

STATE ATHLETIC COMMISSION

Enabling Laws

Act 235 of 2012
A.C.A. § 17-22-201

History and Organization

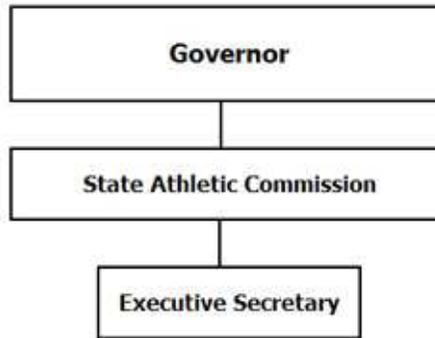
The Arkansas State Athletic Commission was created in 1927 by Act 131 and has a two-fold purpose. Each goal is inextricably linked and requires prudent promulgation of its Rules and Regulations, as well as enforcement of the statutory amendments or revisions.

The first goal of the Arkansas State Athletic Commission is to protect the health, safety and welfare of the participants, as well as that of the public, as these parties are involved in the professional and amateur combative sports regulated by the Arkansas State Athletic Commission.

The second goal is to preserve and insure the entertainment value of the professional and amateur combative sports that the Arkansas State Athletic Commission regulates.

In order to protect the health, safety and welfare of those described, the State Athletic Commission issues licenses to participants, officials, promoters and other affiliated personnel. In all combative sports, the Arkansas State Athletic Commission maintains the database shared with the Association of Boxing Commissioners in order to honor medical and administrative suspensions and revocations. Through the licensing of promoters, posting of bonds and passage of regulations supervising the events, the Arkansas State Athletic Commission protects the welfare and safety of the participants and general public.

In order to preserve and insure the entertainment value of all combative sports, the Arkansas State Athletic Commission creates rules and regulations that prevent fight fixing, the over-regulation of combative sports, the unlawful conduct of those it regulates, all of which could unduly remove the competitive nature for which they were designed.



Agency Commentary

The Arkansas Athletic Commission is requesting change level increases for the 2014-15 biennium in the following line items: Regular Salaries and Personal Services Matching.

The Commission is requesting an increase in Regular Salaries of \$35,554 each year for a Program Manager along with the necessary Personal Services Matching, due to the increased workload and responsibilities and attendant paperwork due by the Commission. The Commission currently must regulate both professional and amateur combative sports events. These include boxing, kickboxing, wrestling and all forms of mixed martial arts held in the State of Arkansas. Rules and Regulations passed and current Federal and national ABC Regulations require more intensive scrutinization.

The Commission is also requesting one Extra Help position, but no additional appropriation, to serve the Board's needs during core business hours throughout the working week. It is paramount in order to work with and answer inquiries from various state agencies and citizens.

The Commission has sufficient funding to cover this request for additional appropriation.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS STATE ATHLETIC COMMISSION
FOR THE YEAR ENDED JUNE 30, 2011

Findings	Recommendations
<p>Financial Management Guide Regulation R4-19-4-501 requires that each agency, board, and commission establish controls to properly account for cash receipts. In addition, the Financial Management Guide states that a receipt must be issued for each payment received and the original receipt given to the party making payment. A review of cash receipts disclosed the following:</p> <ul style="list-style-type: none">· The Agency did not issue a receipt to individuals when monies were received on location at events. Receipts were issued in total for the event at the Agency's office prior to making a deposit.· For the month selected for testing, 59% of the cash receipts were not deposited timely to the Treasury. <p>License renewal information is maintained in an electronic database. To properly safeguard and ensure reliability of license information, the Agency should ensure controls are in place to support reconciliation of receipts and deposits to licenses issued. The review of license revenue revealed the Agency does not reconcile receipts and deposits to licenses issued which could lead to misappropriation of assets.</p> <p>When confidential data stored on laptops are not encrypted, the risk is increased that a lost or stolen laptop will result in the unintentional release of confidential information. Release of this information, some of which could be used in identity theft, could result in loss of public trust.</p> <p>The Agency had a laptop stolen that contained critical personal information, such as Social Security numbers, dates of birth, and addresses, for over 5,000 licensees. Even though the laptop had standard password protection in place, it was not encrypted. IT best practices require such confidential information be encrypted to prevent unauthorized disclosure if equipment is lost or stolen.</p> <p>The Agency promulgated the Combative Sports Regulations, with various rules outlining event requirements. Rule 1.7 requires the Agency to pay the greater of the per diem allowed by state law for attendance at an event or actual, reasonable expenses. In addition, Rule 1.15.4.2 compels the Promoter of Combative Sporting Events to pay the Inspector/Supervising Commission Official a minimum of \$100 per event. Commission rules define an official as any individual who performs an official function, including but not limited to Commissioners.</p>	<p>Strengthen cash receipting controls, including the issuance of receipts and the timely deposit of all funds received.</p> <p>Strengthen internal controls related to the issuance of licenses.</p> <p>All Agency owned laptops be encrypted.</p> <p>Review its current regulations to ensure they are consistent with state law.</p>

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS STATE ATHLETIC COMMISSION
FOR THE YEAR ENDED JUNE 30, 2011

Findings

Ark Code Ann. § 25-16-903 states that the Commission may authorize to its members a stipend not to exceed \$60 per day for each meeting, examination, evaluation, or inspection attended or for any day while performing any proper business of the Board. Board members will receive no other compensation, expense reimbursement, or in-lieu-of payments except as provided in Ark. Code Ann. § 25-16-902, which provides for travel expense reimbursement not to exceed the rate established for state employees by state travel regulations.

Commissioners receiving payment from the Promoter for duties performed appears to conflict with Arkansas law.

Ark Code Ann. § 21-5-101(b)(4), known as the Regular Salary Procedures and Restrictions Act, states, "No employee of the State of Arkansas shall be paid any additional cash allowances...other than for reimbursement for costs actually incurred by the employee unless the allowances are specifically set out by law...."

In a review of the Commission's Combative Sports Regulations, it appears that Rule 1.15.4.2 allows for a minimum of \$100 paid to the Inspector/Supervising Commission Official. An inspector is defined as any person duly appointed to issue licenses, collect license fees, or oversee the proper execution of Commission regulations. When these duties are performed by a state employee who receives payment from the Promoter, the payment could conflict with Ark. Code Ann. § 21-5-101.

Recommendations

Review the Regular Salary Procedures and Restrictions Act to ensure future compliance with the law.

State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012

None

Publications

A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
None	N/A	N	N	0	N/A

Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012					FY2012 - 2013						
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
0	0	0	0	0	0.00 %	0	0	0	0	0	0.00 %	0	0	0	0	0	0.00 %

Analysis of Budget Request

Appropriation: 609 - Athletic Commission-Operations

Funding Sources: MAB - Arkansas Athletic Commission Fund

The Arkansas Athletic Commission oversees all professional or semi-professional matches or exhibitions in the State that involve wrestling, boxing, kick boxing, martial arts, or any combination of these sporting activities. The Commission is funded from annual license fees of boxers, wrestlers, managers, matchmakers, promoters, referees, physicians, timekeepers, and other persons arranging, participating in or otherwise dealing in matches and exhibitions regulated by the Commission. The Commission has authority to establish such fees in accordance with Act 1085 of 1999. Fees of 5% of the total gross receipts from admission charges from matches and exhibitions are collected.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level request for Regular Salaries includes board member stipend payments. Base Level Personal Services Matching is for payment of fringe benefits associated with these payments.

The Agency is requesting one full time position, an Athletic Commission Program Manager, grade C119. This request includes an increase of \$35,554 in Regular Salaries and an increase of \$12,725 in Personal Services Matching for each year of the biennium. The Agency is also requesting one additional extra-help position. These positions are requested to support agency operations.

The Executive Recommendation provides for the Agency Request, with the exception of the Program Manager position which is recommended at a Grade C117. The Executive Recommendation also transfers the Agency Request for appropriation and positions established for this Agency to the Department of Health.

ARKANSAS PLANNING BUDGETING & ADMINISTRATIVE SYSTEM

Appropriation Summary

Appropriation: 609 - Athletic Commission-Operations
Funding Sources: MAB - Arkansas Athletic Commission Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	3,780	5,000	5,000	5,000	40,554	0	5,000	40,554	0
#Positions	0	0	0	0	1	0	0	1	0
Extra Help 5010001	37,940	40,000	40,000	40,000	40,000	0	40,000	40,000	0
#Extra Help	1	1	1	1	2	0	1	2	0
Personal Services Matching 5010003	8,271	3,443	3,469	3,467	16,192	0	3,443	16,146	0
Operating Expenses 5020002	42,895	47,800	47,800	47,800	47,800	0	47,800	47,800	0
Conference & Travel Expenses 5050009	1,422	3,000	3,000	3,000	3,000	0	3,000	3,000	0
Professional Fees 5060010	1,425	8,810	8,810	8,810	8,810	0	8,810	8,810	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Total	95,733	108,053	108,079	108,077	156,356	0	108,053	156,310	0
Funding Sources									
Fund Balance 4000005	235,342	226,373		203,320	203,320	0	180,243	131,964	0
Special Revenue 4000030	86,764	85,000		85,000	85,000	0	85,000	85,000	0
Total Funding	322,106	311,373		288,320	288,320	0	265,243	216,964	0
Excess Appropriation/(Funding)	(226,373)	(203,320)		(180,243)	(131,964)	0	(157,190)	(60,654)	0
Grand Total	95,733	108,053		108,077	156,356	0	108,053	156,310	0

The Executive Recommendation is to transfer the appropriation and positions for this Agency to the Department of Health.

Change Level by Appropriation

Appropriation: 609 - Athletic Commission-Operations
Funding Sources: MAB - Arkansas Athletic Commission Fund

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	108,077	0	108,077	100.0	108,053	0	108,053	100.0
C01	Existing Program	48,279	1	156,356	144.7	48,257	1	156,310	144.7

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	108,077	0	108,077	100.0	108,053	0	108,053	100.0
C01	Existing Program	44,248	1	152,325	140.9	44,228	1	152,281	140.9
C07	Agency Transfer	(152,325)	(1)	0	0.0	(152,281)	(1)	0	0.0

Justification

C01	The Board is requesting 1 new position: an Athletic Commission Program Director, to provide the continuity, management and leadership needed by the Board to better serve and regulate combative sports events in Arkansas. The Board is also requesting an additional extra help position, but no appropriation increase, to serve the Board's needs during core business hours throughout the working week. It is paramount in order to work with and answer inquiries from various state agencies and citizens.
C07	The Executive Recommendation is to transfer the appropriation and positions for this Agency to the Department of Health.