day’s receipts. Audit then fills out paperwork with any overage or shortage, checks the end-of-day report and deposit slips, and records the last 15 days on a work paper. If daily deposits are not being made, the manager is notified that AABC policy is to make daily deposits.

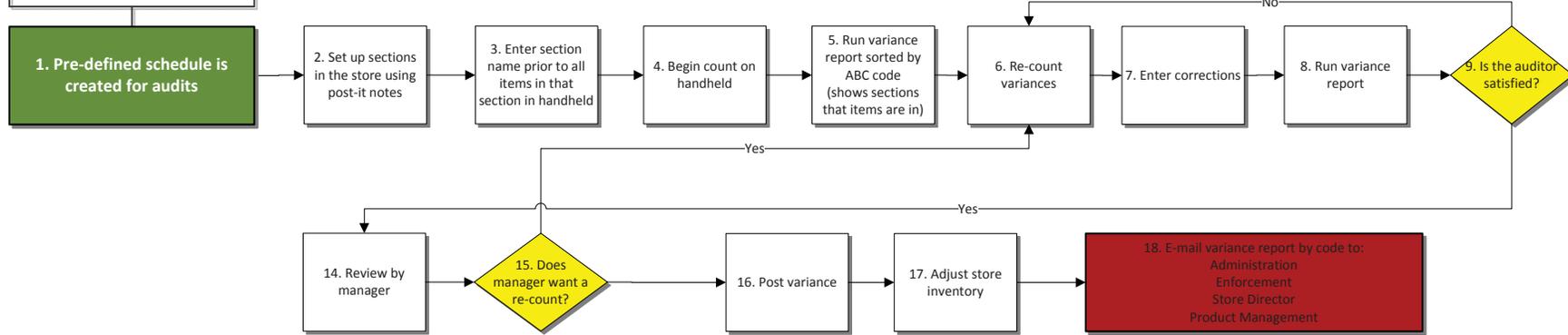
The Audit division brings to the audit a list of equipment in the store that is received from the AABC equipment manager. If there is any new equipment or exchanged equipment that is not recorded on the equipment list, the auditor records the asset number to give to the equipment manager. If there is any missing equipment, the auditor reports this to the stores division manager. Finally, all the

information from the audit and any notes from the auditor are compiled into an audit report and placed on file in the audit office.

Process Area	Process Detail
<b>Trigger:</b>	Calendar: required once every two years, new manager, or issue at the store
<b>Predecessor Process:</b>	None
<b>Successor Process:</b>	None
<b>Systems Used:</b>	Hand held scanners, Register system, Email, Central office system
<b>Divisions Involved:</b>	Audit, Stores Division, SOC, Administrator, Licensing and Compliance Division, Product Management

**Store Audit – Inventory Audit**

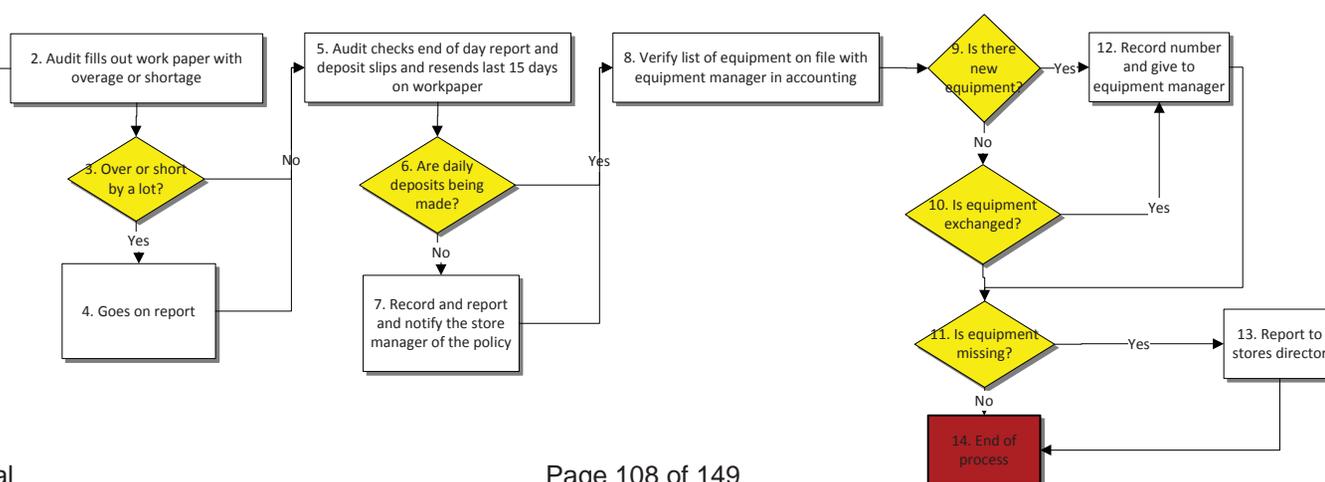
Trigger: Required once every two years or new manager or issue at a store



**Store Audit – Audit Cash receipts, procedures and equipment**

1. Auditor counts all cash in the store including Petty Cash Change Fund Days Receipts

Trigger: Required once every two years or new manager or issue at a store



### 3.7.4 Audit Beer and Wine

Summary of Changes from the Current Environment: The AABC will now use a document management system to manage all documents related to auditing of beer and wine wholesalers. Previously, paper documents were managed manually.

AABC collects tax on all beer and wine received by wholesalers in the state of Alabama. All product shipped to that wholesaler is tracked and that wholesaler is taxed based on all wine and beer received from a licensed importer or manufacturer.

In-state manufacturers pay taxes on beer and wine produced that is sold or provided as samples and tastings to consumers on-site.

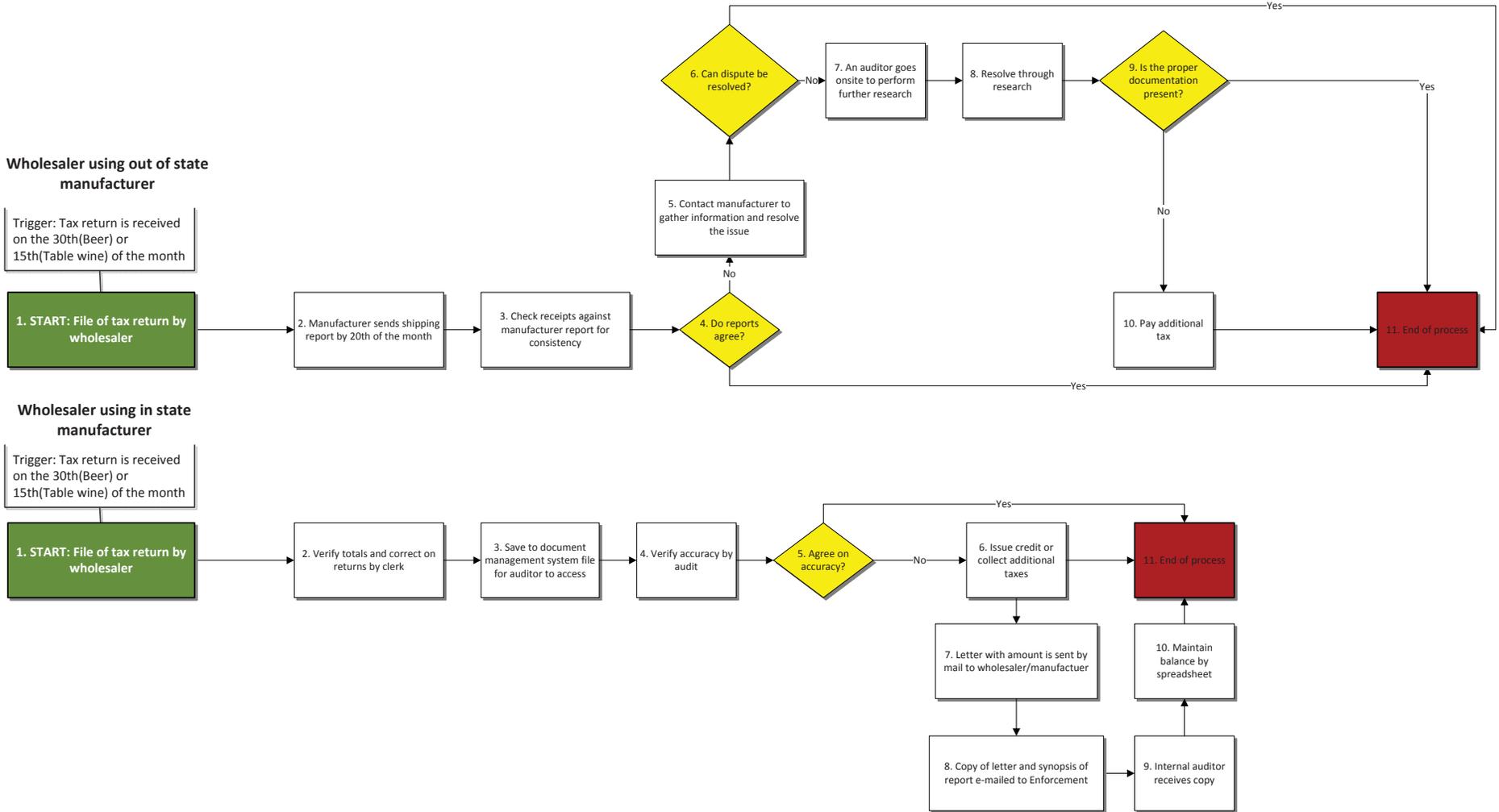
AABC receives monthly tax returns from all beer and wine wholesales. Beer and wine tax returns are due on different days of the month; beer is due on the 30<sup>th</sup> and wine is due on the 15<sup>th</sup>. Some manufacturers can sell wine directly to residents of Alabama, so they also submit to AABC tax returns. AABC uses seven auditors across the state to audit beer and wine wholesalers (see “Conduct Physical Inventory of Wholesalers”). The licensees are required to keep all documentation concerning the alcoholic beverages for a period of three years.

The Audit process begins when a tax return is filed by the wholesaler. AABC compares wholesaler receipts against the manufacturer report of shipments to make sure they agree. The manufacturer sends the AABC a shipping report by the 20<sup>th</sup> of the month. If the reports agree, the desk audit ends. If the reports do not agree, it must be determined whether or not the dispute can be resolved by gathering further information from the manufacturer or the wholesaler. If it cannot be resolved, the on-site auditor will resolve the issue at the on-site audit. A clerk verifies totals on the return submitted by the wholesaler and then put it into a file for the on-site auditor. When the auditor conducts an on-site audit all documentation supporting the tax returns is reviewed for accuracy and compliance with Title 28 Code of Alabama (1975) and the Alabama ABC Rules and Regulations. If the proper documentation is present, the issue is resolved. If the documentation is not present, additional tax or tax credit is levied when the on-site work is complete and a report is written that details the audit findings and recommendations and sent to the Audit Manager. If the Audit Manager agrees with the findings and recommendations, a letter or email is sent to the wholesaler summarizing the findings and recommendations and notifying the wholesaler of additional tax or credit. A copy is sent by email to the Administrator and the Licensing and Compliance Division for any further action deemed necessary.

Process Area	Process Detail
<b>Trigger:</b>	Tax return is received on 15 <sup>th</sup> (Table Wine) or 30 <sup>th</sup> (Beer) of the month.
<b>Predecessor Process:</b>	None
<b>Successor Process:</b>	Licensing and Compliance and Accounting
<b>Systems Used:</b>	Document management system, MS Excel, Email, MS Word

---

Process Area	Process Detail
<b>Divisions Involved:</b>	Audit, Accounting, Licensing and Compliance Division



### 3.8 Accounting

The Accounting division of the AABC is responsible for accounting for all revenues and expenditures of the AABC. This includes sale of liquor, warehouse bailment charges, licensee fees, taxes, and penalties assessed against licensees that violate state law. Accounting also manages the purchase of all non-liquor products, such as vehicles, store cleaning contracts, supplies, and uniforms. Accounting disburses revenue to all state departments and localities that, by law, are entitled to share the revenue generated by the AABC. They also oversee property management, equipment inventories, and mail room operations. Accounting has about 13 staff.

List of Accounting Business Processes	
Process Number	Process Name
3.8.1	Generate Vendor/Supplier Purchase Orders
3.8.2	Reconcile Payment Cards
3.8.3	Reconcile General Ledger
3.8.4	Disburse Revenues
3.8.5	Account for Non-Store Revenues (licensing and compliance fees, etc.)
3.8.6	Order Non-Liquor Supplies Through the Registers

**Table 3.8: Accounting Business Processes**

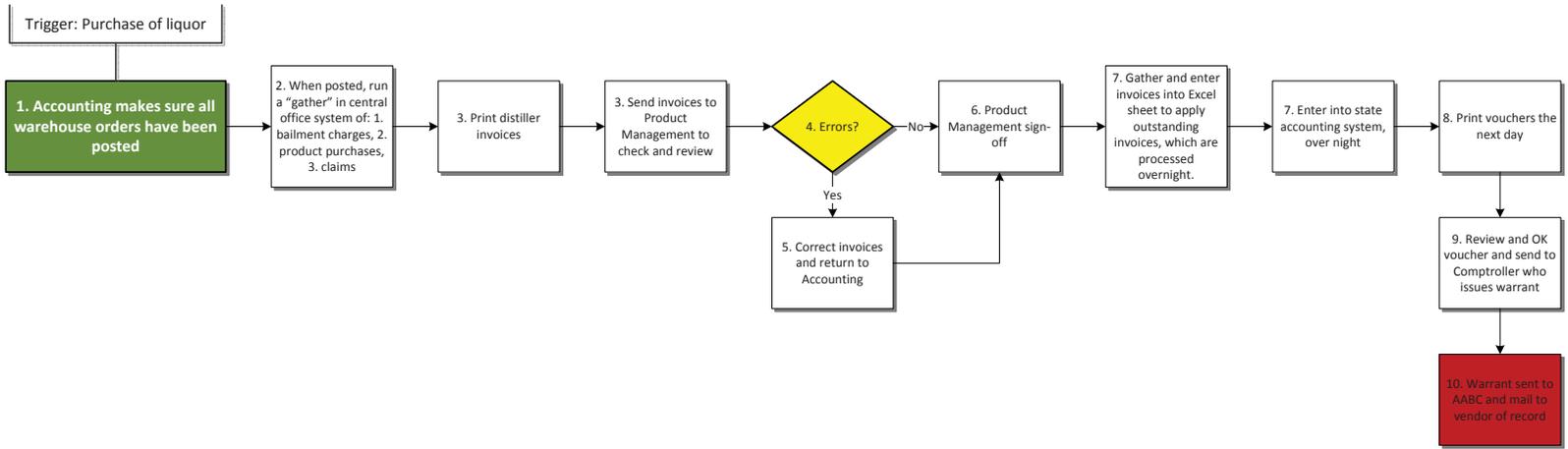
#### 3.8.1 Generate Distiller Invoice

Summary of Changes from the Current Environment: The State of Alabama will be implementing a new accounting system to replace AFNS, which will affect the future environment of accounting business processes.

Accounting is responsible for paying invoices for liquor product purchased by the AABC from vendors. Because Alabama is a bailment state, product is purchased when it is put on a truck at the warehouse and sent to the stores. Distiller invoices are paid on a 30-day cycle. Accounting follows a different process for purchasing non-liquor product, such as office supplies and vehicles, or services such as janitorial services.

The process begins when Accounting determines that all warehouse orders have been “posted” (i.e., the product shipment has been recorded) for a month. Sometimes, orders are delayed for administrative reasons and thus there is a delay in posting. When all charges are posted, Accounting will gather or compile bailment charges, product purchases, and claims for each vendor for the month. Distiller invoices are printed and sent to Product Management for review and confirmation that they are correct. Corrections, if any, will be made and returned to Accounting. Accounting will gather or batch them into an Excel sheet where outstanding invoices will be applied. Accounting staff will enter the invoices into the state accounting system and updates to that system will be run overnight. Vouchers are printed the next day, reviewed, and sent to the State Comptroller. The Comptroller will issue payment via a warrant. Payment is issued to the vendor of record.

Process Area	Process Detail
Trigger:	End of the month
Predecessor Process:	Replenishment Process / Special Order Process / Wholesale
Successor Process:	None
Systems Used:	Central office system, BevPro/RapidRoute, TSYS
Divisions Involved:	Accounting, Product Management (Purchasing)



### 3.8.2 Reconcile Payment Cards

Summary of Changes from the Current Environment: The AABC reconciles credit card receipts with the AABC processor by matching a credit card processing statement with central office system records. This function would reduce by one third the FTEs needed to reconcile credit cards.

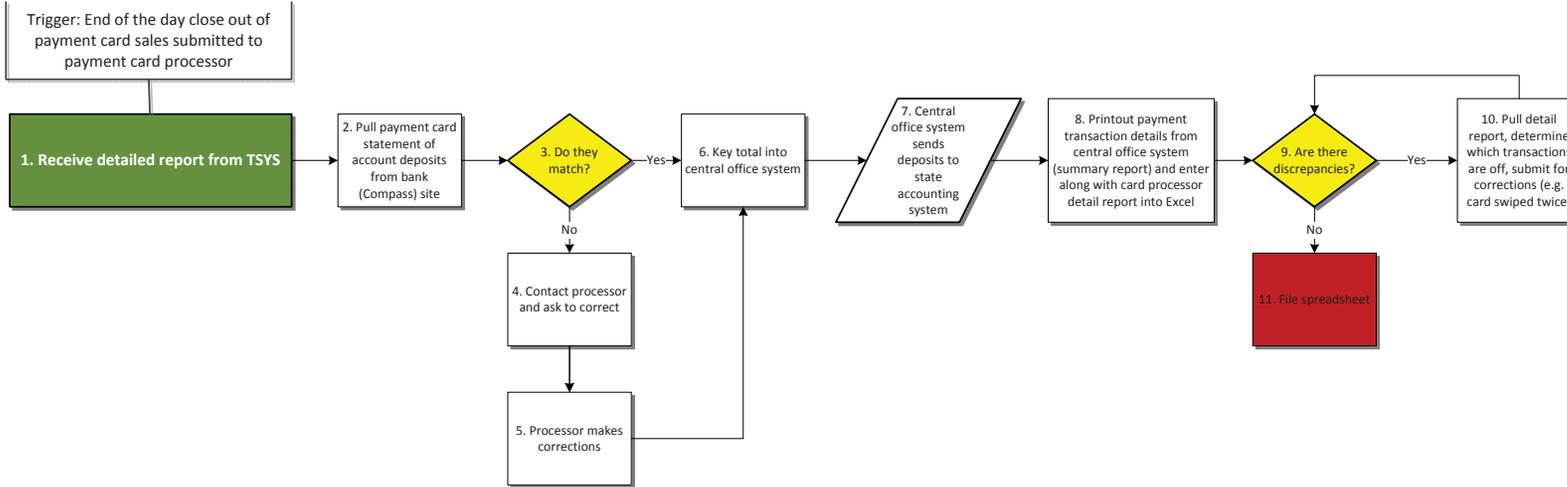
Debit cards are not accepted in the current environment for two reasons: because of the cost to inject pin pads to take cards and because of the manual effort with debit card reconciliation that took place in prior attempts to accept debit cards due to issues in reconciliation with the payment card processor. Debit cards may be used in the future if these issues between TSYS and the central office system are resolved.

AABC accepts credit cards, but not debit cards, for purchase of liquor. There are two processors for the AABC as of this writing: Total System Services, Inc. (TSYS) for Master Card, Visa, and Discover; and American Express to process their own cards. Payment card payments are reconciled by Accounting every day so that the AABC and the AABC's bank record of payment matches TSYS and American Express statements.

The process begins when a transaction level detail payment card report is received from TSYS and American Express via email. A detailed statement of payment card payments is pulled from the Compass (AABC bank) E-access site. The two reports are compared. If the transactions do not match, Accounting will contact the processor to make a correction. Once corrections are made or if no discrepancies are found, Accounting staff will key payment card deposits into the central office system. The central office system will generate a daily deposits report and transmit the record of deposit to the State accounting system as part of the deposits process (see Section 2.5.4).

Accounting will then pull a payment card activity summary report from the central office system and enter it, along with the TSYS detail report, into an Excel sheet. The amounts in both reports will be compared. If there are discrepancies (e.g., a card was swiped twice), then Accounting will pull a detail report, determine which transactions are off, and submit for corrections. Ultimately, corrections will be reconciled with TSYS or American Express and filed away. The process reconciles what the processor thinks was charged against what sales the AABC has record of doing.

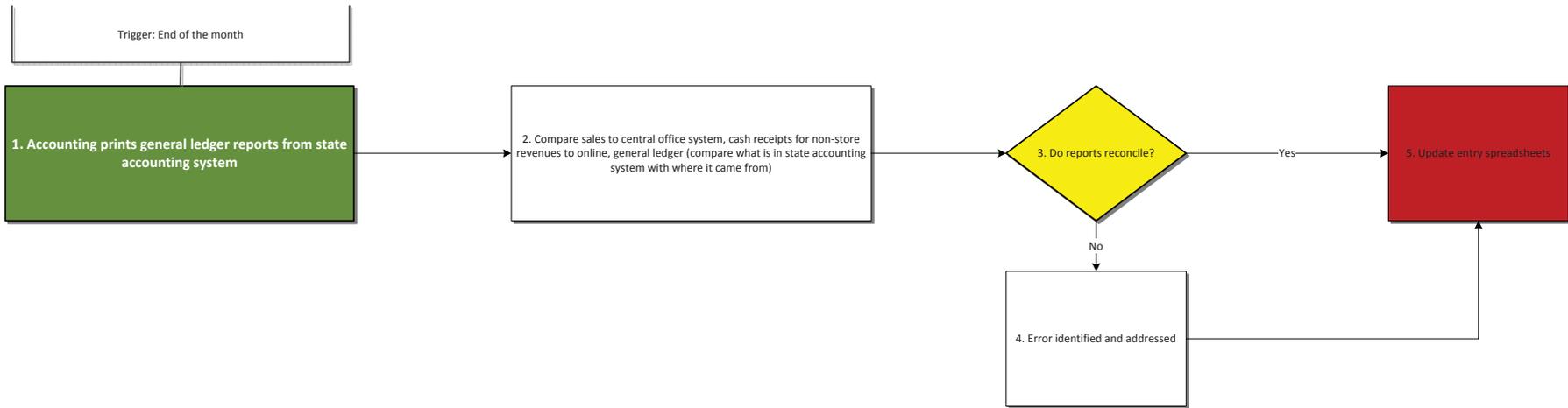
Process Area	Process Detail
<b>Trigger:</b>	End of the month
<b>Predecessor Process:</b>	Process Retail Sales
<b>Successor Process:</b>	None
<b>Systems Used:</b>	Central office system, Compass E-Access, ICS (Inventory Control System), TSYS
<b>Divisions Involved:</b>	Accounting, Product Management (Stores)



### 3.8.3 Reconcile General Ledger

Reconciliation of the General Ledger (GL) is accomplished to make sure that all debits and credits of the AABC match. The process is done on a continual basis but is completed cyclically during the course of a month. The process begins when GL reports are printed from the State accounting system. Accounting staff manually compare sales reported in the State accounting system to the central office system. Receipts are compared until they reconcile. If there is no reconciliation, Accounting staff manually address errors. GL spreadsheets are updated and the process ends.

Process Area	Process Detail
<b>Trigger:</b>	End of the prior month of reconciliation
<b>Predecessor Process:</b>	All Processes Related to Liquor and Non-Liquor Sales, License, and Tax Collection
<b>Successor Process:</b>	Distribute Revenues
<b>Systems Used:</b>	State accounting system, Excel, Central office system, Licensing
<b>Divisions Involved:</b>	Accounting, Stores, Licensing and Compliance, Audit, IT



### 3.8.4 Disburse Revenues

AABC generates revenue from the sale of liquor and the collection of taxes, fees, and fines. These revenues are designated for other state agencies, cities, and counties, and the State’s General Fund. The revenues related to product sales are disbursed as follows:

1. There is a 30% markup on the base price of each bottle of liquor. Of that 30%, 25% is kept by the AABC for operating expenses and 5% is sent to the State’s General Fund. There is a tax of 56% of the base price of the bottle. Of that 56%, 46% is distributed to the State’s General Fund and other state agencies, and 10% is used by AABC for operations. A sales tax of 6% is also applied. Sales tax proceeds go to the Alabama Department of Revenue, the city in which the sale was made, and the county in which the sale was made.
2. For beer and wine taxes, the breakdown is as follows. The beer tax is 5%. Of that 5%, 1% is sent to “wet” counties, where alcohol is served, and 4% is sent to the Department of Human Resources/General Fund/Education trust fund. The table wine tax is a levy of \$.45 per liter of table wine containing not more than 16.5% percent alcohol. Of this \$.45, \$.38 stays with the AABC, \$.07 is sent to cities and counties. For table wine containing more than 16.5% alcohol, \$2.42 per liter of table wine is levied. 37% is kept by the AABC and 63% is distributed to the State’s General Fund/Department of Human Resources/Mental Health.

The process begins when an End-of-the-Month Financial sheet is completed. Accounting staff will manually populate the “flash” report (Excel file) that has formulas in it to calculate what revenue will be generated based on receipts for the prior month. The updated flash report calculates end-of-month revenue distributions and is used to generate Administrator reports, which are in turn used to inform the AABC Administrator of disbursements. Accounting then processes cash receipts for transfers to the General Fund, cities, counties, and agencies. Funds are distributed and a report of those distributions is sent to the AABC Administrator, Assistant Administrator, and the State Budget Office.

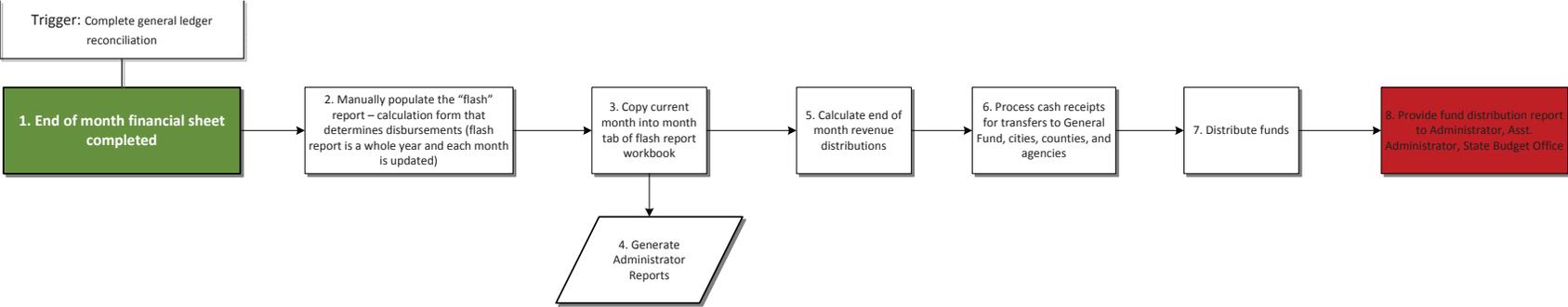
Process Area	Process Detail
<b>Trigger:</b>	Complete General Ledger reconciliation for prior month
<b>Predecessor Process:</b>	Complete General Ledger reconciliation for prior month
<b>Successor Process:</b>	None
<b>Systems Used:</b>	State accounting system, Excel
<b>Divisions Involved:</b>	Accounting



Project:  
Business Process:

Alabama Alcoholic Beverage Control Board Wholesale/Retail System Analysis and Design

Accounting: Disburse Revenues

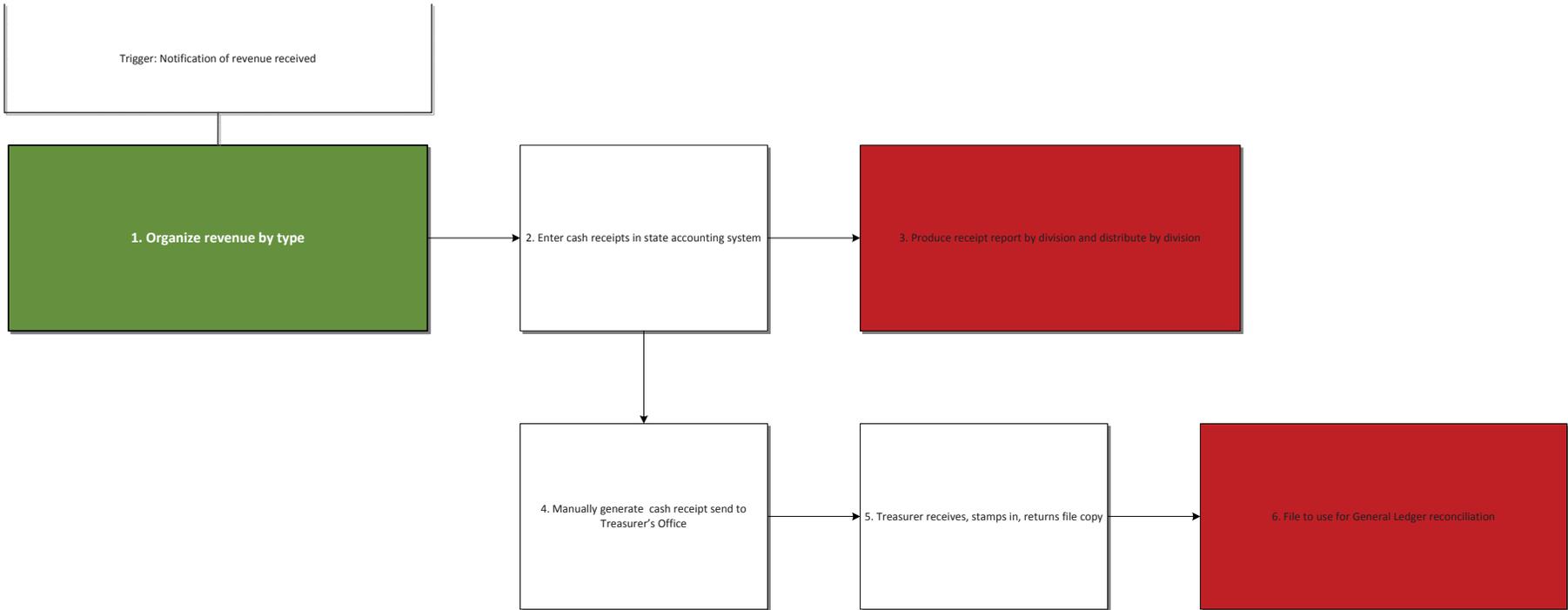


### 3.8.5 Account for Non-Store Revenues

Accounting accounts for and manages the process of non-retail store revenues. This includes revenue from licensees such as superstores, sales of beer and wine and the tax collected on them, grants received, and licensing and compliance fees. This process is done daily.

The process begins when Accounting receives daily mail, organizes revenue by type at the close of the prior month, and/or enters invoices. Cash receipts are entered in the State accounting system. A report of revenue received by each AABC division or business area is produced and provided daily to each division. Concurrently, paper cash receipt reports are sent to the Treasurer’s office. The Treasurer stamps them in and returns a file copy to AABC. This copy is used by AABC to reconcile the GL.

Process Area	Process Detail
<b>Trigger:</b>	Notification of revenue received
<b>Predecessor Process:</b>	Licensing, Licensing and Compliance Division, Pricing Processes
<b>Successor Process:</b>	None
<b>Systems Used:</b>	State accounting system
<b>Divisions Involved:</b>	Accounting, Audit, Product, Licensing and Compliance Division



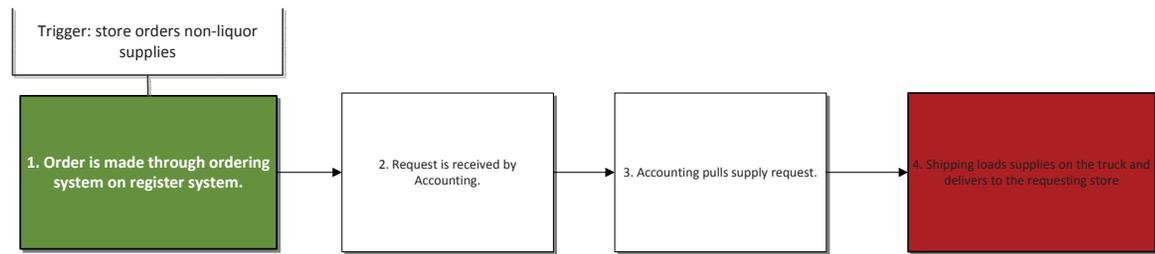
### 3.8.6 Order Non-Liquor Supplies Through the Registers

Summary of Changes from the Current Environment: The AABC currently uses a web-based stand-alone application for stores to order non-liquor supplies. The future environment will use an ordering system that is accessed by stores through the register system. The ordering system will allow AABC to optionally track non-liquor supplies and apply a monetary or numerical value as a threshold for tracking items that meet those criteria.

Retail and wholesale stores place daily requisitions for store supplies such as shirts, bags, register tape, and other supplies needed to operate stores that are available from the warehouse. Accounting is responsible for receiving store requisitions and fulfilling orders.

The process is triggered by a supply order from the store. Store managers will enter their requisition via an ordering system accessed through the POS. There is a predefined list of items, with minimum and maximum order limits. The order is submitted and received by Accounting. Accounting reviews the request and fills the orders assuming that enough supply is available. The warehouse adds the supplies to the truck along with the liquor product designated for the appropriate store or stores. If stores determine when they receive the supplies that an incorrect amount or item was received, the store contacts Accounting and the corrected order is sent with that store's next liquor shipment.

Process Area	Process Detail
<b>Trigger:</b>	Order from store
<b>Predecessor Process:</b>	None
<b>Successor Process:</b>	None
<b>Systems Used:</b>	Register system
<b>Divisions Involved:</b>	Accounting, Shipping



### 3.9 Licensing

The Licensing and Compliance Division of the AABC is responsible for enforcing alcoholic beverage laws and issuing licenses to sell wine, beer, and spirits in the state. There are 25 types of liquor licenses in Alabama. Effective January 1, 2015, the Licensing and Compliance Division will undergo a major shift. Much of the division’s responsibilities and manpower will be merged into the Alabama Law Licensing and Compliance Division Agency, a newly created agency in state government that will streamline law Licensing and Compliance Division tasks and consolidate many of them under one agency.

The Licensing and Compliance Division of the AABC will be responsible for conducting inspections and compliance checks for all licensees. Inspections and compliance checks are triggered by new applications, complaints, routine visits, or violations. Each compliance specialist sets his or her schedule for performing routine visits.

Each license type has a number of requirements that must be inspected during a routine visit. Some of these locations will have multiple license types. Issues found during an inspection can result in administrative tickets being issued to licensees.

List of Licensing and Compliance Division Business Processes	
Process Number	Process Name
3.9.1	License Manufacturers, Importers, Wholesalers, and Retailers
3.9.2	Licensee Disciplinary Action
3.9.3	Administer Responsible Vendor Program (including providing training and education)
3.9.4	Approve Product Labels for Alcohol Products
3.9.5	License Renewals

**Table 3.9: Licensing and Compliance Division Business Processes**

#### 3.9.1 License Manufacturers, Importers, Wholesalers, and Retailers

Summary of Changes from the Current Environment: The AABC currently requires a pre-application packet for all original license applications. In the future environment, it will no longer be necessary. Some applications will be entered directly into the licensing database via a customer facing online application, removing the need for AABC licensing to make those entries.

Use of the online licensing application removes the need for a wet signature.

Licenses are issued to manufacturers, importers, wholesalers, and retailers by the AABC Licensing Division. AABC Licensing works in conjunction with local jurisdictions to issue licenses for the sale and distribution of alcoholic beverages.

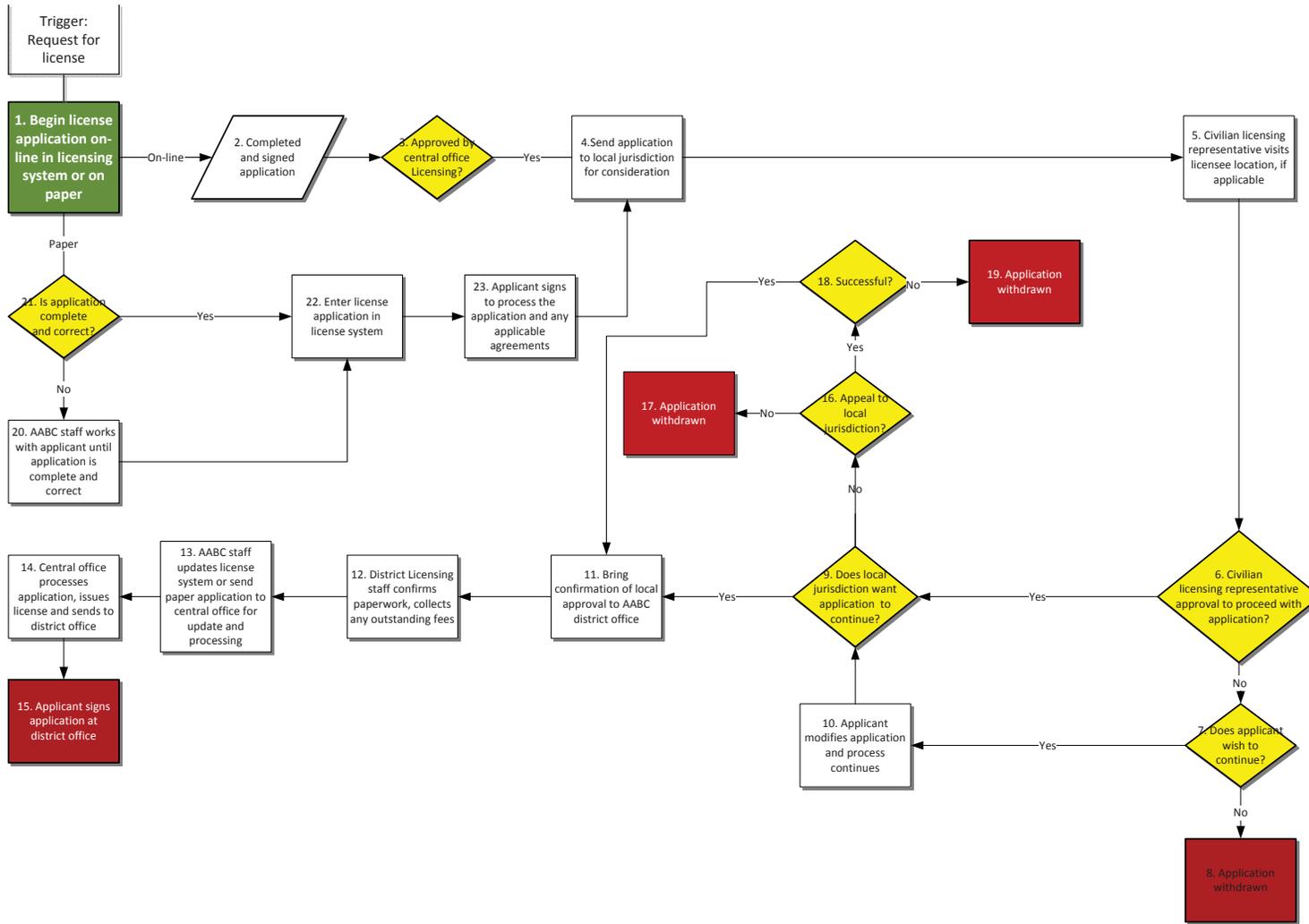
The process begins when a person or business entity requests a license. The person or business entity completes the license application in the AABC licensing system. Applications made in the

licensing system may not be submitted unless all entries are complete and correct. The online license application will use data authentication tools to alert the applicant to data entry errors or incomplete entries. If the application was made on paper and if there is missing information, additions must be made by the applicant. Once verified and complete, the license application information is entered into the licensing system by AABC staff. The applicant submits required documentation with the application and pays or includes the proper filing fee. The applicant signs any applicable agreements and the application is processed.

A potential licensee must receive local jurisdiction approval. An AABC agent/licensing inspector visits the location to determine if the correct license type was applied for. If so, the agent/licensing inspector must make sure that all AABC requirements have been met for that license type. If the agent/licensing inspector does not approve the application to proceed or if the applicant does not wish to continue, the application is withdrawn or otherwise modified such that the process can continue. If the local jurisdiction does not want the application to continue, the applicant can appeal to the AABC Board or withdraw the application. Applicants can only appeal adverse decisions for beer licenses. Unsuccessful appeals may be heard by the state circuit court and beyond, if necessary. An adverse decision on a wine or liquor license is final.

The applicant must then bring confirmation of local approval to the AABC district office. Upon staff confirmation of the paperwork, any outstanding fees will be collected. A local AABC district official will review the electronic or paper application before sending it to the central office, which processes the application, issues the license, and sends a copy of it to the district office. The applicant then signs for the license (if completed on paper) and presents photo identification at the district office, which marks the end of the licensing process.

Process Area	Process Detail
<b>Trigger:</b>	Resident wants a license
<b>Predecessor Process:</b>	None
<b>Successor Process:</b>	Inspection, Renewal, Responsible Vendor Program
<b>Systems Used:</b>	AABC Licensing System
<b>Divisions Involved:</b>	Licensing and Compliance, Local Jurisdictions, Including Sheriffs and County Commissions and Local Revenue Departments



### 3.9.2 Licensee Disciplinary Action

Summary of changes from the Current Environment: This process will be performed entirely in the licensing system in the future environment.

Disciplinary action may be brought against licensees when alcoholic beverage-related violations are found in their respective establishment. This process begins when a violation is observed and a notice of violation or warning is issued to a licensee. Administrative citations are issued in the licensing system.

The AABC agent/licensing inspector will review the licensee's file in the network drive for prior violations of the same type. The license number is entered into the licensing system, which pre-populates license information. The agent/licensing inspector will select an offense from a pre-populated list and select the frequency of this offense (meaning the number of times this licensee has been cited for this offense in a given time period). A narrative about the circumstances of the offense or violation is entered. The citation is saved and routed by the licensing system to a supervisor, who either approves or disapproves of the citation as written. Disapprovals will be routed electronically back to the agent/licensing inspector with comment for further review. Approvals will be routed back to the agent/licensing inspector and the agent/licensing inspector contacts the licensee to discuss plea or hearing options.

If this is the first or second offense in a four-year period and the licensee does not request a hearing, the licensee is fined. Certain violations can bring a more severe penalty, up to and including a license revocation, even if it is the first offense. License suspensions, revocations, and fines must be entered by AABC staff in AABC's licensing system.

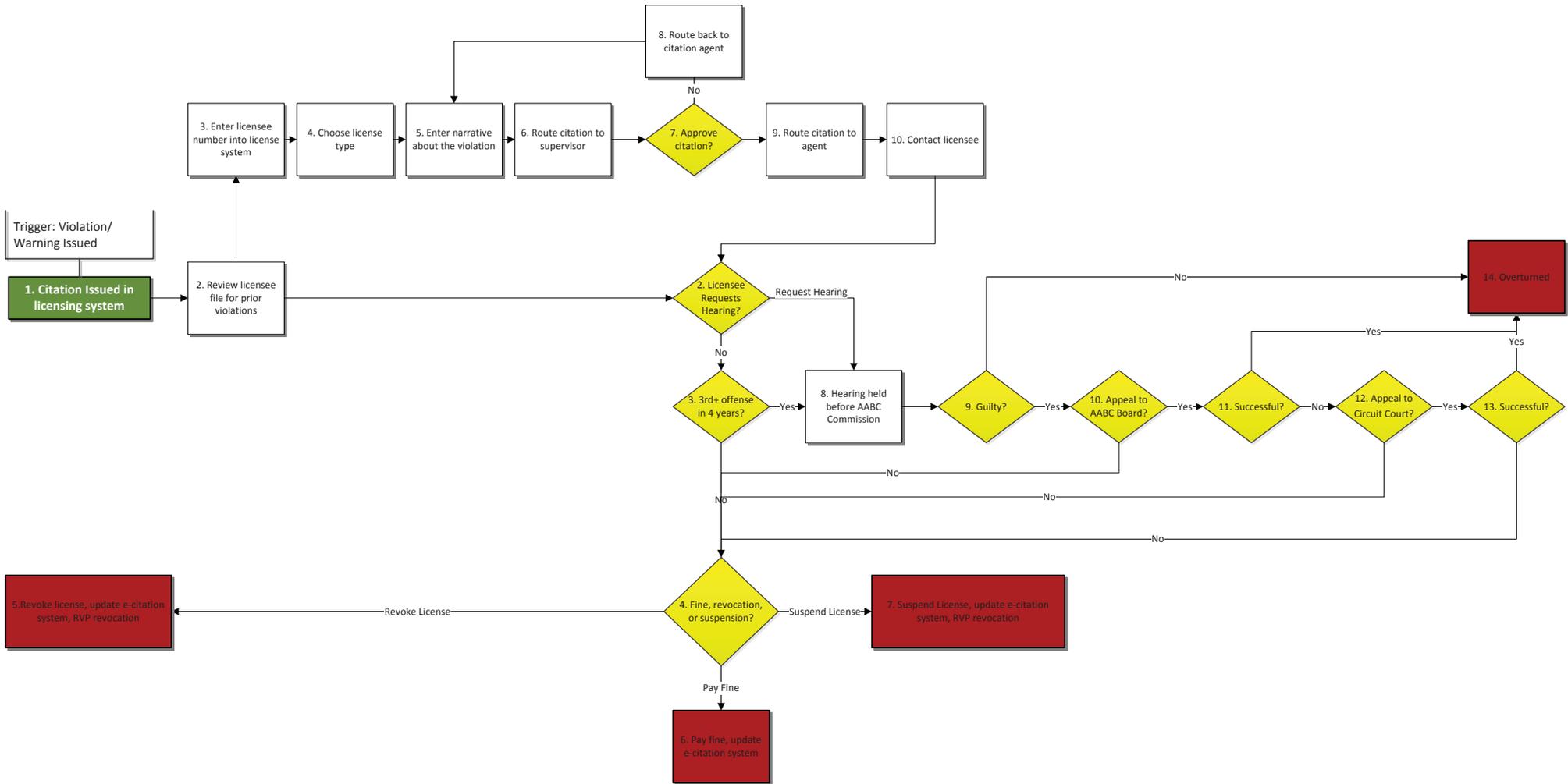
If the licensee receiving the citation is in the Responsible Vendor Program (RVP) program, there is an intentional delay in applying sanctions to a license record. RVP licensees receiving a notice of violation generates an email from the licensing system to RVP staff. The citation will be printed and sent to an AABC licensing inspector. The licensing inspector will investigate, produce findings, and determine if the licensee was in or out of compliance. Compliance specialist findings, once complete, are sent to a mitigation committee comprised of AABC staff, who approve or modify recommendations after deliberation. The findings are then put on the AABC Board agenda for a vote to approve or disapprove. Citations may be mitigated or not mitigated. The recommended penalty, whether mitigated or not, goes to the Board for consideration.

If approved, the fines are transmitted to RVP staff who make changes in the licensing system. This generates a letter with mitigated fine details. This letter goes to the agent/licensing inspector who provides it to the licensee, and a timeframe to remit payment is established.

If the licensee is RVP-certified and requests a hearing, mitigation procedures must be completed and the licensee must waive their rights to the mitigated fine before hearing procedures are set. If the licensee is not RVP-certified and requests a hearing, the licensing inspector will proceed with hearing procedures. If the licensee is non-RVP and this is their third or fourth offense, the licensing inspector will request a hearing before the AABC Commission. If the AABC Commission finds the licensee not guilty, the citation is overturned. If the AABC Commission finds the licensee guilty, the licensee has

the opportunity to appeal to the AABC Board. The AABC Board may overturn the decision but if the decision is not overturned, the licensee has the ability to appeal to the circuit court, which may also overturn the decision. If at any point, the licensee is found guilty and does not continue to appeal, the findings of the hearing commission are enforced. If their license is revoked, there is an update made in the licensing system. If their license is suspended, the system is updated. If the licensee is fined, the licensing system is updated.

Process Area	Process Detail
Trigger:	Violation/Warning Issue
Predecessor Process:	Issue License
Successor Process:	None
Systems Used:	Adobe, AABC Licensing System
Divisions Involved:	Licensing and Compliance



### 3.9.3 Administer Responsible Vendor Program

The Alabama Responsible Vendor Act was passed to eliminate the sale of alcoholic beverages to and consumption of alcoholic beverages by underage persons, and the reduction of intoxication and accidents, injuries, and deaths in the State related to intoxication.

This is a voluntary program for licensees to join and certify through the AABC. Licensees are required to train all employees involved in the management, sale, or service of alcoholic beverages. This training includes Alabama alcoholic beverage laws, legal age determination, civil and criminal penalties, and risk reducing techniques. Licensees who voluntarily join the program are also required to establish policies ensuring legal, responsible sales, train employees in these policies, and follow all other AABC regulations.

Alabama law requires mandatory participation for on-premises licensees who hold a retail restaurant license (020 license type) and who wish to hire 19- and 20- year old employees to serve alcohol.

The Responsible Vendor Program Division establishes the guidelines required for licensees to be certified into the RVP. The program approves courses for private course providers that want to market their services to licensees and also to individual companies who want to create and obtain their own course approval to train their employees.

After a license location has obtained an AABC Board approved course provider (whether it is private course provider or an individual provider) and trained all their employees, an application along with the report of server, seller, and manager training log must be submitted along with \$35.00 fee per license type to the AABC Board Responsible Vendor Program Division.

After the application has been reviewed and a check on previous violations has been conducted, the application is either accepted or denied. If the application is accepted, the licensee is entered into the RVP and licensing database. The following is a list of information that has to be entered at the time of application:

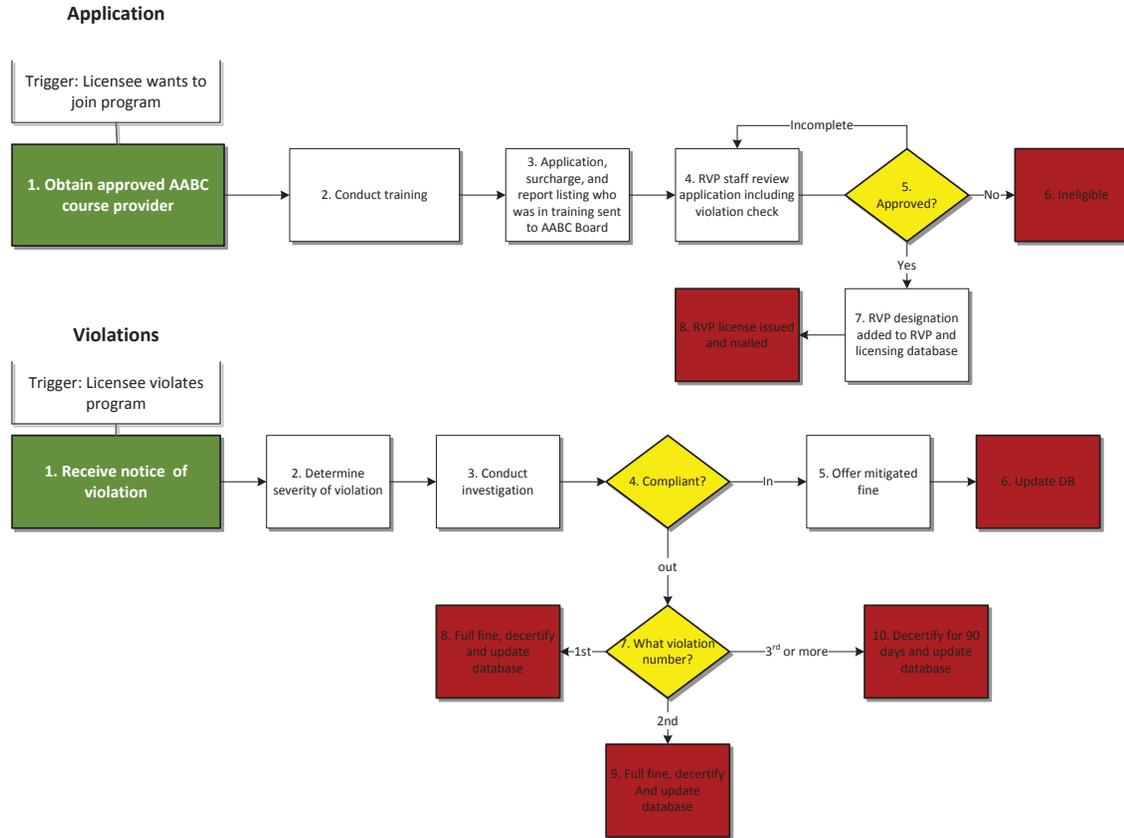
- License Number
- Number of Liquor licensees
- Date Certified
- CDR Date
- CDR Fiscal Year
- Custodian Address
- Custodian Phone Number
- Course Provider (Approval Number)

The process for receiving entry into the RVP is triggered by a vendor's request to be a part of the RVP program. Once a vendor receives the appropriate training and all paperwork is submitted to AABC RVP Division, the RVP staff reviews the application and checks the licensees' previous violation

history. If the application is not approved, the vendor is ineligible for entry into RVP. If approved, RVP designation is added to the AABC alcohol license. The license that includes the RVP designation is then issued and mailed, marking the completion of the process for entry.

When a licensee receives a citation that is RVP-certified and citation is issued, the licensing system will automatically generate an email to the RVP division. RVP staff will determine the severity of the violation and conduct an investigation. If the licensee is found to be in compliance, the RVP vendor will be offered a mitigated fine and the database will be updated. A letter is automatically generated with the fine amount and sent to the AABC agent/licensing inspector who conducted the investigation. If the vendor is found to be in compliance or out of compliance by the mitigation/decertification committee, the committee determines the fine. If the licensee receives a third violation, then the mitigation/decertification committee considers a 90-day decertification (or a period of time determined by the mitigation/decertification committee). The licensing database is updated after Board approval of all fines and decertifications.

Process Area	Process Detail
<b>Trigger:</b>	Receive retail licensee request to be in the RVP program
<b>Predecessor Process:</b>	Issue License
<b>Successor Process:</b>	Maintain Compliance
<b>Systems Used:</b>	Licensing System, Adobe, Outlook
<b>Divisions Involved:</b>	Licensing and Compliance Division (RVP staff)



### 3.9.4 Approve Product Labels for Alcohol Products

Summary of Changes from the Current Environment: Currently, product labels are manually submitted to AABC from vendors. In the future, these labels, and also promotional materials, will be submitted through an online portal and stored and recorded in the license database.

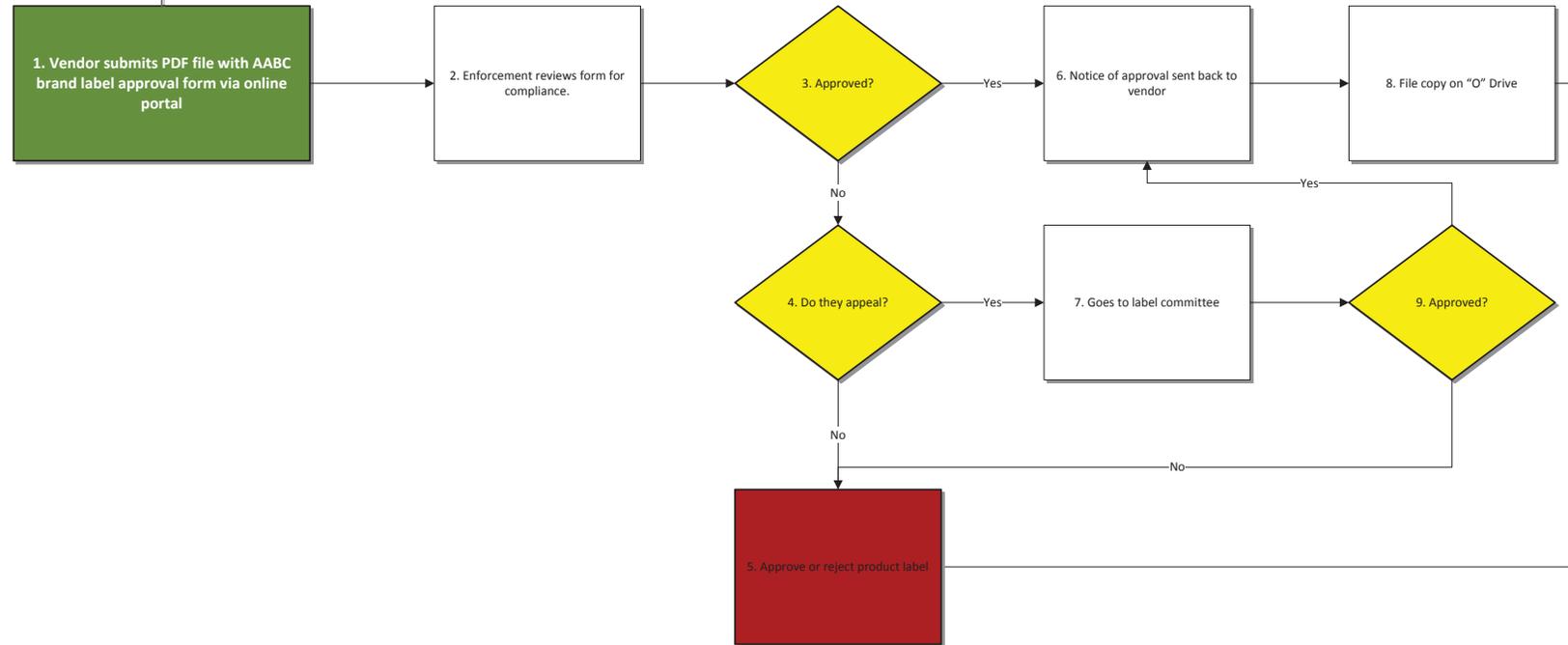
All advertisements used in the State of Alabama for beer, wine, and spirits must be submitted for approval by Licensing and Compliance before use. Product management approves spirit labels and brand. Licensing and Compliance receives 20 to 40 new label approval requests per day.

To start the process, a vendor will submit a proposed label, along with a brand label approval form on vendor letterhead, a certificate of label approval, and a signed territorial agreement via online portal to Licensing. Vendors also upload their advertisement promotions, which includes company letterhead, promotional rules, and list of where promotions will be displayed on product and within the license location via the online portal. Licensing and Compliance reviews the label for compliance with state laws. If the label is approved, the vendor is notified and a copy of the label and form are stored in the licensing system.

If the label is not approved, the vendor may appeal the decision. If the vendor appeals, the label is reviewed by the labeling committee. If the labeling committee approves the label, the vendor is notified, a copy of the label and form are stored in the licensing system, and the process ends. If the vendor is not approved, the process ends and a copy of the application is filed on the licensing system.

Process Area	Process Detail
<b>Trigger:</b>	New beer or wine, or change in beer or wine label, any advertising/promotions for alcohol
<b>Predecessor Process:</b>	None
<b>Successor Process:</b>	None
<b>Systems Used:</b>	Licensing System, Email, Adobe, U.S. Mail
<b>Divisions Involved:</b>	Licensing and Compliance

Trigger: New beer or wine, or change in beer or wine label, any advertising/promotions for alcohol.



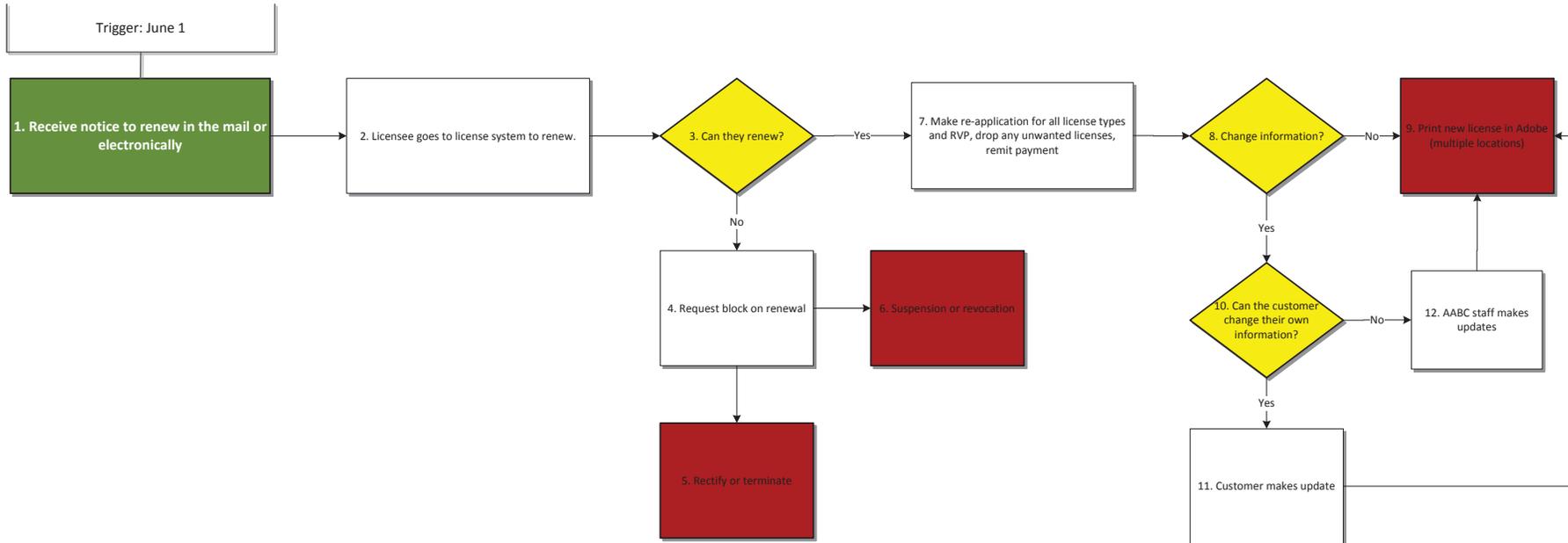
### 3.9.5 License Renewals

Summary of Changes from the Current Environment: license renewals will now be processed by the same system that processes original applications.

The license renewal period begin on June 1 of each year and can continue until May 31 of the next year. Licenses are renewed for the period beginning October 1 to September 30. License fees must be paid for an entire license period, as there is no prorating of application fees. Prior to June 1, licensees receive notice to renew either via the licensing system, in the mail, or via email. If they are eligible for renewal, Licensing and Compliance, the State Revenue Department, the IRS, or a local jurisdiction can request a block on renewal for a number of reasons (including if state taxes have not been paid). This action can result in suspension, revocation, rectification, or termination of a license. If the licensee is eligible for renewal, they complete a renewal for all applicable license types and the RVP certification (if applicable). Unwanted licenses are removed, payment is remitted, and a license and a receipt are printed.

If information is changed, licensees may update AABC approved data fields in their license record. Alerts in the license system notify the district office of any information changes. Non-license system updates are provided to the district office or central office, who update the licensing system.

Process Area	Process Detail
<b>Trigger:</b>	June 1 of every year
<b>Predecessor Process:</b>	License manufacturers, wholesalers, retailers, etc.
<b>Successor Process:</b>	Renewal (next year)
<b>Systems Used:</b>	License system, Adobe, RVP database
<b>Divisions Involved:</b>	Licensing and Compliance



## **4 Technical Environment**

The to-be technical environment of the AABC shall be described here. This section is not designed to be a troubleshooting guide or substitute for a technical instructions manual. It is instead designed to provide enough detail so that both technical and non-technical readers will have an understanding of the systems, networks, and interfaces that AABC uses to conduct its retail, wholesale, point of sale and licensing functions.

### **4.1 Technical Environment**

### **4.2 Internal and External Interfaces**

### 4.3 To-Be IT Systems Architecture Diagram

Placeholder for vendor design of a to-be IT systems architecture diagram.

#### 4.4 Server Inventory

Table 4.1: Server Hardware

## 4.5 POS Hardware Inventory

Table 1.2: Retail POS Hardware Inventory

## 5 Glossary

Term	Definition
30-day expedite report	A report sent to vendors that shows products that have less than 30 days of inventory based on historical data.
A58	A form used by stores to record inventory discrepancies in product shipments.
AABC	Alabama Alcohol Beverage Control Board.
ABC	See "AABC".
ABC Code	A unique identification code assigned to each product by the AABC.
Accounting division	The Accounting division of the AABC is responsible for receiving all revenues of the AABC.
Administrator reports	Reports provided to the AABC administrator to detail revenue disbursements to other entities.
Advanced Shipment Notification (ASN)	Also known as an advance notice of shipments, a notice from a vendor about a pending product shipment to the warehouse.
AFNS	Advantage Financial Accounting system. The software used for agency level accounting in the state of Alabama.
AI	See "Alabama Interactive".
Alabama Interactive	A third party organization that provides many services to the state of Alabama. Many of the web interfaces utilized in the AABC system are designed and maintained by Alabama Interactive. See <a href="http://www.alabama.gov/portal/secondary.jsp?id=eGovernmentInitiative">http://www.alabama.gov/portal/secondary.jsp?id=eGovernmentInitiative</a> .
ASN	See "Advanced Shipment Notification".
Audit division	The Audit division is responsible for internal audits, audits of the records of all beer and wine wholesalers and all AABC stores, in addition to physical inventories of the warehouse and AABC stores.
Back order	A back order is an immediate (or past due) demand against an item whose inventory is insufficient to satisfy the demand. Product ordered but out-of-stock and promised to the customer when the product becomes available.
Bailment	The process of vendors placing inventory under the custody of the AABC until it is shipped from the AABC warehouse.
Bailment charges	Expenses charged to the vendor to cover the cost of the bailment warehouse.
Bailment goods receipt	A record of product (spirits or liquor) received into the bailment warehouse.
Bailment request	A request by AABC to a vendor for product that is carried by AABC but is not auto-replenished in retail stores.
Batch	A term often used to denote a grouping of items worked on together in a computer system.

Term	Definition
BevPro	The warehouse conveyor system used by AABC. This system uses Demantic Rapid Route software. BevPro and Rapid Route are used interchangeably.
Bins	Individual locations for products in the warehouse.
Blind drop	Also known as a blind cash count, a process for counting money at the end of shift, where the cashier is not given the total amount expected prior to entering actual cash totals in the POS system.
Board owned stock	Product that is owned by the AABC (is not bailment inventory).
Bottle room	The room in the warehouse where subcase inventory is kept. Usually the result of broken inventory.
Broker	An entity that sells spirits on behalf of the manufacturer.
Buy-ins	The process of purchasing inventory and bringing it into the AABC warehouse as AABC owned inventory rather than bailment inventory, typically because of a special price break.
Central office system	The future AABC enterprise resources planning, or ERP system. This system handles inventory, pricing, and financial transactions for all liquor related business of the AABC.
Certification of eligibles	List of qualified people eligible for hire in the state of Alabama.
CK30	The model of mobile handheld used in stores and the warehouse for inventory purposes.
Claims	Claims are used to make adjustments to inventory for things like breakage, overage, shortage, etc.
Code	Can be used generically to mean product, or can actually mean a code, as in a barcode, for example.
Code distribution	The shipment of specific product to stores by store.
Cost center codes	Cost center codes are codes defined within each department to identify expenses (can identify programs, faculty or sub-department, activities, etc.); usually for reporting purposes.
Count by code report	A report that displays the quantity of inventory for each product.
De-listing	The process of removing a product from the list of products sold at AABC retail stores.
Delivery Sheet	See "load sheet".
Demantic RapidRoute	AABC's conveyor system. This term is used interchangeably with RapidRoute and BevPro.
Depletion	The reduction in the quantity of product on hand.
DHR	Department of Human Resources.

Term	Definition
Direct import authorization form	A form used in the process of shipping alcohol, (usually wine) sold out of state, to an AABC store for the purpose of paying taxes.
Disbursement	The process of paying out money.
Distiller Invoice	These terms are used interchangeably to mean a written record of product moved from the bailment (vendor/supplier or distiller ownership) to non-bailment (AABC ownership). A purchase order/invoice is used by the Accounting office to process a voucher (remittance advice), which in turn generates a warrant which is issued to vendors/suppliers or distillers as payment.
Distribution	The process of sending product to AABC stores.
Districts	Sub-regions of AABC stores. There are seven districts for each of the two AABC store regions.
Drawdown Account	A financial account held by the AABC that is prefunded by a licensee and used to pay fines and fees as they accumulate.
EMV	Europay, Mastercard, & Visa. The global standard on the use of new chip card technology for credit card payments.
Licensing and Compliance Division	The Licensing and Compliance Division of the AABC is responsible for enforcing alcoholic beverage laws in the state. They are also responsible for issuing license to sell wine, beer, and spirits in the state. Alabama has both wet and dry municipalities and counties and the Licensing and Compliance Division is responsible for issuing licenses according to those designations.
Entities	The Licensing and Compliance Division refers to a licensee as an entity.
FIFO	First in, first out method of accounting, where the product acquired first is used first.
General ledger	The ledger that contains all of the financial accounts of a business; contains offsetting debit and credit accounts.
Gross Profit	Revenue from sale of product minus cost of product sold and minus any taxes applied.
House credit	Credit available to a customer that can be used at an AABC store location. The Alabama ABC accepts payments on account exclusively from 2-3 other state government agencies and not from retail or wholesale customers.
Inventory	The complete list of stock in a location.
Inventory batch	A file in the warehouse inventory counting process which contains bailment and ABC-owned inventory to scan against and report from.
Invoice/Purchase Order	These terms are used interchangeably to mean a written record of product moved from the bailment (vendor/supplier or distiller ownership) to non-bailment (AABC ownership). A purchase order/invoice is used by the Accounting office to process a voucher (remittance advice), which in turn generates a warrant which is issued to vendors/suppliers or distillers as payment.
Issue	Software issues, for the purposes of this document, are classified in three criticalities: Class A Issue – Software - Critical, does not allow System to operate, no work around,

Term	Definition
	<p>demands immediate action; Written Documentation - missing significant portions of information or unintelligible to State; Non Software - Services were inadequate and require re-performance of the Service.</p> <p>Class B Issue – Software - important, does not stop operation and/or there is a work around and user can perform tasks; Written Documentation - portions of information are missing but not enough to make the document unintelligible; Non Software - Services were deficient, require reworking, but do not require re-performance of the Service.</p> <p>Class C Issue – Software - minimal, cosmetic in nature, minimal effect on System, low priority and/or user can use System; Written Documentation - minimal changes required and of minor editing nature; Non Software - Services require only minor reworking and do not require re-performance of the Service.</p>
Item codes	A term used to identify products of the AABC.
Law 100 file	File of deposits data that is exported to the state’s accounting system (AFNS).
Leave slip	A form used by AABC employees to request time off.
License fees	Fees paid by licensees for the privilege of selling alcohol in the state of Alabama.
Licensee	Any entity licensed to sell alcohol or tobacco products in the state of Alabama.
Listing	The process of adding a product to the list of products sold at AABC retail stores.
Load sheet	A list of store shipments used to communicate with the AABC contracted trucking company for use in creating a trucking schedule.
Location codes	Code numbers or descriptions assigned to group products into counting areas during inventory counting for the purpose of easily being able to find inventory when recounts are necessary.
Loftin Brothers	The AABC-contracted trucking company used to ship product from the warehouse to the stores and back.
Manufacturer	A vendor that produces alcoholic beverages.
NABCA	National Alcohol Beverage Control Association - the association for alcohol control states.
NABCA Diver system	A reporting system maintained by NABCA that holds all product sales and inventory information for all control states. Diver is used by NABCA for business analytics.
NAVision	The ERP solution used by the AABC and designed by Microsoft.
NexCheck	The check processing company used for check verification services.
Non-exempt employees	Employees who are employed by the State of Alabama and whose hours are subject to overtime pay under the Fair Labor Standards Act.
Out of stock report	A report sent to vendors that shows products that are out of stock.
Over/short report	Displays the amount of bottles that are in excess of projected inventory or deficient from projected inventory.

Term	Definition
Payment Card	A credit or debit card.
Payment Card Industry	Also known as PCI. PCI is used to refer to a set of compliance standards put forth by an organization comprised of major payment cards. PCI compliance standards regulate the manner in which payment cards may be accepted such that personally identifying information associated with a payment card is protected.
Personnel division	The Personnel division of the AABC handles and manages all matters related to AABC staffing. This includes benefits management, payroll, training, discipline, and regulations related to the management of personnel.
Picking	The process of taking product off the shelves in the warehouse for shipping to a store.
Picking line	The location at which product is placed on the conveyor belt.
Planogram	The planogram is a visual diagram, or drawing, that provides in detail where every product in a retail store should be placed.
Point of sale system	This refers specifically to the register system at the store level which utilizes Triversity software, and not to NAVision which is the ERP at the central office.
Polling	The process of gathering point of sale financial and inventory information from individual AABC stores to the central headquarters.
POS	See "Point of Sale system".
Posted/Posting	Recorded in the system such that an item is finalized and no longer in pending status.
Post date	Date in which an item is paid or otherwise clears or becomes non-pending.
Product	Spirits or liquor sold by the AABC.
Product file	The place where all product information is accessed in NAVision.
Product Management	Division of the AABC that oversees all retail and wholesale operations of the AABC.
Purchase Order	Document used to make the non-liquor purchases of the AABC.
Purchasing	Division of the AABC within Product Management responsible for listing merchandise (liquor product).
QlikView	A program which provides business intelligence to the AABC.
Rapid Route	The warehouse conveyor system used by AABC. This is also known as BevPro. BevPro and Rapid Route are used interchangeably.
Receipt	Can be used to describe a piece of paper printed from a register or computer system, or may be used as a verb to describe receiving of inventory.
Register	Denotes an individual POS station.
Replenishment	The process of keeping product stocked in AABC retail stores and in wholesale stores.
Replenishment file	Truck delivery information entered/calculated in NAVision based on parameters provided.

Term	Definition
Retail code	A product that is sold on the shelf in retail AABC stores.
Retail transaction.	A transaction performed to sell product to retail customers at AABC stores.
ROSCOE	Mainframe development system similar to TSO.
Route file	Store replenishment information sent to BevPro/RapidRoute.
RVP	Responsible Vendor Program. An AABC Licensing and Compliance Division program to encourage knowledgeable licensees that provide alcohol in a responsible way to consumers.
S9A	Claim for liquor that is broken, damaged, defective, or simply purchased from a vendor during a buy-in.
SCC Code	Shipping Container Code - the barcode used to identify cases of products.
SOC	See "Store Operations Control".
Slip error	An error that occurs when a check is not read correctly by the check reader.
Special requests	Any request for a product at an AABC store that is not normally stocked on the shelves.
Stock	Products kept on the premises of an AABC store or warehouse and available for sale or distribution.
Store Groups	Store groups are used for shipping product to stores.
Store layout	A map of how product is laid out in an AABC store.
Store Operations	Division of the AABC responsible for oversight and operations of all of the AABC stores.
Store Operations Control	Store Operations Control (SOC) - a unit within Store Operations responsible for management of the operations of stores.
Store request file	A list of requests from each store which can be reviewed in NAVision. It is used as input to store replenishment.
Store reset	The process of making changes to the layout of an existing store.
Stores division	See "Store Operations".
Store shipment report	A report of product shipped to a store from the warehouse that is used to confirm or verify the shipment. This report is kept by the store that receives the product.
Superstore	A licensee who receives a significant enough volume of product to require a direct shipment from the warehouse instead of picking up product from a wholesale ABC store.
Supplier	See "Vendor".
Terminal	Denotes an individual POS station.
Transfer receipt	A receipt attached to product for use during a transfer from a store to another store, or to the warehouse.
Treasury file	File containing deposits of product sales for export to the state Treasury.
Triversity	The SAP designed POS software used at all AABC stores.

Term	Definition
Truck invoice	A legal record of all product shipped from the warehouse to a particular store. The AABC contracted trucking company is paid based on the number of cases shipped. This record is kept by the AABC contracted trucking copy.
TSYS	The merchant service provider for the AABC for processing credit cards.
Unlisted product request	A request submitted for product that is not listed at all by the AABC.
UPC Code	Universal Product Code - the barcode used to identify individual products. Placed directly on the bottle.
Variance report	A report that displays a discrepancy in inventory between expected and actual inventory levels.
Vendor/Supplier	Used interchangeably to describe a company that provides spirits to the AABC.
Vendor of record	The legally correct record of a vendor according to AABC filings. There are often discrepancies in who is the vendor of record because subsidiaries change ownership so frequently.
Warehouse batch	A grouping of all shipments scheduled for store replenishment.
Warehouse inventory at cost report	A report that displays the total value of inventory in the warehouse.
Waves	Groupings of products picked together for loading on a truck. One shipment to a store may include several waves.
Wholesale code	A product that is not sold on the shelf in retail AABC stores, or the AABC code assigned to a wholesale product.
Wholesale transaction	A transaction performed to sell product to licensees at AABC stores.
Wholesaler	A vendor that sells alcoholic products on behalf of a manufacturer, but does not produce the alcohol.
WMS	Warehouse Management System.
Work item	A single set of data being processes through a workflow (for example, a single license application belonging to company X is a work item).
Workflow activity	A single step in a workflow
Workflow engine	A workflow engine is the component in a workflow automation program that contains all the procedures, steps in a procedure, and rules for each step in the procedure. The workflow engine determines whether the process is ready to move to the next step.  Work item – A single set of data being processes through a workflow (for example, a single license application belonging to company X is a work item).
Workflow process	A workflow designed to handle or accomplish a business process.

## 6 Archive of Procedures Manual Updates

This table is used to document revisions to business process descriptions. The table includes column for describing the change and the date the change became effective.

Business Area	Business Process Number	Business Process	Description of Revision and Rationale	Revision Date