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**LIQUOR CONTROL COMMISSION**  
DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH  
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## Bulletin 3142-17

DATE: June 12, 2009

TO: Authorized Distribution Agents  
Executive Staff

FROM: Michigan Liquor Control Commission

SUBJECT: Procedure on Liquor Invoice Overcharges and Undercharges

Pursuant to the Business Operating Procedure dated May 19, 2009, the following is the Michigan Liquor Control Commission's procedure regarding liquor invoice overcharges and undercharges:

An overcharge or undercharge results when an amount more or less than the actual amount of an invoice is charged to a licensee. An overcharge occurs when an amount more than the actual invoice price is charged to a licensee. The additional amount that the licensee paid must be refunded to the licensee. An undercharge occurs when an amount less than the actual invoice price is charged to a licensee. The difference between the actual cost of the liquor invoice and the licensee's payment must be collected from the licensee. Types of over/undercharges include the following:

- 1.) Wrong Merchandise – An acceptance by a licensee of different product than was ordered.
- 2.) Math Error – An incorrect invoice price computation of gross sales, discount or tax amounts.  
Ex: Driver circles wrong item amount on an invoice for an item not accepted and deducts that amount from the invoice.
- 3.) Payment Error – A licensee check written in excess of or less than the invoice.  
Ex: A licensee pays for the total invoice amount even if there is an adjustment and new net amount written on the invoice.  
Ex: A licensee writes the narrative part of his check different than the numerical part of his check.
- 4.) Pricing error – An invoice calculation error created by the ADA using the wrong Codemaster.

Over/undercharges may be found by either the ADA or by an MLCC Finance staff member. If an individual licensee invoice is found (either by the ADA or by the MLCC) to contain an error or errors which total \$1.00 or less, an ADA will not be required to complete overcharge or undercharge documentation and will not be required to provide credit to or collect from the licensee. This policy will apply only to pricing errors of which the ADA is not aware or has not had one full working day to correct.

The MLCC will notify the ADA of any pricing errors found. Notification of these errors will be in writing and transmitted to the ADA. The ADA must correct each pricing error in its

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invoicing system no later than one full working day after being notified. The ADAs will be responsible for all cash shortages for pricing errors of which they have been notified, that are not corrected within the given time period. ADAs may be required to give credits to licensees for pricing errors not corrected within the given time period, regardless of other policies on invoice overcharges, at the sole discretion of the Commission. ADAs are required to make good faith efforts to find and correct pricing errors on their own. In the Commission's opinion, should a pattern of invoicing errors be established, the Commission may take whatever steps it deems appropriate to correct the situation.

The ADAs must enter each over/undercharge into their systems so that licensees may be credited or charged as necessary on future invoices. The ADAs shall notify the licensee of a future credit or charge to upcoming invoices. In the case of an overcharge, the State cannot accept negative invoices. Refunds cannot exceed an invoice amount. If a refund is larger than an invoice, the remaining amount of the refund shall be reduced from future invoices. If, within 90 days, there are no invoices against which to apply a refund, the State will process a check to refund the money to the licensee. The licensee must request the check and refunds must be \$10.00 or greater. In the case of an undercharge, if an ADA has not collected the money within 90 days, the ADA will be billed for the undercharge. Upon collection of the undercharge from the ADA, the MLCC will record it as being paid.

For all overcharges and undercharges, the Detail Gross, Total Gross, Discount and Tax lines on the Daily Recap shall be corrected by the finder (ADA or MLCC) of the over/undercharges. When invoices are adjusted by the ADA, any changes to State inventory shall be conveyed to the MLCC. For example, if a licensee receives a delivery of different product than he ordered and decided to keep that product, the MLCC shall be notified by the ADA so that the MLCC may adjust its sales to the correct product sold and correct its inventory by buying the product that was actually delivered and releasing from pending inventory the product that was actually purchased by the MLCC.

All overcharges and undercharges found by the ADA or the MLCC shall be reported on the Daily Recap as a New Overcharge (Line 15) or a New Undercharge (Line 16) for the date they occurred and the Daily Recap shall be accompanied by Overcharge or Undercharge Memorandums, dated the same date as the Daily Recap. Each over/undercharge shall be documented on a separate Overcharge or Undercharge Memorandum and must include the following information:

- Sales/Daily Recap date
- License number
- Type of error/adjustment
- Invoice amount
- Amount collected
- Amount to be refunded/collected

When the ADAs collect an undercharge from a licensee, they shall report this on the Daily Recap on Line 11, Collection of Undercharges. When the ADAs refund an overcharge to a licensee, they shall report this on the Daily Recap on Line 12, Refund of Overcharges. For each collection or refund, the original Under/Overcharge Memorandum shall be attached to the Daily Recap on which the collection or refund appears. Detail that explains the collection or refund shall be attached as well.

If you have any questions regarding this Bulletin, please contact Pam Hamilton in the Financial Management Division at 517-322-1379.