



OFFICE OF THE  
**City Auditor**

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# **Edmonton Combative Sports Commission Fee Review**

August 22, 2012

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The Office of the City Auditor conducted  
this project in accordance with the  
*International Standards for the  
Professional Practice of Internal Auditing*

# Edmonton Combative Sports Commission Fee Review

## 1. Introduction

In May 2012, the Office of the City Auditor (OCA) received a complaint that the Edmonton Combative Sports Commission (ECSC) collected licensing and other fees that exceeded the Council-approved fee schedule for 2011. This review was conducted to assess compliance to the approved fee schedule.

## 2. Background

### 2.1. Edmonton Combative Sports Commission

The ECSC oversees the governance and operation of professional sports in the City of Edmonton. As such, ECSC is responsible to conduct licensing and regulation of combative sports such as mixed martial arts, boxing and wrestling. The ECSC's objective is to ensure a safe competition environment and to provide officials such as referees, judges and ringside physicians for combative sports events.

The ECSC is comprised of seven volunteer members selected by the City of Edmonton in an open competition. The operational activities of the ECSC are managed by an Executive Director, who reports to the ECSC but is an employee of the City of Edmonton. The Executive Director is accountable to the Manager of the Community Standards Branch, within the Community Services Department.

### 2.2. ECSC Bylaw History

In 2010, the ECSC, the Executive Director, and the Manager of Community Standards in conjunction with the City's Law Branch began another revision of Bylaw 14308, *Boxing, Wrestling and Other Combative Sports*. This Bylaw was replaced by two Bylaws, effectively separating the governance and operation roles.

Bylaw 15638, *Edmonton Combative Sports Commission Bylaw* defines the roles and powers of the Commission and that of the Executive Director. Bylaw 15594, *Combative Sports Bylaw* prescribes the systems for licensing and permitting events, specifies offenses related to events, the appeal process for licensing and permitting decisions and an updated licence fee schedule. Bylaw 15594 was approved in November 2011 and the effective implementation date for this Bylaw and the accompanying updated licence fee schedule was January 1, 2012.

### 3. Objectives

Our objective was to determine if the ECSC overcharged individuals and organizations and if so whether refunds have been processed.

### 4. Scope and Methodology

We reviewed the following Bylaws:

- Bylaw 14308, *Boxing, Wrestling and Combative Sports Bylaw* to determine the conditions under which licencing and other fees were to be assessed and the approved fee schedule (approved March 20, 2007, amendment November 24, 2009 and effective until December 31, 2011).
- Bylaw 15594, *Combative Sports Bylaw* (approved November 9, 2011 with an effective date and fee schedule of January 1, 2012).
- Bylaw 15638, *Edmonton Combative Sports Commission Bylaw* (approved November 9, 2011).

We interviewed City personnel to learn how and why individuals and organizations may have been over-charged. We gathered all ECSC licence fee transactions for 2011 and conducted a detailed analysis to determine potential overpayments. We confirmed the licence fee overpayments with the Executive Director and his staff.

### 5. Observations and Analysis

#### 5.1. Fee Schedule

We met with the Executive Director and learned that ECSC erroneously began using the 2012 fee schedule in 2011 in anticipation of the new Bylaw (Bylaw 15594) being approved in January 2011. Ultimately, the Bylaw was not approved until November 9, 2011, with an effective Bylaw date of January 1, 2012. Therefore all ECSC licence fees charged in 2011 should have been in accordance to the approved licence fee schedule contained in Bylaw 14308. This resulted in ECSC overcharging a number of individuals and organizations.

The fees payable under Bylaw 14308 (the Bylaw governing 2011) and Bylaw 15594 (effective date January 1, 2012) are outlined in Table 1. As observed in Table 1, the licence fee schedule identified under Bylaw 14308 has changed in comparison to the new licence fee schedule contained within Bylaw 15594. Under Bylaw 14308 (prior to 2012) all licence fees were based on an annual fee. Under Bylaw 15594 (post 2012) licence fees are based on an annual fee with the exception of professional fighters and the promoter (wrestling only) licence fees which are per event.

**Table 1 – Approved Licence and Permit Fees**

Licence/Permit Type	2011 Approved Fee <sup>1</sup>	2012 Approved Fee <sup>1</sup>
Promoter/Matchmaker	\$100	\$1,000
Promoter (wrestling only)	\$100	\$500
Professional (Fighter/Seconds)	\$25	\$75 per team/event
Officials (Referees, Judges, Ring Generals)	\$25	\$200, any other official \$50
Medical Doctors	\$25	\$200

**Note 1:** Licence and permit fees are annual unless otherwise noted.

## 5.2. Quantifying Refunds

Given the escalation in licence fees from 2011 to 2012, an application of the 2012 licence fee schedule in 2011 would have resulted in an overcharge of licence fees. In the opinion of the complainant, a number of overpayments occurred. Table 2 summarizes the number and dollar value of overpayments by licence type that we have identified and confirmed working with the Executive Director and his staff.

**Table 2 – 2011 Licence Fee Overpayment Summary**

Licence/Permit Type	Overpayments (Qty.)	Overpayments (Total Value \$)
Promoter/Matchmaker	1	\$900.00
Promoter (wrestling only)	1	\$40.00
Professional (Fighter/Seconds)	27	\$1750.00
Officials (Referees, Judges, Ring Generals)	20	\$1150.00
Medical Doctors	2	\$200.00
<b>Totals</b>	<b>51</b>	<b>\$4,040.00</b>

As shown in Table 2, a total of \$4,040.00 in overpayments resulted from application of the 2012 fee schedule in place of the 2011 fee schedule. For example, the governing Bylaw in 2011 specified annual fees of \$25 for Professional Fighters, Seconds, and Officials. The 2012 fee schedule specifies a \$75 licence fee per team per event. A Second is a corner man, aid or assistant to the professional fighter. According to the Executive Director, each professional fighter commonly has two to four Seconds at each fight. Because a contestant's Seconds may change for each fight, Seconds that do not already hold a valid annual licence regularly have to be licensed at the time of the fight. As part of this review, we requested copies of the contestants' statutory declarations for a random sample of the \$75 transactions to determine whether or not the appropriate fees were charged.

In discussion with the Executive Director, he indicated that Medical Doctors currently charged under the City's Bylaw will be fully refunded the 2011 licence fee they were charged. Medical Doctors are licensed through the province and therefore the City has no authority to charge licence fees to Medical Doctors. Bylaw 15594 and the fee schedule contained therein will also need to be updated to reflect this change.

The Executive Director was fully cooperative with the OCA's efforts to quantify all overpayments. The ECSC recognized that once the new licence fee schedule contained within Bylaw 15594 was passed a refunding of overpayments was required. From December 2011 to January 2012 the Executive Director and staff identified 43 licence fee overpayments at a total value of \$2,625.00 that were refunded. Through our analysis, we identified an additional 8 overpayments totalling \$1,415.00 that were still required. The majority of this amount was owed to a single promoter. The Executive Director has acted upon this information and refunded these additional overpayments to affected individuals and organizations.

## 6. Conclusions

In anticipation of approval of Bylaw 15594 and a new licence fee schedule, the ECSC erroneously applied the 2012 licence fee schedule during 2011. The ECSC Executive Director identified 43 licence overpayments totalling \$2,625.00 which were refunded. Through our review, we identified an additional 8 licence overpayments totalling \$1,415.00 that needed to be refunded. The ECSC has refunded these additional overpayments of licence fees to the affected individuals and organizations identified in this review.

This report has been shared with the Chair of the ECSC. The ECSC provided no additional comments.