

Report on the

**Plumbers and Gas Fitters Examining Board
State of Alabama
Homewood, Alabama**

October 1, 2016 through September 30, 2018

Filed: November 8, 2019



**Department of
Examiners of Public Accounts**

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Rachel Laurie Riddle, Chief Examiner



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

Dear Madam:

Under the authority of the *Code of Alabama 1975*, Section 41-5A-19, as added by Act Number 2018-129, I submit this report on the results of the examination of the Plumbers and Gas Fitters Examining Board for the period October 1, 2016 through September 30, 2018.

Sworn to and subscribed before me this
the 25 day of October, 2019.

Kelly D. Matthews
Notary Public

Respectfully submitted,

Rodney Wagstaff
Examiner of Public Accounts

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Department of
Examiners of Public Accounts

SUMMARY

**Plumbers and Gas Fitters Examining Board
October 1, 2016 through September 30, 2018**

The Plumbers and Gas Fitters Examining Board (the “Board”) operates under the authority of the *Code of Alabama 1975*, Sections 34-37-1 through 34-37-18. By law, the Board examines, certifies, and regulates plumbers, gas fitters, and medical gas piping fitters by issuing licenses on a statewide basis pursuant to this chapter.

This report presents the results of an examination of the Board and a review of compliance by the Board 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, as added by Act Number 2018-129. Our examination was performed for the purpose of determining whether the public officers, agents, and employees of the Board properly and lawfully accounted for all money and other public assets or resources received, disbursed, or in the custody of the Board. Our examination included determining compliance by the Board with state laws and regulations that pertain to financial transactions; personnel; safeguarding of state-owned assets, property, and resources; information dissemination, processing, and retention; and official actions, rulemaking procedures, and meetings. As a part of our examination, we also reviewed internal control policies and procedures relating to the areas listed above. Our examination did not encompass managerial and operational matters, such as whether the Board accomplished its mission or its regulatory, enforcement, investigative, or other oversight activities in an efficient, fair, timely, or legal manner.

Findings are numbered and reported by the examination period in which the finding originally occurred.

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 are summarized below.

CURRENT FINDINGS

- 2018-01 Relates to the Board not establishing a fee for an inactive license.
- 2018-02 Relates to receipts not being deposited in a timely manner.

- 2018-03 Relates to the Board not certifying deposits in a timely manner.
- 2018-04 Relates to the Board not completing I-9 forms or e-verifying new employees.
- 2018-05 Relates to the Board not posting vacancy notices to the Secretary of State's website.
- 2018-06 Relates to the Board improperly waiving the apprenticeship requirements for applicants.

UNRESOLVED PRIOR FINDINGS

All prior findings have been resolved.

Board members and the Executive Director were invited to an exit conference held on October 3, 2019. Individuals in attendance were Board members: Phillip Guthrie, Henry McCoy, Charles Owenby, Janice Warren, Scotty Winfrey; James Morgan, Executive Director; Kim Holifield, Executive Operations Administrator; Kelly Butler, Deputy Attorney General; along with Robin Hutcheson, Audit Manager, and Rodney Wagstaff, Examiner, from the Department of Examiners of Public Accounts.



Department of
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COMMENTS

**Plumbers and Gas Fitters Examining Board
October 1, 2016 through September 30, 2018**

The Plumbers and Gas Fitters Examining Board (the “Board”) operates under the authority of the *Code of Alabama 1975*, Sections 34-37-1 through 34-37-18. By law, the Board examines, certifies, and regulates plumbers, gas fitters, and medical gas piping fitters by issuing licenses on a statewide basis pursuant to this chapter.

The Board consists of seven members appointed by the Governor to terms not to exceed four years. Appointments are subject to confirmation by the Senate. The Board is composed of: one master plumber, one journeyman plumber, one master gas fitter, one journeyman gas fitter, one registered professional engineer licensed by the State Board of Registration of Professional Engineers and Land Surveyors, one municipal or county building official, and one member from the public at large.

The Executive Director, who is appointed by the Board, supervises the day-to-day operations of the Board. The Executive Director is within the unclassified service of the State’s Merit System with compensation set by the Board. The Executive Director serves at the pleasure of the Board.

The Board operates from Special Revenue Fund 0358 maintained in the State Treasury. The Board’s operating funds are derived from licensing fees and penalties collected by the Board in carrying out its statutory mission. At the end of each fiscal year, the Board retains funds that do not exceed 25% of the prior fiscal year budget. All money remaining at the end of the fiscal year exceeding 25% of the prior fiscal year budget is transferred to the 501(c)(3) nonprofit Alabama Home Builders Foundation to be used exclusively for classroom training tools at educational facilities that provide plumbing and gas fitting curriculums to include any program approved or accredited by the State of Alabama, the United States federal government, or the Board. If the Alabama Home Builders Foundation should lose its nonprofit status, those funds are then transferred to the State General Fund. The Board did not transfer any excess funds during the examination period.

The Board owned non-consumable personal property consisting of automobiles, office furniture, computers and equipment. A comparison was done of non-consumable personal property in the custody of the Board with property records maintained by the Property Inventory Division of the State Auditor’s Office. No discrepancies were noted.

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*Schedule of State Legal
Compliance and Other Findings*

Schedule of State Legal Compliance and Other Findings
For the Examination Period Ended September 30, 2018

Ref. No.	Finding/Noncompliance
2018-01	<p><u>Finding:</u> The Board has not adopted an administrative rule to set the annual renewal fee for an inactive license. Since the Board has not set the fee in the fee schedule, licensees have renewed their inactive licenses annually since 2016 without paying a fee as required by the <i>Code of Alabama 1975</i>, Section 34-37-14(c).</p> <p>The <i>Code of Alabama 1975</i>, Section 34-37-14(c) states, “Any current certified or registered individual who does not intend to engage in the business of plumbing or gas fitting, as defined in this chapter, shall complete an inactive status affidavit obtained from the Board. Any individual in inactive status <i>must renew annually by remitting the annual inactive renewal fee set in the fee schedule.</i>”</p> <p><u>Recommendation:</u> The Board should set a fee for an inactive license in the fee schedule and require applicants to remit the renewal fee annually.</p>
2018-02	<p><u>Finding:</u> Receipts were not deposited in a timely manner. One hundred and nine bank deposits consisting of 2,517 checks and money orders were reviewed for the examination period October 1, 2016 through September 30, 2018. Of the 2,517 checks and money orders received, 1,400 (55.62%) were deposited 14-82 days after collection.</p> <p>The Board is responsible for establishing and maintaining a system of internal accounting controls to provide reasonable assurance that receipts are deposited in a timely manner. Failure to promptly deposit checks and money orders unnecessarily increases the risk of loss or misuse of state funds.</p> <p><u>Recommendation:</u> The Board should deposit all receipts in a timely manner.</p>

Schedule of State Legal Compliance and Other Findings
For the Examination Period Ended September 30, 2018

Ref. No.	Finding/Noncompliance
2018-03	<p><u>Finding:</u> The Board did not certify deposits to the State Treasury in a timely manner. One hundred and ninety-eight Certificate of Deposits were reviewed for the examination period October 1, 2016 through September 30, 2018. Thirty-two of the 198 were deposits certified 31 to 338 days after they were deposited or electronically submitted to the bank.</p> <p>The Department of Finance Fiscal Policy and Procedure Manual Section 3-2 states that agencies are required to submit Cash Receipt Form FRMS-7, along with the deposit documentation to the State Treasurer’s Office. The State Treasurer requires all agencies to certify all monies that are deposited or electronically remitted to a Treasury bank account within 30 days.</p> <p><u>Recommendation:</u> The Board should certify all monies that are deposited or electronically remitted to a bank account within 30 days to the State Treasurer.</p>
2018-04	<p><u>Finding:</u> The Board did not verify the employment eligibility of three employees or complete I-9 forms, and the Board did not verify the employment eligibility of one employee within three business days of the date of hire.</p> <p>The <i>Code of Alabama 1975</i>, Section 31-13-15(b) states, “Effective April 1, 2012, every business entity or employer in this state shall enroll in E-Verify and thereafter, according to federal statutes and regulations governing E-Verify, shall verify the employment eligibility of the employee through E-Verify.</p> <p>The <i>E-Verify Manual Chapter 2 Section 1</i> states, “Newly hired employees <i>must complete Section 1 of Form I-9 in its entirety on the first day of employment. ... Employers must complete Section 2 of Form I-9 in its entirety within three days of the employee’s date of hire</i>”.</p> <p>Furthermore, the <i>E-Verify Manual Chapter 2 Section 2</i> states, “E-Verify cases must be created no later than the third business day after the employee starts work for pay”.</p> <p><u>Recommendation:</u> The Board should complete I-9 forms and verify the employment eligibility of all employees through E-Verify within three business days after the employees start work for pay.</p>

Schedule of State Legal Compliance and Other Findings
For the Examination Period Ended September 30, 2018

Ref. No.	Finding/Noncompliance
2018-05	<p><u>Finding:</u> The Board did not notify the Secretary of State of three vacant positions on the Board occurring as a result of two resignations and a death as soon as possible or within 15 days after the occurrence of the vacancy.</p> <p>The <i>Code of Alabama 1975</i>, Section 36-14-17(d)(2) states, “The Chair of an existing Board shall give electronic notification to the Secretary of State of each vacancy occurring as a result of a newly created Board position and every other 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.”</p> <p><u>Recommendation:</u> The Board should notify the Secretary of State of vacancies on the Board as soon as possible or within 15 days after the occurrence of the vacancy.</p>
2018-06	<p><u>Finding:</u> The Board is not requiring all applicants for examination as a journeyman plumber or gas fitter to submit proof of two years current work as an apprentice, or completion of an apprentice training program approved by the Board as required by the Board’s statutes. During six board meetings the Board voted to waive the apprentice requirements for fifteen applicants for examination.</p> <p>The <i>Code of Alabama 1975</i>, Section 36-37-6(e)(1) states, “An applicant for examination for a journeyman plumber or gas fitter certificate <i>shall submit proof that the applicant has two years of current work experience as an apprentice plumber or gas fitter</i> or has completed an apprentice training program approved by the Board.”</p> <p><u>Recommendation:</u> An applicant for examination for a journeyman plumber or gas fitter certificate should submit proof that the applicant has two years of current work experience as an apprentice or has completed an apprentice training program approved by the Board.</p>

Schedule of Cash Receipts, Disbursements and Balances
For the Period October 1, 2016 through September 30, 2018

	2017-2018	2016-2017
<u>Receipts</u>		
Plumbers and Gas Fitters	\$ 1,460,136.00	\$ 1,451,242.00
Fees - Professional or Occupational Exam	101,015.00	86,845.00
Miscellaneous Fees - Not Otherwise Classified	519.69	16,924.93
Professional/Occupational Board Penalties	119,304.00	114,619.00
Bad Check Penalties	90.00	540.00
Salvaged Equipment	5,568.64	
Total Receipts	<u>1,686,633.33</u>	<u>1,670,170.93</u>
<u>Disbursements</u>		
Personnel Costs	815,312.59	774,480.01
Employee Benefits	344,195.86	319,865.52
Travel, In-State	94,122.07	83,019.78
Travel, Out-of-State	25,358.52	13,404.41
Repair and Maintenance	1,428.70	1,438.29
Rentals and Leases	69,221.38	61,471.68
Utilities and Communication	60,533.82	57,929.63
Professional Services	265,424.48	191,555.97
Supplies, Materials and Operating Expenses	46,944.66	55,409.86
Transportation Equipment Operations	50,708.89	50,563.17
Transportation Equipment Purchases	104,589.45	
Other Equipment Purchases	29,314.27	36.52
Total Disbursements	<u>1,907,154.69</u>	<u>1,609,174.84</u>
Excess (Deficiency) of Receipts Over Disbursements	(220,521.36)	60,996.09
Cash Balances at Beginning of Year	<u>541,155.19</u>	<u>480,159.10</u>
Cash Balances at End of Year	320,633.83	541,155.19
Reserve for Unpaid Obligations	<u>(130,102.74)</u>	<u>(119,493.98)</u>
Available Cash Balances at Year-End	<u>\$ 190,531.09</u>	<u>\$ 421,661.21</u>

Board Members and Officials
October 1, 2016 through September 30, 2018

Board Members		Term Expires
Hon. Henry McCoy	Chairman	2019
Hon. Bobby Bulloch	Member	2019
Hon. Phillip Guthrie	Member	2019
Hon. Charles Owenby	Member	2019
Hon. Janice Warren	Member	2019
Hon. Scotty Winfrey	Member	2019
Hon. John Bimbo	Member	Deceased
Hon. P. E. Pilgreen (1)	Member	2019
Hon. Bryan Shuford (2)	Member	2019

Officials

Mr. James Morgan
Executive Director
216 Aquarius Drive, Suite 319
Homewood, AL 35209
Phone: (205) 945-4857
www.pgfb.alabama.gov

Mr. David Wilcox
Executive Director
January 2018

(1) Resigned December 2016

(2) Resigned November 2018