

Report on the

Plumbers and Gas Fitters Examining Board

State of Alabama

Homewood, Alabama

October 1, 2018 through September 30, 2020

Filed: June 4, 2021



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:

An examination was conducted on the Alabama Plumbers and Gas Fitters Examining Board, Homewood, Alabama, for the period October 1, 2018 through September 30, 2020. 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,

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

Rodney Wagstaff
Examiner of Public Accounts

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Department of
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SUMMARY

**Plumbers and Gas Fitters Examining Board
October 1, 2018 through September 30, 2020**

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 the Board’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. Our examination was performed to determine 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

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.

- ◆ 2020-001 Relates to the Board not notifying the Secretary of State of vacancies scheduled to occur at least forty-five days before the vacancy occurs.
- ◆ 2020-002 Relates to the Board not depositing checks and money orders in a timely manner. This was reported in the prior examination as Finding 2018-002.

- ◆ 2020-003 Relates to the Board not certifying deposits to the State Treasurer's Office in a timely manner. This was reported in the prior examination as Finding 2018-003.

EXIT CONFERENCE

Board members and the Executive Director were invited to attend an exit conference via telephone on May 19, 2021. Individuals in attendance were Board members: Phillip Guthrie, Henry McCoy, and Scotty Winfrey; James Morgan, Executive Director; and Kimberly Holifield, Executive Operations Administrator, along with Robin Hutcheson and Rodney Wagstaff from the Department of Examiners of Public Accounts.



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COMMENTS

**Plumbers and Gas Fitters Examining Board
October 1, 2018 through September 30, 2020**

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 is appointed by the Board and supervises the day-to-day operations 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 in an amount that does not exceed 25% of the prior fiscal year budget. All money remaining at the end of the fiscal year exceeding 25% of the prior 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 nonconsumable personal property consisting of automobiles, office furniture, computers, and equipment. Nonconsumable personal property in the custody of the Board was compared with property records maintained by the Property Inventory Control 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, 2020

Ref. No.	Finding/Noncompliance
2020-001	<p><u>Finding:</u> The Board did not notify the Secretary of State, at least forty-five days <i>before</i> the vacancies occurred, of the expiration of the terms of six board members. The Board submitted vacancy notices fifty-five days <i>after</i> the members' terms expired. As a result, interested candidates were not given sufficient notice of upcoming board member appointments.</p> <p>The <i>Code of Alabama 1975</i>, Section 36-14-17(d)(1) states, "The chair of an existing board shall notify the Secretary of State by electronic means 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>Recommendation:</u> The Board should notify the Secretary of State of vacancies scheduled to occur at least forty-five days before the vacancy occurs.</p>
2020-002	<p><u>Finding:</u> The Board did not deposit checks and money orders in a timely manner. Four hundred fifty-six bank deposits consisting of 4,545 checks and money orders were reviewed. One hundred six of the 4,545 checks and money orders were deposited fifteen to ninety-nine days after they were received. Failure to promptly deposit checks and money orders unnecessarily increases the risk of loss or misuse of state funds. This finding was reported in the prior examination as Finding 2018-002.</p> <p>The <i>Code of Alabama 1975</i>, Section 34-37-5 gives the Board the authority to collect and deposit fees in a Special Revenue Fund in the State Treasury. Therefore, to fulfill this responsibility, it is management's responsibility to establish, implement and maintain policies and procedures to ensure that money orders and checks collected are deposited in a timely manner.</p> <p><u>Recommendation</u> The Board should deposit checks and money orders in a timely manner.</p>

Schedule of State Legal Compliance and Other Findings
For the Examination Period Ended September 30, 2020

Ref. No.	Finding/Noncompliance
2020-003	<p><u>Finding:</u></p> <p>The Board has not implemented effective internal controls to ensure that bank deposits are certified to the State Treasury within thirty days as required by the State Treasurer’s Office. One thousand thirty-two deposit certifications were reviewed. Twenty-five of the one thousand thirty-two were certified thirty-three to one hundred forty-two days after funds were deposited or electronically remitted to the bank, increasing the risk of loss of Board funds. This finding was reported in the prior examination as Finding 2018-003.</p> <p>The Department of Finance’s 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></p> <p>The Board should certify all monies that are deposited or electronically remitted to a Treasury bank account within 30 days to the State Treasurer.</p>

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Schedule of Cash Receipts, Disbursements and Balances
For the Period October 1, 2018 through September 30, 2020

	2019-2020	2018-2019
Receipts		
Plumbers and Gas Fitters	\$ 1,403,009.49	\$ 1,426,032.50
Fees - Professional or Occupational Exam	100,120.00	106,365.00
Refunds and Reimbursements		30.00
Professional/Occupational Board Penalties	117,885.00	120,502.50
Bad Check Penalties	60.00	420.00
Salvaged Equipment	304.23	10,190.94
Total	<u>1,621,378.72</u>	<u>1,663,540.94</u>
Disbursements		
Personnel Costs	834,320.34	852,899.36
Employee Benefits	340,722.66	340,705.01
Travel, In-State	50,271.73	83,933.04
Travel, Out of State	7,288.26	19,793.56
Repairs and Maintenance	1,016.61	325.35
Rentals and Leases	71,369.90	66,436.45
Utilities and Communication	55,778.18	54,019.09
Professional Services	142,331.29	160,561.96
Supplies, Materials, and Operating Expenses	45,680.47	46,005.45
Transportation Equipment Operations	27,500.57	33,330.61
Transportation Equipment Purchases	34,188.40	69,536.30
Other Equipment Purchases	2,440.03	12,285.09
Total	<u>1,612,908.44</u>	<u>1,739,831.27</u>
Excess (Deficiency) of Receipts Over Disbursements	8,470.28	(76,290.33)
Cash Balances at Beginning of Year	<u>244,343.50</u>	<u>320,633.83</u>
Cash Balances at End of Year	252,813.78	244,343.50
Reserved for Year-End Obligations	<u>(70,246.63)</u>	<u>(119,064.40)</u>
Unreserved Cash Balances at End of Year	<u>\$ 182,567.15</u>	<u>\$ 125,279.10</u>

Board Members and Official
October 1, 2018 through September 30, 2020

Board Member		Term Expires
Hon. Henry McCoy	Chairman	2023
Hon. Scotty Winfrey	Member	2023
Hon. Bobby Bulloch	Member	2023
Hon. Isador Gardner	Member	2023
Hon. Phillip Guthrie	Member	2023
Hon. Charles Owenby	Member	2023
Hon. Janice Warren	Member	2023
Hon. Bryan Shuford	Member	2019 (1)

Official

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(1) Resigned November 2018