

**ATHLETICS ADMINISTRATION
HUMBOLDT STATE UNIVERSITY**

**Audit Report 07-37
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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
CCAA	California Collegiate Athletic Association
COIA	The Coalition on Intercollegiate Athletics
COSO	Committee of Sponsoring Organizations
CSU	California State University
CSURMA	California State University Risk Management Authority
EADA	Equity in Athletics Disclosure Act
FARA	Faculty Athletics Representatives Association
FY	Fiscal Year
GC	Government Code
GNAC	Great Northwest Athletic Conference
HBRA	Humboldt Bay Rowing Association
HR	Human Resources
HSU	Humboldt State University
ISS	Injury Surveillance System
KRA	Kinesiology and Recreation Administration
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
RFIN	Resolution of the Committee on Finance

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 Humboldt State University (HSU) campus from May 14, 2007, through July 19, 2007, and audited the procedures in effect at that time.

In our opinion, the administration of athletics at HSU had benefited from the transfer of athletic accounts from the University Center auxiliary organization to a campus trust account in January 2006. However, certain areas of program operations warranted improvements in internal 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.

PROGRAM REVENUES [7]

Revenues from sports camps were not consistently reconciled to corresponding fees and the number of registered participants. In addition, some control weaknesses were noted in athletic ticketing. Distribution of certain ticket stock was not well controlled, ticket dispositions could not be reconciled across various types of records, unsold general admission basketball tickets were not consistently shredded, and roll-stock tickets were not adequately inventoried. Further, athletic concession revenues were not reconciled to the extent of product utilized.

OPERATING EXPENDITURES AND EQUIPMENT [11]

One privately owned summer sports camp was not in compliance with HSU facility use protocol, and the arrangement for the boathouse used by the women's crew/rowing team was expired. In addition, some athletic equipment room inventory procedures were not adequate to ensure accountability for merchandise. There were a number of areas where athletic equipment had been disbursed without accessibility by the equipment manager, summer inventories were not compared against calculated totals using information from the prior year plus purchases less dispositions in the current year, and student-athletes did not sign acknowledging receipt of equipment that had been checked out to them. Further, the extent of trade used with one partner was not well monitored, and trade used for recruiting was not linked to official visit authorizations.

MISCELLANEOUS [15]

Criminal background checks were not performed for all personnel working at sports camps and clinics. The campus learning center had not issued invoices for fiscal year 2006/07 tutoring services provided to student-athletes. In addition, some injury prevention components had not been implemented, and the campus had not formally evaluated the effectiveness of the athletic injury prevention program. For example, the campus had not yet implemented an informed consent waiver/assumption of risk form, and updating of annual health histories for student-athletes in the athletic training room had been discontinued.

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.

Effective fall 2006, Humboldt State University (HSU) changed its main athletic conference affiliation from the Great Northwest Athletic Conference (GNAC) to the California Collegiate Athletic Association (CCAA). The CCAA includes 11 CSU campuses (Bakersfield, Chico, Dominguez Hills, Humboldt, Los Angeles, Monterey Bay, Pomona, San Bernardino, San Francisco, Sonoma, and Stanislaus) and the University of California, San Diego. Other non-CCAA affiliations include:

HSU SPORT	CONFERENCE AFFILIATION
Football	Independent
Rowing (Women's)	Western Intercollegiate Rowing Association

The football program at HSU competed as an independent in fall 2006 and will do so again in fall 2007. In fall 2008, football will be reinstated as a GNAC sport.

HSU athletic teams are nicknamed the Lumberjacks and compete at the NCAA Division II level. The campus supports intercollegiate teams in 5 men's and 7 women's sports as follows:

SPORT	MEN'S	WOMEN'S
Basketball	√	√
Cross Country	√	√
Football	√	
Rowing		√
Soccer	√	√
Softball		√
Track and Field	√	√
Volleyball		√

In fiscal year (FY) 2005/06, 308 HSU student-athletes (156 men and 152 women) participated in the 12 intercollegiate athletics programs per the annual EADA report.

On-campus athletic facilities with spectator seating capacities at HSU include a multi-purpose stadium (7,000), soccer field, softball field, and East gymnasium (1,400). In July 2005, HSU completed a new student recreation center, which includes 29,000 square feet of renovated field house space and a 9,800 square foot wellness center. A new physical education project expected to complete phase I in winter 2007/08 will upgrade and improve or replace the gyms, natatorium, athletic department offices, and support space in Forbes Complex.

Athletics at HSU is administered by a director of athletics (commonly referred to as the athletics director) who reports to the vice president of student affairs.

HSU intercollegiate athletics has a close working relationship with the department of kinesiology and recreation administration (KRA) in the College of Professional Studies, which offers an undergraduate degree with an option in athletic training education. The relationship includes availability of internship opportunities in the athletics department training room for students in the kinesiology athletic training program. The KRA department also controls the scheduling of athletic venues.

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

PROGRAM REVENUES

SPORTS CAMP REVENUES

Revenues from sports camps were not consistently reconciled to corresponding fees and the number of registered participants.

Promotional literature and materials indicated that the following sports camps occurred in summer 2006 at Humboldt State University (HSU):

SPORT	DESCRIPTION	2006 DATES
Basketball (Men's)	2nd – 5th Grades	06/19 – 06/23
Basketball (Men's)	6th – 12th Grades	06/26 – 06/30
Basketball (Women's)	Team Camp	06/16 – 06/18
Basketball (Women's)	6th – 12th Grades	07/09 – 07/12
Basketball (Women's)	4th – 5th Grades	07/17 – 07/20
Football	Youth	07/24 – 07/27
Soccer	9th – 12th Grades	07/31 – 08/04
Soccer	Goalkeeper Session 1	07/24 – 07/28
Soccer	Goalkeeper Session 2	07/31 – 08/04
Soccer	1st – 8th Grades Session 1	07/24 – 07/28
Soccer	1st – 8th Grades Session 2	07/31 – 08/04
Track and Field	Session 1	06/26 – 06/30
Track and Field	Session 2	07/24 – 07/28
Volleyball (Women's)	7th – 12th Grades	07/23 – 07/26

Accounting for the sports camps was performed by the campus through trust accounts assigned to the sponsoring sport. Camp fees ranged from \$60 for half-day camps to \$435 for camps where the participant had the option to stay overnight in HSU housing. We found that only two camps had an acceptable reconciliation of fee revenue based on the number of participant registrations.

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.

The athletics business manager stated that although the volleyball camp had a fee reconciliation template, its use by other sports was voluntary.

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

Recommendation 1

We recommend that the campus develop and implement procedures to ensure that camp revenues are reconciled to corresponding fees and the number of registered participants for all sports.

Campus Response

We concur. The athletics department will work with the university's accounting department to develop a reconciliation process for all sport camps. The reconciliation will include number of participants, fees charged, and fees collected.

Corrective action plan has been initiated and will be completed by January 31, 2008.

TICKETING OPERATIONS

Some control weaknesses were noted in athletic ticketing.

HSU did not have an athletic ticket office. Ticketing responsibilities were shared mainly between the associate athletics director and the athletics business manager.

Our review of athletic ticketing disclosed that:

- ▶ The HSU ticket office in the campus bookstore received ticket stock from athletics, but was not required to sign for the number of tickets received and the number of tickets returned similar to consignment accounting done for tickets distributed through Eureka ticket outlets.
- ▶ Ticket dispositions could not be reconciled across various types of records. For example, after summarizing the following two events, the campus could not explain what happened to a significant number of the tickets as follows:

Ticket Stock	11/11/06 Football Game	01/27/07 Basketball Game
Number of Tickets Printed	1,980	1,348
Used for Season Tickets	103	467
Distributed to Students		86
Gate Sales	763	295
Promotional Distributions	197	16
Trade-out Requirements	163	126
Will Call Comps	248	121
Shredded	437	80
Unexplained	69	157

- ▶ Unsold general admission tickets to basketball games were not consistently shredded, leaving questions about the actual sales volume and whether these tickets could have actually been used and not included in game revenues.
- ▶ Roll-stock tickets were not adequately inventoried. Multiple rolls of ticket stock were being used simultaneously and usage across events was not logged to ensure accountability and consistency with ticket inventory. A summary demonstrating that the ending sequence of numbers from a prior event tracks to the beginning sequence for the next time the roll is used would improve controls.

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 associate athletics director stated that some of the ticketing weaknesses were due to misunderstandings.

Inadequate control over athletic ticketing increases campus exposure to loss from inappropriate acts.

Recommendation 2

We recommend that the campus:

- a. Require signed transfer receipts for tickets taken to and returned from the HSU ticket office.
- b. Reconcile ticket dispositions across various types of records.
- c. Shred unused general admission tickets.
- d. Summarize the inventory of rolled ticket stock based on event usage.

Campus Response

We concur. The athletics department will work with the university's accounting department to develop procedures for the following:

- a. The campus will initiate the use of transfer receipts for tickets sent to and/or returned from the HSU ticket office or any other ticket distribution location.
- b. The disposition and receipt of tickets as mentioned in "a" above will be reconciled at appropriate intervals to be determined by usage.
- c. Appropriate procedures will be developed to ensure the proper shredding of unused printed tickets.
- d. Rolled ticket stock will be inventoried and procedures will be implemented to assist in the reconciliation of sales for events using rolled tickets.

Corrective action plan has been initiated and will be completed by January 31, 2008.

CONCESSIONS

Athletic concession revenues were not reconciled to the extent of product utilized.

The HSU athletics department was operating concessions for team fund-raising purposes. Concession activity was noted as follows:

- ▶ Crew/rowing team ran the concessions at football and men’s and women’s basketball games.
- ▶ Softball team occasionally sold at weekend double headers.
- ▶ Volleyball team operated a concession at May graduation.
- ▶ Football team operated a concession at a summer youth jamboree.

Food concession summaries for these activities were limited to counting the beginning and ending cash and there was no reconciliation to how much money should have been made based on the amount of product utilized. Product utilization would be based on purchases and sales reports. A typical sales report was as follows:

	Hot Dogs	Candy	Sodas	Water	Total
Beginning Inventory Quantity					
Less: Ending Inventory Quantity					
Less: Spoilage/Consumed					
Equals Quantity Sold					
Times Sales Price					
Equals Estimated Cash Receipts					

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 athletics business manager stated that past attempts to implement different concession controls were unsuccessful and as an alternative, the athletics department relied on assigning responsibility to specific sports teams.

Inadequate control over concession revenues increases campus exposure to loss from inappropriate acts.

Recommendation 3

We recommend that the campus reconcile concession revenues to the extent of product utilized.

Campus Response

We concur. The athletics department will work with the accounting department to establish a high-level inventory system and reasonableness tests for purchases and uses of concession products.

Corrective action plan will be completed by January 31, 2008.

OPERATING EXPENDITURES AND EQUIPMENT

ATHLETIC FACILITIES

One privately owned summer sports camp was not in compliance with HSU facility use protocol, and the arrangement for the boathouse used by the women's crew/rowing team was expired.

We found that:

- ▶ The Jim Hill Running Camp was an independently owned and operated continuing summer camp at HSU. The athletics director annually signed a memorandum of understanding (MOU) with the camp owners. In summer 2006, the camp occurred July 23-28 and the related MOU covered use of the Redwood Bowl track, swimming pool, weight room, and Forbes Complex classroom 148. Additionally, the camp also executed a separate agreement with the University Center auxiliary organization for participant housing and dining arrangements. For their participation in this camp, HSU athletics received \$20 each for the first 50 participants and \$15 per person thereafter, which totaled \$2,125 and was deposited in the athletics department's trust account.
- ▶ The campus crew/rowing team had been operating out of a boathouse on Waterfront Drive near the Samoa Bridge in Eureka. This boathouse was constructed by the private non-profit Humboldt Bay Rowing Association (HBRA) on land that was leased to them by the City of Eureka. HSU executed an MOU with HBRA dated June 21, 1995, which allowed occupancy and use of the boathouse by the HSU crew/rowing team from May 1, 2004, through June 30, 2006, and committed HSU to assume HBRA's position in HBRA's agreement with the city. This MOU was executed retroactively and has since expired. The boathouse occupancy by the HSU crew/rowing team continues.

Campus policies and procedures for leasing of university facilities are described in the HSU office of contracts, procurement and risk management website and in HSU Executive Memorandum P90-3, *Policy for the Use of University Facilities*, dated July 1, 1990. These policies/procedures require that the HSU office of contracts, procurement and risk management prepare the necessary documents and process the executed agreement after verifying proof of insurance.

Executive Order 919, *Policy Governing Non-General Fund Receipts*, dated October 15, 2004, provides in part that:

- Rights to facilities would typically be granted through a lease of license agreement. A lease confers an exclusive possessory interest in a campus facility, whereas a license would grant a non-exclusive permission to use.
- If the rights granted allow continuing possession by the campus and permits contemporaneous use by the licensee (as well as possibly others), the arrangement should be treated as a license. License revenue for facilities is governed by Education Code 89721(g) which states that the chief fiscal officer of each campus of the California State University (CSU) shall deposit into and maintain in local trust accounts moneys received in connection with fees and charges for services, materials, and facilities authorized by Section 89700 where these fees or charges are required of those persons who, at their option, use the services or facilities, or are provided the materials, for which the fees or charges are made. Fees and charges so received and deposited shall be used solely to meet the costs of providing these services, materials, and facilities.

The director of athletics stated that he had inherited the MOU format on the Jim Hill Running Camp from his predecessor and just continued its use. He further stated that the MOU had not been renewed because the crew/rowing team will move from the HBRA boathouse when the dock is constructed at the recently completed Boating Instruction and Safety Center.

Inappropriate contracting and facility arrangements could inadvertently interfere with other programming priorities and increase CSU's liability.

Recommendation 4

We recommend that:

- a. Athletics follow campus protocol for licensing facility use by the Jim Hill Running Camp.
- b. The campus update and maintain current documents governing occupancy and use of the HBRA boathouse.

Campus Response

We concur. The athletics department will work with the university's contracts and procurement office to ensure that campus protocol is followed for licensing facility usage and to ensure that appropriate procedures are followed when occupying and using properties outside of the university.

Corrective action plan has been implemented.

EQUIPMENT MANAGEMENT

Some athletic equipment room inventory procedures were not adequate to ensure accountability for merchandise.

Our review of the athletic equipment room disclosed that:

- ▶ There were a number of areas where athletic equipment had been disbursed without accessibility by the equipment manager.
- ▶ Summer inventories were not compared against information that would demonstrate how much should be available based on what was counted in the prior year plus purchases less dispositions in the current year.
- ▶ Student-athletes did not sign acknowledging receipt of equipment that had been checked out to them.

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 equipment manager stated that they had considered an inventory system, but had yet to find something simple and scaled to their needs. He further stated that he inherited some practices from his predecessor and that he was changing things as time permitted to better fit what worked for him.

Inadequate equipment room inventory controls increase the risk of misuse of athletic resources and mismanagement of athletic program funds.

Recommendation 5

We recommend that the campus improve accountability for athletic equipment by addressing access by the athletics equipment manager, implementing an athletic inventory system, and changing the arrangement on checkout so that student-athletes acknowledge receipt of equipment.

Campus Response

We concur. The athletics department will develop and implement procedures limiting access to the equipment inventory. Additionally, the athletics department will work with the university's asset manager to develop an appropriate inventory process for the size and needs of the HSU athletics department. The system will include checkout procedures for student athletes.

Corrective action plan has been initiated and will be completed by January 31, 2008.

TRADE-OUTS

The extent of trade used with one partner was not well monitored, and trade used for recruiting was not linked to official visit authorizations.

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. 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 of trade authorization and usage records for five accounts disclosed that:

- ▶ Mad River Community Hospital was a trade partner that committed to an annual participation of \$10,000. This trade was used for medical costs for injured student-athletes that were not otherwise covered by insurance. It was utilized by the campus to mitigate the extent of claims that they would need to file under the Athletic Injury Medical Expense program of the California State University Risk Management Authority. Usage of the trade was authorized by the athletic trainer and the main recordkeeping was done by the hospital. In fiscal year (FY) 2006/07, the campus utilized only \$301 of the \$10,000 available. However, a roll forward of the used trade was retroactively authorized.
- ▶ The campus documents usage of certain trade for hotel and restaurants in a log entitled Partner Coupon Checkout Sheet whereby coupons issued to recipients were recorded. The business purpose of the usage was not documented on this record unless it did not involve recruiting. For recruiting, there was no link between the coupons and the party that was being recruited; even though this latter information was readily available on the official visit form utilized to assure compliance with National Collegiate Athletic Association (NCAA) requirements.

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 associate athletics director stated that it was a good business practice to have extra insurance with the hospital and that the recruiting visit paperwork had frequently been presented as part of the process, but not recorded.

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

Recommendation 6

We recommend that the campus:

- a. Monitor trade with Mad River Community Hospital to assure that usage more closely approximates the value provided.
- b. Link trade used for recruiting to official visits that have been authorized.

Campus Response

We concur.

- a. The athletics department has communicated with Mad River Hospital and has been able to roll forward the trade dollars not previously used.

Corrective action plan has been implemented.

- b. The athletics department will disclose if trade used was for official authorized recruiting visits, and official authorized recruiting documentation will include trade used.

Corrective action plan has been implemented.

MISCELLANEOUS

SPORTS CAMPS

Criminal background checks were not performed for all personnel working at sports camps and clinics.

There were a number of different sports camps and clinics that operated on-campus, typically during the summer months. These camps were available to certain age groups, mainly minors of elementary through high school age and could involve staying overnight in campus residence halls. In summer 2006, some camp staff was subjected to criminal background checks. Since then, the athletics department had applied for a separate authorization from the California Department of Justice so they could get reports on the results of those checked sent directly to them rather than to the university police department. Under this new process, more camp staff received criminal background checks in preparation for summer 2007 camps that were checked in the previous year, but not all camp staff had been checked.

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 athletics business manager stated that it had taken some time to get the athletics department authorization for background checking.

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 7

We recommend that the campus perform criminal background checks on all staff working at athletic summer sports camps and clinics.

Campus Response

We concur. The athletics department will ensure that criminal background checks are performed on all staff working at athletic sports camps and clinics that provide services to minors.

Corrective action plan has been implemented.

ATHLETIC ACADEMIC SUPPORT

The campus learning center had not issued invoices for FY 2006/07 tutoring services provided to student-athletes.

The campus learning center provided tutoring for student-athletes initially through group tutoring that was available to all students and as needed through individual, one-on-one tutoring. The learning center hired, trained, and supervised the tutors. If one-on-one tutoring was needed, there was a cost. For student-athletes, this cost was covered by a NCAA grant after approval by the volleyball coach who had been assigned by the athletics department to coordinate these services. The system was that the learning center e-mailed the volleyball coach for approval, provided the tutoring, and invoiced the athletics department for the cost of the services. However, invoicing for FY 2006/07 did not occur on a timely basis and the receivable was not recorded.

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 athletics business manager stated that the present accommodation was due to collective bargaining and personnel rules on appointment of tutors and that the coach who coordinated the tutor approval was on a leave of absence.

Untimely billing and unrecorded receivables increases the risk of inappropriate activities and reduces the probability that irregularities will be detected.

Recommendation 8

We recommend that the campus timely invoice, record, and reimburse the learning center for academic support services to student-athletes.

Campus Response

We concur. The university's accounting department will work with the learning center to develop procedures to ensure the timely invoicing, recording, and reimbursement of costs for academic support services to student-athletes.

Corrective action plan will be completed by January 31, 2008.

ATHLETIC INJURY PREVENTION EFFECTIVENESS

The campus had not implemented some injury prevention components and formally evaluated the effectiveness of the athletic injury prevention (AIP) program.

We noted that:

- ▶ The campus had not yet implemented an informed consent waiver/assumption of risk form for student-athletes.
- ▶ Updating of annual health histories for student-athletes in the athletic training room had been discontinued.
- ▶ There was no formal process to analyze injury statistics based on comparison with the NCAA Injury Surveillance System (ISS).

The Division II Athletics Directors Association *Guiding Principles for a Model Division II Athletics Department* state, in part, that practices should adhere to the *NCAA Sports Medicine Handbook*.

NCAA Sports Medicine Handbook Guideline 1a states that acceptance of risk is an important component in injury prevention. Further, Guideline 1b states that an updated health history should be performed annually subsequent to the initial medical evaluation.

The NCAA ISS was developed in 1982 to provide current and reliable data on injury trends in intercollegiate athletics. Bylaw Article 17.01.2 in the *2006/07 NCAA Division II Manual* states:

Preseason practice activities should receive the same institutional health and safety oversight as regular and postseason activities, consistent with the NCAA health and safety principle of student-athlete welfare and the *NCAA Sports Medicine Handbook* guidelines.

The athletic trainer stated that an informed consent form had been discussed with the campus director of contracts, procurement and risk management and they were waiting for further direction.

He further stated that an annual health history had been discontinued by his predecessor because it did not provide them with any additional information. He added that their injury and rehabilitation report provided enough documentation of injuries.

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

Recommendation 9

We recommend that the campus:

- a. Implement an informed consent/assumption of risk form for student-athletes.
- b. Reinstate annual health history updates for student-athletes.
- c. Utilize industry statistics available through the NCAA ISS to regularly evaluate AIP program effectiveness.

Campus Response

We concur.

- a. The athletics department will work the campus risk management department to complete the process of implementing an informed consent/assumption of risk form for student-athletes.

Corrective action plan has been implemented.

- b. The athletics department will design procedures reinstating annual health history updates for student-athletes as recommended.

Corrective action plan will be completed by January 31, 2008.

- c. The athletics department will utilize industry statistics available through NCAA ISS to regularly evaluate AIP program effectiveness as recommended.

Corrective action plan will be completed by January 31, 2008.

APPENDIX A: PERSONNEL CONTACTED

<u>Name</u>	<u>Title</u>
Rollin C. Richmond	President
Patti Ambrosini	Payroll Officer
Dave Bugbee	Director, Contracts, Procurement and Risk Management
Mike Burghart	Accountant, Financial Services
Heidi Chien	Associate Executive Director, University Center
Shannon Childs	Athletic Trainer
Carl Coffey	Vice President for Administrative Affairs
Dan Collen	Director of Athletics
John Dostal	Equipment Manager
Kristin Earhart	Accounting Technician, Financial Services
Gail Finney	Senior Accounting Technician, Financial Services
Allison Freeman	Cashiering Supervisor
Jason Henry	Supervisor, Center Arts
Pat Hyland	Assistant Coach, Women's Rowing
Debi Johnson	Cashier
Gail Kenny	Athletics Compliance Coordinator
Burt Nordstrom	Executive Director, University Center
Lynne Sandstrom	Senior Accountant, Financial Services
Laurie Sheppard	Athletics Business Manager
Sue Simon	Athletics Administrative Assistant
Carol Terry	Associate Vice President for Business Services
Tom Trepiaik	Associate Athletics Director



HUMBOLDT STATE UNIVERSITY

Vice President for Administrative Affairs

November 14, 2007

Larry Mandel
University Auditor
The California State University
401 Golden Shore
Long Beach, CA 90802-4210

RECEIVED
UNIVERSITY AUDITOR

NOV 19 2007

THE CALIFORNIA STATE
UNIVERSITY

Re: Athletics Administration Audit Report 07-37

Dear Mr. Mandel:

Please find enclosed Humboldt State University's responses to Audit Report Number 07-37, Athletics Administration, Humboldt State University. We appreciate the effort you and your staff have made to indicate areas where our procedures could be strengthened. The campus is committed to addressing and resolving the issues noted in the audit report.

Please direct questions concerning the responses to Carol Terry, Associate Vice President for Business Services at 707-826-5728.

Sincerely,

Carl Coffey
Vice President for Administrative Affairs

cc: Dr. Rollin C. Richmond, President
Carol Terry, Associate VP for Business Services

Attachment

1 Harpst Street . Arcata, California 95521-8299 . 707.826.3521 . fax 707.826.3334 . www.humboldt.edu

THE CALIFORNIA STATE UNIVERSITY . Bakersfield . Channel Islands . Chico . Dominguez Hills . Fresno . Fullerton . Hayward . Humboldt . Long Beach . Los Angeles . Maritime Academy . Monterey Bay . Northridge . Pomona . Sacramento . San Bernardino . San Diego . San Francisco . San Jose . San Luis Obispo . San Marcos . Sonoma . Stanislaus

**ATHLETICS ADMINISTRATION
HUMBOLDT STATE UNIVERSITY**

**Audit Report 07-37
October 11, 2007**

PROGRAM REVENUES

SPORTS CAMP REVENUES

Recommendation 1

We recommend that the campus develop and implement procedures to ensure that camp revenues are reconciled to corresponding fees and the number of registered participants for all sports.

Campus Response

We concur. The athletics department will work with the University's accounting department to develop a reconciliation process for all sport camps. The reconciliation will include number of participants, fees charged and fees collected.

Corrective action plan has been initiated and will be complete by January 31, 2008.

TICKETING OPERATIONS

Recommendation 2

We recommend that the campus:

- a. Require signed transfer receipts for tickets taken to and returned from the HSU ticket office.
- b. Reconcile ticket dispositions across various types of records.
- c. Shred unused general admission tickets.
- d. Summarize the inventory of rolled ticket stock based on event usage.

Campus Response

We concur. The athletics department will work with the University's accounting department to develop procedures for the following:

- a. The campus will initiate the use of transfer receipts for tickets sent to and/or returned from the HSU ticket office or any other ticket distribution location.
- b. The disposition and receipt of tickets as mentioned in 'a' above will be reconciled at appropriate intervals to be determined by usage.

- c. Appropriate procedures will be developed to ensure the proper shredding of unused printed tickets.
- d. Rolled ticket stock will be inventoried and procedures will be implemented to assist in the reconciliation of sales for events using rolled tickets.

Corrective action plan has been initiated and will be completed by January 31, 2008.

CONCESSIONS

Recommendation 3

We recommend that the campus reconcile concession revenues to the extent of product utilized.

Campus Response

We concur. The athletics department will work with the accounting department to establish a high level inventory system and reasonableness tests for purchases and uses of concession products.

Corrective action plan will be completed by January 31, 2008.

OPERATING EXPENDITURES AND EQUIPMENT

ATHLETIC FACILITIES

Recommendation 4

We recommend that:

- a. Athletics follow campus protocol for licensing facility use by the Jim Hill Running Camp.
- b. The campus updates and maintains current documents governing occupancy and use of the HBRA boathouse.

Campus Response

We concur. The athletics department will work with the University's Contracts and Procurement office to ensure that campus protocol is followed for licensing facility usage and to ensure that appropriate procedures are followed when occupying and using properties outside of the University.

Corrective action plan has been implemented.

EQUIPMENT MANAGEMENT

Recommendation 5

We recommend that the campus improve accountability for athletic equipment by addressing access by the athletics equipment manager, implementing an athletic inventory system, and changing the arrangement on checkout so that student-athletes acknowledge receipt of equipment.

Campus Response

We concur. The athletics department will develop and implement procedures limiting access to the equipment inventory. Additionally, the athletics department will work with the University's Asset Manager to develop an appropriate inventory process for the size and needs of the HSU athletics department. The system will include checkout procedures for student athletes.

Corrective action plan has been initiated and will be completed by January 31, 2008.

TRADE-OUTS

Recommendation 6

We recommend that the campus:

- a. Monitor trade with Mad River Community Hospital to assure that usage more closely approximates the value provided.
- b. Link trade used for recruiting to official visits that have been authorized.

Campus Response

We concur.

- a. The athletics department has communicated with Mad River Hospital and has been able to roll forward the trade dollars not previously used.

Corrective action plan has been implemented.

- b. The athletics department will disclose if trade used was for official authorized recruiting visits; and, official authorized recruiting documentation will include trade used.

Corrective action plan has been implemented.

MISCELLANEOUS

SPORTS CAMPS

Recommendation 7

We recommend that the campus perform criminal background checks on all staff working at athletic summer sports camps and clinics.

Campus Response

We concur. The athletics department will ensure that criminal background checks are performed on all staff working at athletic sports camps and clinics that provide services to minors.

Corrective action plan has been implemented.

ATHLETIC ACADEMIC SUPPORT

Recommendation 8

We recommend that the campus timely invoice, record, and reimburse the learning center for academic support services to student-athletes.

Campus Response

We concur. The University's accounting department will work with the learning center to develop procedures to ensure the timely invoicing, recording and reimbursement of costs for academic support services to student-athletes.

Corrective action plan will be completed by January 31, 2008.

ATHLETIC INJURY PREVENTION EFFECTIVENESS

Recommendation 9

We recommend that the campus:

- a. Implement an informed consent/assumption of risk form for student-athletes.
- b. Reinstate annual health history updates for student-athletes.
- c. Utilize industry statistics available through the NCAA ISS to regularly evaluate AIP program effectiveness.

Campus Response

We concur.

- a. The athletics department will work the campus risk management department to complete the process of implementing an informed consent/assumption of risk form for student-athletes.

Corrective action plan has been implemented.

- b. The athletics department will design procedures reinstating annual health history updates for student-athletes as recommended.

Corrective action plan will be completed by January 31, 2008.

- c. The athletics department will utilize industry statistics available through NCAA ISS to regularly evaluate AIP program effectiveness as recommended.

Corrective action plan will be completed by January 31, 2008.



THE CALIFORNIA STATE UNIVERSITY
 OFFICE OF THE CHANCELLOR

BAKERSFIELD

December 10, 2007

CHANNEL ISLANDS

CHICO

MEMORANDUM

DOMINGUEZ HILLS

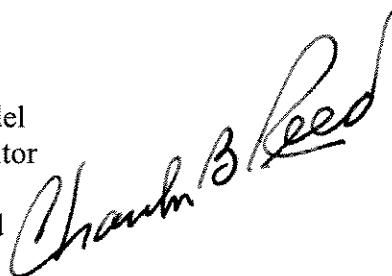
EAST BAY

FRESNO

TO: Mr. Larry Mandel
University Auditor

FULLERTON

FROM: Charles B. Reed
Chancellor



HUMBOLDT

LONG BEACH

SUBJECT: Draft Final Audit Report 07-37 on *Athletics Administration*,
Humboldt State University

LOS ANGELES

MARITIME ACADEMY

In response to your memorandum of December 10, 2007, I accept the response as submitted with the draft final report on *Athletics Administration*, Humboldt State University.

MONTEREY BAY

NORTHRIDGE

POMONA

CBR/jt

SACRAMENTO

Enclosure

SAN BERNARDINO

cc: Mr. Carl Coffey, Vice President, Administrative Affairs
Dr. Rollin C. Richmond, President

SAN DIEGO

SAN FRANCISCO

SAN JOSÉ

SAN LUIS OBISPO

SAN MARCOS

SONOMA

STANISLAUS