



**TENNESSEE ALCOHOLIC BEVERAGE COMMISSION
AUDIT COMMITTEE MEETING
MINUTES
THURSDAY, JULY 26, 2018**

An audit committee meeting was held on July 26, 2018, following the conclusion of the regular monthly meeting. Commissioner Skiles, Commissioner Jones, and Commissioner Roberts were present. In attendance on behalf of staff were the following: Director Byrd, Asst. Director Blair, Commission Counsel Stepp, Commission Counsel Hollingshead-Cook, CLEO Tubbs, Nancy Townsend, and Chris Dowell.

I. REVIEW AND APPROVAL OF OCTOBER 2017 AUDIT COMMITTEE MINUTES

Discussion/Action Taken: Commissioner Jones moved to accept the minutes and presented and the motion was seconded; the motion was approved with three ayes.

II. REVIEW AUDIT COMMITTEE CHARTER AND FUNCTIONS

Discussion/Action Taken: Assistant Director Blair provided an overview of the audit committee charter and its functions.

III. BUDGET UPDATE

Discussion/Action Taken: Assistant Director Blair updated the Commission on the budget. As part of the presentation Assistant Director Blair commented on the 2018-2019 approved budget, cost increase for staff pay raises, general fund reversion figures, carry-forward balance, collected fines, breakdown of accounts and allocation codes, the variance for professional services third party allocation – temporary employees dedicated to the scanning project and IT help desk, variance due to coming off the Governor’s taskforce, and the RLPS payment schedule. A discussion was held at various points in the presentation.

IV. EVIDENCE INVENTORY UPDATE

Discussion/Action Taken: Assistant Director Blair updated the commission on this item and reviewed the background on the audit findings. Assistant Director Blair commented on the steps take to remedy the issues from the audit. Assistant Director Blair noted all four evidence rooms have had a full evidence inventory. Director Byrd also commented and spoke on the risk associated with a portion of the firearms in evidence that date back years and do not have corresponding



documentation. Director Byrd commented that the goal was to have the issues resolved by the end of the calendar year and that staff may potentially seek a legislative fix. In response to a question from the Commission, Commission Counsel commented on the disposition process for firearms and noted that the agency relies on its special agents to monitor the case outcomes to initiate the destruction process.

V. CITATION FEE COLLECTION UPDATE

Discussion/Action Taken: Assistant Director Blair discussed this item and commented that a new policy requires payment of outstanding citation before approving the renewal of a license.

VI. ANNUAL CONFLICT OF INTEREST STATEMENT UPDATE

Discussion/Action Taken: Assistant Director Blair commented on this item and noted that the conflict of interest statement form has been completed with the exception of staff members who are not physically present to complete the form but that all other staff members have submitted the form.

VII. RLPS IDENTIFIED RISKS:

- a. duplicate licenses/permits issued

Discussion/Action Taken: Assistant Director Blair spoke on this RLPS identified risk item and described the circumstances that allow for a duplicate permit to be issued in RLPS. Assistant Director Blair stated that the new version of software does have a barrier to prevent users from submitting the approved status multiple times. Additionally, Chris Dowell commented that the staff is looking for a solution as well. Assistant Director Blair stated that staff created a report which lists the records with duplicate permits and the operational plan is to manually delete the newest generated record and notify the customers of the correct permit to be used.

- b. collection of fees for renewal licenses that have been approved but not paid

Discussion/Action Taken: Assistant Director Blair addressed the Commission on this RLPS identified risk. Mr. Blair explained that the system assesses license renewal fees on the back end. As such there is an opportunity for renewal licenses to be approved by staff but not paid for, which generates the license. Assistant Director Blair commented that this total was currently \$3,500 total. Director Byrd made comments on the



revised automatic notification which clarifies that payment is needed from the customer. Assistant Director Blair commented on three corrective measures to address this identified risk (1) revision of the automatic email notification (2) report monitored by staff to follow up on renewal accounts that have not been paid and (3) reconfiguring system to collect renewal fees upfront at first true renewal cycle.

Director Byrd then made an additional comment on the amount of retail food store renewals fees collected in RLPS compared to the previous year.

The meeting adjourned.

**APPROVED FOR ENTRY UPON THE MINUTE BOOKS OF THE TENNESSEE ALCOHOLIC
BEVERAGE COMMISSION THIS THE 18TH DAY OF DECEMBER 2018.**



Commissioner



Zack Blair, Interim Director