



Motor Sports Hall of Fame Commission Talladega, Alabama

October 1, 2019 through September 30, 2024

Filed: October 3, 2025

ALABAMA DEPARTMENT OF
EXAMINERS of Public Accounts

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

Dear Madam:

An examination was conducted on the Motor Sports Hall of Fame Commission, Talladega, Alabama, for the period October 1, 2019 through September 30, 2024, by Examiners Denise Clark-Owens, Victoria Langley, Christian Kimbrough and Mistie Beam. I, Denise Clark-Owens, served as Examiner-in-Charge on the engagement, and 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,

Denise Clark-Owens
Examiner of Public Accounts

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Department of **Examiners of Public Accounts**

EXAMINER'S SUMMARY

**Motor Sports Hall of Fame Commission
October 1, 2019 through September 30, 2024**

PURPOSE AND SCOPE OF EXAMINATION

This report presents the results of an examination of the Motor Sports Hall of Fame 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.

RESULTS OF THE EXAMINATION

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.

- ◆ 2024-001: The Commission failed to implement policies and procedures that require segregation of duties including reviews and approvals of activities pertaining to the receiving and disbursing of money.

- ◆ 2024-002: The Commission failed to design and implement controls requiring a sufficient review of bank account and credit card transactions, as a result expenditures were made that were either unallowable or not documented in a manner that allowability could be determined.
- ◆ 2024-003: The Commission failed to design and implement controls requiring a sufficient review of payroll transactions and as a result an employee overpaid herself.
- ◆ 2024-004: Cash received for sales was missing and not deposited to the bank accounts of the Commission.
- ◆ 2024-005: The Commission failed to dispose of nonconsumable personal property properly.
- ◆ 2024-006: Commission money was improperly deposited into the personal account of a Commission member.
- ◆ 2024-007: The Commission failed to design and implement controls to ensure all public funds and property were handled by the Commission and not its related foundation, and that all property or proceeds from the sale of such rightfully owned by the Commission were accounted for after sale.
- ◆ 2024-008: The Commission failed to maintain a listing of historic vehicles and memorabilia in its possession.
- ◆ 2024-009: The Commission did not maintain an updated list of nonconsumable personal property owned by the Commission and other information related to the property as required.
- ◆ 2024-010: The Commission failed to design and implement controls requiring contracts involving Commission operations to be approved by a majority of a quorum of Commission members and documented in official meeting minutes prior to execution. In addition, there were no controls in place to ensure the related financial transactions were properly supported.
- ◆ 2024-011: The Commission failed to design and implement controls requiring contracts involving Commission operations to be approved by a majority of a quorum of Commission members and documented in official meeting minutes prior to execution. In addition, there were no controls in place to ensure professional service contracts require that items and/or services are documented as having been received prior to making payment.
- ◆ 2024-012: The Commission did not obtain and maintain appropriate adequate supporting documentation for certain transactions.
- ◆ 2024-013: The Commission did not have proper documentation to verify employees' rates of pay.

- ◆ 2024-014: The Commission paid sales tax to multiple vendors although exempt from taxation in accordance with the *Code of Alabama 1975*, Section 41-9-474.
- ◆ 2024-015: The Commission failed to collect and remit sales tax from gift shop sales in accordance with the *Code of Alabama 1975*, Section 40-23-2(1).
- ◆ 2024-016: The Commission did not keep proper meeting minutes to document all official actions of the Commission.
- ◆ 2024-017: The Commission did not have proper controls over cash collected at events.
- ◆ 2024-018: The Commission did not have proper controls over cash receipts and deposits.
- ◆ 2024-019: The Commission did not have proper controls over certain leases and lease payments.
- ◆ 2024-020: The Commission did not have proper controls over inventory purchased for resale.
- ◆ 2024-021: The Commission did not have proper controls in place to ensure appropriations were properly recorded, tracked, and expended lawfully.
- ◆ 2024-022: The Commission's general ledger was not an appropriate reflection of the Commission's financial activity.
- ◆ 2024-023: The Commission has not complied with certain provisions of Executive Orders issued by the Governor.
- ◆ 2024-024: The Commission failed to implement policies and procedures that require the bank accounts to be properly reconciled.
- ◆ 2024-025: The Commission did not have proper internal controls over petty cash funds.
- ◆ 2024-026: The Commission did not comply with Section 93 of the *Constitution of Alabama 2022* by paying expenses of its related foundation.
- ◆ 2024-027: The Commission did not ensure the proper bank accounts were held in the Commission's name in the Security for Alabama Funds Enhancement (SAFE) program.
- ◆ 2024-028: The Commission failed to comply with the *Code of Alabama 1975*, Section 25-1-3, because it did not review the employment status of individuals employed by the Commission.
- ◆ 2024-029: The Commission did not have clearly defined policies and procedures relating to payroll and personnel matters.

- ◆ 2024-030: The Commission failed to comply with the Alabama Open Meetings Act.
- ◆ 2024-031: The Commission failed to properly notify the Secretary of State of Commission member vacancies in accordance with the *Code of Alabama 1975*, Section 36-14-17(c).
- ◆ 2024-032: The Commission failed to go through the Chief Procurement Officer for purchases or request delegation of authority as required by the *Code of Alabama 1975*, Sections 41-4-110 through 41-4-179.
- ◆ 2024-033: The Commission did not comply with the *Code of Alabama 1975*, Title 39, by awarding several public works projects without obtaining sealed bids and adhering to other Title 39 requirements pertaining to advertising and bonding.
- ◆ 2024-034: The Commission did not report all expenditures to the Comptroller for inclusion in the state expenditures database in accordance with the *Code of Alabama 1975*, Section 41-4-65.
- ◆ 2024-035: The Commission failed to require and obtain vendor disclosure statements from vendors in accordance with the *Code of Alabama 1975*, Sections 41-16-82 and 41-16-85.

CHARGES AGAINST EMPLOYEE

As reflected on Exhibit 2, the charges against the former Accounts Manager resulted from the failure to maintain sufficient documentation to support that expenditures were allowable and/or properly approved. Additionally, cash was missing from gift shop and museum admission sales for which the former Accounts Manager was responsible. Official demand was made to the former Accounts Manager requesting repayment totaling \$236,610.10. The former Accounts Manager failed to appear at a meeting before the Chief Examiner and show just cause why the amounts charged should not be repaid; therefore, relief was denied, as evidenced by the Order of the Chief Examiner. The charges remain due and unpaid, and, as a result, the report will be certified to the Office of Attorney General for collection.

EXIT CONFERENCE

An exit conference was held on September 12, 2025. Individuals in attendance were Adam Stocks, Executive Director and Commission Members Gerald Dial, Dell Hill, Wayne Hoyt and Terrell Yates. Representing the Examiners of Public Accounts were Melissa Knepper, Deputy Chief Examiner; Peter Fisher, Director of Education Audits; and Denise Clark-Owens and Victoria Langley, Examiners.



Department of **Examiners of Public Accounts**

AGENCY OVERVIEW

Motor Sports Hall of Fame Commission October 1, 2019 through September 30, 2024

The Motor Sports Hall of Fame Commission (the “Commission”) operates under the authority of the *Code of Alabama 1975*, Sections 41-9-470 through 41-9-478.

The Commission was established for the purpose of providing for and participating in the management and control of facilities to house and display such visual exhibits relating to the automobile racing industry and the automobile industry. The Commission constitutes the permanent housing for the exhibit, which is open to the general public and is located in Talladega County. The Commission is doing business as the “International Motor Sports Hall of Fame”.

The Commission is comprised of 18 members appointed by the Governor to staggered eight-year terms. At least six of the members appointed must be from Talladega County. The remaining members of the Commission are appointed to provide general statewide representation on the Commission.

The Commission members shall be bona fide residents and qualified voters of the State of Alabama. All members shall be knowledgeable and interested in the automobile racing industry and the automobile industry and in the promotion of these fields. The Commission should hold at least one annual meeting each year at the site of the exhibit. The Commission, as authorized by law, has established an Executive Committee. The Executive Committee consists of seven members and oversees the day-to-day operations of the Motor Sports Hall of Fame.

Commission Members and the Executive Director are shown on Exhibit 1. Additional information on the Commission can be found on their website at www.motorsportshalloffame.com.

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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, 2024

Ref. No.	Finding/Noncompliance
2024-001	<u>Finding:</u> The Motor Sports Hall of Fame Commission (the “Commission”) failed to implement policies and procedures that require segregation of duties during reviews and approvals of activities pertaining to the receiving and disbursing of money. One of the basic elements of internal control involves segregation of duties in such a manner in which one employee does not have complete control over all stages of a process without review or approval. To minimize the risk of cash not being deposited or unallowable disbursements made, all deposits and disbursements are to be reviewed by a person independent of the activity. The Accounts Manager had access to the Commission's bank accounts and was responsible for all deposits and disbursements. There was no review or approval of the transactions made by an independent person. As a result, deposits and disbursements were exposed to a greater possibility that errors or irregularities, including misappropriations and fraud, could occur and not be detected. <u>Recommendation:</u> The Commission should establish and implement policies and procedures to ensure duties relating to cash receipting and disbursement are properly segregated, including an independent review and approval of transactions.

Schedule of State Legal Compliance and Other Findings

October 1, 2019 through September 30, 2024

Ref. No.	Finding/Noncompliance
2024-002	<u>Finding:</u> The individual contracted as the Accounts Manager for the Commission was responsible for checking account and credit card transactions without sufficient review by another individual from the Commission. A review of transactions by a separate independent individual is necessary to ensure that all expenditures are made for allowable purposes and are sufficiently documented. A test of the Commission's expenditures for fiscal years 2023, 2024, and a portion of 2025 revealed bank transactions totaling \$177,127.45 and credit card transactions totaling \$19,872.10 for which there was either no documentation provided, the transaction appeared to be unallowable, or the documentation provided was not sufficient to determine whether the Commission had expended funds for an allowable purpose. Examination procedures revealed the following: ✓ Payments totaling \$5,428.57 were made to a power company for personal power bills and other payments were made to the power company without documentation to support the eligibility of the payment. ✓ Expenditures totaling \$74,541.87 were made to creditors not related to the Commission for which inadequate or no documentation was provided to support the eligibility and purpose of the expenditures. ✓ Expenditures totaling \$12,714.80 were made to retail stores for which inadequate or no documentation was provided to support the eligibility and purpose of the expenditures. ✓ Checks totaling \$22,525.00 were written to cash or cash was withdrawn from the bank for which inadequate or no documentation was provided to support the eligibility and purpose of the withdrawal. ✓ Checks totaling \$16,967.15 were written to the Accounts Manager without documentation being provided to support the eligibility and purpose of the payment.

Schedule of State Legal Compliance and Other Findings

October 1, 2019 through September 30, 2024

Ref. No.	Finding/Noncompliance
	<u>Finding Continued:</u> ✓ Expenditures totaling \$40,053.36 were paid to the Accounts Manager's family members for which inadequate or no documentation was provided to support the eligibility and purpose of the expenditures. ✓ Expenditures totaling \$24,768.80 were made to other vendors or individuals for which inadequate or no supporting documentation was provided to support the eligibility and purpose of the expenditures. As a result, \$196,999.55 is reflected as charges against the Accounts Manager on Exhibit 2. <u>Recommendation:</u> Internal controls should be designed, established and implemented that require a sufficient review of bank accounts and credit card transactions to be performed to ensure that all expenditures are made for allowable purposes and sufficiently documented.
2024-003	<u>Finding:</u> An employee of the Commission overpaid herself \$26,240.06. One of the basic elements of internal control involves segregation of duties in such a manner in which one employee does not have complete control over all stages of a process without review or approval. The Accounts Manager for the Commission was responsible for, among other things, processing payments. The Accounts Manager processed payments to individuals working for the Commission, including herself, every two weeks without a separate review or approval. A review of the payroll payments revealed the Accounts Manager overpaid herself a total of \$26,240.06, from October 2022 through June 2025. As a result, the amount of \$26,240.06 is reflected as charges against the Accounts Manager on Exhibit 2. <u>Recommendation:</u> Internal controls should be designed and established requiring a sufficient review of payroll payments to ensure payment is due and properly supported.

Schedule of State Legal Compliance and Other Findings

October 1, 2019 through September 30, 2024

Ref. No.	Finding/Noncompliance
2024-004	<u>Finding:</u> Cash received for sales was missing and not deposited into the bank accounts of the Commission. The Commission utilizes a point-of-sale system for museum tour sales and gift shop sales. Daily reports are printed from the point-of-sale system which detail the amount of cash and credit/debit card sales received each day. The Accounts Manager was responsible for depositing the cash received into the bank accounts of the Commission and her contract required deposits to be made at least twice weekly. There was not a separate review by an independent person reconciling the amounts deposited to the supporting daily report. During the examination, daily reports were compared to amounts deposited to the Commission's account. Deposits were not made twice weekly as required and examination procedures revealed a total of \$13,370.49 in cash received for sales, between October 2022 and June 2025, was never deposited to the Commission's accounts. As a result, the amount of \$13,370.49 is reflected as charges against the Accounts Manager on Exhibit 2. <u>Recommendation:</u> Internal controls should be designed, established and implemented requiring sufficient review and reconciliation of the amounts received to amounts deposited into the Commission's accounts.

Schedule of State Legal Compliance and Other Findings

October 1, 2019 through September 30, 2024

Ref. No.	Finding/Noncompliance																				
2024-005	<u>Finding:</u> Nonconsumable personal property of the Commission was not disposed of properly. The <i>Code of Alabama 1975</i>, Section 36-16-8(3) states, “No property, except property being transferred to the Department of Archives and History under Section 41-6-10, shall be disposed of, transferred, assigned, or entrusted to any other department, agency, or employee thereof without the written permission of the Director of the Alabama Department of Economic and Community Affairs or the Governor of the State of Alabama or the designee of either of them.” During the examination period, the Commission sold four vehicles at a collector car auction without obtaining the written permission required by Section 36-16-8(3). All of these vehicles had been donated to the Commission. Three of the donor agreements included provisions that the vehicles could not be sold or otherwise transferred for noneducational purposes and the fourth agreement indicated the vehicle could only be disposed in a manner consistent with the operation of the Commission as an agency of the State of Alabama. As a result, the Commission is also not in compliance with the provisions of the donor agreements. A description of these vehicles and auction amounts are included below: <table><tr><th rowspan="2">Vehicle</th><th colspan="2">Bid Price Less Auction Company Fee</th></tr><tr><th>Bid Price</th><th></th></tr><tr><td>1980 Pontiac Turbo Trans AM - Talladega Pace Car</td><td>\$15,000.00</td><td>\$12,000.00</td></tr><tr><td>1982 Pontiac Trans AM - Busch Clash Pace Car</td><td>5,000.00</td><td>2,000.00</td></tr><tr><td>1986 Pontiac Grand Prix - 2+2 Aerocoupe</td><td>9,000.00</td><td>6,000.00</td></tr><tr><td>1983 Pontiac Trans AM - Talladega Pace Car</td><td>17,000.00</td><td>14,000.00</td></tr><tr><td>Total</td><td><u>\$46,000.00</u></td><td><u>\$34,000.00</u></td></tr></table>	Vehicle	Bid Price Less Auction Company Fee		Bid Price		1980 Pontiac Turbo Trans AM - Talladega Pace Car	\$15,000.00	\$12,000.00	1982 Pontiac Trans AM - Busch Clash Pace Car	5,000.00	2,000.00	1986 Pontiac Grand Prix - 2+2 Aerocoupe	9,000.00	6,000.00	1983 Pontiac Trans AM - Talladega Pace Car	17,000.00	14,000.00	Total	<u>\$46,000.00</u>	<u>\$34,000.00</u>
Vehicle	Bid Price Less Auction Company Fee																				
	Bid Price																				
1980 Pontiac Turbo Trans AM - Talladega Pace Car	\$15,000.00	\$12,000.00																			
1982 Pontiac Trans AM - Busch Clash Pace Car	5,000.00	2,000.00																			
1986 Pontiac Grand Prix - 2+2 Aerocoupe	9,000.00	6,000.00																			
1983 Pontiac Trans AM - Talladega Pace Car	17,000.00	14,000.00																			
Total	<u>\$46,000.00</u>	<u>\$34,000.00</u>																			

Schedule of State Legal Compliance and Other Findings

October 1, 2019 through September 30, 2024

Ref. No.	Finding/Noncompliance
	<u>Finding Continued:</u> In addition, the Commission sold two vehicles directly to individuals without obtaining the written permission required in Section 36-16-8(3). Information on each of the vehicles is detailed below: ◆ The former Executive Director purchased a 1968 Camaro Convertible Pace Car from the Commission for \$15,000.00 in April 2023. The Commission indicated the vehicle was advertised for bid and the former Executive Director was the only individual who bid on the vehicle. The Commission provided an advertisement in a local newspaper advertising bids were being accepted for a “1968 Chevrolet”. The advertisement provided no additional information regarding the car, including the model. Furthermore, the advertisement appeared in a newspaper in December 2021 and sixteen months later the former Executive Director paid for the automobile. Subsequent to the advertisement and prior to the former Executive Director’s payment, repairs to the vehicle were completed totaling \$27,917.72. Of this amount, \$22,917.72 was verified as having been paid from Commission funds. ◆ The spouse of the former Executive Director purchased a 1998 Ford F-150 truck from the Commission for \$1,000.00 in March 2024. The Commission indicated the vehicle was advertised for bid and the spouse of the former Executive Director was the only individual who bid on the vehicle. Documentation that the truck was advertised was provided by the Commission. However, the advertisement did not include any information on the truck other than bids were being taken for a “1998 Ford Truck, as is”. Finally, the Commission also traded one vehicle for another vehicle without obtaining the written permission required in Section 36-16-8(3). <u>Recommendation:</u> The Commission should comply with the <i>Code of Alabama 1975</i>, Section 36-16-8(3), and obtain written permission from the Director of the Alabama Department of Economic and Community Affairs or the Governor of the State of Alabama or the designee of either of them when property is disposed of, transferred, assigned, or entrusted to any other department, agency, or employee thereof.

Schedule of State Legal Compliance and Other Findings

October 1, 2019 through September 30, 2024

Ref. No.	Finding/Noncompliance
2024-006	<u>Finding:</u> Commission money was improperly deposited into the personal account of a Commission member. Proper internal controls require that all money relating to the Commission be deposited into the accounts of the Commission and properly recorded in the Commission's general ledger. The Commission auctioned vehicles at a collector car auction using the personal auction account of a Commission member. Once the vehicles were sold, the auction company issued a check to the Commission member personally. As a result, proceeds from the sale of the vehicles through the auction company were not deposited into the Commission's bank account nor recorded in the Commission's general ledger. Although the Commission member did reimburse the Commission for the amount paid by the auction company, handling transactions in this manner increases Commission's exposure to the risk of financial loss due to error or irregularities, including misappropriation and fraud. <u>Recommendation:</u> The Commission should establish internal controls to ensure all money is deposited directly into the Commission's official bank accounts and accurately recorded in its general ledger. Additionally, the Commission should not use the personal accounts of members for conducting official business.

Schedule of State Legal Compliance and Other Findings

October 1, 2019 through September 30, 2024

Ref. No.	Finding/Noncompliance
2024-007	<u>Finding:</u> Vehicles that were donated to be property of the Commission and subsequent proceeds from the sale of such were improperly handled by the Commission Chairman, a Commission member and its related foundation, a separate nonprofit corporation. Proper internal controls require that all public funds and property of the Commission be handled by the Commission so that those funds and property can be utilized to further its public purpose. Upon review of the Commission's general ledger, there was a journal entry recorded in the amount of \$150,750.00, which increased its receivable account and decreased its capital asset account. The entry was labeled "To Book Cars Sold." When questioned about the journal entry, the Commission Chairman stated the entry was made in error and pertained to a transaction involving the foundation. A review of the foundation's bank account revealed there were two deposits made at the time of journal entry in question: one for \$150,000.00, which was described as a check with a Commission member's name listed, and another for \$750.00 in cash, labeled "sale of vehicle." To determine the appropriate ownership and accounting treatment, documentation was requested to verify whether the vehicle in question belonged to the Commission or the foundation. To support that the journal entry on the Commission's general ledger was in error, the Commission Chairman provided a sales agreement between the foundation and a Commission member for a 1969 Dodge Charger Daytona in the amount of \$150,000.00. However, the Department independently obtained further documentation that revealed the vehicle had been transferred directly from the estate of a deceased individual to the Commission member, which was at odds with the sales agreement produced by the Commission. The subsequent bill of sale from the estate indicated a sales price of \$15,000.00, not the \$150,000 originally produced. A copy of the decedent's will and trust was also obtained to determine whether the vehicle was supposed to be donated to the Commission or the foundation. The trust documents revealed the decedent donated two vehicles, a 2001 Pontiac Firebird Firehawk 10th Anniversary Convertible and a 1969 Dodge Charger Daytona, to the International Motorsports Hall of Fame Commission, not the foundation. Upon reviewing Commission records, no such vehicles were recorded, nor were any proceeds from any sales deposited into the accounts of the Commission. Since the vehicles were donated to the Commission and not the foundation, the foundation should transfer to the Commission any proceeds from such sales.

Schedule of State Legal Compliance and Other Findings

October 1, 2019 through September 30, 2024

Ref. No.	Finding/Noncompliance
	<u>Recommendation:</u> The Commission should design and implement internal controls to ensure all public funds and property are handled by the Commission and not its related foundation, and all property or proceeds from the sale of such rightfully owned by the Commission is accounted for after sale.
2024-008	<u>Finding:</u> The Commission failed to maintain a listing of historic vehicles and memorabilia in its possession. The Commission operates an exhibit hall where they display exhibits relating to the automobile racing industry and the automobile industry. The exhibit hall contains historic vehicles from various worlds of racing, including trophies and other memorabilia, which have either been donated or loaned. An adequate system of internal controls includes maintaining a listing of all exhibit items either donated or loaned in possession of the Commission. These controls help to ensure accountability and protection of the exhibit items from loss or misappropriation. The Commission did not have adequate policies and procedures to ensure a detailed listing of exhibit items was properly maintained. As a result, exhibit items in the Commission's possession may not be protected from loss or misappropriation. <u>Recommendation:</u> The Commission should design and implement controls to ensure accountability is established and maintained for all exhibit items in its possession.

Schedule of State Legal Compliance and Other Findings

October 1, 2019 through September 30, 2024

Ref. No.	Finding/Noncompliance
2024-009	<u>Finding:</u> The Commission did not maintain an updated list of nonconsumable personal property owned by the Commission and other information related to the property as required. The <i>Code of Alabama 1975</i>, Section 36-16-8(1), states: “The head of each department or agency of the state shall designate one of its employees as property manager for the department or agency. Except for books, the property manager shall make a full and complete inventory of all nonconsumable personal property and certain other items of personal property deemed important or sensitive enough by the Property Inventory Control Division to be included in the inventory of state property of the value of five hundred dollars (\$500) or more owned by the state and used or acquired by the department or agency.” 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 <i>Code of Alabama 1975</i>, Section 36-16-9. The comparison revealed the property information of the Commission had not been updated in Asset Works, the State Auditor’s Property Inventory Control Automated System, to reflect the current person responsible for the property. All individuals designated as the party responsible on the listing are no longer employed by the Commission. Additionally, items were noted on the list that did not have a location displayed or were no longer owned by the Commission. Further, a review of assets on site and a review of purchases revealed the Commission had multiple items that were not assigned a property number, tagged, or reported to the State Auditor as required by the State Auditor’s Office Property Manual. As a result, these items are subject to a greater risk of loss, neglect and/or misuse. <u>Recommendation:</u> The Commission should implement internal controls over property to ensure sensitive items and property items with a value of \$500 or more are reported to the State Auditor’s Office within 30 days, information is adequately recorded in Asset Works, and property is protected from loss or theft.

Schedule of State Legal Compliance and Other Findings

October 1, 2019 through September 30, 2024

Ref. No.	Finding/Noncompliance
2024-010	<u>Finding:</u> The Commission lacked internal controls requiring contracts involving Commission operations to be approved by a majority of a quorum of Commission members and documented in official meeting minutes prior to execution. Additionally, there were no controls in place to ensure that related financial transactions were properly supported. Contracts involving Commission operations are to be approved by the Commission's members and documented in official meeting minutes prior to the commencement of the contract. Additionally, to ensure transparency, accountability, and compliance with applicable policies, effective internal controls require that all related financial transactions be properly supported with adequate documentation. On June 1, 2021, the Commission's Chairman entered into a contract with the former Executive Director, granting the former Executive Director the exclusive right to operate the Commission's gift shop as a private business. In exchange, the former Executive Director was to pay \$50 per month to the Commission as rent and compensation for a part-time salesperson. However, this contract was not approved by the Commission's members, nor was it recorded in the official meeting minutes. Furthermore, the former Executive Director did not make any of the agreed-upon monthly payments. Under the agreement, money received from gift shop sales were collected by the Commission and disbursed to the former Executive Director. These payments began in November 2020—prior to the execution of the contract—and ceased in June 2021, the same month the contract was signed. A review of the payments to the former Executive Director revealed they were not supported by adequate documentation. Therefore, we were unable to verify the accuracy or appropriateness of the amount of gift shop sales money disbursed to the former Executive Director. In July 2021, the Commission formally approved the transfer of the gift shop operations back under the Commission's control and authorized the purchase of remaining gift shop merchandise from the former Executive Director at cost. However, the former Executive Director began receiving payments for the gift shop merchandise in June 2021, prior to the Commission's formal approval. <u>Recommendation:</u> The Commission should design and implement controls which require contracts to be approved by the Commission's members prior to the commencement of the contract or related transactions. In addition, the Commission should require all financial transactions to be properly supported with adequate documentation.

Schedule of State Legal Compliance and Other Findings

October 1, 2019 through September 30, 2024

Ref. No.	Finding/Noncompliance
2024-011	<u>Finding:</u> The Commission did not follow appropriate procedures for awarding certain contracts. Contracts involving Commission operations should be approved by the Commission's members and documented in official meeting minutes prior to the commencement of the contract. In addition, strong internal controls involving professional service contracts require that items or services to be delivered are documented as having been received. Deliverables are to be confirmed as having been received prior to making payments. In November 2024, the Commission received a \$30,000.00 grant from the Alabama Department of Tourism to support expenses related to conversational marketing. The current Executive Director developed bid specifications for a 12-month professional services contract to support and maintain conversational marketing for the Commission. The proposed contract period was from May 1, 2025 to May 1, 2026. Documentation of the bid advertisement and bid tabulation sheet was requested but the bid tabulation sheet could not be provided. According to the Executive Director, only one bid was received. That bid was submitted by a company owned and operated by the Executive Director's spouse. The company was awarded a contract for \$30,000.00, the full amount of the grant. The entire contract amount was paid on March 20, 2025, prior to the contract's effective date and without documented evidence that any deliverables had been received. As a result, by paying a vendor before services are provided the Commission is exposed to financial risk in the event that the vendor does not fulfill its obligations under the contract. Additionally, the Commission's meeting minutes did not reflect formal approval of the contract by the Commission's members. The Chairman stated that he approved the contract based on the fact that it had been advertised and only one qualified response was received. However, contracts involving Commission operations must be approved by a majority of a quorum of Commission members during an official meeting, and such approval must be recorded in the meeting minutes. <u>Recommendation:</u> The Commission should establish internal controls requiring all contracts to be approved by a majority of a quorum of Commission members and documented in official meeting minutes. In addition, the Commission should ensure all professional service contracts are supported by documentation confirming receipt of deliverables prior to payment.

Schedule of State Legal Compliance and Other Findings

October 1, 2019 through September 30, 2024

Ref. No.	Finding/Noncompliance
2024-012	<u>Finding:</u> The Commission did not obtain and maintain appropriate adequate supporting documentation for certain transactions. Strong internal controls require disbursements to be supported by original vendor invoices and also require personal and professional services to be supported by written agreements or contracts. Requiring original vendor invoices and written agreements or contracts helps the Commission maintain accountability for cash and to minimize the possibility that errors or irregularities, including misappropriations and fraud, could occur without being detected. In addition, written agreements or contracts create clear, binding terms which help to minimize conflict and ensure expectations are clearly documented. The Accounts Manager made disbursements to vendors without maintaining original vendor invoices. As a result, original invoices were not available for review for many of the Commission's regular expenses, including maintenance work, advertising, and utilities. Further, the Accounts Manager paid amounts requested by the former Executive Director without sufficient supporting documentation. These payments are shown below: ✓ Meal purchases were paid without documentation supporting the allowability of the purchase. ✓ A payment was made to an organization as reimbursement for pine straw. However, the original invoice for the pine straw was not included in the supporting documentation retained for the payment. ✓ A reimbursement to the former Executive Director was made for the Commission's use of a trailer he owned. There was no documentation supporting how the amount reimbursed was determined. ✓ A payment was made to an auto-detailing company based on instructions given by the former Executive Director. While the invoice was not available for review, an email between the former Executive Director and the auto-detailing company was on file. The email indicated the Commission was to reimburse hotel expenses for certain individuals who helped during the race. However, the former Executive Director requested the auto-detailing company send an invoice for detailing cars rather than the individuals' hotel expenses.

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Ref. No.	Finding/Noncompliance
	<u>Finding Continued:</u> In addition, the Executive Director(s) utilized multiple individuals and businesses to provide services without entering into or maintaining a written agreement or contract. Services provided by these individuals or businesses include regular operation of the Commission, HVAC maintenance, accounting services, and marketing/advertising services. Further, the current Executive Director performed lawn maintenance, for additional pay, which was not included as a part of his employment contract. The <i>Code of Alabama 1975</i>, Section 41-9-472(3) allows the Commission to enter into such contracts and cooperative agreements as they may deem necessary or convenient to carry out the purpose of the Commission. However, the approval by the Commission's members for any of these agreements was not provided. As a result, payments and terms of agreements could not be verified. <u>Recommendation:</u> The Commission should design and implement internal controls requiring disbursements to be supported by original vendor invoices. In addition, the Commission should enter into approved written contracts for all personal and professional services to ensure the terms are clearly documented, binding, and include all clauses required by the <i>Code of Alabama 1975</i>.

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Ref. No.	Finding/Noncompliance
2024-013	<u>Finding:</u> The Commission did not have proper documentation to verify employees' rates of pay. The <i>Code of Alabama 1975</i>, Section 41-9-472, sets out the powers and duties of the Commission. Section 41-9-472(12) authorizes the Commission to employ an executive director and such additional personnel as may be necessary and to fix the compensation of the executive director and such additional personnel. The Commission employs multiple individuals who are paid hourly and issued 1099-NEC forms at the end of the year. The Commission requires these individuals to complete timecards to document hours worked. Timecards and payments made to these individuals were reviewed. Documentation of the approval of the individuals' hourly rates was requested to determine if the individuals were paid properly. However, the Commission was unable to provide documentation of the approval of the rates paid. The pay rates were not approved in Commission's meeting minutes and many of the employees did not have employment contracts. In addition, timesheets were not always retained by the Commission. As a result, it could not be determined if these individuals were paid properly. <u>Recommendation:</u> The Commission should maintain documentation of the approval of pay rates and timesheets for all individuals paid by the Commission.
2024-014	<u>Finding:</u> The Commission paid sales tax on purchases despite being exempt from taxation. The <i>Code of Alabama 1975</i>, Section 41-9-474 states, "The commission, its property and income and all bonds issued by the commission, the income from such bonds or from the investment of such income, and all conveyances, leases, mortgages and deeds of trust by or to the commission shall be exempt from all taxation in the State of Alabama." The Commission paid sales tax to vendors on multiple occasions. Since the Commission is exempt from taxes, the amounts paid for sales tax could have otherwise been used to support the operations and purpose of the Commission. <u>Recommendation:</u> The Commission should ensure sales taxes are not paid on purchases in accordance with the <i>Code of Alabama 1975</i>, Section 41-9-474.

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Ref. No.	Finding/Noncompliance
2024-015	<u>Finding:</u> The Commission operates a gift shop on site and failed to collect and remit sales tax from gift shop sales to the Alabama Department of Revenue. The <i>Code of Alabama 1975</i>, Section 40-23-2(1), levies sales tax and requires collection by every person, firm, or corporation, including the State of Alabama or its agencies, “that is engaged or continuing within this State in the business of selling at retail any tangible personal property whatsoever, including merchandise and commodities of every kind and character.” As a result, money due to the State of Alabama and its various instrumentalities for sales tax was not collected and remitted. <u>Recommendation:</u> The Commission should collect and remit sales tax from gift shop sales in accordance with the <i>Code of Alabama 1975</i>, Section 40-23-2(1).
2024-016	<u>Finding:</u> The Commission did not keep proper meeting minutes to document all official actions. The <i>Code of Alabama 1975</i>, Title 36, Chapter 25A, commonly known as the Alabama Open Meetings Act, guarantees that Alabama’s citizens have open access to agencies, boards, commissions, and other governmental bodies which conduct the people’s business. The <i>Code of Alabama 1975</i>, Section 36-25A-4, requires the records of each meeting to become a public record and be available to the public. To ensure the public is adequately informed, the minutes should be comprehensive and encompass all pertinent information regarding the Commission’s activities at the meetings. A review of the Commission’s meeting minutes revealed all relevant details were not recorded. The Commission approved an increase in pay for the current Executive Director during one meeting; however, the Commission’s minutes did not reflect the new pay rate. The Commission also approved a pay increase for the Accounts Manager during one meeting; however, the Commission’s minutes did not reflect discussion or approval of the pay raise.

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Ref. No.	Finding/Noncompliance
	<u>Finding Continued:</u> In addition, the Commission’s minutes included the business of a separate nonprofit foundation related to the Commission’s operations. During one meeting, the Commission discussed a car sweepstakes being held by the foundation. There was no indication in the minutes that this was business of the foundation and not of the Commission. It should also be noted; one set of commission minutes were questioned due to transactions occurring prior to the date of approval in the commission minutes. When questioned, the Accounts Manager, provided the exact same minutes containing a different date and the signature of the Chairman appeared to be different from the signature on the previously submitted minutes. The lack of comprehensive and accurate meeting minutes undermines transparency and accountability, as required by the Alabama Open Meetings Act. Failure to document key decisions—such as compensation changes and the distinction between Commission and foundation business—limits public access to essential information. Additionally, the presence of altered or inconsistent minutes raises concerns about the integrity of official records. <u>Recommendation:</u> The Commission should ensure meeting minutes properly reflect all activities of the Commission.

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Ref. No.	Finding/Noncompliance
2024-017	<u>Finding:</u> The Commission did not have proper controls over cash collected at events. An adequate system of internal controls includes establishing policies and procedures to ensure accountability for cash collected. The performance of reconciliations and retention of supporting documentation helps an entity to maintain accountability for cash and minimize the possibility that errors or irregularities, including misappropriations and fraud, could occur without being detected. The Commission owns and rents the Fox Sports 1 Dome for events that sometimes include a cash only option for purchasing certain food and beverages. The Commission failed to establish internal controls over the cash collected at these events. Bartenders and event help were paid from the cash collected without supporting documentation showing the approved rate of pay, amount owed, and total amount paid. Cash register tapes were not consistently maintained for each event and reconciliations were not performed reconciling the amount collected to the amount deposited. As a result, we were unable to determine whether all cash collected at these events was deposited into the bank accounts of the Commission and the Commission was exposed to a greater risk of loss due to errors or irregularities, including misappropriation and fraud. <u>Recommendation:</u> The Commission should develop and implement policies and procedures that establish controls to ensure accountability is maintained and documentation is retained for all cash collections.

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Ref. No.	Finding/Noncompliance
2024-018	<u>Finding:</u> The Commission did not have proper controls over cash receipts and deposits. An adequate system of internal controls includes establishing policies and procedures for cash receipts to be properly documented, promptly deposited, and reconciled to amounts deposited into the bank accounts. These controls help the Commission maintain accountability for cash and to minimize the possibility that errors or irregularities, including misappropriations and fraud, could occur without being detected. The Commission receives funds from various sources including donations, dome lease revenue, museum tours, parking fees, gift shop sales, and license plate sales. During a review of cash receipts, it was noted the Commission does not maintain adequate documentation of cash receipts. Proper documentation, which includes the date the money was received, from whom it was received, the amount, and the payment type, was not properly maintained for all deposits. It was also noted the Commission did not always deposit money in a timely manner. There were also instances where a determination about whether deposits were made in a timely manner could not be made due to lack of documentation. Further, reconciliations of the amounts received to amounts deposited into the bank accounts were not performed for any of the cash receipts. Lastly, the Commission only accepts cash for parking fees received during race weeks. The individual responsible for recording cash to the general ledger and making deposits to bank accounts also accepted cash parking fees from patrons. Receipts or other documentation for the cash collected were not available for review. As a result, we were unable to verify accountability was maintained for all cash receipts and all money from the cash receipts was properly deposited. <u>Recommendation:</u> The Commission should develop and implement policies and procedures establishing controls to ensure accountability is maintained, documentation is retained for all cash receipts, and money is deposited in a timely manner.

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Ref. No.	Finding/Noncompliance
2024-019	<u>Finding:</u> The Commission did not have proper controls over certain leases and lease payments. The <i>Code of Alabama 1975</i>, Section 41-9-472(11) allows the Commission to “sell, convey, transfer, lease or donate any property, franchise, grant, easement, license or lease or interest therein which it may own and to transfer, assign, sell, convey or donate any right, title or interest which it may have in any lease, contract, agreement or license of property”. The Commission leases part of its facilities, the Fox Sports1 Dome, for events held by third parties. An adequate system of internal controls over leases includes establishing set fee schedules and maintaining proper contracts with lessees. Set fee schedules and proper contracts ensure all lease revenue is properly collected, and the terms of the leases are clear and binding, which helps to minimize conflict and ensure expectations are properly documented. A review of leases and the associated revenue revealed the Commission does not have set fee schedules for the leasing of the Fox Sports 1 Dome. The amounts charged to the lessees were determined by the Executive Directors and were not consistent. Further, the contracts relating to all of the leases could not be provided, and other leases did not contain needed information such as the amount charged or were missing signatures. Due to a lack of properly documented fees and lack of proper lease contracts, revenue amounts and the terms of the agreements could not be verified. <u>Recommendation:</u> The Commission should develop and implement a fee schedule for the lease of the Fox Sports 1 Dome and obtain signed contracts with the lessee containing all necessary information such as the fee charged.

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Ref. No.	Finding/Noncompliance
2024-020	<u>Finding:</u> The Commission did not have proper controls over inventory purchased for resale. Strong internal controls over inventories must be established to ensure an accurate count of goods available for sale, to protect against theft, and to protect against damage and spoilage. The Commission purchased items for resale, including alcohol to resale to patrons attending events or renting the Fox Sports 1 Dome. The Commission also purchased various items to stock the Commission's gift shop. The Commission does not have any controls over inventories, which would include reconciling the items purchased to revenue collected and the inventory remaining on hand. Due to the lack of internal controls, the Commission was exposed to a greater risk of inventory being misappropriated or becoming spoiled and wasted. <u>Recommendation:</u> The Commission should develop and implement internal controls to ensure items purchased for resale are protected against theft, damage, and spoilage.

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Ref. No.	Finding/Noncompliance
2024-021	<u>Finding:</u> The Commission did not have controls in place to ensure appropriations were properly recorded, tracked, and expended lawfully. The <i>Code of Alabama 1975</i>, Section 41-4-95 states, “It shall be unlawful for any trustee, commissioner, director, manager, building committee or other officer or person connected with any department, institution, bureau, board, commission or other state agency to which an appropriation is made to expend any appropriation for any purpose other than that for which the money was appropriated, budgeted and allotted, or to consent thereto...”. In order to ensure appropriations are properly spent for their intended purpose, the funds should be properly recorded and tracked on a general ledger, and the funds should be deposited to the bank accounts of the entity to which they were appropriated. Two appropriation payments in the amounts of \$125,000.00 and \$48,500.00 were not recorded to the Commission’s general ledger. In addition, \$8,000.00 of these funds were not deposited into a Commission bank account. Instead, the funds were deposited into the accounts of a separate nonprofit foundation which is related to the operations of the Commission. As a result, the funds were subject to an increased risk of being expended for a purpose other than which the funds were appropriated. The foundation reimbursed the Commission the \$8,000.00 prior to the completion of the examination. <u>Recommendation:</u> The Commission should develop and implement policies and procedures requiring all appropriations received to be recorded in the Commission’s general ledger, deposited into bank accounts maintained by the Commission, and tracked to ensure the funds are expended for their intended purpose.

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Ref. No.	Finding/Noncompliance
2024-022	<u>Finding:</u> The Commission's general ledger was not an appropriate reflection of the Commission's financial activity. An adequate system of internal controls includes establishing policies and procedures for recording transactions, such as the receipting and disbursing of money, along with double entry of the related revenues and expenditures into an accounting system. Recording these transactions into an accounting system helps an entity maintain accountability and minimizes the possibility that errors or irregularities, including misappropriations and fraud, could occur without being detected. A general ledger detailing all transactions was requested. A general ledger was provided; however, multiple errors were noted within the general ledger. These errors include incorrect check numbers being applied to disbursements, skipped check numbers due to voided checks, lump sum journal entries being made for multiple transactions that should have been detailed separately, journal entries made in error, and improper categorization of cash receipts. In addition, required entries to the general ledger were either missing or incorrect, and all bank accounts were not included in the general ledger. As a result, the purpose of a general ledger was not fulfilled as all transactions of financial activity were not properly recorded in the accounting system. <u>Recommendation:</u> The Commission should develop and implement policies and procedures to ensure all transactions are properly recorded in the accounting software system.

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Ref. No.	Finding/Noncompliance
2024-023	<u>Finding:</u> The Commission has not complied with certain provisions of Executive Orders issued by the Governor. The following discrepancies were noted: ◆ The Commission did not transfer non-treasury bank accounts that they hold to an account within the State Treasury by the deadline of October 1, 2023 as required by Governor Ivey’s <i>Executive Order 726: Promoting the Faithful Execution of the Laws Within the Executive Branch of State Government</i>. The Commission continued to maintain the non-treasury bank accounts without having received an exemption. ◆ The Commission does not have a public records policy and failed to develop a policy, as required by Governor Ivey’s <i>Executive Order 734: Promoting Transparency in State Government Through Enhanced Accessibility to Public Records</i>. In addition, the Commission did not designate an employee to serve as the Commission’s public-records coordinator, nor did the Commission establish a public-records webpage. <i>Executive Order 726</i>, issued on January 17, 2023, required state executive-branch agencies to transfer non-treasury bank accounts to an account within the State Treasury by October 1, 2023. The Executive Order required all agencies who believed they should be exempt from this requirement to submit a detailed, written justification explaining the legal and practical reasons for the proposed exemption and the policies in place to ensure the proper use of funds no later than July 1, 2023. Additionally, <i>Executive Order 734</i>, issued on January 26, 2023, requires each state executive-branch agency, within 90 days, to revise its public-records policies to improve public-records response times and handling procedures. The Executive Order also requires each state executive-branch agency to identify an employee to serve as the agency’s public records coordinator and to establish a public-records webpage. <u>Recommendation:</u> The Commission should ensure compliance with the provisions of Executive Orders issued by the Governor.

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Ref. No.	Finding/Noncompliance
2024-024	<u>Finding:</u> The Commission failed to implement policies and procedures that require bank accounts to be properly reconciled. Performing timely and accurate bank reconciliations, which are reviewed and approved by someone other than the preparer who is still familiar with the entity's daily operations, helps maintain accountability for cash. This process minimizes the risk of errors or irregularities, including misappropriations and fraud, going undetected. During the review of bank reconciliations, it was noted the Commission's general ledger did not agree with the amount reported on the bank reconciliation performed by the third-party accounting firm. The difference was carried forward, in a lump sum, on the reconciliations each month. In addition, money received was not recorded as revenue in the general ledger until the deposit was recognized in the bank account. As a result, deposits in transit for bank reconciliations were not always properly recorded. Furthermore, the amounts reported as outstanding checks were not accurate. Several checks which were listed on the bank reconciliation as outstanding had been voided by the Commission, while some had already cleared the bank. Lastly, other checks listed as outstanding on the bank reconciliation were identified with incorrect check numbers. As a result of not having accurate bank reconciliations and general ledger amounts not being properly recorded the Commission was exposed to a greater risk of the possibility of errors or irregularities, including misappropriation and fraud. <u>Recommendation:</u> The Commission should develop and implement policies and procedures requiring accurate and timely reconciliations that are reviewed and approved by a separate, knowledgeable individual for proper segregation of duties.

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Ref. No.	Finding/Noncompliance
2024-025	<u>Finding:</u> The Commission did not have proper internal controls over petty cash funds. In order to properly safeguard petty cash funds the amount should be properly documented, access to the cash should be limited to specific individuals, documentation for disbursements from petty cash funds should be maintained, and regular reconciliations of petty cash funds should be performed. A review of the Commission's petty cash funds revealed multiple individuals had access to the safe where the cash was held. In addition, the Commission was not reconciling petty cash and was not maintaining the amount which was documented on the general ledger. Due to these issues, it could not be determined if the amount of cash in the safe was correct. Additionally, due to the lack of controls the cash was subject to an increased risk of misuse or misappropriation. The Commission also provided the current Executive Director with petty cash funds totaling \$1,375.00 to be used for the daily operations of the Commission. According to the Executive Director the total balance was spent. However, the documentation provided only totaled \$1,000.00. Additionally, some of the documentation which was provided did not contain enough detail to determine what was purchased. As a result, we could not determine if the total amount of cash provided to the Executive Director was properly used for the operation of the Commission. <u>Recommendation:</u> The Commission should develop and implement policies and procedures limiting access to petty cash funds to specific individuals, requiring regular reconciliations of petty cash funds to documented disbursements and recording of the amount on the general ledger.

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Ref. No.	Finding/Noncompliance
2024-026	<u>Finding:</u> The Commission did not comply with Section 93 of the <i>Constitution of Alabama 2022</i>, by paying for expenses of its related nonprofit foundation. Section 93 of the <i>Constitution of Alabama 2022</i>, prohibits the lending of credit except as authorized by the Constitution of Alabama to any individual, association, or corporation. In order to comply with Section 93, of the <i>Constitution of Alabama 2022</i>, proper internal controls must be designed and implemented which would include a review to ensure all expenses are those of the Commission. During the examination period, a separate nonprofit foundation related to the Commission held a sweepstakes for a 2023 70th Anniversary Edition Corvette Stingray 3LT Convertible. Prior to the sweepstakes, the foundation engaged in an ad campaign to increase interest and sell entries. A review of the Commission's expenses revealed the Commission paid numerous invoices related to the ad campaign that should have been paid by the foundation. The foundation subsequently reimbursed the Commission \$23,500.00; however, the Commission did not retain documentation of all of the expenses which had been paid nor did they have documentation of which expenses were being reimbursed. As a result, we were unable to determine if the foundation adequately reimbursed the Commission for all unallowable expenses. <u>Recommendation:</u> The Commission should comply with Section 93 of the <i>Constitution of Alabama 2022</i>, by designing and implementing internal controls that ensure the expenses of the foundation are not paid by the Commission.

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Ref. No.	Finding/Noncompliance
2024-027	<u>Finding:</u> The Commission did not ensure the proper bank accounts were held in the Commission's name in the Security for Alabama Funds Enhancement (SAFE) program. The <i>Code of Alabama 1975</i>, Sections 41-14A-1 through 41-14A-14, requires all public deposits to be placed in the SAFE Program at a qualified public depository (QPD) and to be held in the name of the public depositor to reflect the ownership of the deposits. The Commission's annual SAFE report from a QPD included a bank account titled "<i>International Motorsports Hall of Fame Heritage Preservation</i>". This account was opened in February 2021 using the Commission's Employer Identification Number (EIN). During the examination, current staff of the Commission stated that this was not a Commission account and no one at the Commission had access to the account. Further procedures revealed that the Commission's website promoted the first Heritage Preservation Event which was held in October 2021. However, the Commission's general ledger contains no revenues related to this event. The Chairman of the Commission indicated the Commission allowed this event to take place on property in order to promote the Commission and confirmed they received no money related to this event. The bank statements were obtained from the bank and the account was reviewed and appears to have been opened by the former Executive Director and other individuals who were not a part of the Commission. It did not appear any public funds were deposited into this bank account. As a result, a private bank account was improperly opened and operated using the Commission's EIN. Additionally, the annual SAFE report was not properly reviewed to ensure non-public accounts were reported to the QPD for removal from inclusion in the SAFE program. In addition, the Commission had three other bank accounts that did hold public funds but had not been properly reported to the QPD for inclusion in the SAFE program. As a result, these accounts could be subject to financial loss in the event of a bank failure. <u>Recommendation:</u> The Commission should review annual letters from QPDs to ensure all accounts are properly listed and follow up on any errors noted.

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Ref. No.	Finding/Noncompliance
2024-028	<u>Finding:</u> The Commission did not have proper procedures in place to determine employees' employment statuses. The <i>Code of Alabama 1975</i>, Section 25-1-3, requires a state agency to determine the employment status of an individual for the purposes of determining eligibility for employee benefits and protections or determining tax liability for employees and employers pursuant to Title 40. In order to make those determinations, the Section requires the state agency to use the test enumerated by the Internal Revenue Service (IRS). Assessments of determining the employment status of individuals working for the Commission were requested. The individuals were issued a form 1099-NEC (nonemployee compensation) rather than a W-2 form for tax purposes. The information provided by the Commission did not include information from the test enumerated by the IRS. As a result, it could not be determined whether the individuals performing work for the Commission should be considered employees or independent contractors. However, it was noted that the Commission has not had a W-2 employee since 2021. The Commission's museum, the International Motorsports Hall of Fame, is completely operated by individuals receiving 1099-NEC forms. Misclassifying employees may result in individuals who should be treated as employees being denied appropriate benefits and legal protections. Additionally, the Commission may fail to meet its tax obligations for these workers. <u>Recommendation:</u> The Commission should develop and implement policies and procedures to assess individuals performing work in accordance with the <i>Code of Alabama 1975</i>, Section 25-1-3. Additionally, those assessments should be maintained.

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Ref. No.	Finding/Noncompliance
2024-029	<u>Finding:</u> The Commission did not have clearly defined policies and procedures related to payroll and personnel matters. An employee of the Commission retired on June 30, 2021. In order to test payments made to this individual at separation, policies and procedures relating to payroll and personnel matters were requested. The Commission does not have a written policy and procedure manual relating to payroll and personnel but was able to provide minutes from the July 2007 Commission meeting which approved certain policies. The July 2007 Commission meeting minutes state in part, “We are non-merit, in the past we have followed the state’s policy. Senator Gerald Dial made a motion to continue this policy. The motion was seconded by Roy McCaig. It was decided to pay, dependent on the availability of the funds, severance pay to former employees in the amount of one-half of their unused leave... Senator Gerald Dial made the motion, which was seconded by Troy McCaig, to adopt the personnel policy of the state with the exception of pay raises, bond, and severance pay. This motion passed.” State policies require the payment of unused annual leave up to 480 hours and half of sick leave up to 600 hours. The State’s policy and the Commission’s policy, documented in the commission members’ meeting minutes, appear to conflict since compensation for unused leave is generally a payment for a benefit that has been earned through employment and severance pay is typically defined as compensation offered upon termination or layoff. The retired employee did not receive payment for any unused leave at separation. If the Commission intended the definition of severance pay to include payment of leave at retirement, the Commission did not document the lack of availability of funds. Furthermore, in the July 2021 Commission meeting the Commission approved a \$5,000.00 payment to the retired employee for her “contribution to and support for the Board”. Due to a lack of clearly defined policies and procedures, we were unable to determine if the retired employee was due a payment for leave at retirement, and if so, the amount due. <u>Recommendation:</u> The Commission should clearly define policies and procedures relating to payroll and personnel matters and retain documentation that these policies are followed.

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Ref. No.	Finding/Noncompliance
2024-030	<u>Finding:</u> The Commission failed to properly follow the Alabama Open Meetings Act. The <i>Code of Alabama 1975</i>, Title 36, Chapter 25A, commonly known as the Alabama Open Meetings Act, guarantees that Alabama’s citizens have open access to agencies, boards, commissions, and other governmental bodies which conduct the people’s business. 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 action taken at each meeting. Except as otherwise provided by law, the records of each meeting shall become a public record and be made available to the public as soon as practicable after approval.” Furthermore, the Commission’s Records Disposition Authority states that the Commission’s meeting minutes are permanent records and are “core documentation of the commission’s decisions and activities in fulfilling its statutory mandate”. In addition, the <i>Code of Alabama 1975</i>, Section 36-25A-3(a) requires governmental bodies with statewide jurisdiction to submit notice of meetings to the Secretary of State. The Secretary of State posts the notice on the internet for at least seven days prior to the meeting and also sends electronic mail notifications to anyone who has registered. Lastly, the <i>Code of Alabama 1975</i>, Section 36-25A-5.1 describes the requirements that a governmental body must follow when participating in an open meeting by electronic communications. Among other requirements, the governmental body is required to ensure means of access to the electronic communications is published in the same manner as the notice of the meeting, a physical location is available and published for everyone wishing to be physically present, and at least three members or a majority of quorum members, whichever is less, are physically present at the physical meeting location.

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Ref. No.	Finding/Noncompliance
	<u>Finding Continued:</u> Commission meeting minutes were reviewed, and the following issues were noted: ◆ The date and/or time were not properly reflected on all meeting minutes. For one of the meeting minutes that did contain a date, the date was incorrect. ◆ Six meetings were held without an established quorum which the <i>Code of Alabama 1975</i>, Section 41-9-471 defines as one half of the Commission members. ◆ The minutes of one meeting did not document the members who were present or absent. ◆ Eight instances were noted where the previous meeting's minutes were not approved. ◆ Notice of six meetings were posted to the Secretary of State's website; however, no minutes of these meetings could be provided. ◆ Four meetings were held virtually without meeting the necessary requirements set forth in the <i>Code of Alabama 1975</i>, Section 36-25A-5.1. As a result of not complying with applicable Open Meeting Act statutes, the public may not have access to information related to the Commission meetings. <u>Recommendation:</u> The Commission should comply with the Alabama Open Meetings Act by maintaining accurate records of meetings, posting notice of meetings to the Secretary of State's website, and following the requirements described when conducting meetings virtually.

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Ref. No.	Finding/Noncompliance
2024-031	<u>Finding:</u> The Commission did not properly notify the Secretary of State of Commission member vacancies. The <i>Code of Alabama 1975</i>, Section 36-14-17(c), states: “The chair of an existing board shall notify the Secretary of State by electronic means of a vacancy as follows: (1) For a vacancy scheduled to occur on the board as a result of the expiration of term, at least 45 days before the vacancy occurs. (2) For a vacancy occurring for any reason other than the expiration of a term, as soon as possible, and in any case within 15 days after the occurrence of the vacancy.” The Commission had six members whose terms expired at various times during the examination period, and four other commission seats were vacant for other reasons during the examination period. The Chair failed to notify the Secretary of State within 45 days of the vacancies for the six members who were expiring and within 15 days after the occurrence for the other vacancies. As a result, candidates who were interested in serving on the Commission were not given notice of the vacancies. <u>Recommendation:</u> The Commission should notify the Secretary of State within 45 days of vacancies relating to the expiration of a term and within 15 days of vacancies occurring as a result of any other reason.

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October 1, 2019 through September 30, 2024

Ref. No.	Finding/Noncompliance
2024-032	<u>Finding:</u> The Commission did not make purchases in accordance with state laws. Beginning October 1, 2022, the <i>Code of Alabama 1975</i>, Section 41-4-122, established the Chief Procurement Officer as the central procurement officer of the state. This law transferred all rights, powers, duties, and authority relating to the procurement of supplies and services to the Chief Procurement Officer. The <i>Code of Alabama 1975</i>, Section 41-4-122(c) states in part, “Except as otherwise specifically provided in this article, the Chief Procurement Officer, in accordance with rules adopted under this article shall... (1) Except for alcoholic beverages, which shall be purchased by the Alcoholic Beverage Control Board, procure, or supervise the procurement of all supplies and services needed by the state.” The <i>Code of Alabama 1975</i>, Section 41-4-123 states, “Subject to rules adopted under this article, the Chief Procurement Officer may delegate his or her authority to designees or to any department, agency, or official.” None of the Commission’s purchases made subsequent to the law becoming effective on October 1, 2022, were completed through the Chief Procurement Officer, nor was a delegation of authority requested or obtained. As a result, the Commission is not in compliance with the <i>Code of Alabama 1975</i>, Sections 41-4-110 through 41-4-179. <u>Recommendation:</u> The Commission should ensure the procurement of supplies and services is conducted in accordance with the <i>Code of Alabama 1975</i>, Sections 41-4-110 through 41-4-179, including the requisite permission of the Chief Procurement Officer’s office or in accordance with any delegation received from the Chief Procurement Officer’s office stating otherwise.

Schedule of State Legal Compliance and Other Findings

October 1, 2019 through September 30, 2024

Ref. No.	Finding/Noncompliance
2024-033	<u>Finding:</u> The Commission did not comply with the Public Works Law. The <i>Code of Alabama 1975</i>, Title 39, commonly referred to as the Public Works Law, contains various legal requirements related to public works projects. Public works projects include “the construction, installation, repair, renovation or maintenance of public buildings... as well as any other improvements to be constructed, installed, repaired, renovated, or maintained on public property and to be paid in whole or in part, with public funds.” In addition to requiring public works contracts in excess of \$50,000 (prior to September 1, 2023) or \$100,000 (subsequent to September 1, 2023) to be advertised for sealed competitive bid, there are also certain bond requirements and notices of completion to be published prior to final payment. Prior to October 1, 2023, the <i>Code of Alabama 1975</i>, Section 39-2-2(e)(1) stated, “In case of an emergency affecting public health, safety, or convenience, as declared in writing by the awarding authority, setting forth the nature of the danger to the public health, safety, or convenience which would result from delay, contracts may be let to the extent necessary to meet the emergency without public advertisement. The action and reasons for the action taken shall immediately be made public by the awarding authority upon request”. The Commission did not have adequate policies and procedures in place to ensure public works projects were properly bid in accordance with the <i>Code of Alabama 1975</i>, Title 39. The Commission performed several public works projects including lighting upgrades, carpet replacement, boiler replacement and other renovations meeting the public works threshold. Some of the projects were declared emergencies during commission meetings; however, the declaration of an emergency only relieves the entity of the advertising requirement. None of the projects were advertised for a sealed competitive bid in accordance with Title 39, bonds were not obtained, and notices of completion were not published prior to final payment. <u>Recommendation:</u> The Commission should implement adequate controls to ensure projects are properly bid in compliance with all aspects of the <i>Code of Alabama 1975</i>, Title 39.

Schedule of State Legal Compliance and Other Findings

October 1, 2019 through September 30, 2024

Ref. No.	Finding/Noncompliance
2024-034	<u>Finding:</u> The Commission did not report expenditures to the Comptroller for inclusion in a database as required. The <i>Code of Alabama 1975</i>, Section 41-4-65, requires the Comptroller to establish and post on the Internet a database of state expenditures that are electronically searchable. This section also requires that state entities collect or maintain any information required to be in the database to provide that information to the Comptroller for inclusion in the database. The Commission maintained a bank account and paid operating expenses from the account without reporting the information to the Comptroller for inclusion in the database. Failing to report information as required limits the public transparency of the Commission's expenditures. <u>Recommendation:</u> The Commission should report all information required by the <i>Code of Alabama 1975</i>, Section 41-4-65, to the Comptroller.
2024-035	<u>Finding:</u> The Commission failed to require and obtain vendor disclosure statements from vendors in accordance with the <i>Code of Alabama 1975</i>, Sections 41-16-82 and 41-16-85. The <i>Code of Alabama 1975</i>, Section 41-16-82, requires a disclosure statement to be filed by all persons who, for the purpose of direct financial gain, submit a proposal, bid, contract, or grant proposal to the State of Alabama in excess of \$5,000.00. Additionally, Section 41-16-85 requires that the statement be filed with the awarding entity and the Department of Examiners of Public Accounts. <u>Recommendation:</u> The Commission should obtain and retain disclosure statements from all persons who, for the purpose of direct financial gain, submit a proposal, bid, contract, or grant proposal in excess of the current threshold.

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Other Information

Commission Members and Officials
October 1, 2019 through September 30, 2024

Commission Members		Term Expires
Hon. Mark Bowen	Member	2025
Hon. Stephen Brewer, DMD	Member	2021
Hon. Gerald Dial	Member	2025
Hon. Robert Ham	Member	2021
Hon. Dell Hill	Member	2025
Hon. Wayne Hoyt	Member	2025
Hon. Doris Ingram	Member	2021 (1)
Hon. Ken Johnson	Member	2025
Hon. Grant Lynch	Member	2021 (2)
Hon. John Mascia, Ph.D.	Member	2021
Hon. Andrew Pinyan	Member	2025
Hon. Randy Royster	Member	2021
Hon. Allen Sanders	Member	2025
Hon. Tim Wellborn	Member	2021
Hon. Randy Wood	Member	2025
Hon. Terrell Yates	Member	2021
Hon. Jack E. Swinford	Member	Deceased

Commission Members and Officials
October 1, 2019 through September 30, 2024

Officials		Term Expires
Adam Stocks	Executive Director 3198 Speedway Blvd. Lincoln, AL 35096 (256) 362-5002 www.motorsportshalloffame.com	
Mike Raita	Executive Director	March 2024
(1) Resigned 2020		
(2) Resigned 2019		

Schedule of Charges
October 1, 2019 through June 30, 2025

Person/Official Charged	Date	Amount Charged	Amount Relieved By Chief Examiner	Amount Paid	Amount Unpaid	Description of Charge
<u>Directly Charged to:</u>						
Karen Lakey, Accounts Manager	10/01/2022-06/30/2025	\$ 26,240.06	\$	\$	\$ 26,240.06	Unapproved payroll payments in excess of employment contract.
	10/01/2022-06/30/2025	5,428.57			5,428.57	Payments made to a power company for an individual's personal power bills and other payments made to the power company without documentation to support the eligibility of the payment.
	10/01/2022-06/30/2025	74,541.87			74,541.87	Expenditures made to creditors not related to the Motor Sports Hall of Fame for which inadequate or no documentation was provided to support the eligibility and purpose of the expenditures.
	10/01/2022-06/30/2025	12,714.80			12,714.80	Expenditures made to retail stores for which inadequate or no documentation was provided to support the eligibility and purpose of the expenditures.
	10/01/2022-06/30/2025	22,525.00			22,525.00	Checks written as payable to cash and cash withdrawals from the bank for which inadequate or no documentation was provided to support the eligibility and purpose of the withdrawal.
	10/01/2022-06/30/2025	16,967.15			16,967.15	Checks written to Karen Lakey without documentation being provided to support the eligibility and purpose of the payment.
	10/01/2022-06/30/2025	40,053.36			40,053.36	Expenditures made on behalf of Karen Lakey's family members for which inadequate or no documentation was provided to support the eligibility and purpose of the expenditures.
	10/01/2022-06/30/2025	24,768.80			24,768.80	Expenditures made to other vendors or individuals for which inadequate or no supporting documentation was provided to support the eligibility and purpose of the expenditures.
	10/01/2022-06/30/2025	13,370.49			13,370.49	Cash missing from gift shop and museum admission deposits.
Total Amounts Charged		<u>\$ 236,610.10</u>	<u>\$</u>	<u>\$</u>	<u>\$ 236,610.10</u>	

Order of the Chief Examiner

ORDER OF THE CHIEF EXAMINER

RE: MOTOR SPORTS HALL OF FAME COMMISSION OCTOBER 1, 2019 THROUGH SEPTEMBER 30, 2024

This matter of amounts due from the Accounts Manager, Karen Lakey, for the Motor Sports Hall of Fame Commission was brought before me on the 11th day of September 2025, pursuant to the provisions of the *Code of Alabama 1975*, Section 41-5A-20. The Accounts Manager for the Motor Sports Hall of Fame failed to appear before me on that date; therefore, I am of the opinion that the Accounts Manager for the Motor Sports Hall of Fame has failed to show just cause why the amounts due should not be paid.

Therefore, relief is denied.

Entered this the 12th day of September, 2025.



Rachel Laurie Riddle
Chief Examiner