

December 18, 2023

Melinda Grant, Undersecretary  
California Business, Consumer Services and Housing Agency  
500 Capitol Mall, Suite 1850  
Sacramento, CA 95814

Dear Undersecretary Melinda Grant,

In accordance with the State Leadership Accountability Act (Leadership Accountability), the State Athletic Commission submits this report on the review of our internal control and monitoring systems for the biennial period ending December 31, 2023.

Should you have any questions please contact Andy Foster, Executive Officer, at (916) 263-2478, [Andy.Foster@dca.ca.gov](mailto:Andy.Foster@dca.ca.gov).

## **GOVERNANCE**

### **Mission and Strategic Plan**

The California State Athletic Commission (Commission) is dedicated to the health, safety and welfare of participants in regulated combat sporting events, through ethical and professional service.

Goal 1: Health and Safety: The Commission fosters a safe and healthy environment for participants in regulated combat sporting events.

Goal 2: Licensing: The Commission is an international leader in promoting licensing standards for participants in regulated combat sporting events.

Goal 3: Enforcement: The Commission protects consumers by preventing violations and effectively enforcing laws and regulations when violations occur.

Goal 4: Legislation, Regulation and Policy: The Commission pursues statutes, regulations, policies and procedures that strengthen and support their mandate and mission.

Goal 5: Organizational Effectiveness: The Commission builds an excellent organization through proper governance, effective leadership and responsible management.

Goal 6: Pension Plan: The Commission effectively manages the California Professional Boxers Pension Plan.

Goal 7: Outreach: The Commission proactively communicates its mission, vision and goals to stakeholders.

## **Control Environment**

The Executive Officer (EO), Andy Foster, is the head of the Commission and is responsible for the overall establishment and maintenance of the internal control and monitoring systems. The Executive Officer reports directly to a Commission of 7 members that are appointed by the Governor, the Senate Committee on Rules and the Speaker of the Assembly. The EO maintains regular communication with the Chair of the Commission as well as weekly reports to all Commission members, per Commission Policy. Executive management is responsible for recruitment and ensures a competent workforce, evaluates staff performance and enforces accountability.

Management establishes integrity and ethical values by demonstrating respect, dedication to a job well done, collaboration with staff on important issues arising, establishing an employee code of conduct, and ultimately gaining employees' trust. Management regularly coaches and trains staff on excellent customer service and commitment to our licensees.

The Commission's primary functions are licensing, regulation of events, and enforcement. California Code of Regulations section 206 states the jurisdiction, duties and responsibilities of all commission representatives and employees shall be established by the Executive Officer, subject to the approval of the Commission.

Management documents all processes and procedures by developing and regularly updating Standard Operating Procedures, which are maintained in a centralized location on a shared electronic file, distributed to all staff via email and a printed hard copy.

Management fills vacancies as needed if funding is available, and works to recruit the best possible candidates by utilizing screening criteria and best practices. In addition to the recruitment of civil service staff in the office, the Executive Officer works diligently to recruit the best possible officials for the high-level matches held in California. Recruitment of these officials in boxing often involves input from sanctioning body stakeholders such as the World Boxing Council (WBC), International Boxing Federation (IBF), World Boxing Organization (WBO), World Boxing Association (WBA), and International Boxing Organization (IBO). Recruitment of the officials in mixed martial arts requires analysis from Pod Index, MMA Decisions, or any other analytical tools available to ensure that high level judges and referees are officiating high level mixed martial arts, and the highest-level judges and referees are officiating the title fights in UFC and Bellator. We also host regular trainings for the officials via videoconference and in person so that they are the most competent in the country.

Management works with staff on Individual Development Plans and provides opportunities for staff to grow in their careers. These opportunities include training through the Department of Consumer Affairs (DCA), internal cross training amongst staff, and outside training provided by private vendors or other state agencies such as CalHR and Office of Administrative Law. Staff also have opportunities to apply and participate in DCA's Mentorship Program. Management

holds all staff accountable for their workload and actions by holding counselling sessions, issuing counselling memorandums, and if needed, formal discipline.

### **Information and Communication**

The Commission has several means to share information regarding operational, programmatic and financial decision making. The Assistant Executive Officer works closely with the EO and meets regularly to discuss areas of concern associated with the industry, internal and external risks to the Commission, staff performance, staff accountability, field operations, and fiscal concerns. The EO also provides weekly EO Reports to the Commissioners containing updates regarding the budget, administrative issues, staffing updates, industry concerns, regulatory affairs, and upcoming events.

In addition, the Commission meets four times per year in a public setting to handle matters relating to licensure and appeals of license denials, suspension and fines, propose and review regulations or legislation focused on maintaining the health and safety of fighters, oversee its delegated entities, consider issues related to the Boxer Pension Program and the Neurological Examinations Account, evaluate funding and revenue strategies, and address a variety of topics brought forth by stakeholders.

Commission staff utilizes TEAMS, an online Microsoft program used to share electronic files, instant messaging, and live video meetings. The EO, AEO, Chief Athletic Inspector, and Assistant Chief Athletic Inspector maintains regular communication via TEAMS, telephone and/or email with all Athletic Inspectors. The Athletic Inspectors attend mandatory training at least twice per year.

### **MONITORING**

The information included here discusses the entity-wide, continuous process to ensure internal control systems are working as intended. The role of the executive monitoring sponsor includes facilitating and verifying that the State Athletic Commission monitoring practices are implemented and functioning. The responsibilities as the executive monitoring sponsor(s) have been given to: Andy Foster, Executive Officer.

The information included here discusses the entity-wide, continuous process to ensure internal control systems are working as intended. The role of the executive monitoring sponsor includes facilitating and verifying that the State Athletic Commission monitoring practices are implemented and functioning. The responsibilities as the executive monitoring sponsor(s) have been given to: Andy Foster, Executive Officer; and Patrisha Blackstock, Assistant Executive Officer.

The Commission's EO reports risks and risk management strategies to the Commissioners on a weekly basis and at the Commission's public meetings four times per year. The following activities are performed to ensure internal controls are effective:

- EO meets regularly with executive management to discuss the day to day operations;
- Executive management holds routine staff meetings and one-on-one meetings with staff regarding staff performance and expectations;
- Routine internal audits are conducted on Event Packets to determine effectiveness of internal procedures and processes in place;

- Comparison of audit results to determine if change is needed; and Continuous monitoring of processes in place.

## **RISK ASSESSMENT PROCESS**

The following personnel were involved in the State Athletic Commission risk assessment process: executive management.

The following methods were used to identify risks: brainstorming meetings, ongoing monitoring activities, audit/review results, other/prior risk assessments, external stakeholders, and consideration of potential fraud.

The following criteria were used to rank risks: likelihood of occurrence, potential impact to mission/goals/objectives, timing of potential event, potential impact of remediation efforts, and tolerance level for the type of risk.

## **RISKS AND CONTROLS**

### **Risk: Lack of Online Tracking System**

The Commission lacks adequate systems to collect, process and track licensing and enforcement workload online. The use of workaround systems creates inefficiencies and operational deficits for workload tracking, business analytics and actionable data for management decisions

#### **Control: Business Modernization Plan**

The Commission, in conjunction with the Department of Consumer Affairs (DCA), has developed a Business Modernization Plan to effectively facilitate the analysis, approval, and potential transition to a new licensing and enforcement platform. The Plan outlines an approach to identifying the Commission's specific business needs, determining cost-effective options, and proposes initial schedules. The Plan also considers the impacts and requirements of the Project Approval Life-cycle (PAL), the project approval process required by the California Department of Technology. The thorough planning, business analysis, and Commission-specific nature of this effort will ensure success.

### **Risk: Reliance on Key Personnel**

The Commission does not employ a large staff, yet the Commission regulates more combat sports events than any other state Commission by a large margin. The Commission relies on key personnel to administer operations. Any long-term absence of the EO, AEO, Chief Athletic Inspector, or the Assistant Chief Athletic Inspector, could impact field operations and overall fighter safety and a fair regulatory environment.

#### **Control: Training of Personnel**

The Legislature re-established the Chief Athletic Inspector and Assistant Chief Athletic

Inspector, which are classifications unique to the Commission and will assist with regulation of events and provide business continuity among events for fighter safety and a fair regulatory environment of the industry. The Chief Athletic Inspector and the Assistant Chief Athletic Inspector actively train the Lead Inspectors and the Inspectors that work in the field so that they are able to perform the duties necessary to ensure the health of safety of the participants at Commission regulated events.

**Risk: Boxer Pension Plan**

The Commission is responsible for administering the Boxer Pension Plan. Lack of administrative and fiscal resources make it difficult to fully run this program at an acceptable level.

**Control: Outreach**

The Commission will continue to use the resources available to reach out to potential Boxer Pension Plan participants and continue to look at other possible alternative options to promote the Boxer Pension Plan.

**Risk: Uncertainty within the Combat Sports Industry**

The Commission's revenues are not predictable, not always stable and fluctuate greatly depending on the number of combat sporting events held in California for which the Commission provides oversight.

**Control: Working Closely with Major Industry Stakeholders**

The Commission will continue to work closely with promoters to bring larger events to California.

**Control: Closely Monitor Fund**

Commission staff will continue to work closely with DCA's Budget Office to monitor the CSAC fund for potential issues that may necessitate operational changes or fee increases. This information is also regularly shared with Commissioners at public Commission meetings.

**CONCLUSION**

The State Athletic Commission strives to reduce the risks inherent in our work and accepts the responsibility to continuously improve by addressing newly recognized risks and revising risk mitigation strategies as appropriate. I certify our internal control and monitoring systems are adequate to identify and address current and potential risks facing the organization.

**Andy Foster, Executive Officer**

CC: California Legislature [Senate (2), Assembly (1)]  
California State Auditor  
California State Library  
California State Controller  
Director of California Department of Finance  
Secretary of California Government Operations Agency