

Report on the

**Licensing Board for General Contractors
State of Alabama
Montgomery, Alabama**

October 1, 2017 through September 30, 2019

Filed: June 26, 2020



**Department of
Examiners of Public Accounts**

**401 Adams Avenue, Suite 280
Montgomery, Alabama 36104-4338
P.O. Box 302251
Montgomery, Alabama 36130-2251
Website: www.examiners.alabama.gov**

Rachel Laurie Riddle, Chief Examiner



Rachel Laurie Riddle
Chief Examiner

State of Alabama
Department of
Examiners of Public Accounts

P.O. Box 302251, Montgomery, AL 36130-2251
401 Adams Avenue, Suite 280
Montgomery, Alabama 36104-4338
Telephone (334) 242-9200
FAX (334) 242-1775

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

Dear Madam:

An examination was conducted on the Licensing Board for General Contractors, Montgomery, Alabama, for the period October 1, 2017 through September 30, 2019, by Examiners Rodney Wagstaff and Charles Bass. I, Rodney Wagstaff, 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 and findings of the examination.

Respectfully submitted,

A handwritten signature in blue ink that reads "Rodney Wagstaff".

Rodney Wagstaff
Examiner of Public Accounts

rb

Table of Contents

	<i>Page</i>
Summary	A
Contains items pertaining to state legal compliance.	
Comments	C
Contains information pertaining to agency operations and other matters.	
Schedule of State Legal Compliance and Other Findings	E
Contains detailed information about findings pertaining to state legal compliance and other findings.	
Exhibit #1	1
Schedule of Cash Receipts, Disbursements and Balances	
Exhibit #2	2
Board Members and Officials – a listing of the Board members and Officials.	



Department of
Examiners of Public Accounts

SUMMARY

**Licensing Board for General Contractors
October 1, 2017 through September 30, 2019**

The Licensing Board for General Contractors (the “Board”) operates under the authority of the *Code of Alabama 1975*, Sections 34-8-1 through 34-8-28. By law, the Board licenses and regulates the practice of contracting and subcontracting commercial construction in Alabama. The Board’s functions include reviewing applicants’ qualifications for examination, issuing licenses, investigating complaints, and holding violation hearings concerning noncompliance with the contractor licensing law.

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. 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 they are summarized below.

CURRENT FINDING

- 2019-01 Relates to the Board not administering the Oath of Office to two members.

UNRESOLVED PRIOR FINDING

- 2017-01 Relates to the Board not notifying the Secretary of State of board member vacancies.

Board members and the Executive Secretary were invited to an exit conference held on May 20, 2020. Individuals in attendance were: Tiffany Loveless, Executive Secretary; Trina Davis, Executive Assistant; and Chip Grizzle, Board member, participating via telephone, along with Maria L. Catledge and Rodney Wagstaff from the Department of Examiners of Public Accounts.



Department of
Examiners of Public Accounts

COMMENTS

**Licensing Board for General Contractors
October 1, 2017 through September 30, 2019**

The Licensing Board for General Contractors (the “Board”) operates under the authority of the *Code of Alabama 1975*, Sections 34-8-1 through 34-8-28. By law, the Board licenses and regulates the practice of contracting and subcontracting commercial construction in Alabama. The Board’s functions include reviewing applicants’ qualifications for examination, issuing licenses, investigating complaints, and holding administrative hearings on noncompliance with the contractor licensing law.

The Board is comprised of five members appointed by the Governor. Each member must be a general contractor with at least ten years’ experience in the field as a contractor. At least one member of the Board must have as a larger part of his or her business in the construction of highways; in the construction of public utilities; in the construction of buildings; and in the performance of construction work as a subcontractor. The members serve five-year terms, expiring on December 31 of those years. There are no term limits and members may continue to serve until their successors are appointed and qualified.

The Board appoints an Executive Secretary, who is employed in the unclassified service of the State’s merit system.

The Board operates from Special Revenue Fund 0368 in the State Treasury. The Board’s operating funds are derived from fees and fines collected by the Board in carrying out its statutory mission. The *Code of Alabama 1975*, Section 34-8-25, requires that any funds remaining at the end of the fiscal year in excess of 33 percent of the Board’s budget of the previous fiscal year must be transferred to the State’s General Fund. Unexpended balances up to 33 percent of the Board’s budget from the previous fiscal year may be retained in the Board’s fund at year-end. The Board transferred \$97,482.80 for fiscal year 2018 in January 2019, and \$274,210.96 for fiscal year 2019 in January 2020.

A portion of the contractor and subcontractor licensing fees collected by the Board are reserved by law for transfer to institutions of higher education to support contractor-based curriculum. During the period examined, the Board distributed funds to the following institutions of higher education:

Institutions of Higher Education	FY 2018	FY 2019
Jefferson State Community College	\$ 40,041.52	\$ 24,147.22
Auburn University	480,937.25	491,393.10
University of Alabama - Birmingham	43,952.76	43,400.06
University of Alabama - Huntsville	27,718.45	28,445.82
University of Alabama - Tuscaloosa	136,437.00	138,475.13
University of South Alabama	48,428.62	38,317.04
Civil Engineering Foundation - Alabama A&M University	16,983.17	17,545.76
Total	<u>\$794,498.77</u>	<u>\$781,724.13</u>

The Board owned nonconsumable personal property consisting of automobiles, office furniture, computers and equipment. A comparison was done of nonconsumable 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.

*Schedule of State Legal
Compliance and Other Findings*

Schedule of State Legal Compliance and Other Findings
For the Examination Period Ended September 30, 2019

Ref. No.	Finding/Noncompliance
2019-01	<p><u>Finding:</u> Two members reappointed to the Board did not take the oath of office.</p> <p>The <i>Code of Alabama 1975</i>, Section 34-8-21 states, “Each member of the Board shall before entering upon the discharge of the duties of his or her office take and file with the Secretary of State the oath required by Section 279 of the Constitution of Alabama”.</p> <p><u>Recommendation:</u> The Board should administer the oaths of office to each member upon each appointment and file the oaths with the Secretary of State.</p>

UNRESOLVED PRIOR FINDING

Ref. No.	Finding/Noncompliance
2017-01	<p><u>Finding:</u> The Board did not notify the Secretary of State at least 45 days of a vacancy occurring as a result of the expiration of a board member’s term. The member’s term expired December 31, 2017.</p> <p>The <i>Code of Alabama 1975</i>, Section 36-14-17(d)(1) states, “The Chairman of an existing Board shall notify the Secretary of State of a vacancy scheduled to occur on the Board as a result of the expiration of a term at least 45 days before the vacancy occurs.”</p> <p><u>Current Status:</u> The Board did not notify the Secretary of State of a vacancy occurring as a result of the expiration of a member’s term that expired December 31, 2018</p> <p><u>Recommendation:</u> It is again recommended that the Board should notify the Secretary of State of vacancies scheduled to occur on the Board at least 45 days before the vacancy occurs.</p>

Schedule of Cash Receipts, Disbursements and Balances
For the Period October 1, 2017 through September 30, 2019

	2018-2019	2017-2018
<u>Receipts</u>		
General Contractor License Fee	\$ 949,838.03	\$ 954,885.54
Additional Fees - Higher Education	822,867.50	836,314.50
Legal Violation	586,000.00	413,000.00
Total	<u>2,358,705.53</u>	<u>2,204,200.04</u>
<u>Disbursements</u>		
Personnel Costs	661,085.56	698,365.81
Employee Benefits	306,950.99	318,339.58
Travel, In-State	19,845.57	13,779.37
Travel, Out-of-State	1,133.00	
Repair and Maintenance	791.96	896.26
Rentals and Leases	86,609.64	86,609.64
Utilities and Communication	43,723.42	53,483.89
Professional Services	79,474.40	68,855.56
Supplies, Materials, and Operating Expenses	71,878.84	72,369.77
Transportation Equipment Operations	12,331.22	11,827.84
Other Equipment Purchases	4,099.54	10,245.32
Transfer to the General Fund	97,482.80	194,574.99
Distributions to Institutions of Higher Education	794,498.77	813,557.20
Total	<u>2,179,905.71</u>	<u>2,342,905.23</u>
Excess (Deficiency) of Receipts Over Disbursements	178,799.82	(138,705.19)
Cash Balances at Beginning of Year	<u>1,730,499.32</u>	<u>1,869,204.51</u>
Cash Balances at End of Year	1,909,299.14	1,730,499.32
Reserved for Unpaid Obligations	(38,730.34)	(31,091.57)
Reserved for Transfer to Higher Education	(781,724.13)	(794,498.77)
Reserved for Transfer to General Fund	<u>(274,210.96)</u>	<u>(97,482.80)</u>
Available Cash Balances at Year-End	<u>\$ 814,633.71</u>	<u>\$ 807,426.18</u>

Board Members and Officials
October 1, 2017 through September 30, 2019

Board Members		Term Expires
----------------------	--	---------------------

Hon. Alex Whaley, Sr.	Chairman	2019
Hon. Chip Grizzle	Member	2020
Hon. Marc Dempsey	Member	2022
Hon. Keith Andrews	Member	2021
Hon. Mike Tew	Member	2023

Officials

Ms. Tiffany Loveless

Executive Secretary
2525 Fairlane Drive
Montgomery, AL 36116
Ph. (334) 272-5030
Fax. (334) 395-5336
www.genconbd.alabama.gov

Mr. Joseph C. Rogers, Jr. Executive Secretary November 2018