



GOVERNOR KATIE HOBBS



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September 3, 2025

SENT VIA EMAIL

Ms. Lindsey Perry, Auditor General
State of Arizona Office of the Auditor General
2910 N. 44th Street, Suite 410
Phoenix AZ 85018

Re: Response to the 2025 Performance Audit and Sunset Review of the Arizona Boxing and Mixed Martial Arts Commission

Dear Ms. Perry:

The Arizona Department of Gaming ("Department") and Boxing and Mixed Martial Arts Commission ("Commission") appreciate the opportunity to respond to the recommendations and findings of the performance audit and sunset review performed by the Office of the Auditor General. Below, please find the Department's response to the audit findings.

The Department and Commission appreciate the input and recommendations provided by the Office of the Auditor General and are committed to implementing them in a timely and effective manner. As the body responsible for regulating professional boxing, mixed martial arts, and other unarmed combat sports in Arizona, the Commission is confident that this audit will help improve operations and strengthen oversight to ensure the safety of athletes and the fairness and integrity of contests held in the state. On behalf of the Commission, thank you and your staff for your diligence and thoroughness in conducting this review.

Sincerely,

DocuSigned by:

A blue ink handwritten signature that reads "Jackie Johnson".

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Jackie Johnson

Director, Arizona Department of Gaming

Enclosure

Recommendations to the Boxing and MMA Commission

Finding 3: Department, Racing Commission, and Boxing and MMA Commission did not comply with some State conflict-of-interest requirements, increasing risk that employees and commission members had not disclosed substantial interests that might influence or could affect their official conduct

Boxing and MMA Commission response: The Auditor General's finding is agreed to.

Response explanation: The Department agrees with the auditors' findings that some of the state's requirements related to conflicts-of-interest were not fully complied with and has already taken actions to remedy as detailed in the below recommendation responses.

Continue to develop and implement conflict-of-interest policies and procedures to help ensure compliance with State conflict-of-interest requirements and alignment with recommended practices, including:

Recommendation 1: Requiring commissioners to complete a conflict-of-interest disclosure form upon appointment that addresses all State and commission-specific conflict-of-interest requirements, and reminding them at least annually to update their form when their circumstances change, including attesting that no conflicts exist, if applicable.

Boxing and MMA Commission response: The audit recommendation will be implemented.

Response explanation: As of July 2025, the Department has a draft Conflict of Interest Policy and an Employee Conflicts Disclosure form, modeled after the Arizona Department of Administration's policy. The Department has also drafted Commission-specific disclosure forms for the Boxing & MMA and Racing Commissions which contain specific disclosures required by the statutes and rules governing those specific divisions of the Department. These forms will soon be finalized and distributed to staff and Commissioners to complete. Conflict-of-interest disclosure forms will be updated by staff and Commissioners annually, upon hire or appointment, when circumstances change, and when forms and policies are revised. Additionally, the Department conducted a Department-wide Conflicts of Interest Training on March 14, 2025, which was recorded and sent via email to all agency employees. On June 11, 2025, the Department held another training for all Department employees covering Procurement Ethics and required Conflict of Interest disclosures. Training will be provided on an annual basis, and employees and Commissioners will be required to sign an attestation form confirming that they have attended or reviewed the Conflict of Interest training.

Recommendation 2: Storing all substantial interest disclosures in a special file available for public inspection, including disclosures made during public meetings.

Boxing and MMA Commission response: The audit recommendation will be implemented.

Response explanation: The Department had all employees complete the ADOA Disclosure Form earlier this year and is requiring new employees to complete the ADOA Disclosure form when they are hired. These forms are collected by Human Resources and stored in a separate conflicts of interest file. The Department plans on following this same system with the newly created Department-specific disclosure form and the Commission-specific disclosure forms, except Commission-specific disclosure forms will be held by the respective Division associated with each Commission in a separate conflicts of interest file.

Recommendation 3: Establishing a process to review and remediate disclosed conflicts.

Boxing and MMA Commission response: The audit recommendation will be implemented.

Response explanation: The Department has already established a process to review and remediate disclosed conflicts. Upon review of the disclosure form, Human Resources will escalate any conflicts to the Legal Team for review. The Legal Team will then advise the employee, their supervisor, and necessary executive-level staff on how to best manage the conflict, including procedures for walling the employee off from the conflict if necessary.

Recommendation 4: Develop and provide periodic training on its conflict-of-interest requirements, process, and disclosure form, including providing training to commissioners on how the State's and commission-specific conflict-of-interest requirements relate to their unique programs, functions, or responsibilities.

Boxing and MMA Commission response: The audit recommendation will be implemented.

Response explanation: The Department has developed and conducted the Department-wide conflicts of interest training on March 14, 2025 and will continue to conduct this training annually. The Department also conducted a procurement ethics training on June 11, 2025 which reinforced the general state-wide conflicts of interest statutes, as well as focusing on specific conflicts issues in the area of procurement. Training will be provided on an annual basis, and employees and Commissioners will be required to acknowledge receiving training.

Sunset factor 2: The Boxing and MMA Commission's effectiveness and efficiency in fulfilling its key statutory objectives and purposes.

Boxing and MMA Commission issued licenses to some applicants who did not demonstrate they met all requirements but revised its processes to help ensure it does not do so in the future

Boxing and MMA Commission response: The Auditor General's finding is agreed to.

Response explanation: The licenses issued without all of the requirements fulfilled took place in 2023. The Department implemented policies and procedures that prevented this from happening again.

Recommendation 5: Ensure that boxing and MMA licensing applicants meet all initial and renewal licensing requirements, including signing a code of conduct and submitting fingerprints for a criminal history background check.

Boxing and MMA Commission response: The audit recommendation will be implemented.

Response explanation: These isolated incidents have been resolved with the new standardized processes and this implementation will continue to ensure that applications aren't processed without all statutory and regulatory requirements being met.

Recommendation 6: Conduct a review of licensing applicants approved in calendar year 2025 to determine whether any other approved applicants failed to meet all licensing requirements, and based on this review, take steps to address any deficiencies identified, such as requiring the licensees to undergo a criminal history background check.

Boxing and MMA Commission response: The audit recommendation will be implemented.

Response explanation: The Department staff will implement the recommendation and will conduct a review of licensing applicants approved in calendar year 2025 to determine whether any other approved applicants failed to meet all licensing requirements, and based on this review, take steps to address any deficiencies identified, such as requiring the licensees to undergo a criminal history background check.

Recommendation 7: Continue to implement changes to require applicable licensing applicants to submit a signed code of conduct to complete the license application process and to track when applicable licensing applicants submit fingerprints.

Boxing and MMA Commission response: The audit recommendation will be implemented.

Response explanation: The Department staff will implement this recommendation and will continue to implement changes to require applicable licensing applicants to submit a signed code of conduct to complete the license application process and to track when applicable licensing applicants submit fingerprints.

Boxing and MMA Commission had not developed a process to regularly evaluate the appropriateness of its boxing and MMA license and event permit fees

Recommendation 8: Further revise and implement its policies and procedures for periodically evaluating all regulatory costs and fee amounts, including developing and implementing a cost methodology to provide information on its regulatory costs.

Boxing and MMA Commission response: The audit recommendation will be implemented.

Response explanation: The Department has begun implementation of the recommendation and is reviewing its policies and procedures for budgeting and financial planning and analysis. Policies and procedures for evaluating unarmed combat sports regulatory costs will be enhanced to include guidance on how to evaluate the appropriateness of fees using specific cost methodologies.

Sunset factor 6: The extent to which the Boxing and MMA Commission timely investigated and resolved complaints that are within its jurisdiction.

Boxing and MMA Commission has not developed systematic processes for handling, documenting, and resolving the complaints it receives

Boxing and MMA Commission response: The Auditor General's finding is agreed to.

Response explanation: While the Department is responsive to inquiries and complaints from the public, the Department currently lacks agency-wide complaint handling policies, procedures, and tools to track the completion and timeliness of resolution. The Department has added this to its FY26 Strategic Plan as a breakthrough objective, making it a high-priority improvement project.

Recommendation 9: Establish a method for submitting complaints through its website or by other easily accessible means.

Boxing and MMA Commission response: The audit recommendation will be implemented.

Response explanation: The Department has begun implementation of the recommendation. The Department has included this recommendation in its constituent inquiry and complaint handling breakthrough project. In the interim, the Department will develop, implement, and train staff on policies and procedures for complaint-handling while it works towards the full implementation of these improvements.

Develop and implement written policies and procedures for complaint-handling that include:

Recommendation 10: Minimum documentation standards, such as retaining complaint forms, correspondence with all parties and other investigative documents, final investigative reports, Commission decisions, and dates associated with investigative steps and Commission decisions.

Boxing and MMA Commission response: The audit recommendation will be implemented.

Response explanation: The Department has begun implementation of the recommendation. The Department has included this recommendation in its constituent inquiry and complaint handling breakthrough project. In the interim, the Department will develop, implement, and train staff on policies and procedures for complaint-handling while it works towards the full implementation of these

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Recommendation 11: Time frames for completing key complaint-handling steps.

Boxing and MMA Commission response: The audit recommendation will be implemented.

Response explanation: The Department has begun implementation of the recommendation. The Department has included this recommendation in its constituent inquiry and complaint handling breakthrough project. In the interim, the Department will develop, implement, and train staff on policies and procedures for complaint-handling while it works towards the full implementation of these improvements.

Recommendation 12: Notification requirements for parties involved, such as when a complaint is being opened or resolved, or when a complaint falls outside of the Commission's jurisdiction.

Boxing and MMA Commission response: The audit recommendation will be implemented.

Response explanation: The Department has begun implementation of the recommendation. The Department has included this recommendation in its constituent inquiry and complaint handling breakthrough project. In the interim, the Department will develop, implement, and train staff on policies and procedures for complaint-handling while it works towards the full implementation of these improvements.

Recommendation 13: Tracking and monitoring all complaints it receives to help ensure that complaints are being resolved in a timely manner.

Boxing and MMA Commission response: The audit recommendation will be implemented.

Response explanation: The Department has begun implementation of the recommendation. The Department has included this recommendation in its constituent inquiry and complaint handling breakthrough project. In the interim, the Department has developed an internal tracker and will develop, implement, and train staff on policies and procedures for complaint-handling while it works towards the full implementation of these improvements.