



Audit of the District of Columbia Boxing and Wrestling Commission

June 25, 2013

A Report by the Office of the District of Columbia Auditor
Yolanda Branche, D.C. Auditor

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Acknowledgements

For their time, information, insight, and cooperation during the audit process, we want to thank the staff of the Boxing and Wrestling Commission.

Introduction

Pursuant to D.C. Code § 3-607 (f) (2012), the District of Columbia Auditor conducted the statutory audit of the District of Columbia Boxing and Wrestling Commission (Commission).

Objectives, Scope and Methodology

The objectives of this audit were to determine whether:

1. Revenue was properly collected and deposited to the General Fund (Fund);
2. Expenses charged to the Commission were proper;
3. Sales tax revenue was properly calculated and paid to the District; and
4. Licensing and permit activities were adequate and complied with requirements of applicable laws, regulations and policies.

Audit Scope

The audit period covered Fiscal Years (FY) 2009 through FY 2011 (October 1, 2008 through September 30, 2011).

Audit Methodology

To accomplish our audit objectives, we performed the following:

- Interviewed staff of the Boxing and Wrestling Commission, Office of Tax and Revenue (OTR), and the Office of the Chief Financial Officer (OCFO) Economic Development Regulation Cluster (EDRC).
- Examined gate reports, license and permit applications, reports from Pearson VUE, Inc, reports of deposits to and expenditures from the Fund as well as other documents.
- Observed the sale of tickets and the collection of ticket revenue at an event regulated by the Commission.

We conducted this audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a

reasonable basis for our findings and conclusions based on our audit objectives.

Background

D. C. Code § 3-601 (2012) provides for the creation of a Boxing and Wrestling Commission (Commission) for the District of Columbia. The Commission has the authority to promulgate rules and regulations, to promote the District of Columbia as a location for boxing, wrestling and martial arts events, and to regulate boxing and wrestling within its jurisdiction

The Commission was established under the supervision of the Department of Consumer and Regulatory Affairs, pursuant to Reorganization Plan Number 1 of 1983. The Commission operates under the administrative authority of the Occupational and Professional Licensing Division (OPLD¹). An administrative staff assists the Commission in carrying out the daily duties of the Commission.

The Commission is composed of three members appointed by the Mayor and confirmed by the Council of the District of Columbia. The term of office of a member of the Commission is three years. The Mayor nominates an individual to serve as Chairperson of the Commission.

Revenues collected by the Commission may be derived from:

1. Fees collected from the issuance of licenses and permits;
2. A five percent fee on gross receipts for each professional event staged in the District; and
3. A five percent fee on the first \$100,000 of gross receipts and 2 percent on gross receipts in excess of \$100,000, from or owed for, the presentation of boxing or wrestling events on closed circuit telecast or subscription television viewed within the District, whether or not originating within the District.

Each promoter or presenter of a boxing or wrestling event is required to provide the Commission with a report of gross receipts within 24 hours after an event.

¹ Also referred to as OPLA.

In Fiscal Year (FY) 2009, Boxing and Wrestling Commission revenue totaled \$63,024. Commission revenue totaled \$94,325 in FY 2010 and \$83,858 in FY 2011.

Findings

Improvements are needed in the oversight of the Commission's licensing contractor

The District of Columbia Office of Contracting and Procurement contracted with Pearson VUE, Inc. to manage and operate the licensing operations and functions for 18 non-health professional boards of the Department of Consumer and Regulatory Affairs (DCRA), Business and Professional Licensing Administration/Occupational and Professional Licensing Division (BPLA/OPLD). The 18 non-health professional boards included the Commission. According to Commission representatives, Pearson VUE (contractor) provided services to the Commission since Fiscal Year (FY) 2007. The contractor began providing services to OPLD in 1989.

Applicants for a license from the Boxing and Wrestling Commission submitted their application, supporting documents, and applicable fees directly to Pearson VUE. The Commission reviewed the submitted application package. Upon the Commission's review and approval of the application, applicants were issued a license to practice in the District of Columbia. Pearson VUE received a fee of \$65 for each initial, reinstated or renewed license transaction.

1. Contractor payments did not comply with contract provisions

Pearson VUE's contract with the District provided that the District would pay Pearson VUE upon submission of an invoice.

We found that Pearson VUE did not submit an invoice requesting payment for services rendered. Pearson VUE collected the fees for applications, licensure and other related services directly from the applicants and licensees. Rather than submitting all fees collected to the District, Pearson VUE retained a fee of \$65, per transaction, for each initial, reinstated or renewed license. Any fees beyond the \$65 transaction fee were remitted to DCRA/OPLD on a monthly basis. Pearson VUE provided a monthly report which included a summary of financial activity and fees received by Pearson VUE. The monthly report also identified the amount remitted to the District by Pearson VUE.

According to the Commission, the monthly report represented Pearson VUE's invoice. However, our review of the report found that the report did not contain a request for payment because Pearson VUE deducted its payment for services from the fees Pearson VUE collected.

As a result of the contractor's failure to comply with contract provisions by submitting a proper invoice, the Commission did not authorize services before payment.

Recommendation:

1. The Commission should establish policies and procedures to authorize payment to Pearson VUE only upon the Commission's review and approval of an invoice.

2. Gate reports were not filed within the required timeframe

D.C. Code § 3-607(b) provides that: “Every person holding or conducting an event within the jurisdiction of the Commission shall file with the Commission, within 24 hours after the event is over, a report concerning fees, prices, revenues, and gross receipts from the event at the time and in the form prescribed by the Commission;...”

During FYs 2009, 2010 and 2011, 19 professional events were held within the Commission’s jurisdiction. According to the Commission, promoters did not file the gate reports. The Commission filed the gate reports according to the ticket sale manifests received from the promoters or venue operators. The Commission did not date stamp the gate reports, as a result, neither the Auditor nor the Commission could determine from gate reports whether the reports were filed within 24 hours. In order to determine if the reports were filed within 24 hours, we used the date that the reports were signed by the event promoter and/or a Commission representative as the report receipt date.

We found that of the 19 gate reports prepared by the Commission, 11 reports, or 58 percent, were not filed within the required 24 hour timeframe. The submission time for the 11 reports ranged from 4 days to 78 days after an event. We could not determine when the gate report for one of the 19 events was filed because the gate report did not include any dates or signatures.

We also found that of the 19 events, 12 promoters did not pay the required Commission fee of five percent of the gross receipts within the required 24 hour timeframe. The number of days after the required 24 hours that the Commission received payment ranged from 9 days to 430 days.

The Commission’s Program Manager stated that 24 hours was insufficient time to complete the reports.

The gate reports and fees were required to be filed and paid within 24 hours to ensure that all amounts owed by the promoter were properly remitted to the Commission. By failing to ensure compliance with the 24 hour filing deadline, the Commission possibly jeopardized receipt of funds that were due.

Recommendations:

2. Commission officials must implement policies and procedures to ensure that persons holding or conducting an event within the jurisdiction of the Commission file with the Commission, within 24 hours after the event is over, a report concerning fees, prices, revenues, and gross receipts from the event.
3. Commission officials must establish and implement a procedure to record the date of receipt for all gate reports.

3. Fees totaling \$3,189.61 were not assessed for failure to file gate reports and remit fees within 24 hours

D.C. Code § 3-608 (c) (2011), provides that

For failure to file the reports or pay the fees required in subsections (b) and (c) of § 3-607, a fine amounting to 10% of the fees due under that section, up to a maximum of 30% thereof, shall be assessed for each month or part thereof in which such required reports are not filed, or fees paid.

We found that the Commission did not fine promoters for failure to file gate reports and pay fees within 24 hours.

We determined that fines totaling \$947.37 in FY 2009, \$2,003.17 in FY 2010 and \$239.07 in FY 2011 should have been collected for failure to file gate reports and remit the fees within 24 hours.

According to the Commission's Program Manager, the Commission did not assess fines because the Commission believed that if this provision were enforced, promoters would stop promoting events in the District. As a result, the Commission did not collect \$3,189.61 in fines.

Recommendation:

4. Consistent with D.C. Code § 3-608 (c)(2011), the Commission should assess fines for reports that are not filed and fees not paid within 24 hours after the event.

4. Commission lacked a written policy for tickets given to sponsors and to the military

We found that in addition to printing complimentary tickets, one promoter also printed tickets for sponsors and the military. The tickets did not include a price for sponsor and military tickets. The promoter did not report the tickets as complimentary. Additionally, the promoter did not pay a Commission fee on sponsor and military tickets that exceeded two percent².

The Commission's regulations did not address the treatment of tickets given to sponsors or the military. However, according to the Commission's Program Manager, the tickets given to sponsors and the military were considered complimentary tickets. The Program Manager also stated that the Commission did not collect Commission fees on tickets given to sponsors or the military because the Commission strongly believed in supporting military troops, especially during times of war. The Program Manager did not explain why the Commission did not require the promoter to pay a Commission fee on sponsor tickets that exceeded two percent.

We determined that Commission fees totaling \$2,176.85 should have been collected for the 813 tickets the promoter printed for sponsors and the military during the audit period.

Recommendation:

5. The Commission should develop and implement a written policy regarding tickets provided to sponsors and the military. Such policy must adhere to the regulatory cap regarding complimentary tickets.

² Pursuant to 19 DCMR §2123.8 "a maximum of two percent (2%) of the tickets to an event may be complimentary." Further, 19 DCMR §2123.9 required that "each complimentary ticket shall be marked "Complimentary"."

5. Commission failed to collect \$14,336 in fees

D.C. Code § 3-607 (b) (2011) requires every person holding or conducting an event within the jurisdiction of the Commission to file a gate report and to pay a fee of five percent of the gross receipts realized as a result of the event.

We found that the Commission did not collect the required 5 percent Commission fee on the gross receipts as reported on gate reports. Instead the Commission collected 5 percent on the net receipts, after deducting sales tax.

According to the Commission's Program Manager, the Commission fee was calculated on gross receipts after the deduction of sales tax rather than on the gross receipts before deducting sales tax because of past practices.

We calculated the Commission fees that the Commission would have collected if the five percent Commission fee had been calculated on the gross receipts before deducting the sales taxes. We compared our results with the Commission's calculation and determined that additional Commission fees of \$14,336 would have been collected by the Commission if the fee had been based on the gross receipts before deducting sales taxes.

Recommendation:

6. The Commission should collect the additional fees from promoters who incorrectly paid five percent on net receipts rather than gross receipts.

6. Tickets were not properly secured

19 DCMR §§ 2123.13-2123.14 (LexisNexis 2012) state that at each event, representatives of the promoter and the inspector of the Commission shall supervise the gates and the gate receipts. Further, the inspector of the Commission shall ensure that the box in which tickets are deposited, has two padlocks.

We observed the gate receipt process for an event held at the Washington Convention Center on November 19, 2011. The inspector of the Commission attended the event. However, the box used to deposit the tickets was not in compliance with the regulations. We found that the tickets were deposited into a cardboard box which did not have the required two padlocks.

Failure to deposit tickets into a box that had two padlocks resulted in tickets that were not properly secured. The lack of a secure box with two padlocks provided an opportunity for tickets to be lost or stolen.

Recommendation:

7. The Commission should establish and implement policies and procedures to comply with 19 DCMR §§ 2123.13-2123.14 (LexisNexis 2012) which requires the Commission to ensure that the box in which tickets are deposited has two padlocks.

7. Commission lacked procedures to ensure that the sales tax was paid

The sale of tickets or charges for admission to public events, which include sporting events are taxable under D.C. Code § 47-2001(n) (1) (H) (2011).

We found that no procedures existed to ensure that promoters consistently paid the sales tax. We further found that no procedures existed to ensure that the sales tax was applied to the correct taxpayer's account.

Our review of the Commission's files found copies of four checks payable to the D.C. Treasury for sales tax. We found receipts from the D.C. Treasury showing deposits of the four checks.

However, we found copies of an additional five checks payable to the D.C. Treasury that did not have receipts documenting that the five checks were deposited to the D.C. Treasury. For two of the five checks there was a memorandum from the Commission stating the checks should be transmitted to the Economic Development Regulation Cluster. However, neither EDRC, the Commission, nor the Auditor could determine whether the two checks were deposited to the D.C. Treasury and applied to the taxpayers' account.

For one event, there were no copies of a check, receipt or any other documentation that the sales tax was paid.

The Commission's Program Manager stated that the collection of the sales tax was not the responsibility of the Commission. According to the Program Manager, the Commission collected the sales tax as a courtesy to the OCFO. After collection of the sales tax, the Commission forwarded collected sales tax payments to the OCFO.

As a result of the lack of procedures to ensure that promoters consistently paid the sales tax, neither the Auditor nor the Commission could verify that, during the audit period, the sales tax was properly paid and applied to the appropriate taxpayer's account.

Recommendation:

8. The Commission should coordinate with the Office of the Chief Financial Officer Office of Tax and Revenue to develop and implement policies and procedures to ensure that promoters consistently pay the sales tax and the sales tax is applied to the correct taxpayer's account.

8. Events designated as exempt from sales tax lacked documentation

We found that the gate report for one promoter indicated that the gross receipts from two events were exempt from sales tax. However, the Commission could not document that the gross receipts from the events regulated by the Commission qualified for an exemption from sales tax under D.C. Code § 47-2005 (2012).

While D.C. Code § 47-2005 (2012) does provide that gross receipts from certain sales are exempt from sales tax, the Commission did not require the promoter to provide the required documentation to verify that the events qualified for an exemption.

As a result of the failure of the Commission to properly exempt a promoter from sales taxes, the District did not receive the appropriate revenue.

Recommendation:

9. The Commission should develop and implement policies and procedures to ensure that promoters provide the necessary documentation to support claims of exemption from sales tax.

9. Incorrect sales tax rate was used to calculate sales tax revenue

Effective October 1, 2009, the District's general sales and use tax rate increased from 5.75 percent to 6 percent. For events held at the Verizon Center, the sales tax rate increased from 10 percent to 10.25 percent. However, for FY 2010 and FY 2011, the Commission continued to calculate the general sales tax at 5.75 percent, rather than the required 6 percent. Similarly, for events at the Verizon Center, the Commission continued to calculate the sales tax using 10 percent, rather than 10.25 percent.

If the Commission had used the correct rate of 6 percent for general sales and 10.25 percent for events held at the Verizon Center, the Commission would have collected \$4,942.58. According to Commission officials, the incorrect rates were used because the Commission was not aware that the sales tax rate increased.

The Commission's Program Manager indicated that the Commission relied on EDRC to ensure that the financial data on the gate report was accurate. After the gate report was completed the Commission sent the gate report to OCFO's EDRC for review. According to the Commission, EDRC did not inform the Commission that the sales tax rate was incorrect.

OCFO EDRC's revenue accounting manager stated that they were not aware of the increase in the sales tax rate and therefore could not inform the Commission. Consequently, the Commission did not collect the correct general sales tax.

Recommendation:

10. The Commission should coordinate with the Office of the Chief Financial Officer to establish and implement policies and procedures to ensure that the correct sales tax rate is used to calculate sales taxes for general sales and events held at the Verizon Center.

10. \$1,191.44 in expenses were incorrectly charged to the Boxing and Wrestling Commission

During FY 2009 through 2011, we found that the Commission paid \$1,191.44 in travel related expenses for a member of the D.C. Board of Barber and Cosmetology to attend the mid-year conference of the National Association of Barber Boards of America.

The duties and responsibilities of the Board of Barber and Cosmetology are not related to the duties of the Boxing and Wrestling Commission. Therefore, the travel-related expenses for a member of the Board of Barber and Cosmetology should not have been paid from Commission funds.

Recommendation:

11. The Commission should take steps to have travel expense totaling \$1,191.44 reimbursed from the D.C. Board of Barber and Cosmetology to the Boxing and Wrestling Commission.

11. Commission files lacked required documents

D.C. Code § 3-606.6 (b) (2011) states in relevant part that “[N]o person shall hold, conduct, or be a participant in any such boxing, wrestling, or martial arts contest, match, or exhibition without a permit or license from the Commission.”

19 DCMR § 2026.4 (c) (LexisNexis 2012) lists the following documents for submission with an application for a permit or license from the Commission:

1. A **financial statement** demonstrating that the applicant has sufficient funds to meet all financial obligations of promoting the event for which the permit is sought;
2. **Certificates of insurance** evidencing that the applicant has obtained:
 - a. Insurance covering property damage and personal injury to spectators in an amount as required by the facility at which the event will be held and as approved by the Commission; and
 - b. Insurance providing medical coverage for each contestant in an amount to be approved by the Commission based on prevailing costs of medical treatment and the circumstances of each event, but in no case less than ten thousand dollars (\$10,000).

From FY 2009 through FY 2011, the Commission hosted a total of 19 events; 7 events in FY 2009, 6 in FY 2010 and 6 in FY 2011. We reviewed the permit application files for each of the 19 events. We found that the files did not consistently contain financial statements and certificates of insurance. Our review found the following:

- None of the 19 files contained a financial statement;
- 15 or 79 percent of the files did not document medical coverage for each contestant of at least \$10,000;
- 13 or 68 percent of the files did not have a certificate evidencing property insurance; and
- 9 or 47 percent of the files did not document personal injury insurance.

Additionally, applications for event permits asked specific questions and requested information. We found that applicants did not answer all the questions or provide all of the requested information listed on the application. Based on our review of the permit application files:

- None of the 19 applicants listed the sources of income and the amount of income projected from each source;
- 12 of the 19 applicants, or 63 percent, were not bonded for the required \$10,000. 1 of the 12 applicants was bonded for \$5,000. Only 3 of the 12 bonds were signed as approved by the Commission;
- 8 of the 19 applications did not contain the name of the contestant in each event;
- 6 of the 19 applications did not provide the name of the ambulance company;
- 6 of the 19 applications were not signed by the Chairperson of the Commission; and
- 1 of the 19 events did not have an application.

Finally, we selected a sample of 90 participants³ and officials licensed by the Commission from FY 2009 through FY 2011. We examined the Commission's files to determine whether the participants complied with Commission requirements for obtaining a license. We found the following deficiencies in the files:

- Health records for 21 applicants for officials who were required to submit health records were not in the files.
- Five of the referees included in our sample did not contain documentation that a required medical examination was conducted by a licensed physician approved by the Commission.

The Commission did not have a written record retention policy. According to the Commission Program Manager, medical records were maintained for only six months. Since the Commission did not have a record retention policy, the Commission should have followed the District's record retention policy and maintained medical records for five years.

³ Participants means all boxers, wrestlers, performers of martial arts, managers, matchmakers, promoters, referees, judges, timekeepers, announcers, ushers, ticket sellers, advertising and public relations personnel, and other persons that the Commission may designate who are involved or connected with, other than as a spectator, boxing, wrestling or martial arts contests, matches, exhibitions, or showings, professions as well as amateur, to be held, given, or shown within the District of Columbia.

Since Commission files were missing, incomplete or lacked the required financial statements, certificates of insurance, responses to specific questions, and participant license documentation, the Commission exposed the District to possible legal, medical and financial risk.

Recommendations:

12. The Commission should develop and implement policies and procedures to ensure that Commission files comply with the requirements of 19 DCMR § 2026.4 and files are complete and accurate.
13. The Commission should establish and implement a written records retention policy that is consistent with the District's records retention policy.

12. The Commission failed to determine whether applicants owed outstanding debts to the District

D.C. Code § 47-2862 (2012) in relevant part states:

“Notwithstanding, any other provision of law, the District government shall not issue or reissue a license or permit to any applicant for a license or permit if the applicant owes the District more than \$100 in outstanding fines, penalties, or interest assessed pursuant.

Further D.C. Code § 47-2863 provides:

(2) At the time of application for a license or permit the applicant shall certify on a form provided by the District government that the applicant owes no outstanding debt over \$100 to the District government as a result of any fine, fee, penalty, interest, or past due tax as set forth in § 47-2862.

The certification form was used to determine whether the applicant owed the District and outstanding debt. We found that 17 of the 19 applicants for a permit to hold an event did not provide the required certification form.

Recommendation:

14. Commission officials must take steps to ensure that all applicants for a permit submit a certification form in compliance with D.C. Code §§ 47-2862 (2012) and 47-2863.

13. Licensing and Permit fees charged by the Commission exceeded published rates by \$2,605

D.C. Code § 3-606(c) (2011) specifically states:

The Commission shall have the power to collect fees for permits and licensure in an amount and in a manner that is reasonable in light of costs of administration and like charges imposed by other jurisdictions for similar licenses and that it shall determine with the approval of the Mayor.

17 DCMR § 3500.2 (d) (LexisNexis2012) sets forth the fee schedule for permits and licensure related to boxers and wrestlers. The Commission did not provide a fee schedule for kick boxers and martial arts events.

We reviewed the permit application files for each of the 19 events hosted by the Commission from FY 2009 through FY 2011. We found that for 18 of the 19 events the Commission overcharged for various fees and licenses. One event did not have the required file. We found 66 occurrences where the Commission charged a fee in excess of published rates resulting in a total charge of \$2,605 more than the published fee schedule. Figure 1 presents the summary of fees in excess of the Commission's published rates.

Figure 1 - Summary of Fees in Excess of the Commission's Published Rates

Type	Published Fee	Commission Charge	Difference	Number of Occurrences	Total Overcharge
Permit fee	\$50	\$65	\$15	18	\$270
Referee	\$50	\$110	\$60	5	\$300
Second	\$25	\$50	\$25	17	\$425
Wrestler	\$25	\$110	\$85	7	\$595
Boxer	\$25	\$50	\$25	11	\$275
Kickboxer	None	\$85	\$85	1	\$85
Martial arts	None	\$85	\$85	3	\$255
Reinstatement	None	\$150	\$150	2	\$300
Late	None	\$50	\$50	2	\$100
Total				66	\$2,605

As a result of the failure of the Commission to charge the correct fees, numerous individuals were overcharged. The Program Manager stated that the Commission relied on D.C. Code 3-606 (f) to make the changes to the fees for permits and licenses including those for martial arts.

Recommendation:

15. The Commission should establish the appropriate policies and procedures to ensure that the correct fees are charge for license and permits.

14. Individuals performed duties for which they were not licensed

19 DCMR §§ 2012.1, 2014.1 and 2016.1 (LexisNexis 2012) do not permit any person to act as referee, inspector or judge for an event without securing a license pursuant to the Commission's rules and procedures. We found instances, in which individuals officiated at events for which the individual was not licensed. For example, an individual with an inspector license officiated as a timekeeper without a timekeeper license. Figure 2 presents events that were improperly officiated.

Figure 2 - Events that were Improperly Officiated

License Held by the Individual	Individual Improperly Served As:	Number of Times Individuals Officiated Without License
Inspector	Timekeeper	9
Inspector	Knock down score keeper	8
Inspector	Scorekeeper	2
Inspector	Judge	1
Inspector	Chief Judge	1
Judge	Inspector	6
Referee	Judge	9
Referee	Inspector	4
Judge and Referee	Inspector	3

According to the Commission, a person who is licensed as a referee can perform the duties of a judge, inspector and timekeeper. A person that is licensed as a judge can perform the duties of an inspector or timekeeper and a person licensed as an inspector can perform the duties of timekeeper (scorekeeper and knock down timekeeper). According to the Commission, this is a standard industry practice.

Notwithstanding the assertions of the Commission regarding standard industry practice, the Commission's rules and procedures do not state that judges and referees can perform the duties of an inspector or that timekeeping and

scorekeepers can perform the duties of an inspector. As a result, improperly licensed individuals officiated at events.

Recommendation:

16. The Commission must ensure that individuals that officiate at events are properly licensed in accordance with D.C. laws and regulations and Commission rules and procedures.

Conclusion

The Boxing and Wrestling Commission (Commission) for the District of Columbia promotes the District of Columbia as a location for boxing, wrestling and martial arts events, and regulates boxing and wrestling. Our audit found that significant improvements are needed in the management of the operations of the Commission.

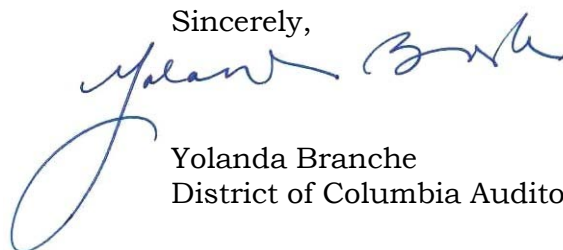
We are particularly concerned that the Commission's mismanagement of certain events resulted in \$24,645.04 of loss revenue for the District. Specifically:

- The Commission did not assess \$3,189.61 in fines for promoters that failed to file gate reports within the required time period;
- \$2,176.85 was not collected from promoters for tickets given to sponsors and the military;
- \$14,336 in fees on gross receipts before sales tax was not collected; and
- \$4,942.58 was not collected because the Commission used the incorrect sales tax rate.

In addition, some reported expenditures for the Commission were inaccurate, unreliable, and in some cases were unrelated to functions of the Commission. It is most troubling that the Commission exposed the District to possible legal, medical and financial risk by failing to maintain complete and accurate files that contained required financial statements and certificates of insurance.

We are pleased that the Commission agreed with the majority of our recommendations. By implementing these recommendations, we look forward to substantial improvement in the operations of the Boxing and Wrestling Commission.

Sincerely,



Yolanda Branche
District of Columbia Auditor

Comments from the Commission

On March 8, 2013, the District of Columbia Auditor submitted the draft report titled, *"Audit of the District of Columbia Boxing and Wrestling Commission"* to the Program Manager of the Boxing and Wrestling Commission in the Department of Consumer and Regulatory Affairs for review and comment. The Auditor received written comments from the Program Manager on May 6, 2013. The Program Managers responses and the District of Columbia Auditor's responses are attached to this report.



DISTRICT OF COLUMBIA
Boxing and Wrestling Commission

ADDRESS ALL COMMUNICATIONS
TO THE COMMISSION

May 6, 2013

Yolanda Branche
District of Columbia Auditor
Office of the District of Columbia Auditor
717 14th Street, N.W. Suite 900
Washington, D.C. 20005

Dear Ms. Branche:

On behalf of Chairman Bryan Irving of the DC Boxing and Wrestling Commission (Commission), please find enclosed the Commission's written comments on the draft report of the Audit of the District of Columbia Boxing and Wrestling Commission.

If you have any additional questions, feel free to contact Commission Administrator Mr. S. J. Brown at 202.4442.4472.

Thank you for your time and consideration in this matter.

Sincerely,

Clifford Cooks

Clifford Cooks
Program Manager
Occupational Professional Licensing Administration
Department of Consumer and Regulatory Affairs

Cc: N. Majett, Director
C. Bridges, Financial Officer
E. Rodgers, Administrator

Audit of the District of Columbia Boxing and Wrestling Commission

Recommendation	Agency Agrees Date Agency will Implement Recommendation	Agency Disagrees Alternative Recommendation
1. Commission should establish policies and procedures to authorize payment to Pearson VUE only upon the Commission's review and approval of a proper invoice submitted by the contractor.	Agrees; and will implement by the effective date of the new contract. The Office of Contracts and Procurement (OCP) included new language that will be followed.	
2. Commission officials should conduct an assessment to determine the amount of time necessary to complete and file a gate report after an event. If the results of the assessment reflect that the timeframe should be amended, the Commission should work with the D.C. Council to establish a different timeframe. However, until the legislation is amended, the Commission must enforce the 24 hour timeframe for filing reports and paying the fees.	Agrees; the Commission will recommend amending the law to have 3-business days prepare the Gate Report. The Commission will have a draft of the language by September 30, 2013.	
3. Commission officials must record the date of receipt for all gate reports.	Agrees; The Gate Report will be date stamped and signed or signed and dated.	
4. Consistent with D.C. Code, § 3-608 (c)(2011) the Commission should assess fines for reports that are not filed and fees not paid within the required timeframe after the end of an event.	Agrees; The Commission will prepare and send a letter assessing fines and sanctions against a promoter that do not file report(s) and do not pay fees. By September 30, 2013.	

Recommendation	Agency Agrees Date Agency will Implement Recommendation	Agency Disagrees Alternative Recommendation
5. The Commission should develop a formal policy regarding whether 5 percent Commission fee should be applied to complimentary tickets, above 2 percent, given to sponsors and the military.	Agrees; yes the Commission will establish a policy. By September 30, 2013.	
6. The Commission should revise the process for determining Commission fees to be consistent with the requirements of D.C. Code, section 3-607 (b).	Agrees. By September 30, 2013	
7. The Commission should establish policies and procedures to comply with D.C. Code Mun. Regs. title 19 §§ 2123.13-2123.14 (LexisNexis 2012) which requires the Commission ensure that the box in which tickets are deposited has two padlocks.	Agrees; the Commission will have a lock box with two (2) pad-locks for those venues that do not scan tickets. By July 1, 2013.	
8. The Commission should establish and implement policies and procedures to ensure all payments for sales tax payments are properly deposited with the District Treasury and those payments are correctly applied to the taxpayer's account.		Disagrees; The Office of Tax and Revenue (OTR) is responsible for correctly applying to the District Treasury payments to taxpayer accounts.
9. The Commission should require any event promoter that claims exemption from sales taxes to provide documentation of such exemption.		Disagrees; the Commission is not responsible for verifying the Tax Exempt status.

Recommendation	Agency Agrees Date Agency will Implement Recommendation	Agency Disagrees Alternative Recommendation
10. The Commission should establish and implement policies and procedures to ensure that the correct sales tax rate is used to calculate sales taxes for events held at the Verizon Center.		Disagrees; the Commission does not collect taxes from the Verizon Center; the Verizon Center pays its taxes directly to the DC Treasury.
11. Travel expense totaling \$1,191.44 should be reimbursed from the D.C. Board of Barber and Cosmetology to the Boxing and Wrestling Commission.	Agrees; the OCFO will prepare a Journal Entry to transfer funds from the D.C. Board of Barber and Cosmetology to the Boxing and Wrestling Commission within 30 business days. It will ensure that other OPLA Board/Commission expenses will not be charged to the Boxing and Wrestling Commission.	
12. The Boxing and Wrestling Commission should reimburse the OPLD Boards for the expenditures that were incorrectly charged.	Agrees; the OCFO will prepare a Journal Entry to transfer funds from the Boxing and Wrestling Commission's account to OPLA's Special Fund Account within 30 business days.	
13. The Commission should limit its P-purchases to the amounts advanced to cover such expenditures. Additional funds should be advanced if insufficient funds are available for necessary purchases.		Disagrees; the OPLA Special Account can be used for all of its Boards and Commissions based on the Program Manager's discretion, pursuant to DC Code 47-2853.11.
14. The Agency Fiscal Officer should ensure that expenditures related to the Commission are not charged to other Boards or Commissions.	Agrees.	
15. Commission officials must take steps to ensure that all applicants for a permit comply with D.C. Code §§ 47-2862 (2012) and 47-2863.	Agrees; revisions will be made to the Permit Application to include a Clean Hands Act attestation question. By September 30, 2013.	

Recommendation	Agency Agrees Date Agency will Implement Recommendation	Agency Disagrees Alternative Recommendation
16. The Commission should establish and implement a written record retention policy that is consistent with the District's record retention policy for all application documents and ensure that documents are maintained consistent with the policy.	Agrees; the development of a records retention policy is being updated. The Commission will have a draft by September 30, 2013.	
17. The Commission should establish the appropriate policies and procedures to ensure that the correct fees are charged for license and permits.	Agrees, the Commission will update the Fee schedule by September 30, 2013.	
18. The Commission must take steps to ensure that officials perform only the duties that they are licensed to perform. The Commission must also work to ensure that the regulations accurately reflect the Commission's policies on licensing officials.	Agrees, the Commission will clarify the Scope of Practice for each level of official. Will draft rules by December 30, 2013.	

Auditor's Response to Comments from the Commission

The Auditor appreciates the comments provided by the Commission on the draft report. Specifically, the Auditor requested that the Commission:

- Address each recommendation included in the report; and
- Indicate whether the Commission agreed or disagreed with each recommendation.
- If the Commission agreed with the recommendation, provide a timeframe for the implementation of the recommendation; and
- If the Commission disagreed with the recommendation, suggest an alternative recommendation to address the audit finding.

The Commission accepted 14 of the 18 recommendations that were included in the draft report. Three of the recommendations that the Commission disagreed with related to deficiencies we found relating to the calculation and collection of the sales tax for events. The Commission indicated in their response that the Commission does not have oversight of sales taxes rather it is the responsibility of the Office of the Chief Financial Officer (OCFO). We revised our report accordingly and recommended that the Commission coordinate with the OCFO to develop policies and procedures to ensure that sales taxes are correctly calculated, collected and accurately credited to the tax payer.

The Commission noted that Section 47-2853.11 permits the Commission to charge expenses which were unrelated to functions of the Boxing and Wrestling Commission to the Occupation and Professions Licensure Special Account. The report was revised in light of the requirements of Section 47-2853.11.