



Alabama Department of Examiners of Public Accounts

Report on the **Alabama Athletic Commission** **State of Alabama** **Hoover, Alabama**

October 1, 2019 through September 30, 2023

Filed: May 17, 2024

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ALABAMA STATE HOUSE

Rachel Laurie Riddle, Chief Examiner



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State of Alabama
Department of
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Honorable Rachel Laurie Riddle
Chief Examiner of Public Accounts
Montgomery, Alabama 36130

Dear Madam:

An examination was conducted on the Alabama Athletic Commission, Hoover, Alabama, for the period of October 1, 2019 through September 30, 2023. Under the authority of the ***Code of Alabama 1975***, Section 41-5A-19, I hereby swear to and submit this report to you on the results of the examination.

Respectfully submitted,

Charles J. Bass
Examiner of Public Accounts

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Department of **Examiners of Public Accounts**

EXAMINER'S SUMMARY

**Alabama Athletic Commission
October 1, 2019 through September 30, 2023**

PURPOSE AND SCOPE OF EXAMINATION

This report presents the results of an examination of the Alabama Athletic Commission (the "Commission") and a review of the Commission's compliance with applicable laws and regulations of the State of Alabama. This examination was conducted in accordance with the requirements of the Department of Examiners of Public Accounts under the authority of the *Code of Alabama 1975*, Section 41-5A-12. The examination was performed to determine whether the public officers, agents, and employees of the Commission properly and lawfully accounted for all money and other public assets, or resources received, disbursed, or in the custody of the Commission.

This examination included procedures to determine whether the Commission complied with the state laws and regulations that pertain to its financial transactions; personnel; safeguarding of state-owned assets, property, and resources; information dissemination, processing, and retention; and official actions, rulemaking procedures, and meetings. The Commission's internal control policies and procedures relating to the areas listed above were also reviewed; however, this examination did not encompass managerial and operational matters, such as whether the Commission accomplished its mission or its regulatory, enforcement, investigative, or other oversight activities in an efficient, fair, timely, or legal manner.

The mission and purpose of the Commission is described in the accompanying Agency Overview. The Commission's financial information for the examination period is shown on Exhibit 1.

RESULTS OF THE EXAMINATION

Nonconsumable personal property in the custody of the Commission was compared with the property records maintained by the Property Inventory Control Division of the State Auditor's Office as required by the *Code of Alabama 1975*, Section 36-16-9. Testing revealed no discrepancies.

Findings

The following instances of noncompliance with State laws and regulations and other matters were found during the examination, as shown on the Schedule of State Legal Compliance and Other Findings and they are summarized below.

- ◆ 2023-001: The Commission did not always maintain an accurate record of actions taken during meetings.
- ◆ 2023-002: The Commission did not ensure compliance with contract provisions pursuant to contractual terms and conditions.
- ◆ 2023-003: The Commission did not always deposit receipts in a timely manner.
- ◆ 2023-004: The Commission did not notify the Secretary of State of a vacancy occurring as a result of the expiration of one member's term.

EXIT CONFERENCE

An exit conference was on March 19, 2024. Individuals in attendance were John Parris, Executive Director; along with Charles Bass and Rodney Wagstaff from the Department of Examiners of Public Accounts.



Department of
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AGENCY OVERVIEW

**Alabama Athletic Commission
October 1, 2019 through September 30, 2023**

The Alabama Athletic Commission (the “Commission”) operates under the authority of the *Code of Alabama 1975*, Section 41-9-1020 through 41-9-1040. By law, the Commission exercises license/regulatory authority over professional boxing, professional wrestling, professional and amateur mixed martial arts, and tough man competitions.

The Commission’s operating funds are derived from fees collected by the Commission in carrying out its licensing and regulatory duties. The *Code of Alabama 1975*, Section 41-9-1039 dictates that all receipts collected by the Commission shall be deposited into an established trust fund in the State Treasury known as the Alabama Athletic Commission Fund. No funds shall be withdrawn or expended except as budgeted and only in amounts stipulated in the general appropriations act or other appropriations acts.

Additional information on the Alabama Athletic Commission can be found on their website at www.aac.alabama.gov.

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*Schedule of State Legal
Compliance and Other Findings*

Schedule of State Legal Compliance and Other Findings

October 1, 2019 through September 30, 2023

Ref. No.	Finding/Noncompliance
2023-001	<u>Finding:</u> The Alabama Athletic Commission (the “Commission”) did not maintain an accurate record to reflect actions taken during meetings. The Commission filed proposed amended rules with the Legislative Services Agency which were published in the Alabama Administrative Monthly on April 19, 2022. Subsequently, certified amended rules were filed with the Legislative Services Agency on August 19, 2022. The Commission’s meeting minutes do not reflect the Commission’s vote to adopt the rules filed with the Legislative Services Agency. The <i>Code of Alabama 1975</i>, Section 36-25A-4 states, “A governmental body shall maintain accurate records of its meetings, excluding executive sessions, setting forth the date, time, place, members present or absent, and <i>action taken at each meeting.</i>” <u>Recommendation:</u> The Commission should ensure the minutes of meetings reflect all actions taken by the Commission.

Schedule of State Legal Compliance and Other Findings

October 1, 2019 through September 30, 2023

Ref. No.	Finding/Noncompliance
2023-002	<u>Finding:</u> <i>Executive Order Number 726</i> states in part that any contract of a state-executive branch agency for administrative services that would allow an independent contractor to serve as head of the agency shall include provisions to require the contractor to comply with state ethics and nepotism laws to the greatest extent possible. The Commission entered into a contract for administrative services with Parris Enterprises effective November 13, 2023. The terms of the includes the following language, “In compliance with Executive Order 726, Contractor agrees to comply with the Alabama Ethics Law in Chapter 25 of Title 36, <i>Code of Alabama 1975</i>, and the nepotism law in Alabama Code Section 41-1-5 as if Contractor were a full-time agency head and public employee of the State of Alabama. To that end, and without limiting the duty set forth in the preceding sentence: A. Contractor agrees to participate in the "online educational review" of the Alabama Ethics Law offered by the Ethics Commission pursuant to Alabama Code Section 36-25-4.2(e) within 30 days of the effective date of this contract unless Contractor has previously participated in the review within the preceding two years. Thereafter, Contractor agrees to participate in the online training at least once every two years while the contract is in effect. Contractor shall maintain evidence of completion of the review in the Commission's files while this contract is in effect.” The contractor serving as the Executive Director of the Commission did not complete the online educational review of the Alabama Ethics Law offered by the Ethics Commission until March 1, 2024. The Commission is responsible for ensuring that contract provisions are complied with pursuant to contractual terms and conditions. <u>Recommendation:</u> The Commission should ensure compliance with contract provisions pursuant to contractual terms and conditions.

Schedule of State Legal Compliance and Other Findings
October 1, 2019 through September 30, 2023

Ref. No.	Finding/Noncompliance
2023-003	<u>Finding:</u> The Commission did not always deposit checks in a timely manner. One hundred and thirty-eight deposits were examined to determine whether the checks were deposited in a timely manner. Twenty-seven deposits (19%) contained one or more checks that were deposited six to twenty-two business days after receipt. Failure to promptly deposit checks can increase the risk of loss or misuse of state funds. The Commission is responsible for establishing and maintaining a system of internal controls to provide reasonable assurance that amounts received by the Commission are deposited into a Treasury bank account in a timely manner. <u>Recommendation:</u> The Commission should maintain a system of internal controls to ensure prompt deposit checks received.
2023-004	<u>Finding:</u> The Commission did not notify the Secretary of State of a vacancy occurring as a result of the expiration of a member's term. The Commission member's term expired July 18, 2023; however, the vacancy notice was not posted until September 25, 2023, seventy-one days after the expiration of the term. As a result, this could cause potential candidates not to receive sufficient notice and cause the Commission to not receive input from all interested candidates to fill the vacancy. The <i>Code of Alabama 1975</i>, Section 36-14-17(c)(1), states that the chair of an existing board shall notify the Secretary of State by electronic means at least 45 days before a vacancy occurs as a result of an expired term. <u>Recommendation:</u> The Commission should notify the Secretary of State of vacancies occurring at least forty-five days before a member's term expires.

Financial Information

Schedule of Cash Receipts, Disbursements and Balances
For the Period October 1, 2019 through September 30, 2023

	2022-2023	2021-2022	2020-2021	2019-2020	Total
Receipts					
License/Permit Fee	\$ 147,175.40	\$ 139,469.27	\$ 87,026.04	\$ 65,489.40	\$ 439,160.11
Professional/Occupational Board Penalties	180.00	6,200.00	1,500.00		7,880.00
Total Receipts	147,355.40	145,669.27	88,526.04	65,489.40	447,040.11
Disbursements					
Travel, In-State	3,089.14	22,069.46	18,736.16	9,758.63	53,653.39
Travel, Out-of-State				432.37	432.37
Utilities and Communications	285.59	1,730.27	1,148.50	1,353.26	4,517.62
Professional Services	103,925.40	116,425.96	62,230.73	49,775.82	332,357.91
Supplies, Materials and Operating Expenses	1,611.50	3,113.38	3,056.63	3,538.26	11,319.77
Total Disbursements	108,911.63	143,339.07	85,172.02	64,858.34	402,281.06
Excess of Receipts Over Disbursements	38,443.77	2,330.20	3,354.02	631.06	44,759.05
Cash Balances at Beginning of Year	11,201.22	8,871.02	5,517.00	4,885.94	4,885.94
Cash Balances at End of Year	49,644.99	11,201.22	8,871.02	5,517.00	49,644.99
Reserved for Year-End Obligations	(11,407.75)	(10,530.00)	(4,842.00)	(4,785.73)	(11,407.75)
Unobligated Cash Balances at End of Year	\$ 38,237.24	\$ 671.22	\$ 4,029.02	\$ 731.27	\$ 38,237.24

Other Information

Commission Members and Officials
October 1, 2019 through September 30, 2023

Commission Members		Term Expires
Hon. Joel R. Blankenship, Esq.	Chairman	2025
Hon. John Marshall, MD	Member	2026
Hon. Larry H. Bright, Jr.	Member	2026
Hon. Casey C. Sears	Member	2027
Hon. Terrence Collins	Member	2025
Hon. Johnny Jackson	Member	2023
Hon. Jack Tillman	Member	2023
Hon. Kay Day	Member	2022
Hon. Joe E. Evans	Member	2021

Officials

Mr. John Parris	Executive Director 5809 Feldspar Way, Suite 109 Hoover, Alabama 35244 Phone: (205) 438-6209 Website: https://aac.alabama.gov	
Mr. Keith Warren	Executive Director	May 2022