

ATHLETICS ADMINISTRATION
CALIFORNIA STATE UNIVERSITY,
LONG BEACH

Audit Report 07-35
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ABBREVIATIONS

AEMA	Athletic Equipment Managers Association
AIME	Athletic Injury Medical Expense
AIP	Athletic Injury Prevention
CABMA	Collegiate Athletic Business Management Association
COIA	Coalition on Intercollegiate Athletics
COSO	Committee of Sponsoring Organizations
CSU	California State University
CSULB	California State University, Long Beach
CSURMA	California State University Risk Management Authority
EADA	Equity in Athletics Disclosure Act
EO	Executive Order
FARA	Faculty Athletics Representatives Association
FY	Fiscal Year
GC	Government Code
HR	Human Resources
IRA	Instructionally Related Activities
ISS	Injury Surveillance System
MOU	Memorandum of Understanding
N4A	National Association of Academic Advisors for Athletics
NAACC	National Association of Athletic Compliance Coordinators
NAADD	National Association of Athletic Development Directors
NACDA	National Association of Collegiate Directors of Athletics
NACMA	National Association of Collegiate Marketing Administrators
NAIA	National Association of Intercollegiate Athletics
NATA	National Athletic Trainers' Association
NCAA	National Collegiate Athletic Association
PEM	PenSport Equipment Management
RFIN	Resolution of the Committee on Finance
SAM	State Administrative Manual
SAR	Sports, Athletics and Recreation

EXECUTIVE SUMMARY

As a result of a systemwide risk assessment conducted by the Office of the University Auditor during the last quarter of 2005, the Board of Trustees, at its January 2006 and January 2007 meetings, directed that *Athletics Administration* be reviewed. The Office of the University Auditor has never reviewed *Athletics Administration*.

We visited the California State University, Long Beach (CSULB) campus from February 5, 2007, through April 9, 2007, and audited the procedures in effect at that time.

In our opinion, the central issue in athletics administration at CSULB was the treatment of athletic activities as non-campus events and accounting for all athletic revenues through the CSULB Foundation instead of a campus trust account. Certain areas of program management warranted improvement in operating controls and in measuring efficiency and effectiveness.

The following summary provides management with an overview of conditions requiring attention. Areas of review not mentioned in this section were found to be satisfactory. Numbers in brackets [] refer to page numbers in the report.

GENERAL ENVIRONMENT [8]

The administrative infrastructure in athletics was inappropriately based on the assumption that all athletic revenues belonged to the CSULB Foundation. In addition, administrative agreements were both out-of-date and improperly applied. For example, multiple agreements/forms/manuals needed updating and some athletic apparel/equipment was obtained through direct arrangements between vendors and coaches.

PROGRAM REVENUES [11]

Revenues from sports camps were neither reconciled to corresponding fees and the number of registered participants nor reviewed by someone other than the preparer. Cash overages and shortages from the Pyramid Box Office were not being recorded. Instead, these funds were kept in the safe and used as necessary to balance daily deposits. In addition, the Pyramid Box Office did not include appropriate security provisions and unused tickets were stored without a retention plan. There was inadequate segregation of duties in athletic facility leasing, invoicing, and payment processing; invoices were not timely prepared; and issued invoices were not recorded in the accounting records as accounts receivable.

COMPENSATION AND BENEFITS [16]

Athletics department personnel in two sports received merchandise benefits from third parties that were not reported as taxable benefits. The campus had a contract with Adidas that made merchandise available to athletic administrators and coaches.

OPERATING EXPENDITURES AND EQUIPMENT [17]

Athletics used off-campus golf facilities without a formal permit/license/use agreement. Specifically, golf teams regularly used El Dorado Park Golf Course owned by the City of Long Beach and athletics annually hosted a golf fund-raiser at the Virginia Country Club. The athletic department operated without centralizing accountability/control over equipment and only recently instituted an equipment inventory system. Documentation on trades was incomplete, some fiscal year 2006/07 trade was unused through March 2007, and some seemed unwarranted. Individual travel authorization forms were not consistently prepared in athletic team travel situations and claimants were not always required to sign and date travel documents. Lastly, the CSULB Foundation collected information for prorating personal vehicle usage only once per year.

MISCELLANEOUS [23]

Individuals who staffed sports camps were not subjected to criminal background checks. The athletic department did not formally evaluate the effectiveness of the athletic injury prevention program.

INTRODUCTION

BACKGROUND

Administration and operation of athletic programs occur within the framework of regulations and rules imposed by national governing associations and the athletic conferences in which the players and teams compete.

Within athletics, some of the various industry organizations include:

AEMA	Athletic Equipment Managers Association
CABMA	Collegiate Athletic Business Management Association
COIA	The Coalition on Intercollegiate Athletics
FARA	Faculty Athletics Representatives Association
N4A	National Association of Academic Advisors for Athletics
NAACC	National Association of Athletic Compliance Coordinators
NAADD	National Association of Athletic Development Directors
NACDA	National Association of Collegiate Directors of Athletics
NACMA	National Association of Collegiate Marketing Administrators
NAIA	National Association of Intercollegiate Athletics
NATA	National Athletic Trainers' Association
NCAA	National Collegiate Athletic Association

The United States Department of Education also collects data on athletics based on the federal Equity in Athletics Disclosure Act (EADA). California State University (CSU) campuses are subject to EADA because they accept federal financial aid funds.

California State University, Long Beach (CSULB) is generally considered a NCAA Division I-AAA (no football program) institution for athletic purposes. The main athletic conference affiliation is the Big West Conference that includes four CSU schools (Fullerton, Long Beach, Northridge, and San Luis Obispo), three University of California schools (Irvine, Riverside, and Santa Barbara), and the University of the Pacific. Other non-Big West affiliations at CSULB include the Mountain Pacific Sports Federation for men's volleyball, men's/women's indoor track, and men's/women's water polo.

CSULB athletic teams are nicknamed the 49ers. The campus supports intercollegiate teams in 7 men’s and 9 women’s sports as follows:

SPORT	MEN’S	WOMEN’S
Baseball	√	
Basketball	√	√
Cross Country	√	√
Golf	√	√
Track*	√	√
Soccer		√
Softball		√
Tennis		√
Volleyball	√	√
Water Polo	√	√

*Track and field is counted as one sport for purposes of this presentation. CSULB has men’s and women’s teams in both indoor track and outdoor track.

In fiscal year (FY) 2005/06, 353 CSULB student-athletes (156 men and 197 women) participated in the 16 intercollegiate athletics programs per the annual EADA report.

On-campus athletic facilities with spectator capacities at CSULB include the Walter Pyramid (the Pyramid is configured with different capacities for men’s basketball – 4,911, women’s basketball – 3,911, men’s volleyball – 2,665, and women’s volleyball – 3,911) , the Gold Mine (used occasionally for volleyball – 2,169), the George Allen Field (soccer – 1,000), the 49er Softball Complex (800), the 49er Pool (500), the 49er Tennis Courts (250), and the Jack Rose Stadium (track and field – 850). In close proximity to the campus, the City of Long Beach has a baseball stadium called Blair Field (3,287) that the campus leases for baseball home games.

Athletics at CSULB is administered by a director of athletics (commonly referred to as the athletics director) who reports directly to the campus president. Present administration prefers reference to the department as intercollegiate athletics or athletics. The specific reference – sports, athletics and recreation is dated and no longer preferred as the name of the department, but it is still seen in many documents.

CSULB intercollegiate athletics has a working relationship with the kinesiology department in the College of Health and Human Services, which offers an undergraduate degree with an option in athletic training and a master’s degree option in sports medicine/sports injury studies. The relationship includes shared operation of multiple facilities and availability of internship opportunities in the athletics department training rooms for students in the academic programs for athletic training education.

The California State University Risk Management Authority (CSURMA) was created under Board of Trustees resolution RFIN 11-96-13, which delegated authority to the chancellor to enter into a joint

powers agreement. Pursuant to Section 9.b.iv of the agreement, the CSURMA is authorized to approve any new coverage programs. Athletic Injury Medical Expense (AIME) is one of the main CSURMA programs. AIME provides secondary coverage for medical expenses from athletic injuries not paid by the student-athlete's primary insurance.

PURPOSE

Our overall audit objective was to ascertain the effectiveness of existing policies and procedures related to *Athletics Administration* activity and to determine the adequacy of controls that ensure compliance with relevant governmental regulations, Trustee policy, Office of the Chancellor directives, and campus procedures.

Within the overall audit objective, specific goals included determining whether:

- ▶ Accountability for the athletics administration function has been clearly defined and documented, including provisions for formulation of goals/objectives and performance measurement reporting.
- ▶ Adequate athletic budgets and delegations of authority are in place and used effectively in various aspects of athletic programs administration.
- ▶ Athletics appropriately interacts with other campus departments/offices and auxiliary organizations; and arrangements/exceptions made for athletics that are not available elsewhere are appropriate.
- ▶ Athletic agreements/contracts, policies, and procedures are current, comprehensive, and aligned with relevant federal and state laws and regulations.
- ▶ Information security in systems owned by athletics is adequate and use of social security numbers for student identification in athletic department records is controlled.
- ▶ The campus deposits athletically related receipts in accordance with Executive Order 919, and any unrelated business income generated through the athletics program is properly reported.
- ▶ The campus establishes accountability for athletic ticketing operations at the earliest possible time after receipt to prevent misappropriation of funds, and that all collections are deposited intact or otherwise safeguarded in a timely manner.
- ▶ Campus officials are maintaining effective control over athletic fund-raising activities/events.
- ▶ Athletic salaries for administrators and coaches comply with CSU salary schedules, collective bargaining provisions, and requirements for supplemental compensation; and benefits provided to athletics employees are appropriate and proper.
- ▶ Athletic facilities are periodically inspected and properly maintained, and arrangements for use of off-campus, non-state athletic facilities are adequate.

- ▶ Athletic equipment rooms are operated based on best practices and with reasonable controls over apparel, equipment, and supplies.
- ▶ Athletic trade-out agreements are reasonably valued and recorded with acceptable usage documentation.
- ▶ Athletic teams are traveling by means and at a cost that are in the best interest of the CSU.
- ▶ Activities related to sports camps and clinics comply with relevant institutional requirements including background checks/authorizations, insurance, revenue accountability, inclusion of relevant expenditures, and reporting of income/profits.
- ▶ Acceptable academic support systems for athletes have been implemented.
- ▶ There are proactive injury prevention programs for student-athletes.

SCOPE AND METHODOLOGY

The proposed scope of the audit, as presented in Attachment B, Audit Item 2 of the January 31 through February 1, 2006, meeting of the Committee on Audit, stated that *Athletics Administration* includes a review of the general control environment and control activities undertaken to assure implementation of appropriate institutional systems, policies and procedures for financial oversight and stewardship of athletics.

One of the better-known and widely recognized frameworks for organizational reporting authored by the *Committee of Sponsoring Organizations (COSO) of the Treadway Commission* categorizes the diversity of potential operational/program objectives into three broad categories as follows:

Operations Objectives

These pertain to effectiveness and efficiency of the entity's operations, including attainment of performance goals and safeguarding assets against loss.

Financial Reporting Objectives

These pertain to the preparation of reliable published financial statements.

Compliance Objectives

These pertain to adherence to laws and regulations to which the entity is subject.

In this COSO context, the audit scope for *Athletics Administration* emphasizes athletics operations objectives and a subset of compliance objectives (i.e., compliance mainly with administrative regulations not promulgated by athletic regulatory bodies such as the NCAA and various athletic conferences). Based on a February 21, 2006, *USA Today* article, compliance exclusions would include such things as regulations on the number of scholarships, roster sizes, recruiting guidelines, eligibility requirements (such as grade point average and progress towards degree), extra benefits to student-athletes, and control

of athletic boosters that give college athletics some semblance of competitive equity and educational connection — issues that largely fill the almost 500-page NCAA rules manual.

Our study and evaluation were conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors, and included the audit tests we considered necessary in determining that operational and administrative controls are in place and operative. This review emphasized, but was not limited to, compliance with state and federal laws, Board of Trustee policies, and Office of the Chancellor and campus policies, letters, and directives. The audit review focused on procedures currently in effect. In instances wherein it was necessary to review annualized data, calendar year 2005 or FY 2005/06 was the primary period reviewed except when it was beneficial to see trends for multiple years.

OBSERVATIONS, RECOMMENDATIONS, AND CAMPUS RESPONSES

GENERAL ENVIRONMENT

EXECUTIVE ORDER 919 ISSUES

The administrative infrastructure in athletics was inappropriately based on the assumption that all athletic revenues belonged to the California State University, Long Beach (CSULB) Foundation.

Athletics received funding from multiple sources besides the state appropriation, which included ticket sales and allocations from the instructionally related activities (IRA) fee totaling \$342,000 and \$767,000, respectively, for fiscal year (FY) 2005/06. In the same FY, the athletic budget totaled \$9.4 million with \$4.5 million provided from the state appropriation for the department's payroll (athletic administrators, coaches, and support staff such as athletic trainers, athletic equipment technicians, and ticket managers). The state appropriation was the only exception to athletic funding that was not deposited to the CSULB Foundation.

Our understanding of activities/events hosted by campus athletic teams was that the authority/responsibility for the events rested with the campus and specifically the athletic department because they signed the contracts with visiting teams, managed the venue, bore the risk of any business losses, provided insurance coverage, authored the policies that governed conduct of the program, and were the only individuals who could authorize/control event expenditures. Other indications defining intercollegiate athletic activities as campus-owned events generating revenues that did not belong to the CSULB Foundation include:

- ▶ The 2005 *Pyramid License Agreement* and the 1997 *Athletically Related Activities License Agreement* both state that the CSULB Foundation has no right to use the facilities during periods of campus use and defines campus use to include intercollegiate sports activities and events.
- ▶ The 1995 *Memorandum of Understanding (MOU) between CSULB Sports, Athletics and Recreation (SAR) and the CSULB Foundation* states that processing of all project activity will be done by SAR personnel. Examples include, but are not limited to, purchase order processing, order receiving paperwork, cash collection and receipting, accounts payable processing, accounts receivable and refund processing, and human resources.
- ▶ The 2005 *Use Permit for Blair Field* was executed between CSULB and the City of Long Beach for baseball practices and games. Under this permit, the cost for the 2006 baseball season field rental was \$46,836 — \$30,000 of the total was paid by the state in June 2005 and \$16,836 was paid by the CSULB Foundation in October 2006. Although the CSULB Foundation was not a party to the permit, they retain revenue from baseball game ticket sales and merchandise/signage sold at Blair Field.

Executive Order (EO) 919, *Policy Governing Non-General Fund Receipts*, dated October 15, 2004, states that events are either campus-owned events with revenues deposited to the state trust fund or auxiliary organization events deposited to an auxiliary organization pursuant to a valid operating

agreement. *EO 919 Implementation Guidelines* developed by the Financial Officers Association/Auxiliary Organizations Association and approved by the Chief Administrators and Business Officers in November 2005 further describes factors that document ownership of an activity and states that, the California State University (CSU) trust fund is the default recordkeeping designation for non-General Fund resources the CSU receives.

The associate vice president of financial management stated that all athletic revenue went to the CSULB Foundation because of the contractual arrangement for the foundation to administer programs funded by the IRA fee.

Failure to deposit athletic revenues to state accounts when the state bears the risk/responsibility for the event(s) increases the risk that such revenues will be both inappropriately invested and inappropriately expended.

Recommendation 1

We recommend that the campus process (deposit/expend) athletic revenues through campus trust accounts.

Campus Response

We concur. The campus will work with athletics and the CSULB Foundation to transfer responsibility for the deposit and expenditure of athletic revenues into campus trust accounts. Estimated date of completion is January 31, 2008.

ADMINISTRATIVE AGREEMENTS/DOCUMENTS

Administrative agreements were both out-of-date and improperly applied.

We found that:

- ▶ The 1995 MOU between SAR and the CSULB Foundation expired June 30, 2001, but was amended four times after expiration. Imbedded in this document was a line of credit for athletics that was still available/used, but not authorized by a valid agreement.
- ▶ Athletics had a draft MOU with the department of kinesiology on operation, management, and cost/revenue distribution for shared facilities. The MOU had gone through several iterations, but was never finalized.
- ▶ The April 29, 1996, MOU between the SAR and the CSULB Foundation covering signature authority for site license agreements only delegated authorization to the SAR director (a position that is now titled as the director of athletics). These site licenses were currently executed by the associate athletics director/general manager of the Walter Pyramid — a position that reported to the director of athletics.

- ▶ The 2005 *Pyramid License Agreement* and the 1997 *Athletically Related Activities License Agreement* both stated that the CSULB Foundation would provide management and operation support and arrange for use of the facilities by non-campus groups (frequently called third parties). However, these functions were primarily the responsibility of the Pyramid general manager and a staff person who were both paid by the state.
- ▶ The model *Sports and Activities Camp Contract* was an agreement between the CSULB Foundation and the contract operator of the camp. Under charges/payments in §IV of the document, it states that “all checks must be made payable to the 49er Athletic Association.” The contract was to be signed by the CSULB 49er Athletic Association.
- ▶ The *Long Beach State Athletics Staff Manual* §11.04 continually referred to summer sports camps as department sports camps, even though they were treated as CSULB Foundation camps for accounting and insurance purposes.
- ▶ The *Long Beach State Athletics Staff Manual* §11.05 stated that the 49er Athletic Association administers the trade-out program when it was actually run by athletic department employees on the state payroll.
- ▶ Apparel and equipment arrangements with some vendors including Adidas, Louisville Slugger, and Mizuno were completed with coaches or the athletic director instead of through a purchase order/contract processed by staff with delegated purchasing authority.

Government Code (GC) §13402 and §13403 require a system or systems of internal accounting and administrative controls so that reasonable assurances can be given that measures to safeguard assets, check the accuracy and reliability of accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies are being followed. This responsibility includes documenting the system, communicating system requirements to employees, and assuring that the system is functioning as prescribed and is modified, as appropriate, for changes in conditions.

Title 5 §42401 and §42402 indicate that the campus president shall require that auxiliary organizations operate in conformity with policy of the Board of Trustees and the campus. One of the objectives of the auxiliary organizations is to provide fiscal procedures and management systems that allow effective coordination of the auxiliary activities with the campus in accordance with sound business practices. Sound business practice mandates that business arrangements be supported by current agreements/forms/manuals executed in accordance with management’s plan of authorizations.

The CSULB *Purchasing Operations Manual* §1, *Authority for Transactions*, describes purchasing authorizations and types of transactions covered under campus delegations.

The assistant vice president of budget planning and administration (and formerly the athletics business manager) stated he attributed the outdated materials in part to oversight and over reliance on past practices.

The absence of complete and timely written agreements/forms/manuals by those with signatory authority for purchases increases the risk of misunderstandings and miscommunication regarding rights and responsibilities and creates an environment for potential financial irregularities.

Recommendation 2

We recommend that the campus:

- a. Update athletic agreements/forms/manuals to align content, conditions, and provisions with current practices.
- b. Establish procedures to ensure that athletic transactions where goods and services are obtained on any basis are consistent with delegations of purchasing authority.

Campus Response

We concur. The campus will update the necessary athletic agreements/forms/manuals as recommended and will establish procedures to ensure that athletic transactions where goods and services are obtained on any basis are consistent with delegations of purchasing authority. Estimated date of completion is January 31, 2008.

PROGRAM REVENUES

SPORTS CAMP REVENUES

Revenues from sports camps were neither reconciled to corresponding fees and the number of registered participants nor reviewed by someone other than the preparer.

Promotional literature and materials indicated that the following sports camps occurred in summer 2006 at CSULB:

SPORT	DESCRIPTION	SUMMER 2006 DATES
All Sport	49er Camp 1	June 26-July 28
All Sport	49er Camp 2	July 31-August 18
Baseball	Weather's Camp 1	June 26-30
Baseball	Weather's Camp 2	July 10-14
Baseball	Weather's Camp 3	July 17-20
Baseball	Weather's Camp 4	July 24-28
Baseball	Weather's Camp 5	August 14-18
Basketball (Men's)	Reynold's Camp 1	June 19-23
Basketball (Men's)	Reynold's JC Camp	June 23-25
Basketball (Men's)	Reynold's Shooting Camp	June 20-22
Basketball (Men's)	Reynold's Boys Camp	August 6-10

SPORT	DESCRIPTION	SUMMER 2006 DATES
Basketball (Men's)	Reynold's Position Camp	August 10-11
Basketball (Women's)	Camp 1	June 26-30
Basketball (Women's)	Camp 2	August 13-17
Soccer (Women's)	Ingrassia's Day Camp 1	July 10-14
Soccer (Women's)	Ingrassia's Day Camp 2	July 24-28
Soccer (Women's)	Ingrassia's Residential Camp	July 17-20
Softball	Manarino's Camp 1	July 17-21
Softball	Manarino's Camp 2	July 31-August 4
Tennis (Women's)	Session 1	June 26-30
Tennis (Women's)	Session 2	July 5-7
Tennis (Women's)	Session 3	July 10-14
Tennis (Women's)	Session 4	July 17-21
Tennis (Women's)	Session 5	July 24-28
Tennis (Women's)	Session 6	July 31-August 4
Tennis (Women's)	Session 7	August 7-11
Tennis (Women's)	Session 8	August 14-18
Track and Field	Camp 1	June 19-23
Volleyball (Men's)	Knipe's Boys Camp	July 31-August 6
Volleyball (Women's)	Gimmillaro's Camp 1	July 22-31
Volleyball (Women's)	Gimmillaro's Setters Camp	July 25-28
Volleyball (Women's)	Gimmillaro's Camp 2	July 28-31

49er Camps 1 and 2, Women's Basketball Camps 1 and 2, Women's Tennis Camps, and the Track and Field Camp are CSULB Foundation sports camps and receive accounting services from the foundation. Coaches own all other sports camps. Coach-owned sports camp revenues do not get processed through the CSULB Foundation.

Revenues for CSULB Foundation campus were not reconciled to the number of registered participants with review of the reconciliations by someone other than the preparer.

The *Long Beach State Athletics Policies and Procedures Manual* §11.04, *Sport Camps*, list rules for administration of camps, but the listing does not specifically identify revenue reconciliations.

State Administrative Manual (SAM) §7920 states that each agency is responsible for completing any reconciliation necessary to safeguard assets and ensure reliable financial data.

Title 5 §42401 and §42402 indicate that the campus president shall require that auxiliary organizations operate in conformity with policy of the Board of Trustees and the campus. The *Compilation of Policies and Procedures for California State University Auxiliary Organizations* sets sound business practice guidelines for auxiliary organizations operating within the CSU system.

Section 8.9.1, *Cash*, states that the auxiliary should receive cash in a consistent manner utilizing systems that ensure integrity of existing internal controls.

The assistant vice president of budget planning and administration stated that it was assumed some form of revenue reconciliation was being performed and any further follow-up on individual practices was not a priority due to staff constraints.

Inadequate sports camp accountability increases the risk that errors and irregularities will not be detected and could result in inappropriate activities.

Recommendation 3

We recommend that the campus and the CSULB Foundation ensure that CSULB Foundation sports camp revenues are reconciled to corresponding fees and the number of registered participants with review of the reconciliation by someone other than the preparer.

Campus Response

We concur. The campus is committed to perform formal reconciliations of CSULB Foundation sports camp revenues to corresponding fees and the number of registered participants. The campus will also ensure that the reconciliations have been reviewed by someone other than the preparer. The campus started implementation of this recommendation with the summer 2007 camps. Estimated date of completion is December 31, 2007.

CASH OVERAGES AND SHORTAGES

Cash overages and shortages from the Pyramid Box Office were not being recorded.

Since approximately September 2006, the Pyramid Box Office had accumulated a net of \$194 in cash overages and shortages from daily ticket sales to athletic events. These funds were kept in a separate part of the Pyramid Box Office safe and used as necessary to balance daily deposits so that everything turned in for deposit matched exactly with what should have been collected.

SAM §8032.1 states that agencies are required to deposit receipts in a timely and economical manner and accumulated receipts of any amount will not remain undeposited for more than ten working days.

SAM §8070 describes prescribed accounting procedures for recording cash overages and shortages.

The director of ticket marketing and operations in athletics stated that she was unaware of the procedures to record cash overages and shortages.

Unrecorded and undeposited cash overages and shortages reduce cashiering accountability and increase the risk of irregularities.

Recommendation 4

We recommend that the campus and the CSULB Foundation:

- a. Process and deposit actual daily receipts from the Pyramid Box Office.
- b. Record daily cash overages and shortages from the Pyramid Box Office in accounts established for this purpose.

Campus Response

We concur. The CSULB Foundation has set up a general ledger account 589110 - Cash Over/Short to record the daily balancing variances. The campus will establish procedures to ensure that athletics box office monies are deposited into the appropriate account. Estimated date of completion is December 31, 2007.

SECURITY AND STORAGE

The Pyramid Box Office did not include appropriate security provisions and unused tickets were stored without a retention plan.

The Pyramid Box Office lacked security features such as surveillance cameras, bulletproof glass on seller windows, and panic alarms. Storage of unused tickets from prior events was not subject to record retention policies. All events held outside the Pyramid required an estimate of how many tickets would be sold and that number was pre-printed in the Paciolan system. After the event, any unsold tickets were returned with the revenue reconciliation and retained for an undetermined period of time.

GC §13402 and §13403 require a system or systems of internal accounting and administrative controls so that reasonable assurances can be given that measures to safeguard assets, check the accuracy and reliability of accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies are being followed. The elements of a satisfactory system of internal accounting and administrative control include a plan that limits access to state agency assets to authorized personnel.

The director of ticket marketing and operations in athletics stated that the physical layout of the ticket office had always been configured in the current setup and she was unaware of relevant record retention requirements for unused tickets.

Inadequate physical safeguards in cashiering areas expose employees to unnecessary dangers and increase the risk of theft, while the lack of a record retention plan for tickets increases uncertainty about what to save and exposes the university to premature destruction of necessary records demonstrating sales and pass list admissions.

Recommendation 5

We recommend that the campus:

- a. Improve the physical security in the Pyramid Box Office.
- b. Establish and follow acceptable record retention policies for unused tickets.

Campus Response

We concur. The campus will perform a self evaluation of the security of the Walter Pyramid Box Office and determine the appropriate action to be taken. Ticket office policy and procedures will be updated to add proper record retention guidelines for unused tickets. Estimated date of completion is January 31, 2008.

FACILITY LEASING

There was an inadequate segregation of duties in athletic facility leasing, invoicing, and payment processing; invoices were not timely prepared; and issued invoices were not recorded in the accounting records as accounts receivable.

We found that:

- ▶ License agreements for athletic facilities were negotiated and executed by the associate athletic director/Pyramid general manager who also invoiced for amounts due under the licenses and processed payments received from licensees.
- ▶ For summer 2006 sports camps, the invoices were dated December 14, 2006.
- ▶ Invoices for athletic facilities did not lead to recording as accounts receivable by either the campus or the CSULB Foundation.

The CSULB Foundation Policy #10-000.1, *Accounts Receivable*, effective December 2002, states that use of the foundation's Automated Accounts Receivable System is an optional service. The policy further states that the foundation does not follow-up on past due accounts because this is considered the responsibility of project directors.

GC §13402 and §13403 require a system or systems of internal accounting and administrative controls so that reasonable assurances can be given that measures to safeguard assets, check the accuracy and reliability of accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies are being followed. The elements of a satisfactory system of internal accounting and administrative control include plan of organization that provides segregation of duties appropriate for proper safeguarding of state assets.

The associate athletic director/general manager of the Walter Pyramid stated that he was working with the new assistant athletic director/business manager on leasing issues.

Incompatible duties, untimely billing, and unrecorded receivables increase the risk of inappropriate activities and reduce the probability that irregularities will be detected.

Recommendation 6

We recommend that the campus and the CSULB Foundation:

- a. Adequately separate the duties for athletic facility leasing, invoicing, and payment processing.
- b. Establish procedures to ensure timely invoice preparation and timely recording of accounts receivable transactions in the accounting records.

Campus Response

We concur. The campus will adequately separate the duties within the athletic facility leasing activities. The campus will also ensure that procedures are established to ensure timely invoice preparation and timely recording of accounts receivable transactions in the accounting records. Estimated date of completion is January 31, 2008.

COMPENSATION AND BENEFITS

Athletics department personnel in two sports received merchandise benefits from third parties that were not reported as taxable benefits.

The campus had a contract with Adidas that made merchandise available to athletic administrators and coaches, in part, as follows:

- ▶ \$3,000 in merchandise at retail value to the head men’s basketball coach.
- ▶ \$1,250 in merchandise at retail value to the three assistant coaches in men’s basketball.
- ▶ \$2,000 in merchandise at retail value to the head baseball coach.

The State Controller’s Office *Payroll Procedures Manual* §N127.4 and §N175.1 state that incentives provided by third parties (non-cash goods, property, merchandise, etc.) are taxable benefits.

The assistant athletic director/business manager in athletics stated that these payments were not reported because they were a benefit to the program and not the individual coaches.

Inappropriate reporting of benefits subjects the campus to fines and penalties for non-compliance with income tax rules and regulations.

Recommendation 7

We recommend that the campus report merchandise incentives provided to athletics department staff to the State Controller.

Campus Response

We concur. The campus will report merchandise incentives provided to athletics department staff to the State Controller for compensation reporting purposes. Estimated date of completion is January 31, 2008.

OPERATING EXPENDITURES AND EQUIPMENT

FACILITY ARRANGEMENTS

Athletics used off-campus golf facilities without a formal permit/license/use agreement.

We found that:

- ▶ The golf teams regularly used El Dorado Park Golf Course owned by the City of Long Beach.
- ▶ The athletic department annually hosted a golf fund-raiser at the Virginia Country Club.

The *CSU Policy Manual for Contracting and Procurement* §203 states that when choosing a solicitation methodology, the campus should consider the procurement objective, including, but not limited to, the requirements of the goods or services being procured, the estimated dollar value of the resultant contract, the legislative and policy requirements, and what is in the best interest of the CSU.

The assistant vice president of budget planning and administration stated that there had never been a need to have an agreement with the City of Long Beach for the El Dorado Park Golf Course because there was no revenue involved. The vice president of administration and finance stated that adding contract requirements could jeopardize availability of the Virginia Country Club.

The absence of appropriate facility leases increases the risk of misunderstandings and potential legal liabilities.

Recommendation 8

We recommend that the campus ensure appropriate documentation for all athletic department facility use arrangements.

Campus Response

We concur. The campus will ensure appropriate documentation for all athletic department facility use arrangements. Estimated date of completion is January 31, 2008.

EQUIPMENT MANAGEMENT

The athletic department operated without centralizing accountability/control of athletic equipment and only recently instituted an equipment inventory system.

Athletic equipment included apparel with the campus logo, equipment, and gear such as warm-up jackets, sweat suits, uniforms, travel bags, racquets, socks, shoes, helmets, bats, clubs, and balls that would not normally meet the thresholds requiring capitalization. At present, athletic equipment was managed primarily by the coaches. Each individual sport had different storage locations and methods. Deliveries went to various locations and some remained in the athletic department hallway until picked up by coaches. The campus only recently instituted an inventory system called PenSport Equipment Management (PEM), which thus far only contained purchases received since February 1, 2007.

Prior to instituting the PEM system, the athletic department had various records by sport such as sizing charts and shoe order breakdowns, but none of these could be used to identify and account for everything that should be available in inventory. Plans were to increase accountability for items through PEM starting at the completion of FY 2006/07 and thereafter. Based on what had transpired thus far with the system, the level of accountability would be enhanced by:

- ▶ Adding a beginning balance of what was on-hand prior to February 1, 2007.
- ▶ Defining what will be coded in the system as disposable versus returnable.
- ▶ Standardizing forms used to check out and document disposition of items.
- ▶ Instituting an independent verification or physical count of what is inventoried.

The Athletic Equipment Managers Association recognizes the importance of equipment management in athletics through a certification program based on staff in equipment rooms that perform equipment-related functions of purchasing, fitting, maintenance and repair, management and accountability.

GC §13402 and §13403 require a system or systems of internal accounting and administrative controls so that reasonable assurances can be given that measures to safeguard assets, check the accuracy and reliability of accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies are being followed. The elements of a satisfactory system of internal accounting and administrative control include authorization and recordkeeping procedures adequate to provide effective control over assets.

The director of athletics stated that a central equipment room had not been necessary at the campus since football was discontinued. The senior associate athletic director stated that they did not have a central facility that could accommodate industrial strength washing machines that would cover both the kinesiology/physical education area and the Walter Pyramid.

The absence of a central equipment room and a fully-implemented inventory system decreases accountability for athletic equipment.

Recommendation 9

We recommend that the campus:

- a. Centralize accountability and control over athletic equipment.
- b. Augment the PEM system implementation with a beginning balance, definition of inventory categories, standardization of forms, and independent verifications/physical counting of items.

Campus Response

We concur. The campus will centralize the accountability and control over athletic equipment and will improve equipment inventory recordkeeping as recommended. Estimated date of completion is December 31, 2007.

TRADE-OUTS

Documentation on trades was incomplete, some FY 2006/07 trade was unused through March 2007, and some trade seemed unwarranted.

The concept of a trade or trade-out in athletics is typically a non-cash transaction with sponsors/partners. The sponsors/partners receive a combination of: a) recognition in game programs, stadium signage, or radio/television broadcasts, b) event tickets, which could also include preferred parking and access to hospitality areas, and c) other perquisites such as athletic clothing with a campus logo. In exchange for these benefits, the sponsors/partners provide products and services that they would have available in their normal course of business and which could be used to relieve the athletic program of costs that would otherwise be incurred such as what might be necessary for courtesy cars, hotel accommodations, and restaurant expenditures.

Our review disclosed that:

- ▶ CSULB maintained FY 2005/06 records for restaurant and hotel trade usage in a FileMaker Pro database. These records were incomplete, lacked adequate summarization, and required significant interpretation to document availability and usage. Records for FY 2006/07 trade were switched to an Excel workbook and the quality of records improved.
- ▶ At the time of our review, the most current information for the FY 2006/07 hotel and restaurant trade usage covered the period through April 2, 2007. Through the first nine months of FY 2006/07, the campus had only used 28.3% of the \$38,650 hotel trade and 76.2% of the restaurant trade.
- ▶ The campus agreement with Adidas involved provision of T-shirts for sports camps that were given to the coach-owned camps in men's basketball and baseball. Sports camp participants received T-shirts as part of the registration fee.

GC §13402 and §13403 require a system or systems of internal accounting and administrative controls so that reasonable assurances can be given that measures to safeguard assets, check the accuracy and reliability of accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies are being followed. The elements of a satisfactory system of internal accounting and administrative control include authorization and recordkeeping procedures adequate to provide effective control over assets.

The development assistant in athletics stated that the condition of the trade records was due to system changes and turnover in the department. The senior associate athletic director stated that the underutilization was a recordkeeping issue and the demand for availability of trade for recruiting was high in the last quarter of the FY. The vice president of administration and finance stated that the T-shirts were available based on the promotional value established by Adidas.

Incomplete records on trade and the underutilization of trade benefits increases the risk of inappropriate contracting and accusations that state resources are being given away without fair value received in exchange.

Recommendation 10

We recommend that the campus:

- a. Establish a process for regular review of the trade-out records.
- b. Annually summarize and report on trade-out usage.
- c. Eliminate non-essential trade that is not being used.
- d. Report T-shirts provided to sports camp owners as taxable income.

Campus Response

We concur. The campus will establish procedures to comply with the auditor's recommendations. Estimated date of completion is January 31, 2008.

TEAM TRAVEL

Individual travel authorization forms were not consistently prepared in athletic team travel situations and claimants were not always required to sign and date travel documents.

Travel in athletics was different from other travel within the university and included travel by groups consisting of staff and student-athletes (the team traveling party) and travel advances issued to coaches for disbursement to student-athletes during trips for meal money. Travel costs were paid through a combination of purchase order/invoices, business and travel account card transactions, and travel expense claims.

We reviewed expenditures from ten team trips taken in FY 2005/06 and found that:

- ▶ Not all individuals were required to complete travel authorization forms as required by campus policy. In two of ten instances, no travel authorization forms were prepared because no advances were requested and, in another four instances, travel authorization forms were not submitted by all individuals who claimed travel reimbursements.
- ▶ There were at least seven trips where one of more of the travel claims were not signed by the claimants and we were unable to determine if they had been submitted within ten days of completion of travel as required by campus policy.

GC §13402 and §13403 require a system or systems of internal accounting and administrative controls so that reasonable assurances can be given that measures to safeguard assets, check the accuracy and reliability of accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies are being followed. The elements of a satisfactory system of internal accounting and administrative control include authorization and recordkeeping procedures adequate to provide effective control over assets.

CSU directive HR 2005-49, *CSU Policy and Procedures Governing Travel and Relocation Expense Reimbursement*, dated December 16, 2005, states that each claim for travel expenses shall include a certification statement signed and dated by the claimant.

Long Beach State Athletics Policy Manual §7.01, Travel Authorization and Advance, states that travelers are required to complete a CSULB Foundation travel authorization form for approval by the sport supervisor regardless of whether or not money advances.

Long Beach State Athletics Policy Manual §7.03, Claims Submission, states that within ten days of completion of travel, a CSULB Foundation travel expense claim must be submitted.

The assistant vice president of budget planning and administration stated that the intent of the travel advance policy in athletics was to cover the entire traveling party on the same form. The assistant athletic director/business manager in athletics stated that claims were not signed because there was a misunderstanding of the requirements.

Incomplete travel authorizations and unsigned travel claims increases the risk of erroneous claims and payment of excessive or invalid travel costs.

Recommendation 11

We recommend that the campus enforce requirements for travel documentation in athletics, including advance authorizations and submittal of claims signed and dated by the traveler within established deadlines.

Campus Response

We concur. The campus is updating its policy and procedures to ensure proper documentation for athletics travel. Estimated date of completion is December 31, 2007.

EMPLOYER-PROVIDED CARS

The CSULB Foundation collected information for prorating personal vehicle usage only once per year.

Towards the end of each calendar year, the CSULB Foundation sent out a form entitled *Employee Representation Regarding Use of Company Vehicle*. This form captured information on personal and commuting vehicle use and total miles driven based on odometer readings. The foundation used the information to calculate benefit amounts that were added to the employees' W-2.

Internal Revenue Service Publication 463, *Travel, Entertainment, Gift, and Car Expenses*, describes recordkeeping requirements as follows:

You should record the elements of an expense or a business use at or near the time of the expense or use and support it with sufficient documentary evidence. A timely kept record has more value than a statement prepared later when generally there is a lack of accurate recall.

You do not need to write down the elements of every expense on the day of the expense. If you maintain a log on a weekly basis that accounts for use during the week, the log is considered a timely kept record.

The associate director of human resources and administrative services at the CSULB Foundation stated that the system was likely established to coincide as closely as possible with the preparation of the calendar year ending tax documents.

Once per year affidavits do not capture contemporaneous information on vehicle usage and could expose the foundation and the program participants to tax concerns and potential fines and penalties.

Recommendation 12

We recommend that the campus and the CSULB Foundation develop a periodic reporting system to capture contemporaneous and realistic usage records on vehicle mileage for personal and business purposes.

Campus Response

We concur. The campus and the CSULB Foundation will explore practicable options for capturing usage records for the three vehicles assigned to individuals in the athletics department. Estimated date of completion is December 31, 2007.

MISCELLANEOUS

SPORTS CAMP

Individuals who staffed sports camps were not subjected to criminal background checks.

A number of different sports camps and clinics operated on-campus, typically during the summer months. These camps were available to certain age groups, mainly 12- to 18-year-olds.

CSU directive HR 2005-10, *Background Checks*, dated March 1, 2005, states that it is the campus responsibility to perform background checks for sensitive positions, which are defined to include persons with responsibility for the care, safety, and security of people, including children and minors.

The chief financial officer of the CSULB Foundation stated that they had just recently started researching the details of how to do background checks.

The absence of criminal background checks increases the risk of inappropriate personnel assignments for sports camps and clinics, potentially damaging CSU's reputation and leading to financial liability.

Recommendation 13

We recommend that the campus ensure that the CSULB Foundation performs criminal background checks on personnel working at sports camps and clinics.

Campus Response

We concur. Effective June 2007 forward, all CSULB Foundation personnel working for the athletic camps are required to successfully pass the Live Scan background check through the California Department of Justice. Corrective action on this issue is complete.

ATHLETIC INJURY PREVENTION EFFECTIVENESS

The athletic department did not formally evaluate the effectiveness of the athletic injury prevention (AIP) program.

AIP was a shared responsibility among team physicians, certified athletic trainers, and student-athletes. While injury records were maintained, they were not compared to the National Collegiate Athletic Association (NCAA) Injury Surveillance System (ISS) to benchmark performance against industry standards.

The NCAA ISS was developed in 1982 to provide current and reliable data on injury trends in intercollegiate athletics. The *2005-06 NCAA Division I Manual* states:

2.2 THE PRINCIPLE OF STUDENT-ATHLETE WELFARE

Intercollegiate athletics programs shall be conducted in a manner designed to protect and enhance the physical and educational welfare of student-athletes.

The California State University Risk Management Authority program entitled Athletic Injury Medical Expenses provides secondary insurance coverage for athletic injuries that are not covered by primary carriers.

The head athletic trainer stated his belief that the campus system was adequate.

The absence of program self-assessment and comparison with industry standards increases the risk that program improvements will not occur and AIP effectiveness will not be maximized.

Recommendation 14

We recommend that the campus utilize industry statistics available through the NCAA ISS or comparable database/system to regularly evaluate the AIP program.

Campus Response

We concur. The head athletic trainer will look at data supplied by the NCAA on trends in athletic injuries and make assessment of our injuries in accordance with the national trends. Estimated date of completion is January 31, 2008.

APPENDIX A: PERSONNEL CONTACTED

<u>Name</u>	<u>Title</u>
F. King Alexander	President
Laurie Angel	Division Fiscal Manager, Physical Planning/Facilities Management
Tom Angell	Director, Benefits and Staff Human Resources
Dan Bailey	Head Athletic Trainer
Cathy Burns	Assistant Athletic Director/Business Manager
Vic Cegles	Director of Athletics
Sharon Clark	Lead Evaluator/Admitting, Enrollment Services
Sean Dalpathado	Pyramid Box Office Assistant
Jessica Davidson	Development Assistant, Athletics
Mae DeBruin	Grants and Contracts Administrator, California State University, Long Beach (CSULB) Foundation
Robert de Wit	Controller, 49er Shops
Tim Dickson	Assistant Athletic Director/Marketing and Corporate Sponsorships
Nancy Eckhous	Bursar
Mark Edrington	Associate Athletic Director/General Manager, The Walter Pyramid
Laurinda Fuller	Senior Internal Auditor, Internal Auditing Services
William Griffith	Vice President, Administration and Finance
Richard Haller	Executive Director, Associated Students
Charles Hughes	Director of Procurement and Support Services
Ted Kadowaki	Assistant Vice President, Budget Planning and Administration
Conrad Kiang	Pyramid Box Office Assistant
Peggy Lafon	Athletic Equipment Manager
Joseph Latter	Associate Vice President, Financial Management
Catherine Light	Administrative Support Assistant, Academic Personnel
Robyn Mack	Associate Vice President, University Services/Chief of Staff
Cindy Masner	Senior Associate Athletic Director/Senior Women's Administrator
Margaret Merryfield	Associate Vice President for Academic Affairs, Academic Personnel
Sandra Miyake	Payroll Director
Stephanie Moreno	Associate Director, Human Resources and Administrative Services, CSULB Foundation
Marie O'Beck	Financial Coordinator, Athletics
Robert Quirk	Director of Facilities
Alan Ray	Chief Financial Officer, CSULB Foundation
Lauri Reilly	Accounts Payable Manager
Maryann Rozanski	Director, Safety, Risk Management and Information Security
Sheryl Schuff	Director of Ticket Marketing and Operations, Athletics
Karen Sinaguglia	Administrative Assistant, Athletics
Aysu Spruill	Director, Internal Auditing Services
Aundrea Stallworth	Accounting Technician, Athletics
Josh Stone	Assistant Athletic Trainer
Mary Ann Tripodi	Associate Athletic Director for Compliance and Student Services
Pat West	Administrative Assistant, 49er Athletic Association
Leah Williams-Daniels	Director of Administrative Operations, Athletics



CALIFORNIA STATE UNIVERSITY, LONG BEACH

DIVISION OF ADMINISTRATION AND FINANCE

RECEIVED
UNIVERSITY AUDITOR

SEP - 6 2007

THE CALIFORNIA STATE
UNIVERSITY

September 4, 2007

Mr. Larry Mandel
University Auditor
California State University
401 Golden Shore
Long Beach, California 90802

Re: Response to Athletics Administration Audit #07-35

Dear Larry:

Please find enclosed California State University, Long Beach's response to the above report. The campus is committed to addressing and resolving the issues identified in the audit report.

Please let me know if we can provide you with any additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "William H. Griffith".

William H. Griffith
Vice President for Administration and Finance

Enclosure

IA-0144

c: F. King Alexander, President
Vic Cegles, Director of Athletics
Robyn R. Mack, Associate Vice President, University Services and Chief of Staff
Aysu Spruill, Director of Internal Auditing Services

**ATHLETICS ADMINISTRATION
CALIFORNIA STATE UNIVERSITY,
LONG BEACH**

**Audit Report 07-35
August 23, 2007**

GENERAL ENVIRONMENT

EXECUTIVE ORDER 919 ISSUES

Recommendation 1

We recommend that the campus process (deposit/expend) athletic revenues through campus trust accounts.

Campus Response

We concur. The campus will work with Athletics and the Foundation to transfer responsibility for the deposit and expenditure of athletic revenues into campus trust accounts. Estimated date of completion is January 31, 2008.

ADMINISTRATIVE AGREEMENTS/DOCUMENTS

Recommendation 2

We recommend that the campus:

- a. Update athletic agreements/forms/manuals to align content, conditions, and provisions with current practices.
- b. Establish procedures to ensure that athletic transactions where goods and services are obtained on any basis are consistent with delegations of purchasing authority.

Campus Response

We concur. The campus will update the necessary athletic agreements/forms/manuals as recommended and will establish procedures to ensure that athletic transactions where goods and services are obtained on any basis are consistent with delegations of purchasing authority. Estimated date of completion is January 31, 2008.

PROGRAM REVENUES

SPORTS CAMP REVENUES

Recommendation 3

We recommend that the campus and the CSULB Foundation ensure that CSULB Foundation sports camp revenues are reconciled to corresponding fees and the number of registered participants with review of the reconciliation by someone other than the preparer.

Campus Response

We concur. The campus is committed to perform formal reconciliations of CSULB Foundation sports camp revenues to corresponding fees and the number of registered participants. The campus will also ensure that the reconciliations have been reviewed by someone other than the preparer. The campus started implementation of this recommendation with the summer of 2007 camps. Estimated date of completion is December 31, 2007.

CASH OVERAGES AND SHORTAGES

Recommendation 4

We recommend that the campus and the CSULB Foundation:

- a. Process and deposit actual daily receipts from the Pyramid Box Office.
- b. Record daily cash overages and shortages from the Pyramid Box Office in accounts established for this purpose.

Campus Response

We concur. The CSULB Foundation has set up a general ledger account 589110 - Cash Over/Short to record the daily balancing variances. The campus will establish procedures to ensure that athletics box office monies are deposited into the appropriate account. Estimated date of completion is December 31, 2007.

SECURITY AND STORAGE

Recommendation 5

We recommend that the campus:

- a. Improve the physical security in the Pyramid Box Office.
- b. Establish and follow acceptable record retention policies for unused tickets.

Campus Response

We concur. The campus will perform a self evaluation of the security of the Walter Pyramid Box Office and determine the appropriate action to be taken. Ticket Office policy and procedures will be

updated to add proper record retention guidelines for unused tickets. Estimated date of completion is January 31, 2008.

FACILITY LEASING

Recommendation 6

We recommend that the campus and the CSULB Foundation:

- a. Adequately separate the duties for athletic facility leasing, invoicing, and payment processing.
- b. Establish procedures to ensure timely invoice preparation and timely recording of accounts receivable transactions in the accounting records.

Campus Response

We concur. The campus will adequately separate the duties within the athletic facility leasing activities. The campus will also ensure that procedures are established to ensure timely invoice preparation and timely recording of accounts receivable transactions in the accounting records. Estimated date of completion is January 31, 2008.

COMPENSATION AND BENEFITS

Recommendation 7

We recommend that the campus report merchandise incentives provided to athletics department staff to the State Controller.

Campus Response

We concur. The campus will report merchandise incentives provided to athletics department staff to the State Controller for compensation reporting purposes. Estimated date of completion is January 31, 2008.

OPERATING EXPENDITURES AND EQUIPMENT

FACILITY ARRANGEMENTS

Recommendation 8

We recommend that the campus ensure appropriate documentation for all athletic department facility use arrangements.

Campus Response

We concur. The campus will ensure appropriate documentation for all athletic department facility use arrangements. Estimated date of completion is January 31, 2008.

EQUIPMENT MANAGEMENT

Recommendation 9

We recommend that the campus:

- a. Centralize accountability and control over athletic equipment.
- b. Augment the PEM system implementation with a beginning balance, definition of inventory categories, standardization of forms, and independent verifications/physical counting of items.

Campus Response

We concur. The campus will centralize the accountability and control over athletic equipment and will improve equipment inventory record keeping as recommended. Estimated date of completion is December 31, 2007.

TRADE-OUTS

Recommendation 10

We recommend that the campus:

- a. Establish a process for regular review of the trade-out records.
- b. Annually summarize and report on trade-out usage.
- c. Eliminate non-essential trade that is not being used.
- d. Report T-shirts provided to sports camp owners as taxable income.

Campus Response

We concur. The campus will establish procedures to comply with the auditor's recommendations. Estimated date of completion is January 31, 2008.

TEAM TRAVEL

Recommendation 11

We recommend that the campus enforce requirements for travel documentation in athletics, including advance authorizations and submittal of claims signed and dated by the traveler within established deadlines.

Campus Response

We concur. The campus is updating its policy and procedures to ensure proper documentation for athletics travel. Estimated date of completion is December 31, 2007.

EMPLOYER-PROVIDED CARS

Recommendation 12

We recommend that the campus and the CSULB Foundation develop a periodic reporting system to capture contemporaneous and realistic usage records on vehicle mileage for personal and business purposes.

Campus Response

We concur. The campus and the CSULB Foundation will explore practicable options for capturing usage records for the three vehicles assigned to individuals in the Athletics Department. Estimated date of completion is December 31, 2007.

MISCELLANEOUS

SPORTS CAMP

Recommendation 13

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Campus Response

We concur. Effective June 2007 forward, all Foundation personnel working for the Athletic Camps are required to successfully pass the Live Scan Background Check through the CA Department of Justice (DOJ). Corrective action on this issue is complete.

ATHLETIC INJURY PREVENTION EFFECTIVENESS

Recommendation 14

We recommend that the campus utilize industry statistics available through the NCAA ISS or comparable database/system to regularly evaluate the AIP program.

Campus Response

We concur. The Head Athletic Trainer will look at data supplied by the NCAA on trends in athletic injuries and make assessment of our injuries in accordance with the national trends. Estimated date of completion is January 31, 2008.


THE CALIFORNIA STATE UNIVERSITY
 OFFICE OF THE CHANCELLOR

BAKERSFIELD

September 19, 2007

CHANNEL ISLANDS

CHICO

MEMORANDUM

DOMINGUEZ HILLS

EAST BAY

FRESNO

TO: Mr. Larry Mandel
University Auditor

FULLERTON

FROM: Charles B. Reed
Chancellor



HUMBOLDT

LONG BEACH

SUBJECT: Draft Final Audit Report 07-35 on *Athletics Administration*,
California State University, Long Beach

LOS ANGELES

MARITIME ACADEMY

MONTEREY BAY

In response to your memorandum of September 19, 2007, I accept the response as submitted with the draft final report on *Athletics Administration*, California State University, Long Beach.

NORTHRIDGE

POMONA

CBR/jt

SACRAMENTO

Enclosure

SAN BERNARDINO

cc: Dr. F. King Alexander, President

SAN DIEGO

Mr. William H. Griffith, Vice President, Administration and Finance

SAN FRANCISCO

SAN JOSÉ

SAN LUIS OBISPO

SAN MARCOS

SONOMA

STANISLAUS