



**TENNESSEE ALCOHOLIC BEVERAGE COMMISSION
AUDIT COMMITTEE MEETING
MINUTES
TUESDAY, OCTOBER 24, 2017**

An Audit Committee meeting was held on October 24, 2017, following the conclusion of the regular TABC meeting. Committee members Bryan Kaegi, John A. Jones, and Richard Skiles were present. Director Byrd, Asst. Director Blair, Director of Risk Management, Mark Reineke, Nancy Townsend, Christopher Dowell, and CLEO Tubbs were present on behalf of staff.

Assistant Director Blair requested the approval of the minutes from the September 2015 audit meeting. Commissioner Jones moved to accepted as presented and Commissioner Skiles seconded the motion. The motion was approved with three ayes. Asst. Director Blair then introduced Mark Reineke, the Director of Risk Management.

I. REVIEW AUDIT COMMITTEE CHARTER AND FUNCTIONS

Discussion/Action Taken: Mark Reineke briefly commented on the audit committee charter and functions of the committee.

II. DETAIL STATUTORY EXCEPTIONS TO OPEN MEETINGS REQUIREMENT

Discussion/Action Taken: Mr. Reineke addressed this agenda item and noted that the following exceptions to the open meetings requirement in which the committee can meet in a non-public executive session: discussion of litigation, audit and investigations, and other information not subject to the open records requirement.

Mr. Reineke noted that approval from DOHR was received to fill a recently reclassified internal auditor position.

III. AGENCY RESPONSES TO 2016 COMPTROLLER AUDIT

Discussion/Action Taken: Asst. Director Blair addressed this agenda item and provided an update on the steps the agency has taken in response to audit findings related to evidence management, cash seizure, permit issuance and license closures, background checks, and conflict of interest policies and forms. Mr. Blair noted that management had appeared for a targeted question session by the Joint Government Operations committee.

IV. REVIEW 2018-2019 BUDGET SUBMISSION

Discussion/Action Taken: Assistant Director Blair addressed this agenda item and noted commented on the budget and noted that the requested budget was submitted in September. Asst. Director Blair noted that the baseline total for FY 2017-2018 was \$8,966,600, with base budget reductions totaling \$212,400 (leased space reduction and



elimination of Sched. VI controlled substance jurisdiction), and cost increases totaling \$420,000 (salary increases for law enforcement and other staff), bringing the total request for FY 2018-19 to \$9,174,200. Asst. Director Blair also noted that DOHR will do an organizational review of the agency.

V. FINANCIAL INTEGRITY ACT OVERVIEW

Discussion/Action Taken: Assistant Director Blair introduced Nancy Townsend, the new Administrative Services Director. Ms. Townsend provided an overview of the Financial Integrity Act and the objectives of the Commission's annual risk management and internal controls assessment.

VI. FISCAL YEAR CLOSE

Discussion/Action Taken: Ms. Townsend commented on this agenda item and noted in her comments that the total surplus amount for the FY was \$2,325,224, the total requested carry-forward balance for FY 2018 was \$3,757,624, and the total general fund reversion amount was \$1,556,890. Asst. Director Blair noted that the target reversion amount was \$500,000.

VII. ACCELA RLPS – UAT STATUS AND PAYMENT SCHEDULE

Discussion/Action Taken: Assistant Director Blair introduced new IT Director, Christopher Dowell, and Mr. Dowell presented an update on this the RLPS project, including a system overview, an update on the project status and five year contract, and a financial overview of the project. Mr. Dowell noted that the total cost of the project at the end will total \$2.6 million and that the project is currently in the testing phase of the system for a January 2018 deployment. A brief discussion was held.

VIII. LEGAL UPDATE

Discussion/Action Taken: Mr. Reineke provided an update on the two-year residency requirement litigation and noted that the appeal of the District Court's judgement ruling is currently pending in the U.S. Court of Appeals for the Sixth Circuit with oral arguments scheduled for November 30, 2017.

IX. CLOSED EXECUTIVE SESSION

Discussion/Action Taken: A closed executive session was held and the meeting adjourned after the conclusion of the non-public executive session.

**APPROVED FOR ENTRY UPON THE MINUTE BOOKS OF THE TENNESSEE ALCOHOLIC
BEVERAGE COMMISSION THIS THE 26TH DAY OF JULY 2018**


COMMISSIONER


EXECUTIVE DIRECTOR