TEXAS
ALCOHOLIC
BEVERAGE
COMMISSION

COMMISSION MEETING

August 24,2007

Texas Alcoholic Beverage Commission
5806 Mesa Drive
Austin, Texas 78731

John T. Steen, Jr., Chairman
San Antonio

Gail Madden, Member
Dallas

José Cuevas, Jr., Member
Midland

TABLE OF CONTENTS

TITLE **PAGE**

Agenda--TABC Commission Meeting – August 24, 2007 1

Minutes--TABC Commission Meeting – August 24, 2007 2

Attachment 1: Internal Audit Plan for FY 2008

Attachment 2: Legislative Update

Certification of Minutes 9

TEXAS ALCOHOLIC BEVERAGE COMMISSION

AGENDA

REGULAR COMMISSION MEETING

10:30 a.m. – August 24,2007

5806 Mesa Drive
Austin, Texas 78731

Alan Steen
Administrator

TEXAS ALCOHOLIC BEVERAGE COMMISSION
5806 Mesa Drive, Suite 185
Austin, Texas 78731

John T. Steen, Jr.
Chairman-San Antonio

Gail Madden
Member-Dallas

José Cuevas, Jr.
Member-Midland

Friday, August 24,2007
10:30 a.m.

AGENDA

1. Call to Order		John T. Steen, Jr.
2. Approval of Commission Meeting Minutes of July 27, 2007		John T. Steen, Jr.
3. Administrator's Report: Administrator and Agency Activities, Budget Issues, Staff Achievements		Alan Steen
4. Approval of Renewal of Internal Audit Contract for FY 2008		Charlie Kerr
5. Approval of Internal Audit Plan for FY 2008		Russell Gregorczyk
6. Legislative Update		**Jeannene Fox**
7. Public Comment		John T. Steen, Jr.
8. Executive Session to Consult with Legal Counsel Regarding Pending and Anticipated Litigation Against the Agency and Personnel Investigations and to Discuss the Duties, Responsibilities, and Evaluation of the Administrator (Govt. Code 9551.071, 9551.074)		John T. Steen, Jr.
9. Next Meeting: Friday, September 28,2007		John T. Steen, Jr.
10. Adjourn (Action)		John T. Steen, Jr.

Note: - Items may not necessarily be considered in the order they appear on the agenda.
- Executive session for advice of Counsel (pursuant to §551.071 of the Government Code) may be called regarding any agenda item.
- Action may be taken on any agenda item.

NOTICE OF ASSISTANCE AT PUBLIC MEETINGS

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services (such as interpreters for persons who are deaf, hearing impaired readers, large print, or Braille) are requested to contact Renee Johnston at (512) 206-3217 (voice) (512) 206-3203 (fax), or (512) 206-3270 (TDD), at least three (3) days prior to the meeting so that appropriate arrangements can be made.

MINUTES

REGULAR COMMISSION MEETING

10:30 a.m. – August 24,2007

5806 Mesa Drive
Austin, Texas 78731

COMMISSION MEETING MINUTES

August *24,2007*

The Commissioners of the Texas Alcoholic Beverage Commission (TABC) met in Regular Session on Friday, August 24, 2007, at the Texas Alcoholic Beverage Commission, 5806 Mesa Drive, Suite 185, Austin, Texas.

PRESIDING OFFICER: John ***T.*** Steen, Jr.

COMMISSIONERS PRESENT: Gail Madden
Jose Cuevas, Jr.

STAFF PRESENT: Alan Steen, Administrator

Joan Bates, Deputy General Counsel
Carolyn Beck, Public Information Officer, Executive
Loretta Doty, Director of Human Resources
Del Drake, Captain, Office of Professional Responsibility
Jeannene Fox, Assistant Administrator
Buck Fuller, Director of Compliance
Diana Gonzalez, Assistant Director of Compliance
Russell Gregorczyk, TABC Contracted Internal Auditor
Amy Harrison, Director of Licensing
Joe lagnemmo, System Support Specialist, Information Resources
Linda Jackson, Administrative Assistant, Executive
Renee Johnston, Executive Assistant, Executive
Ashleigh Jons, Research Specialist, Education and Prevention
Jo Ann Joseph, Assistant Director of Licensing
Charlie Kerr, Director of Business Services

Paul King, Telecommunications Specialist, Information Resources
Joel Moreno, Chief of Enforcement

GUESTS PRESENT:

Doug DuBois, Director of Government Affairs, Texas Petroleum Marketers and Convenience Store Association
M. L. Calcote, Republic Beverage
Kimberly Frost, Attorney
Stephen Koebele, Attorney
Fred Marosko, Texas Package Stores Association
Mike Mims, Manager, H-E-B
Randy Yarbrough, Wholesale Beer Distributors of Texas

CALL TO ORDER

Presiding Officer and Chairman John T. Steen, Jr., called the meeting of the Texas Alcoholic Beverage Commission to order.

APPROVAL OF COMMISSION MEETING MINUTES OF JULY 27,2007

Chairman Steen called for approval of the Commission meeting minutes of July 27, 2007. Commissioner Gail Madden so moved, and Commissioner Jose Cuevas seconded. The motion carried.

ADMINISTRATOR'S REPORT

Chairman Steen called upon Administrator Alan Steen to provide the Administrator's report on Administrator and agency activities, budget issues, and staff achievements. Administrator Steen reported the following:

- Administrator Steen welcomed Joan Bates, Deputy General Counsel, who was attending in Lou Bright's absence.
- Administrator Steen met with the Archer County Judge. Administrator Steen explained that a Centennial Oktoberfest Celebration in Archer County was scheduled for October 2007, and they wished to sell beer at the celebration. However, they are not wet for the sale of alcoholic beverages for on-premises consumption. Administrator Steen will be meeting with the Archer County Commissioner's Court to discuss possible options.
- TABC's Summer Conference for employees is scheduled for September 10-12. Following the conference will be a meeting with the industry to discuss recent amendments to the Alcoholic Beverage Code.

- A press conference on the valley project is scheduled in McAllen on August 30. Also, there will be a press conference in September on human trafficking in San Antonio and in Houston.
- Administrator Steen reported that Buck Fuller, Compliance Director, was retiring at the end of the month. Diana Gonzalez, Assistant Compliance Director, would be acting director until the position was posted and filled. Also, there are two vacant Captain positions in Regions 1 and 4. Six applications have been received for these two positions. Administrator Steen noted that 41 Agents had signed up to test for vacant Sergeant positions, which is approximately 19% of Agent employees. Also, 18 Sergeants—or approximately 64% of the current Sergeants--have applied for the Lieutenant promotions. Administrator Steen also noted that Del Drake, head of the Office of Professional Responsibility, was retiring at the end of the month. The Director I position has been posted, and approximately 60 applications have been received.
- The 32 hours of follow-up management training for new Agents and Compliance staff is completed for the year. Administrator Steen noted that this is a great step towards succession planning for the agency, and there has been positive feedback on this new training.
- The agency's external newsletter is being printed and will be distributed soon.
- Administrator Steen stated that the programming problems with the seller-server training system appear to be fixed, and it is anticipated that the backlog will be eliminated in the near future.

Commissioner Madden asked if the MADD Power Camp was held this summer. Administrator Steen stated it was held and he would have Chief Joel Moreno get with her to provide her details.

APPROVAL OF RENEWAL OF INTERNAL AUDIT CONTRACT FOR FY 2008

Chairman Steen called upon Charlie Kerr, Director of Business Services, to discuss the renewal of the internal contract for FY 2008.

Mr. Kerr provided a brief background on the contract, stating that the Commission has the delegated authority from the State Auditor's Office to approve the internal contract. The Commissioners approved an internal audit contract with Russell Gregorczyk last year, which allowed annual renewal of up to five years. He stated that Commissioner approval was being sought for renewing the contract for fiscal year 2008. Chairman Steen commended Mr. Gregorczyk for the excellent job he has been doing, and stated that he was in favor of renewing the contract.

Chairman Steen called for a motion to renew the internal contract for FY 2008. Commissioner Madden so moved, and Commissioner Cuevas seconded. The motion carried.

APPROVAL OF INTERNAL AUDIT PLAN FOR FY 2008

Chairman Steen called upon Russell Gregorczyk, TABC's contracted internal auditor.

Mr. Gregorczyk discussed the proposed fiscal year 2008 Internal Audit Plan, highlighting Exhibit **4** of the plan (Attachment 1), which summarized the risk assessment results as well as the history of audit work already been done. He explained that the six potential audits were identified partly because some were not accomplished that were planned in fiscal year 2007 and because others were areas that had not been audited in previous years. The six potential audit topics discussed were: Compliance Division-License Processing, Office of Professional Responsibility (OPR), Executive Administration, Education and Prevention Division, Marketing Practices, and Protest Process.

With regard to the audit of Executive Administration, Mr. Gregorczyk stated that he included the audit in the plan because it had been postponed from last year's plan. He noted that there would be several aspects of the Executive Administration audit that would already be touched upon from the OPR, Marketing Practices, and Protest Process audits. He stated that the Commission may or may not wish to have the Executive Administration audit included in the plan. Commissioner Madden explained that during the Audit Committee meeting, there was discussion that there would be some duplication of effort by having three areas that already touch upon Executive Administration and she thought that those areas would cover the Executive Administration audit. Mr. Gregorczyk added that the audit plan was very ambitious, with 632 estimated hours budgeted. He suggested that the Commissioners might wish to consider moving the Executive Administration audit toward the end of the fiscal year, when it could be determined if the audit was still needed and if there would be sufficient resources.

Chairman Steen stated that he thought it was a good idea for audits to be performed on areas that had never been audited or at least had not been audited in the last seven years, citing the audit areas of OPR, Executive Administration, and the Protest Process. Mr. Gregorczyk added that he tried to balance areas of risk with those areas that have historically not been audited.

Chairman Steen suggested the possibility of moving up the audit of OPR into September/October, as this would be the time when the new OPR Director would be coming in, switching the OPR audit with the Education and Prevention Division audit. He asked for comment on the possibility. Administrator Steen suggested instead, moving down the Protest Process audit to November/December, as a new protest process is currently being developed. Thus, he recommended switching the OPR audit with the Protest Process audit. Mr. Gregorczyk stated he would be able to make the change in the plan if the Commission so desired.

Chairman Steen added some comments with regard to the Compliance Division licensing process audit. He noted that the audit would look into the effectiveness of license processing services. Chairman Steen asked Ms. Fox the percentage of applicants that utilize a licensing service; she responded that approximately 35 to 40 percent have utilized the services on original applications. Chairman Steen wanted to see if the agency's licensing process could be made more consumer-friendly so that applicants did not feel compelled to hire a license processing service, and he was glad that this would be looked at within the audit. Commissioner Madden agreed that this was worthwhile.

Chairman Steen asked Mr. Gregorczyk how TABC compared with other agencies in following up on his audit recommendations. Mr. Gregorczyk stated that the agency does very well in this area, as the agency has a mechanism in place to track the implementation, and the administrators are very active in the process. Chairman Steen commended Administrator Steen and Assistant Administrator Fox for their efforts.

Commissioner Madden reiterated that the audit of the Executive Administration would be a duplication of effort, noting the overlapping of the other audits. Chairman Steen stated that this was a high-risk area that has never been audited. He also added that with Ms. Fox retiring at the end of the year with the possibility of reconfiguration within the agency, he felt that the audit would be helpful.

Chairman Steen called for a motion. Commissioner Madden moved for the approval of the 2008 Internal Audit Plan, with a change to the order of the plan, switching the timeframes of the OPR and Protest Process audits. Commissioner Cuevas seconded. The motion carried.

LEGISLATIVE UPDATE

Chairman Steen called upon Jeannene Fox, Assistant Administrator, to provide the legislative update.

Ms. Fox reminded the Commissioners that at the June Commission meeting, she provided a detailed report on passed legislation that amended the Alcoholic Beverage Code. She stated she would highlight some of the other bills that affect the agency, but that did not directly affect the Alcoholic Beverage Code. She referred the Commissioners to the bill summary (Attachment 2), and highlighted bills with the most impact to the agency:

- House Bill 12 relating to the adoption of physical fitness standards for schedule C law enforcement officers. TABC is in the process of developing the request for proposal (RFP), and the contract is being written in such a way to allow Parks and Wildlife and the Department of Criminal Justice to partner

with TABC, if they so choose. Chairman Steen questioned the cost of the $70,000 contract. Administrator Steen explained that this is a funded mandate that requires the agency to hire a consultant to perform the job study.

- House Bill 3613, requiring identification cards for peace officers. Ms. Fox explained that the agency is waiting for the standards before implementation. She also noted that monetary funds were not provided under this bill.
- House Bill 590, relating to ethical standards of conduct for state employees. Ms. Fox stated that she wished to report on this to "brag" on TABC. TABC has enacted ethical standards of conduct for its employees for several years.
- House Bill 1297, relating to the creation of the state employee wellness program. TABC currently has its Health and Safety Committee. However, under this bill, the Department of State Health Services will create a model state employee wellness program. Once this is created, TABC will develop its program based on the model.

PUBLIC COMMENT

As no one registered or expressed a desire to provide public comment, Chairman Steen began the announcement for the executive session.

EXECUTIVE SESSION

Chairman Steen made the announcement that the regular open session of the Texas Alcoholic Beverage Commission **would** be recessed, the time being **11:10** a.m., August 24, 2007, and an executive session would be **held** to consult with Legal Counsel regarding pending and anticipated litigation against the agency and **personnel** investigations and to discuss the duties, **responsibilities,** and **evaluation** of the Administrator, pursuant to Texas Government Code, **§§551.071** and 551.074.

Chairman Steen announced that the Texas Alcoholic Beverage Commission had **concluded** its executive session and was in open session, the date being August 24, and the time, **1:04** p.m. No final action, decision, or vote was made in the executive session.

Commissioner Madden stated she wished to make comments for the record. For the last eight months, the Commission had received a number of anonymous and signed complaints against Administrator Steen. Commissioner Madden explained that with the help of the Internal Auditor, Office of Professional Responsibility, and Office of General Counsel, the Commission thoroughly investigated each allegation and found no indication of any wrongdoing. In fact, the Commission found that Administrator Steen had been doing an excellent job, even under adverse circumstances. Commissioner Madden noted some of Administrator Steen's recent and ongoing successes, such as steering the agency through a difficult Sunset

process, undertaking significant organizational changes in the agency to improve efficiency and quality of services, and better focusing resources on the most important issue of public safety. Commissioner Madden stated she was convinced that Administrator Steen was the best person to implement the successful changes within the agency, and he had her 100 percent support. She concluded her comments, stating that the Commission would always be ready to investigate charges of wrongdoing and to take any appropriate action; however, she believed the Commission had expended an inordinate amount of resources investigating baseless charges, and she believed it was time for the Commission to move on and focus all energies into the continued betterment of the agency.

Commissioner Cuevas concurred with Commissioner Madden, stating that Administrator Steen had 100 percent of his confidence and that the best days were ahead of the agency. Commissioner Cuevas thanked Chairman Steen for his leadership in the entire process.

NEXT MEETING

Chairman Steen announced the next meeting scheduled for Friday, September 28,2007.

ADJOURNMENT

Chairman Steen called for a motion to adjourn. Commissioner Cuevas so moved, and Commissioner Madden seconded. The motion carried, and Chairman Steen announced that the meeting was adjourned.

Attachment 1

Internal Audit Plan for FY 2008

Texas Alcoholic Beverage Commission Internal Audit Plan for FY 2008

For Consideration by the TABC Commissioners

on

August 24,2007

As Prepared by
Jansen & Gregorczyk
Certified Public Accountants

TABLE OF CONTENTS

Transmittal Letter 2

Section 1: Risk Assessment *3*

Section 2: FY 2008 Internal Audit Plan **8**

Exhibit 1: Risk Assessment Instrument 11

Exhibit 2: Risk Assessment Weightings 16

Exhibit 3: Risk Scores and Risk Rankings 17

Exhibit 4: Audit Risk Ranking and Internal Audit History 18

Jansen & Gregorczyk
Certified Public Accountants

Telephone
(512) 268-0070

P. O. Box 601
Kyle, Tx. 78640

August 16,2007

Commission Members,
Texas Alcoholic Beverage Commission

The following document presents the proposed fiscal year 2008 Internal Audit Plan for your review and approval. In accordance with the Texas Internal Auditing Act, the Commission approves the annual audit plan. Chapter 2102 of the Government Code requires that the internal audit plan include areas identified though risk assessment. This document presents the risk assessment results and the audit plan proposed based on the results of the risk assessment.

Signed Copy on File

Jansen & Gregorczyk
Certified Public Accountants

SECTION 1:
TEXAS ALCOHOLIC BEVERAGE COMMISSION
RISK ASSESSMENT

This section presents the results of the TABC Risk Assessment, and establishes the foundation for the Internal Audit Plan presented in the next section.

Purpose

One of the key findings in the State Auditor's Office report, ***Statewide Review of Internal Auditing,*** was that the scope of internal auditing is often limited in state agencies. The report states, "Because significant financial and operating risks to the agency may be overlooked if the scope of the internal auditors work is limited, we recommend that internal auditors:

- Document, in writing, a risk assessment that considers all the major systems and controls of the agency as part of the audit universe. The audit universe refers to all auditable subjects, activities, units, issues and functions within the organization.

- Identify the risk factors that affect the audit universe and weights that may be applied to the risk factors.

- Establish a method for combining and assigning risk factors and weights to develop a prioritized annual audit work plan.

- Develop an audit plan and work schedule based on the results of the risk assessment.

- Obtain written approval for the plan from the highest level within the organization.

- Implement the plan. Significant deviations from the audit plan should be supported by reasonable, documented explanations."

The purpose of conducting a Risk Assessment for the TABC was to incorporate all these recommended elements in an objective assessment of the agency. This should ensure that the scope of internal audit work at the TABC is not limited and that the Internal Audit Plan for FY 2008 is based on documented, written findings.

Concept of Risk

The concept of risk is fundamental in internal auditing, but not well understood by most individuals or even some internal auditors. Given the importance of the concept of risk, it is necessary to define what risk is, describe types of risk and describe how risk was measured in performing the TABC Risk Assessment.

Risk is a measurement of the likelihood that an organization's goals and objectives will not be achieved. Since controls are anything that improve the likelihood that goals and objectives will be achieved, controls and risk are inversely related by definition. Better control' means less risk. The Risk Assessment was designed to detect and evaluate the controls in place to reduce different types of risk exposure.

The TABC Risk Assessment was designed to measure different types of "risk exposure" and to assess the controls in place to compensate for different levels of risk. The types of risk exposure, which are relevant to the TABC, are:

- Financial Exposure: Financial exposure exists whenever an audit area is susceptible to errors or defalcations that affect the general ledger and financial statements or the integrity and safekeeping of agency assets, regardless of the financial statement impact.

- Regulatory Exposure: Regulatory exposure exists whenever an event in an audit area could cause the agency to fail to comply with regulations mandated by state or federal authorities, irrespective of whether financial exposure exists.

- Information Exposure: An information exposure exists whenever there is information of a sensitive or confidential nature, which could be altered, destroyed, or misused.

- Efficiency Exposure: An efficiency exposure exists whenever agency resources are not being utilized in an effective or efficient manner.

- Human Resource *Exposure*: A human resource exposure exists whenever an area is managing human resources in a way, which is contrary to agency policy.

- Environmental Exposure: An environmental exposure exists whenever internal or external factors pose a threat to the stability and efficiency of an audit area. Examples of factors that affect environmental exposure are:

  - Recent changes in key personnel
  - Changing economic conditions
  - Time elapsed since last audit
  - Pressures on management to meet objectives
  - Past audit findings and quality of internal control

- Political Exposure: A political exposure exists whenever an event in an audit area could cause the agency to be subjected to adverse political consequences.

- Public Service Exposure: A public service exposure exists whenever an event in an audit area could jeopardize existing public services or new public services.

The TABC Risk Assessment Survey was designed to measure various types of risk ranging from the risk of loss of assets to the risk of adverse publicity due to erroneous information. The survey instrument allows meaningful comparisons among very different activities and types of risk by assigning all potential auditable topics a numeric score.

Methodology

The risk variables utilized for the TABC Risk Assessment combined measures of the various controls and exposure types described in the previous section. Exhibit 1 presents the risk survey instrument utilized. Fifteen risk variables or risk factors were selected to provide a cross-section of overall risk. These fifteen factors were weighted according to their perceived importance, i.e. the higher the weighting, the higher the risk. The risk variables and their weightings are presented in Exhibit 2.

The first step in conducting the Risk Assessment involved defining the potential audit universe. To be in compliance with the Texas Internal Auditing Act, all potential auditable subjects, activities, units, issues and functions were determined. The universe of potential audit topics was developed through interviews with the TABC management and by reviewing material such as the previous years' internal audit risk assessments and audit plans, the organizational chart and agency reports and publications.

The second step in the process was to utilize the survey instrument to assess the risk for each potential audit topic. This step was completed by interviewing the division directors and reviewing information such as the agency budget for FY 2008 and turnover statistics for FY 2007.

The third phase of the Risk Assessment involved scoring and ranking the answers to the survey questions. By weighting the values of the different risk indicators, the survey was individualized for the TABC.

The final step in conducting the Risk Assessment was to rank and categorize every potential auditable topic. Based on the average score and the standard deviation of the potential audit universe, the potential auditable topics were categorized as follows:

Maximum Risk	- Over 218
High Risk	- 192 to 218
Average Risk	- 164 to 191
Low Risk	- Below 164

Results

Exhibit **3** presents the results of the Risk Assessment for each potential audit topic. Four potential audit topics are rated as maximum risk and seven are rated as high risk within the agency as follows:

Maximum Risk

- Compliance Division- License Processing- Field
- Enforcement Division- Field Operations
- Business Services Division- Accounting
- Licensing Division

High Risk

- Enforcement Division- Headquarters Operations
- Office of Professional Responsibility
- Information Resources Division
- Executive Administration
- Compliance Division- Field Operations
- Legal Services Division
- Education and Prevention Division

SECTION 2:
TEXAS ALCOHOLIC BEVERAGE COMMISSION
FY 2008 INTERNAL AUDIT PLAN

The Texas Internal Auditing Act requires certain audits to be performed on a periodic basis. Required audits include audits of the agency's accounting systems and controls, administrative systems and controls, electronic data processing systems and controls, and other major systems and controls. In addition, five general types of audits are required by the ***Standards for the Professional Practice of Internal Auditing*** as follows:

- **Reliability and Integrity of Information** - Internal Auditors should review the reliability and integrity of financial and operating information and the means used to identify, measure, classify, and report such information.

- **Compliance with Policies, Plans, Procedures, Laws, and Regulations** - Internal auditors should review the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on operations and reports, and should determine whether the organization is in compliance with them.

- **Safeguarding of Assets -** Internal auditors should review the means of safeguarding assets and, and as appropriate verify the existence of such assets.

- **Economical and Efficient Use of Resources** - Internal auditors should appraise the economy and efficiency with which assets are employed.

- **Accomplishment of Established Objectives and Goals for Operations and Programs** - Internal auditors should review operations or programs to ascertain whether results are consistent with established objectives and goals, and whether the operations or programs are being carried out as planned.

The FY 2008 Internal Audit Plan for the TABC is based on the results of the risk assessment presented in the previous section, audits required to be performed on a periodic basis by the Internal Auditing Act and management's input on areas where internal audits would be helpful.

For FY 2008, the following topics will be audited:

- Compliance Division- License Processing- Field (Maximum Risk)
- Office of Professional Responsibility (High Risk)
- Executive Administration (High Risk)
- Education and Prevention Division (High Risk)
- Marketing Practices (Average Risk)
- Protest Process (Average Risk)

The audit of the Compliance Division-License Processing will focus on the effectiveness and efficiency of the field offices in processing license applications to sell alcoholic beverages. It is anticipated that a component of this audit will be evaluating the accuracy and effectiveness of license processing services in submitting license applications to TABC.

The audit of the Office of Professional Responsibility will focus on the effectiveness and efficiency of the established process for performing investigations. The audit will include evaluating the adequacy and effectiveness of the complaint investigation policy and staffing for the Office.

The internal audit of Executive Administration will follow the guidelines found in the *State Auditor's Office Methodology Manual* for audits of state agency management. The audit will focus on governance, organization structure, strategic and tactical planning, risk assessment and fraud prevention, problem solving and decision-making, policy environment, management reporting system, budget execution and budget oversight, succession planning, and reporting to the Commission. Specific audit objectives will be developed in conjunction with executive management and the Commissioners prior to starting the audit.

The audit of the Education and Prevention Division will focus on the effectiveness and efficiency of the functions performed by this division and the accomplishment of goals and objectives established for the division. The adequacy of internal controls will also be evaluated for functions where controls are required.

The audit of the Marketing Practices will focus on the effectiveness and efficiency of the functions performed by Marketing Practices and the accomplishment of goals and objectives established for Marketing Practices. Compliance with statutory requirements and Sunset Commission recommendations will also be evaluated.

The audit of the Protest Process is an audit requested by the Administrator. The focus of this audit will be on evaluating the effectiveness and efficiency of established procedures for all aspects of the Protest Process.

Follow-up audit reviews will be performed on all audits completed in FY 2006 and FY 2007. The purpose of this work will be to determine the status of implementation of any recommendations made in those audits. In addition to these proposed audits and audit work, the risk assessment will be updated and an audit plan developed for FY 2009.

The proposed time estimates and time frames for the FY 2008 audit work are:

- Follow-up Review of FY 2006 Audits – 12 hours (September 2007)
- Audit of Protest Process (September 2007 to October 2007) – 100 hours
- Audit of Education & Prevention Division – (September 2007 to October 2007) – 100 hours
- Prepare Annual Internal Audit Report for FY 2006 – 8 hours (October 2007)
- Audit of Office of Professional Responsibility – 100 hours (November 2007 to December 2007)
- Audit of Marketing Practices – 100 hours (February 2008 to March 2008)
- Audit of Executive Administration – 100 hours (April 2008 to May 2008)
- Follow-up Review of FY 2007 Audits – 8 hours (May 2008)
- Audit of Compliance Division –License Processing- 140 hours (June 2008 to July 2008)
- Update Risk Assessment and Prepare FY 2009 Audit Plan – 8 hours (August 2008)

Total budgeted time for FY 2008 – 632 hours; total estimated costs – $60,840.

EXHIBIT 1
TEXAS ALCOHOLIC BEVERAGE COMMISSION
FY 2008 RISK ASSESSMENT

1. Annual Dollars Involved

The dollar amount per year of assets, receipts, or disbursements involved in the program or for which the auditable unit is responsible. The auditable unit has responsibility if it identifies, measures, classifies, reports, or monitors the assets, receipts, or disbursements. Dollar amounts can be included in determining the evaluation for more than one auditable unit.

Evaluation	Points
Less than $500 thousand per year, or not applicable	1
At least $500 thousand per year but less than $1 million per year	2
At least $1 million per year but less than $5 million per year	3
More than $5 million per year	4

2. Transaction Volume

The number of transactions for which the auditable unit is responsible. The auditable unit has responsibility if it identifies, measures, classifies, reports, or reconciles the transaction. A transaction can be included in determining the evaluation for more than one auditable unit. Also, some auditable units are responsible for only summary transactions while others are responsible for the detailed transactions that make up the summary transactions.

Evaluation	Points
Less than 1,000 per year, or not applicable	1
Greater than 1,000 but less than 5,000 per year	2
Greater than 5,000 per year	3

EXHIBIT 1
TEXAS ALCOHOLIC BEVERAGE COMMISSION
FY 2008 RISK ASSESSMENT

3. Safeguarding Assets

Personnel in the auditable unit safeguard assets if they control access to assets. Access to assets includes both direct physical access and indirect access through the preparation and processing of documents that authorize the use or disposition of assets.

Evaluation	Points
No access to assets, or not applicable	1
Limited access to assets	2
Some access to assets	**3**
Substantial access to assets	4

4. Impact of Adverse Publicity

This factor includes those circumstances that increase the adverse impact of errors. An auditable unit's visibility results from several sources, including: 1.) the Commission's or management's interest in the auditable unit's activities; 2.) involvement of outside groups, such as an advocacy group or the Legislature; or **3.)** direct interaction with the public or clients.

Evaluation	Points
Little visibility, or not applicable	1
Some visibility	2
High visibility	**3**

5. Time Since Last Audit or Review

The number of years between the date of the previous audit or review and the date of the risk assessment.

Evaluation	Points
One year or less	1
Over one year but less than three years	2
Three years or more	**3**

EXHIBIT 1
TEXAS ALCOHOLIC BEVERAGE COMMISSION
FY 2008 RISK ASSESSMENT

6. Results of Last Audit or Review

Auditor's evaluation of the results of the previous audit or review.

Evaluation	Points
Positive findings or no findings	1
No prior audit or more than thee years ago	2
Negative findings	**3**

7. Operational Changes

Auditor's evaluation of the impact on the auditable unit from changes in its operations, including changes in staff, size, funding, budget, responsibilities, or processing data. Changes include those made within the last year or anticipated to be made in the next year.

Evaluation	Points
Few changes, or not applicable	1
Some changes	2
Extensive changes	**3**

8. Personnel Turnover

In the last 12 months, the number of personnel leaving the auditable unit.

Evaluation	Points
Low turnover (15% or less), or not applicable	1
Average turnover (15% to 25%)	2
High turnover (more than 25%)	**3**

EXHIBIT 1
TEXAS ALCOHOLIC BEVERAGE COMMISSION
FY 2008 RISK ASSESSMENT

9. Policies and Procedures

The existence of policies and procedures documenting the auditable unit's activities.

Evaluation	Points
Written procedures current or not applicable	1
Written procedures, but not current	2
No written procedures	3

10. Training

Auditor's evaluation of the auditable unit's staff training, including cross training.

Evaluation	Points
Substantial training, or not applicable	1
Some training	2
Little training	3

11. Work Complexity

Auditor's evaluation of the work needed to complete assignments including amount of time, number of steps, and familiarity with agency laws, policies, and rules.

Evaluation	Points
Low work complexity, or not applicable	1
Medium work complexity	2
High work complexity	3

12. Work Load Fluctuations

Auditor's evaluation of the fluctuations in the auditable unit's workload.

Evaluation	Points
Steady workload, or not applicable	1
Some fluctuations in work load	***2***
Substantial fluctuation in work load	**3**

EXHIBIT 1
TEXAS ALCOHOLIC BEVERAGE COMMISSION
FY 2008 RISK ASSESSMENT

13. Sensitivity of Data

Auditor's evaluation of the type of data collected, processed, and prepared by the auditable unit.

Evaluation	Points
Little sensitive or confidential data, or not applicable	1
Some sensitive or confidential data	2
Most data sensitive or confidential	**3**

14. Impact of Inaccurate Data

Auditor's evaluation of the impact of incorrect data processed by the auditable unit or supplied to organizations outside of the agency.

Evaluation	Points
Little data provided outside the agency, or not applicable	1
Some data provided outside the agency	2
Most data provided outside the agency	**3**

15. Management Review

Auditor's evaluation of the review given by upper management (Administrator, Assistant Administrator or Division Director) of the auditable unit's activities.

Evaluation	Points
Frequent or detailed review, or not applicable	1
Some direct review	2
Little direct review	3

EXHIBIT 2
TEXAS ALCOHOLIC BEVERAGE COMMISSION
FY 2008 RISK ASSESSMENT AND
RISK FACTOR WEIGHTINGS

RISK FACTOR:	Weight	*	Points	=	Score
1. Annual Dollars Involved	7.75	*	4	=	31.00
2. Transaction Volume	5.00	*	3	=	15.00
3. Safeguarding Assets	7.25	*	4	=	29.00
4. Impact of Adverse Publicity	7.50	*	3	=	22.50
5. Time Since Last Audit or Review	5.75	*	3	=	17.25
6. Results of Last Audit or Review	5.00	*	3	=	15.00
7. Operational Changes	6.75	*	3	=	20.25
8. Personnel Turnover	6.50	*	3	=	19.50
9. Policies and Procedures	5.00	*	3	=	15.00
10. Training	5.25	*	3	=	15.75
11. Work Complexity	7.00	*	3	=	21.00
12. Work Load Fluctuations	5.75	*	3	=	17.25
13/ Sensitivity of Data	7.75	*	3	=	23.25
14. Impact of Inaccurate Data	7.75	*	3	=	23.25
15. Management Review	5.00	*	3	=	15.00
Maximum Score					**300.00**

EXHIBIT 3
TEXAS ALCOHOLIC BEVERAGE COMMISSION
FY 2008 AUDIT UNIVERSE RISK ANALYSIS WEIGHTED SCORES

	POTENTIAL AUDIT TOPIC	WEIGHTED RISK ASSESSMENT SCORES 1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	RISK SCORE
	MAXIMUM RISK (ABOVE 218)																
1	COMPLIANCE DIVISION - LICENSE PROCESSING	31	15	15	15	17	10	14	20	10	11	21	12	23	8	15	235
2	ENFORCEMENT DIVISION - FIELD OPERATIONS	31	15	22	23	12	10	20	7	5	11	21	17	16	16	10	233
3	BUSINESS SERVICES DIVISION - ACCOUNTING	31	15	29	15	12	5	7	7	5	11	21	12	23	23	10	224
4	LICENSING DIVISION	31	15	22	15	12	5	14	7	10	5	21	12	23	23	5	219
	HIGH RISK (192 TO 218)																
5	ENFORCEMENT DIVISION - HQ OPERATIONS	31	5	22	15	17	10	20	13	5	11	21	6	16	16	5	212
6	OFFICE OF PROFESSIONAL RESPONSIBILITY	8	5	15	23	17	10	20	20	15	11	14	17	23	8	5	210
7	INFORMATION RESOURCES DIVISION	23	10	29	15	6	5	14	7	10	5	21	12	23	23	5	207
8	EXECUTIVE ADMINISTRATION	31	5	22	23	17	10	14	7	5	5	21	12	16	16	5	206
9	COMPLIANCE DIVISION - FIELD OPERATIONS	31	15	15	15	17	5	14	7	5	5	21	6	23	8	10	196
10	LEGAL SERVICES DIVISION	16	5	15	23	6	15	14	13	10	5	21	6	23	16	10	196
11	EDUCATION AND PREVENTION DIVISION	16	15	15	23	17	10	14	13	5	5	14	12	16	16	5	193
	AVERAGE RISK (164 TO 191)																
12	MARKETING PRACTICES	8	10	7	23	17	10	14	7	10	11	14	12	16	23	10	190
13	ENFORCEMENT DIV. - LIC. STDS. INVESTIGATORS	8	5	7	15	12	15	20	7	5	11	21	12	23	16	10	185
14	HUMAN RESOURCES DIVISION	23	10	15	8	12	5	7	13	5	11	14	12	23	23	5	184
15	COMPLIANCE DIVISION - HQ OPERATIONS	31	15	15	15	17	10	14	7	10	11	14	6	8	8	5	184
16	AGENCY-WIDE PLANNING & BUDGETING	31	5	7	23	17	10	7	7	5	11	14	12	8	23	5	183
17	PROTEST PROCESS	8	5	7	23	17	10	20	7	5	11	7	17	16	16	15	182
18	BUSINESS SERVICES DIVISION- SUPPORT SERVICES	23	15	22	15	12	10	7	7	5	11	14	17	8	8	10	182
19	COMPLIANCE DIVISION - PORTS OF ENTRY	23	15	29	15	6	5	14	7	5	5	7	12	8	8	10	167
	LOW RISK (BELOW164)																
20	AGENCY-WIDE TRAINING & STAFF DEVELOPMENT	16	5	15	8	12	15	14	7	5	5	14	12	8	8	5	145
21	AGENCY-WIDE TRAVEL PRACTICES	8	5	22	8	17	10	7	7	5	11	7	6	8	8	15	141
22	AGENCY-WIDE PERFORMANCE MEASURES	8	5	7			10	7	7	5	5	7	6	8	23	5	135

AVERAGE SCORE: 191

STANDARD DEVIATION: 27

EXHIBIT 4
TEXAS ALCOLHOLIC BEVERAGE COMMISSION
AUDIT RISK RANKING AND INTERNAL AUDIT HISTORY

	POTENTIAL AUDIT TOPIC	RISK SCORE	FY 08 PLAN	INTERNAL AUDIT HISTORY						
				FY 07	FY 06	FY 05	FY 04	FY 03	FY 02	FY 01
1	COMPLIANCE DIVISION - LICENSE PROCESSING	235	X					X		
2	ENFORCEMENT DIVISION - FIELD OPERATIONS	233				X				
3	BUSINESS SERVICES DIVISION - ACCOUNTING	224				X				X
4	LICENSING DIVISION	219			X			X(1)		X(2)
5	ENFORCEMENT DIVISION - H/Q OPERATIONS	212					X			
6	OFFICE OF PROFESSIONAL RESPONSIBILITY	210	X							
7	INFORMATION RESOURCES DIVISION	207		X					X	
8	EXECUTIVE ADMINISTRATION	206	X							
9	COMPLIANCE DIVISION - FIELD OPERATIONS	196				X				
10	LEGAL SERVICES DIVISION	196			X					
11	EDUCATION AND PREVENTION DIVISION	193	X		X(3)			X(4)		
12	MARKETING PRACTICES	190	X							
13	ENFORCEMENT DIV. - LIC. STDS. INVESTIGATORS	185			X					
14	COMPLIANCE DIVISION - H/Q OPERATIONS	184						X		
15	HUMAN RESOURCES DIVISION	184			X				X	
16	AGENCY-WIDE PLANNING & BUDGETING	183						X		
17	PROTEST PROCESSS	182	X							
18	BUSINESS SERVICES DIVISION-SUPPORT SERVICE:	182					X			
19	COMPLIANCE DIVISION - PORTS OF ENTRY	167		X						X
20	AGENCY-WIDE TRAINING & STAFF DEVELOPMEN	145					X			
21	AGENCY-WIDE TRAVEL POLICIES & PROCEDURES	141								
22	AGENCY-WIDE PERFORMANCE MEASURES	135								

NOTES - (1) AUDIT IN FY 03 COVERED O*NLY* THE LICENSE PROCESSING FUNCITON.
(2) AUDIT IN FY 01 COVERED ONLY THE TAX SECURITY PROCESSING UNIT.
(3) AUDIT IN FY 06 COVERED ONLY THE GRANTS MANAGMENT FUNCTION.
(4) AUDIT IN FY 03 COVERED ONLY THE SELLER TRAINING FUNCTION.

Attachment 2

Legislative Update

BILLS RELATING TO TABC OR AMENDING THE AB CODE

Amendments to the Alcoholic Beverage Code

Bill No.	Author	Caption Section of Code Affected	Summary	Effective Date
HB 1248	Taylor	Relating to the sale of mixed beverages aboard certain passenger vessels. 28.13	Allows passenger vessels of a certain size that are eligible for a beer and wine permit to obtain a mixed beverage permit. Clarifies that the permit for an excursion boat is inoperative in a dry area.	9/1/2007
HB 1365	Flores / Kuempel	Relating to residency requirements for holders of a promotional alcoholic beverage permit. 50.004	Provides that the holder of a promotional permit does not have to be a Texas resident. Renumbers this chapter in the Code.	611512007
HB 1541	Carlsett	Relating to preannouncement of certain promotional events and purchases by certain alcoholic beverage permit holders. 102.07	Authorizes retailers, manufacturers and wholesalers to preannounce to the consumer a promotion taking place on the premises of a retailer, including the purchase of wine or distilled spirits for a consumer. Does not change the types of promotional activities that permittees are allowed to conduct.	9/1/2007
HB 1667	Geren	Relating to the amount of the fee for issuing certain alcoholic beverage permits. 25.02; 69.02	Changes the annual fee for holders of a BG to $275 and a BE to $250, with two exceptions: The fee for fraternal or veterans organizations remains $175 for BG's and $150 for BE's. In a county with a population of 1.4 million or more, the fee for a BG or BE that does not hold a food and beverage certificate remains $1000 for the original and $750 for each renewal.	**VETOED**
HB 1734	Goolsby	Relating to cancellation or suspension of an alcoholic beverage license or permit. 11.65	Requires notice of cancellation or suspension of a license or permit be given to the licensee or permittee personally or by first class mail, instead of by registered or certified mail. Cancellation or suspension is final and effective as provided by Section 2001.144, Government Code.	9/1/2007
HB 2348	Thompson	Relating to prohibiting alcoholic beverage license or permit application by certain persons. 11.13	A person within the fourth degree by consanguinity or affinity of a licensee or permittee whose license or permit was canceled may not apply for a license or permit in connection with an establishment at the same location as the establishment whose license or permit was canceled for a period of three years instead of the current two year requirement.	611512007

Bill No.	Author	Caption Section of Code Affected	Summary	Effective Date
HB **2350**	Thompson	Relating to eligibility of certain persons for an alcoholic beverage license or permit. 11.44	If an applicant had a prior permit/license or application that expired or was voluntarily surrendered before the hearing was held on a protest involving allegations of prostitution or a shooting, stabbing or other violent act or offense involving drugs, TABC shall refuse to issue a permit or license to that applicant for any location for a period of three years.	9/1/2007
HB **2605**	Hochberg, Woolley, Hernandez, Farrar, Bohac	Relating to licensing or permitting of an alcoholic beverage business or establishment. Chapter 81	Applies to on-premises retailers who do not hold a food and beverage certificate. Allows TABC to deny an application if a common nuisance existed on the premises within the last 12 months, even if the applicant did not control the premises at the time. Allows TABC to cancel or suspend a license/permit if the permittee maintains, or allows others to maintain, a public nuisance on the licensed premises. In this case, TABC shall not allow the permit holder to pay a fine in lieu of suspension. Allows TABC, after notice and hearing, to impose such additional conditions on licensees1 permittees to abate a common nuisance on the premises. Violating these special conditions is grounds for cancellation or suspension of the license or permit: Authorizes TABC, the County Judge or the hearings officer to impose similar orders while a contested case is pending before the administrative law judge, after notice and hearing.	611512007
HB **2723**	Thompson	Relating to the sampling of malt beverages on the premises of certain manufacturers and retailers. 12.01; 24.12; 26.01; 26.08; 37.01; 62.01; 71.11	Allows manufacturers and retailers who are authorized to produce or sell malt beverages to conduct tastings of these products on the premises of a retailer. Requires those manufacturers to purchase the products intended to be sampled from the retailer on whose premises the tasting would occur. Prohibits the manufacturer and/or retailer from collecting a fee from consumers for tastings conducted at off-premise retail accounts.	9/1/2007
HB **2724**	Thompson	Relating to the hours for the wholesale delivery or sale of beer. 105.052	Changes the hour that a distributor may begin sales and delivery activity from 5:00 a.m. to 4:00 a.m. on any day except Sunday in a county with a population of 1.8 million or more	6/15/2007

Bill No.	Author	Caption ▮ Section of Code Affected	Summary	Effective Date
			people and in any county adjacent to such a county. (Harris, Liberty, Chambers, Galveston, Brazoria, Fort Bend, Waller, Montgomery, Dallas, Collin, Denton, Tarrant, Ellis, Kaufman, and Rockwall)	
HB **2727**	Goolsby	Relating to storage of certain imported alcoholic beverages. Chapter 55	Creates a new manufacturer's agent's warehousing permit applicable for a malt beverage entity that meets certain criteria. Allows permit holder to receive malt beverages from holders of a nonresident brewer's permit or a nonresident manufacturer's license and store those malt beverages on their premises. Allows the permit holder to ship, sell or transfer malt beverages to permitted distributors or wholesalers as designated by the assigned territorial agreement issued by the actual manufacturer of the brands. Allows permit holder to return malt beverages to manufacturerlbrewer from which it was received. Allows permit holder to store malt beverages that are not labeled and approved for sale in this state and ship them to qualified persons in other states or jurisdictions where its sale is legal. Monthly reports to TABC are required. Employees must hold agent's beer licenses or manufacturer's agent's permits.	9/1/2007
HB 3123	Miles	Relating to involvement in charitable events by holders of alcoholic beverage licenses and permits. 109.58	Authorizes license and permit holders at different levels of the industry to simultaneously or jointly sponsor a civic, religious, or charitable event, including providing or lending money, services or other things of value directly to a civic, religious, or charitable entity in conjunction with the event. Any license or permit to sell or serve alcoholic beverage at the event must be held by a retailer who is independent of the sponsors. Retail sponsors of the event may not receive any direct benefit or service because of joint sponsorship by a wholesaler or manufacturer of alcoholic beverages.	9/1/2007

Bill No.	Author	Caption Section of Code Affected	Summary	Effective Date
HB 3167	Swinford	Relating to nonsubstantive additions to and corrections in enacted codes, to the nonsubstantive codification or disposition of various laws omitted from enacted codes, and to conforming codifications enacted by the 79th Legislature to other Acts of that legislature.	Renumbers and reletters sections of the AB Code. Also amends Elections Code chapter on local option elections to reflect those amendments made to Chapter 251 of the AB Code during the 79th legislative session.	9/1/2007
SB 904	Brimer	Relating to the continuation and functions of the Texas Alcoholic Beverage Commission; providing penalties.	Sunset Bill – See summary below.	911/2007
SB 952	Watson	Relating to designation of certain areas as the premises of a mixed beverage permit holder. 28.10	Authorizes mixed beverage permit holders who hold a food and beverage certificate to designate as part of the permit holder's premises, a secured noncontiguous area located on a public sidewalk adjoinirig the premises if the designation is authorized by city ordinance. The ordinance may specify and limit the areas of the municipality in which this subsection is applicable. Alcoholic beverages may be delivered by an employee of the permit holder to patrons for consumption in the designated sidewalk area:	611512007
SB 1215	Gallegos	Relating to the quantity of beer or malt liquor a distributor or wholesaler may withdraw from a retailer. 104.05	Increases the number of cases a holder of a distributor's license, wholesaler's permit, or class B wholesaler's permit is authorized to withdraw, with the permission of the retailer, from the equivalent of 15 cases to the equivalent of 25 cases of 24 twelve-ounce containers of beer, ale, or malt liquor to assure and control product quality. The malt beverage must be prior to the expiration date, and the retailer must give permission.	911/2007
SB 1217	Gallegos	Relating to fees for and terms of permits and licenses issued by the Texas Alcoholic Beverage Commission. 5.50; 6.02; 11.09; 28.04; 61.03; 11.40	Provides that TABC will issue a license or permit for a period of two years, except that TABC may issue permits for less than two years due to the permit holder's violation history, or to maintain a reasonable annual distribution of work. Also, removes the $500 fee and 10-day prior notice required for substantial changes of ownership of a mixed beverage permit (MB) held by a corporation. Substantial changes for an MB will still be required	9/1/2007

Bill No.	Author	Caption / Section of Code Affected	Summary	Effective Date
			to be reported before the change is to occur. The county judge's waiver on permit application will no longer be required.	
SB **1229**	Gallegos	Relating to certain shipments by package stores and wine only package stores to customers. 23.03	Allows P's and Q's who are in or within two miles of a city's limits to deliver or ship within the county or city or within two miles out of the city limits. Allows P's and Q's to deliver to persons outside the state who are authorized to receive such products.	9/1/2007
SB **1238**	Ellis	Relating to local regulation of distance requirements for businesses selling alcoholic beverages near certain institutions. 109.36	Allows cities or counties to prohibit the possession of an open container, or public consumption of alcoholic beverages, on a public street/alley/sidewalk within 1,000 feet of the property line of a homeless shelter or substance abuse treatment center that is not located in a central business district. Authorizes these governing entities to enact regulations allowing suspensions of the regulations for special temporary events.	9/1/2007
SB **1257**	Averitt	Relating to the definition of hotel under the Alcoholic Beverage Code. 1.04	Modifies the definition of a hotel to include facilities with at least five guest lodging rooms, provided that facility has been designated as an "historic structure."	9/1/2007
SB **1287**	Van de Putte	Relating to providing certain notices to be posted on the premises of alcoholic beverage retailers. 104.07	Requires posting of national human trafficking hotline number in English and Spanish in certain licensed premises if they don't hold a food and beverage certificate: beer on- or off-premises, beer and wine on- or off-premises, mixed beverage, private club, excursion boats and railroad cars.	9/1/2007
SB **1426**	Averitt	Relating to the issuance of a food and beverage certificate to the holder of a wine and beer retailer's permit. 25.13; 69.16	Allows TABC to exempt permittees who are concessionaires in public entertainment venues, such as sports stadiums and convention centers, from the requirement that food service be the primary business on the premises in order to obtain a food and beverage certificate.	9/1/2007

Bill No.	Author	Caption Section of Code Affected	Summary	Effective Date
SB 1828	Whitmire	Relating to the use of certain electronically readable information on a driver's license to comply with certain alcohol related laws. 109.61	Current law says that a person may access electronically readable information on a driver's license for the purpose of preventing a sale to minor. SB1828 says that if the information accessed is required to be retained by TABC Administrative Rule, it may be printed with a time and date stamp or transferred to an electronic record and then scanned information may be cleared from the device or any memory in the device or any memory in the device. It is a defense to prosecution for criminal violation of sale to minor if the scan device identified the purchaser's license as valid and over 21 and the defendant relied on the information in good faith.	6/1512007

Amendments Related to Certified Peace Officers

Bill No.	Author	Caption	Summary	Effective Date
HB12	Hilderbran	Relating to the funding, powers, duties, and responsibilities of the Parks and Wildlife Department and the Texas Historical Commission.	Requires DPS, TABC, TDCJ and TPWD each to adopt physical fitness standards for schedule C law enforcement officers and to issue a report that contains the standards and the rate of compliance not later than November 1,2008.	9/2/2007
HB 638	Hughes	Relating to the eligibility of certain retired peace officers to obtain a weapons proficiency certificate.	Amends the Government Code to require the law enforcement agency or other governmental entity that was the last entity to appoint or employ an honorably retired peace officer as a peace officer to issue, by January 1, 2008, an identification card to the entity's honorably retired peace officers. The bill sets out provisions relating to a card's content, appearance, and expiration date and to lost or stolen cards. Amends the Occupations Code to add certain qualified retired law enforcement officers who are entitled to carry a concealed handgun under specified federal law to the list of officers who a state or local law enforcement agency may allow to demonstrate weapons proficiency and, if qualified, to whom the agency must issue a certificate of proficiency.	9/1/2007

Bill No.	Author	Caption	Summary	Effective Date
HB1955	Elkins	Relating to the licensing of certain peace officers by the Commission on Law Enforcement Officer Standards and Education.	Amends the Occupations Code to establish that a retired peace officer continues to hold, as inactive, the license held at retirement from service. The bill requires the TCLEOSE to adopt rules and procedures allowing for the reactivation of a retired peace officer's license after a break in employment and authorizes the commission to waive the reactivation fee. To reactivate hislher inactive license, the retired officer would only have to complete certain continuing education requirements, rather than retest, regardless of the gap in service.	611512007
HB 2391	Madden	Relating to the appearance of certain misdemeanor offenders before a magistrate.	Amends the Code of Criminal Procedure to authorize a peace officer to issue a citation to appear before a magistrate at a later time, in lieu of requiring an immediate appearance, to a person who is charged with certain Class A or Class B misdemeanors, if the person resides in the county where the offense occurred. The bill requires the magistrate to issue a warrant for the person's arrest if the person fails to appear as required by the citation.	9/1/2007
HB 2445	Driver	Relating to certain employment records maintained by the Commission on Law Enforcement Officer Standards and Education; providing an administrative penalty.	Amends the Occupations Code to require TCLEOSE to suspend the license of a law enforcement officer on notification that the officer has been dishonorably discharged, if the officer has previously been dishonorably discharged from another law enforcement agency. The bill sets out appeal procedures and authorizes TCLEOSE to revoke or reinstate the license under certain circumstances. The bill provides that the decision does not affect the employment relationship between an officer and a law enforcement agency, or any disciplinary action taken against an officer by a law enforcement agency.	9/2/2007
HB 3613	Latham	Relating to identification cards issued to peace officers, reserve law enforcement officers, and honorably retired peace officers by a law enforcement agency or other. governmental entity.	Requires that identification cards be issued to full-time, part-time, reserve, and honorably retired peace officers. The bill sets out provisions relating to lost, stolen, and tamper-proof cards and to a card's content, appearance, expiration date, and deadline for issuance. The bill requires that the card include a phone number operational 24	9/1/2007

Bill No.	Author	Caption	Summary	Effective Date
			hours a day, seven days a week that a person may call to verify the validity of the identification card.	
SB 737	Williams	Relating to the amount of hazardous duty pay for certain state employees.	Rescinds the $300/month cap on hazardous duty pay.	9/1/2007

Amendments Related to All State Employees

Bill No.	Author	Caption	Summary	Effective Date
HB 590	Delisi	Relating to standards of conduct for and conflicts of interest of state officers and employees.	Clarifies and strengthens ethical standards that apply to state officials and employees by promoting consistent ethical policies among state agencies. Not later than January 1, 2008, each state agency shall adopt a written ethics policy for the agency's employees and distribute a copy of the ethics policy and Government Code Sec. 572.051 Standards of Conduct; State Agency Ethics Policy to each employee, and also to each new employee not later than the third business day after the date the person begins employment with the agency.	9/1/2007
HB 957	Orr	Relating to participation by certain state employees in a default investment product under a deferred compensation plan.	Requires any new state employee hired after January 1, 2008 to automatically participate in a 401(k) plan unless they specifically elect not to participate or later decides to cease participation. The bill requires a participating employee to contribute a minimum of one percent of earned compensation to the plan.	6/15/2007
HB1297	Delisi	Relating to the creation of the state employee wellness program.	Amends the Government Code to require the Department of State Health Services to designate a statewide wellness coordinator to create and develop a model state employee wellness program. Authorizes a state agency to facilitate the development of a wellness council composed of the agency's employees and managers and to permit employees certain privileges, including time off for exercise and other wellness-related activities. Repeals provisions relating to state agency health fitness programs.	9/1/2007
SB 1310	Wentworth	Relating to the reimbursement of travel expenses for state	Requires an agency to reimburse employees submitting travel	6/15/2007

Bill No.	Author	Caption	Summary	Effective Date
		employees.	reimbursement requests within **45** days from the submission of the request, unless the expenses are in dispute, in which case the agency must reimburse the employee not later than the 30th day after the date the dispute is resolved.	

Amendments Related to Alcoholic Beverages

Bill No.	Author	Caption	Summary	Effective Date
HB **11**	**Cook,** Byron	Relating to the filing of sales reports with the comptroller by wholesalers and distributors of certain alcohol and tobacco products.	Authorizes the comptroller to require wholesalers and distributors to report data regarding sales to retailers of beer, wine, and malt liquor and to report data regarding sales to retailers of cigarettes, cigars, and tobacco products. The bill establishes administrative, civil, and criminal sanctions for wholesalers and distributors of beer, wine, and malt liquor who fail to file the required reports. The sanctions do not apply to wholesalers and distributors of cigarettes, cigars, or tobacco products.	9/1/2007

Amendments Related to the Public Information Law

Bill No.	Author	Caption	Summary	Effective Date
HB **1497**	**Van** Arsdale	Relating to the consequences of the failure by a person requesting information under the public information law to timely respond to certain written communications from a governmental body.	Amends the Government Code to provide that if a governmental entity sends a written request for clarification, discussion, or additional information to a person who has requested information under the public information law, and the person does not respond within 60 days, the person's request for public information is considered to have been withdrawn. However, the request may not be considered to be withdrawn unless the entity's request for additional information includes a statement regarding the consequences of a failure to make a timely response and, if the person included a physical or mailing address in the request for public information, the entity sends its request for additional information by	9/1/2007

Bill No.	Author	Caption	Summary	Effective Date
			certified mail to that address.	
HB 2248	Van Arsdale	Relating to the ability of a governmental body under the public information law to request a re-determination from the attorney general on dismissal of litigation relating to the same issue.	Current law authorizes a governmental body seeking to withhold information to file suit challenging an open records ruling of the Office of the Attorney General. House Bill 2248 amends the Government Code to authorize such a governmental body to ask for another decision from the attorney general concerning the information at issue in a prior decision when a requestor abandons or voluntarily withdraws a request and the parties agree to dismiss the lawsuit. The bill also authorizes a court to dismiss the suit when a requestor withdraws a request and all parties agree to the dismissal.	9/1/2007
HB 2564	Hancock	Relating to the authority of a governmental body to require the payment of a charge before complying with certain requests for the production of public information or for copies of public information.	Amends the Government Code to authorize a governmental entity to establish a limit on the amount of time it spends copying or providing public information to a requestor without charge. The bill provides that the time limit may not be less than a specified minimum for each requestor, and it requires the entity to provide the requestor with a running tally of the time spent during each 12-month period. A procedure is set forth for notification of estimated costs and committing to payment of costs if the established limit is exceeded, and the bill provides for a limit on requests in the name of a minor that can be made free of charge. The bill clarifies that a governmental body is not prohibited from providing public information without charge, and it specifically exempts representatives of the news media, elected officials, and certain legal services organizations from these provisions.	611512007
SB 175	Wentworth	Relating to the calculation of certain deadlines under the public information law.	This bill amends the Open Records Act to change several deadlines from "days" or "working days" to "business days".	611512007

Amendments Related to the Budget / Expenditures

Bill No.	Author	Caption	Summary	Effective Date
HB 1	Chisum	General Appropriations Bill.	Overall, the agency's budget was increased by 4.9% over the previous biennium due to additional funding provided for public safety equipment and for software license costs that have been increasing steadily over the last few years. An additional $657,998 was appropriated to the Licensing Division for the anticipated increase in workload related to the passage of SB1217 that allows for a two-year permit. The Legislature also approved salary increases for Schedule A, B and C employees that will increase the agency's budget another $2.2 million over the biennium. TABC employees will receive a 2% pay increase for each year of the upcoming biennium - 2% starting 911107 and 2% again starting 911108.	611512007
HB 15	Chisum	Relating to making supplemental appropriations and reductions in appropriations.	$329,626 is appropriated out of the general revenue fund to TABC for the state fiscal biennium ending August 31, 2009, for the purpose of making payments for data center services. $48,000 is appropriated out of the general revenue fund to TABC for the state fiscal biennium ending August 31, 2009, for the purpose of making payments for data center consolidation hardware upgrades and physical transfer of equipment.	611512007
HB 3430	Strama	Relating to creating a single searchable central database on Texas Online containing information on all state expenditures.	The comptroller shall establish and post on the Internet a database of state expenditures, including contracts and grants, that is electronically searchable by the public.	10/1/2007

CERTIFICATION

REGULAR COMMISSION MEETING

10:30 a.m. – August 24,2007

5806 Mesa Drive
Austin, Texas 78731

TEXAS ALCOHOLIC BEVERAGE COMMISSION

STATE OF TEXAS

COUNTY OF TRAVIS

This certifies that the attached is a true copy of the proceedings of the Texas Alcoholic Beverage Commission meeting held on August 24, 2007.

Alan Steen
Administrator

Sworn and subscribed before me this the 21st day of September 2007.

Renee G. Johnston
Notary in and for Travis County

RENEE G JOHNSTON
Notary Public, State of Texas
My Commission Expires
AUGUST 27, 2010

Notary without Bond