

**ATHLETICS ADMINISTRATION
CALIFORNIA STATE UNIVERSITY,
BAKERSFIELD**

**Audit Report 07-38
November 20, 2007**

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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
CSUB	California State University, Bakersfield
CSURMA	California State University Risk Management Authority
EADA	Equity in Athletics Disclosure Act
FARA	Faculty Athletics Representatives Association
FY	Fiscal Year
GC	Government Code
HR	Human Resources
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
RFIN	Resolution of the Committee on Finance
SAM	State Administrative Manual

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, Bakersfield (CSUB) campus from June 18, 2007, through August 17, 2007, and audited the procedures in effect at that time.

In our opinion, inadequate documentation had been generated or retained for several components of athletics department operations at CSUB. 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 CSUB Foundation provided financial services to athletics under a written memorandum of understanding that expired on June 30, 2006.

PROGRAM REVENUES [8]

The athletics business office did not use transfer receipts when athletic funds were transferred to cash services for deposit, and administration of athletic ticketing was in need of improvement. Specifically, the ticket manager had conflicting responsibilities and multiple rolls of ticket stock were used simultaneously across events. Further, fund-raising event administration needed improvement. Contracts were not executed with the off-site host locations for fund-raising events and athletics entered into agreements with sponsors for fund-raising events without the involvement of the campus procurement office.

COMPENSATION AND BENEFITS [11]

Appointment letters for athletics department personnel were not always executed in a timely manner. Appointment letters for six employees were signed/dated/executed from eight days to one month after the employment commencement date, and appointment letters for three employees were not signed and dated.

OPERATING EXPENDITURES AND EQUIPMENT [12]

Athletic procurement card procedures needed improvement. Three of ten monthly purchase reports tested in athletics were not reviewed and submitted prior to the due date when the credit card statements were paid. Inspection/maintenance records for all athletic facilities were not consistently documented and retained. Some athletic equipment room inventory procedures were inadequate to ensure accountability for merchandise.

For example, documentation of apparel, equipment, and stock did not provide for effective inventory control. The current inventory system was manual. In addition, there was no system documentation for disposal of used athletic apparel and equipment. Further, trade-outs were not always appropriately managed, and significant amounts of trade were unused and travel documentation for team travel trips needed improvement. Lastly, athletics used off-campus golf facilities without a formal permit/license/use agreement. The men's and women's golf teams practiced and competed at eight different off-campus golf facilities.

MISCELLANEOUS [18]

Sports camp administration needed improvement. Specifically, background checks were performed only on newly hired personnel, procurement did not sign-off on facility usage agreements, there was no evidence of insurance coverage or pre-camp budget approval, revenues were not reconciled to corresponding fees and the number of registered participants, and applications for participants in two of the five camps tested did not include a risk waiver. In athletic injury prevention (AIP), a sample of pre-participation documentation for ten student-athletes disclosed that, in one case, there was no evidence of a pre-participation medical exam for clearance to participate, and in five instances, there was no evidence of an updated proof of insurance form. Additionally, the campus did not formally evaluate the effectiveness of the AIP 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, Bakersfield (CSUB) began the transition from a Division II to a Division I athletic program starting with academic year 2005/06. It will take a total of five years before CSUB will officially move to Division I and become a member of the Big West Conference. CSUB's main athletic conference affiliation in Division II was the California Collegiate Athletic Association (CCAA) that 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 conference affiliations include:

CSUB SPORT	CONFERENCE AFFILIATION
Swimming	Pacific Collegiate Conference

CSUB athletic teams are nicknamed the Roadrunners and compete at the NCAA Division I and II level. Beginning in 2007/08 CSUB will be considered a Division I program but not able to compete in Division I post play until the 2010/11 season. The campus supports intercollegiate teams in 6 men's and 10 women's sports as follows:

SPORT	MEN'S	WOMEN'S
Basketball	√	√
Cross Country		√
Football		
Golf	√	√
Gymnastics		
Soccer	√	√
Softball		√
Swimming	√	√
Tennis		√
Track and Field	√	√
Volleyball		√
Water Polo		√
Wrestling	√	

Baseball will be added as a seventh men's sport that begins competition in spring 2008.

In fiscal year (FY) 2005/06, 275 CSUB student-athletes (99 men and 176 women) participated in the 16 intercollegiate athletics programs per the annual EADA report.

On-campus athletic facilities with spectator seating capacities at CSUB include a soccer field (1,500), softball field, aquatic center, track stadium, and gymnasium (3,800).

Athletics at CSUB is administered by a director of athletics (commonly referred to as the athletics director) who reports directly to the president's office.

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 2006 or FY 2006/07 was the primary period reviewed except when it was beneficial to see trends for multiple years.

OBSERVATIONS, RECOMMENDATIONS, AND CAMPUS RESPONSES

GENERAL ENVIRONMENT

The California State University, Bakersfield (CSUB) Foundation provided financial services to athletics under a written memorandum of understanding (MOU) that expired on June 30, 2006.

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 current and supported by written agreements.

The athletics business manager and foundation manager stated that they were unaware the current agreement had expired. They have since forwarded the 2006/07 MOU to procurement and were working on defining the current services in a new agreement for fiscal year (FY) 2007/08.

The absence of current, written agreements increases the risk of misunderstandings and miscommunication regarding rights and responsibilities.

Recommendation 1

We recommend that the campus update and maintain a current, written business agreement between athletics and the CSUB Foundation.

Campus Response

We concur. The agreement between the CSUB Foundation and the athletics department will be updated to reflect the current business arrangement. Target completion date is March 31, 2008.

PROGRAM REVENUES

CASH HANDLING

The athletics business office did not use transfer receipts when athletic funds were transferred to cash services for deposit.

State Administrative Manual (SAM) §8021 requires that a separate series of transfer receipts will be used to localize accountability for cash or negotiable instruments to a specific employee from the time of its receipt to its deposit.

The athletics business manager and the director of student financial services stated that they were unaware of the need to sign transfer receipts since athletics had authority to do their own cashiering.

Inadequate control over cash receipts increases campus exposure to loss from inappropriate acts.

Recommendation 2

We recommend that the campus implement procedures to ensure that transfer receipts are used to account for athletic revenues from the time of its receipt to deposit.

Campus Response

We concur. A procedure has been put in place that requires cashiering and athletics personnel to sign for deposits delivered to and received by the cashiering office. This has been implemented.

ATHLETIC TICKET OFFICE

Administration of athletic ticketing was in need of improvement.

We found that:

- ▶ At certain athletic events, a single individual performed incompatible duties. The ticket manager sold the tickets and prepared and performed the ticket revenue reconciliation; no supervisory review was performed.
- ▶ As multiple rolls of ticket stock were being used simultaneously across events, a break in the sequence of ticket stock occurred from event to event. As such, the campus was unable to ensure accountability and consistency with ticket inventory.

SAM §8080, §8080.1, and §8080.2 state, in part, that no one person will perform more than one of the following types of duties: maintaining books of original entry, receiving and depositing remittances, inputting receipts information, and reconciling input to output.

The athletics business manager stated that she staffed small events with only one individual and did not realize that the segregation of duties was compromised by only having one individual work the event and also reconcile the cash at the end of the event. She further stated that she did not realize that the break in numbering by using ticket rolls for several sports would cause concern in the reconciliation process.

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

Recommendation 3

We recommend that the campus:

- a. Review athletic ticketing operations and take appropriate action to segregate duties related to ticket revenue reconciliations.
- b. Improve accountability of rolled ticket inventory by summarizing numbering sequences by each event.

Campus Response

We concur. The campus will have two people review and sign ticket revenue reconciliations. In addition, one roll will be used to affect appropriate ticket number sequencing. This has been implemented.

FUND-RAISING

Fund-raising event administration was in need of improvement.

We found that:

- ▶ The campus lacked adequate documentation to demonstrate contracts were in place with the off-site host locations for the fund-raising events. These contracts would outline consideration of payment for use of premises and address any indemnification of liability for potential accidents occurring on the premises.
- ▶ Intercollegiate athletics entered into agreements with sponsors for fund-raising events. These agreements were based on contracts, which neither had the involvement of the campus procurement office nor authorized signatures.

Executive Order 715, *California State University Risk Management Policy*, dated October 27, 1999, states that the campus risk management policy should include methods of controlling risks. The liability exposure the campus and the California State University (CSU) faces for those activities, which are linked to the mission of the CSU, can be minimized by: transferring risk through third-party waivers, hold harmless agreements, or through vendor contracting; transferring risk through personal liability, health, travel, and life insurance; and preventing/controlling risk through training and supervision.

The athletics business manager stated that it was an oversight not to consider the risk assessment or to request or provide vendor insurance. She further stated that she did not realize the sponsorship agreements needed to be reviewed for contract language by the procurement department.

The absence of documentation for liability indemnification increases the risk of misunderstandings and potential legal liabilities and inadequate control over athletic procurement activities could

potentially damage the campus reputation, creates the appearance of impropriety and inappropriate activities, and increases the risk of inappropriate expenditures.

Recommendation 4

We recommend that the campus:

- a. Ensure that contracts are in place for all fund-raising events held at off-campus, which document the specific terms, including liability indemnification.
- b. Ensure that the procurement office is involved in, and authorizes all sponsorship agreements.

Campus Response

We concur. The department will work with procurement in developing and executing contracts that spell out terms to include liability indemnification for off-campus fund-raising events. Target completion date is March 31, 2008.

COMPENSATION AND BENEFITS

Appointment letters for athletics department personnel were not always executed in a timely manner.

We found that:

- ▶ Appointment letters for six employees were signed/dated/executed from eight days to one month after the employment commencement date.
- ▶ Appointment letters for three employees were not signed and dated.

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 human resources director stated that the receipt of a signed offer letter from the employee had never been viewed as a requirement to process an employee's appointment. She added that the university outlined the terms of the offer through the letter and the letter was viewed as being accepted through completion of the new employee paperwork.

Untimely execution of appointment documents could result in misunderstandings of employment terms.

Recommendation 5

We recommend that the campus execute employment contracts in a timely manner.

Campus Response

We concur. The athletics department will work with human resources to ensure employment contracts are executed timely. This has been implemented.

OPERATING EXPENDITURES AND EQUIPMENT

ATHLETICS PROCUREMENT

Athletic procurement card procedures needed improvement.

Three of ten monthly purchase reports tested in athletics were not reviewed and submitted prior to the due date when the credit card statements were paid.

The *CSUB ProCard Handbook* states that, within five business days from receipt of the monthly statement, a procurement cardholder must submit a report to the approving administrator that reconciles statement transactions with purchase receipts. Within ten (10) business days, the original cardholder's report with administrator approval must be submitted to accounts payable.

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 having the cards go this long without completing the report was an oversight.

Inadequate control over athletic procurement activities increases the risk of inappropriate expenditures.

Recommendation 6

We recommend that the campus ensure that athletic procurement cardholders submit monthly purchase reports timely.

Campus Response

We concur. The campus has introduced a new procedure whereby cardholders are denied use if monthly purchase reports are not submitted timely. This has been implemented.

ATHLETIC FACILITIES

Inspection/maintenance records for all athletic facilities were not consistently documented and retained.

Guideline 1a of the 2005/06 National Collegiate Athletic Association (NCAA) Sports Medicine Handbook states that the adequacy and conditions of the facilities used for particular intercollegiate athletics events should not be overlooked, and periodic examination of the facilities should be conducted. Inspection of the facilities should include not only the competitive area, but also warm-up and adjacent area.

The vice president of business and administrative services stated that the campus does have a process for tracking and planning preventative maintenance of all critical campus facilities, including athletic critical facilities. He further stated that the recent major turnover of key administrative staff in the facilities area resulted in this process not being properly documented and maintained in the TMA system.

The absence of inspection/maintenance records increases the risk of potential legal liabilities.

Recommendation 7

We recommend that the campus improve documentation for the inspection/maintenance of athletic facilities.

Campus Response

We concur. The campus will ensure that the TMA system includes preventative maintenance records for critical athletic facilities. Target implementation date is March 31, 2008.

EQUIPMENT MANAGEMENT

Some athletic equipment room inventory procedures were inadequate to ensure accountability for merchandise.

We found that:

- ▶ The current, manual inventory system did not allow for effective control of apparel, equipment, and stock.
- ▶ Procedures for checking out and checking in of apparel and equipment to student-athletes were lacking.
- ▶ Documentation for disposal of used athletic apparel and equipment was non-existent.

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 athletics business manager stated that there were procedures for checking out and returning athletic gear, but a misunderstanding in the department resulted in the cards being shredded at the end of the fiscal year because they believed the cards contained confidential data. She further stated that the disposal of gear was always monitored through procurement guidelines of donations versus excess wear and were disposed of accordingly, and the lack of formal documentation of the process was an oversight.

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

Recommendation 8

We recommend that the campus develop and implement:

- a. An electronic inventory system for the athletic equipment room.
- b. Written policies and procedures for the disposition of used athletic apparel and gear.
- c. Procedures for check-out and check-in of apparel and equipment to student-athletes.

Campus Response

We concur. The athletics department will inventory the athletic equipment room quarterly. The athletics department will ensure that the current procedure is followed and records are maintained. Target implementation date is March 31, 2008.

TRADE-OUTS

The administration of trade-outs was in need of improvement.

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.

We tested trade authorization and usage records on ten accounts and found that:

- ▶ Only the campus person in athletics who was also responsible for negotiations typically signed the trade-out agreements. One of the ten agreements was not signed by athletics and none of the ten trade-out agreements was approved by authorized representatives (procurement) of the university.
- ▶ The campus used hotel and restaurant trade for different purposes including hosting prospective student-athletes on official recruiting visits. Five of the agreements tested were for hotel rooms and four for restaurant credits. The hotels were used on 19 occasions for recruiting and restaurant credits were used four times to pay for prospective student-athlete meals. In all cases, there was insufficient evidence that recruits were approved for an official visit by the director of compliance prior to usage of hotel and restaurant trade.
- ▶ Hotel and restaurant trade went unused a large portion of the time. During FY 2006/07, the campus had only used 34.4% of the \$17,500 hotel trade and for two of the restaurants only used 55.7% and 59.7% of the \$3,000 combined value.

CSUB Restaurant and Hotel Trade-out Policy states the coach or staff shall have the “Trade Agreement Form” filled out and signed by the director of sales and marketing and the person making the request.

CSUB Restaurant and Hotel Trade-out Policy states (1) coach and staff must have restaurant partner complete Section 2 of the form and retain a copy, (2) remaining form is to be brought back to the marketing office with receipts attached.

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 athletics business manager stated that the process for trade agreements had always been delegated at the department level and failure to use procurement was an oversight. She also stated that trade agreements were always maximized by the department to ensure ample resources were available with the minimum impact for cash outlay to the department. In addition, she stated that she did not realize tracking of amounts and analysis of usage was necessary and could result in lost real revenue and overstatement of trade value. She further stated that the lack of dual control and proper documentation to support the written procedures was an oversight of the department.

Inadequate control over athletic procurement activities could potentially damage the campus reputation, creates the appearance of impropriety and inappropriate activities while 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 9

We recommend that the campus:

- a. Ensure trade-out agreements are approved by authorized personnel separate from those who negotiate the benefits.
- b. Link information about official recruiting visits to usage of hotel and restaurant trade established for this purpose.
- c. Annually adjust trade agreements to ensure that the benefits available more closely approximate actual need.

Campus Response

We concur. The athletics department will route trade-out agreements to authorized personnel independent of the negotiation process for approval. The athletics department will analyze prior year use before going into new agreements. Target implementation date is March 31, 2008.

TEAM TRAVEL

Travel documentation for team travel trips needed improvement.

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 2006/07 and found that:

- ▶ Approval by the director of athletics was not well documented and the itineraries for two trips were not located.
- ▶ Travel expense claims did not appropriately state when trips departed from and arrived back at the campus.
- ▶ Two travel expense claims were submitted 52 and 56 calendar days respectively after teams arrived back on campus.
- ▶ On one travel expense claim that included three trips, there were no receipts for the hotel on one of the trips.

The travel related sections in the *CSUB Department of Athletics Coaches Procedure and Eligibility Handbook* states:

All athletic travel for purposes of athletic competition must have the approval of the athletic director. This is accomplished through schedule approval. The athletic itinerary (Form B-3) must be completed before the trip or home game and will receive official authorization. These forms must be submitted 14 days or one month in advance before competition.

CSU directive HR 2006-25, *CSU Policy and Procedures Governing Travel and Relocation Expense Reimbursement*, dated December 18, 2006, states that each employee, when making a claim for travel expenses, must show the inclusive dates of each trip for which allowances are claimed and the times of departure and return. It further states that receipts or vouchers shall be submitted for every item of expense.

The athletics business manager stated that the department had a process for approving team travel and the lack of documentation was an oversight. She further stated that travel claims were summarized in an effort to minimize completion time for staff personnel and the department did not realize the summary level would not be sufficient documentation. She added that travel claims were usually timely, but when coaches are in season the process can be delayed due to manpower and availability of the coach. In addition, the athletics business manager stated that the lack of formal procedures and documentation was an oversight and they will have detailed procedures for future travel to ensure proper documentation of all activities and expenses.

The absence of acceptable travel documentation increases the risk of excessive costs and exposes the campus to compliance issues and potential liabilities.

Recommendation 10

We recommend that, for athletic team travel, the campus ensure:

- a. Trips are approved prior to departure.
- b. Travel expense claims are appropriately completed including when trips departed and returned.
- c. Travel expense claims are submitted timely.
- d. Receipts for team hotels are provided.

Campus Response

We concur. The athletics department will ensure that the trips and season schedules are approved by four people before the schedule is established. The campus will ensure that travel expense claims are processed for single events on a timely basis. Additionally, the campus will ensure travel expense claims are properly completed, are submitted on a timely basis, and all supporting receipts are included. Target completion date is March 31, 2008.

FACILITY ARRANGEMENTS

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

We found that the men's and women's golf teams practiced and competed at eight different off-campus golf facilities.

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 athletics business manager stated that the golf courses did not require the campus to sign any agreement for usage; therefore, it was an oversight that risk was not considered.

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

Recommendation 11

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

Campus Response

We concur. The athletics department will work with procurement to develop, specify, and put into use facility usage agreements. Target completion date is March 31, 2008.

MISCELLANEOUS

SPORTS CAMPS

Sports camp administration needed improvement.

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.

We found that:

- ▶ Background checks were performed only on newly hired personnel.
- ▶ Procurement did not sign-off on facility usage agreements to evidence that insurance was in place for camps and clinics held at CSUB.

- ▶ Coaches did not provide pre-camp budgets of expenses and revenues to the athletic business office prior to approval of camps.
- ▶ Revenue from sports camps and clinics was not reconciled to corresponding fees and the number of registered participants.
- ▶ Applications for participants of two out of the five camps tested did not include a risk waiver.

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.

SAM §7920 states that each agency is responsible to complete any reconciliation necessary to safeguard the state's assets and ensure reliable financial data.

The human resources director stated that background checks were performed on all new employees and checks on current employees is a discussion at the chancellor's office level and not the campus level. She further stated that procurement had insurance for all events and the sign-off of the form was an oversight. The athletics business manager stated that the campus did not have a formal process for coaches having summer camps, which included budgeting and tracking of actual revenues, but that informal procedures existed and formal documentation for FY 2007/08 was in the works. She also stated that risk waivers were on most camp forms and missing these two camps was an oversight.

The absence of background checks increase the risk of inappropriate personnel assignments for sports camps and clinics, which could potentially damage CSU's reputation. The lack of approved budgets and reconciliations increase the risk that errors and irregularities will not be detected and could result in inappropriate activities and a loss of funds. In addition, the absence of the completion of risk waivers by participants increases the risk of potential legal liabilities.

Recommendation 12

We recommend that the campus:

- a. Perform background checks on all personnel working at sports camps and clinics conducted on the campus.
- b. Ensure the procurement office is involved in facility usage agreements.
- c. Ensure coaches provide budgets of expenses and revenues prior to approval of camps.
- d. Ensure that camp revenues are reconciled to corresponding fees and the number of registered participants for all sports.
- e. Ensure camp and clinic applications include risk waivers for participants.

Campus Response

We concur.

- a. Currently all personnel that work and receive payroll undergo fingerprinting. Camp volunteers, which include head coaches and assistant coaches, who do not receive payroll will now undergo fingerprinting as well.
- b. The athletics department is currently routing all camp-related facility usage agreements through procurement.
- c. Coaches will provide compliance office budgets of expenses and revenues prior to approval of camp. Summer camp 2008 budgets are due February 15, 2008.
- d. Participant lists will be reconciled to deposits of camp receipts. Coaches will provide campus participant lists to the athletic business office. Business office personnel will reconcile participant lists to cash receipts.
- e. Applications will include risk waivers for participants' parent or guardian signature. Incomplete participant applications will be denied.

Target completion date is March 31, 2008.

ATHLETIC INJURY PREVENTION EFFECTIVENESS

Pre-participation documentation for student-athletes was not always maintained by athletic training room staff. In addition, the campus did not formally evaluate the effectiveness of an athletic injury prevention (AIP) program.

We sampled ten student-athletes for verification of pre-participation documentation and found:

- ▶ For one student-athlete, there was no evidence of a pre-participation medical exam for clearance to participate.
- ▶ For five student-athletes, there was no evidence of an updated proof of insurance form.

AIP was a shared responsibility among team physicians, certified athletic trainers, and the student-athlete. CSUB employed certified athletic trainers, operated one large athletic training room, and had established medical policies and athletic training room procedures that addressed components of a safe athletics program.

The campus maintained injury rehabilitation logs to record athletic injuries and treatments received by student-athletes in athletic training rooms. However, the campus did not summarize athletic injuries for annual trend analysis or compare the frequency and severity of CSUB injuries to NCAA statistics.

The NCAA Injury Surveillance System (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 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 director of athletics stated that the trainer had a detailed checklist of what was required and was meticulous about collecting data, and the lack of documentation in the file was an oversight. He further stated that industry comparison may be helpful but not required and campus resources were busy ensuring required activities for competing at the Division I level were considered first.

The absence of required pre-participation documentation from student-athletes increases the risk of potential liabilities to the campus and 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 13

We recommend that the campus:

- a. Ensure student-athlete pre-participation documentation is maintained.
- b. Utilize industry statistics such as those available through the NCAA ISS to regularly evaluate the AIP program.

Campus Response

We concur. The athletics department will ensure that pre-participation documentation is maintained and industry statistics are applied to evaluate the AIP program. Target completion date is March 31, 2008.

APPENDIX A: PERSONNEL CONTACTED

<u>Name</u>	<u>Title</u>
Horace Mitchell	President
David Beadle	Director, Safety and Risk Management
Catherine Byrne	Director, Student Financial Services
Donna Candelaria	Athletic Business Office Coordinator
Rudy Carvajal	Director of Athletics
Laura Catherman	Student Union Director
Michael Chavez	Director of Procurement
Melinda Conrad	Accounts Payable Technician
Gloria Friedman	Senior Associate Director of Athletics
Kellie Garcia	Human Resources Director
Cindy Goodman	Athletics Business Manager
Debbie Lafebre	Ticket Manager
Karen Langston	Director, Marketing and Sales
Dawn Loveless	Facilities Manager
Janet Martin	Payroll Director
Andrea Martinez	Administrative Support Assistant, Athletics Business Office
Mark Mayes	Director of Special Events
Taren Mulhause	Office Manager, Associated Students, Inc.
Suzanne Muller	General Accounting Manager
Michael Neal	Vice President, Business and Administrative Services
Glenn Nishimori	Head Athletic Trainer
Bill Potter	Compliance Coordinator
Carrie Rockwell	Lead Buyer, Procurement
Naomi Rubio	Equipment Manager
Sally Shaff	Accounts Payable Technician
Robert Shook	Athletics Academic Advisor
Sharon Taylor	Assistant Vice President, Fiscal Services (At time of review)
Tom Velasquez	Manager of Facilities Operations
Doug Wade	Foundation Manager
Carl Waite	Grounds Management



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 Bakersfield, California 93311-1022
 (661) 654-2241
 FAX (661) 654-3188
 www.csub.edu



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FEB 22 2008

February 18, 2008

THE CALIFORNIA STATE
 UNIVERSITY

Mr. Larry Mandel
 University Auditor
 California State University
 401 Golden Shore 4th Floor
 Long Beach, CA 90802-4210

Re: Revised Campus Response to Recommendations of Audit Report Number 07-38
 Athletics Administration at California State University, Bakersfield

Dear Mr. Mandel

The attached revised documents are being submitted to satisfy the "Audit Response and Follow-Up Procedures". Included you will find the audit recommendations with campus response, corrective action plan and date of expected implementation. An electronic copy of these documents is also being provided to Anne Douglas.

Please have your staff review our responses to recommendations # 9 and 12 specifically, along the related corrective action plan and return any comments or suggestions to Michael Neal and Douglas Wade. Our plan is to have corrective actions implemented and evidence provided to your office by the end of March 2008, well before the May 2008 meeting of the CSU Board of Trustees.

Sincerely,

Horace Mitchell
 President

Attachments

- c: Michael A. Neal, Vice President, Business and Administrative Services, w/attachments
- Douglas Wade, Manager, CSUB Foundation, w/o attachments
- Rudy Carvajal, Director of Athletics

**ATHLETICS ADMINISTRATION
CALIFORNIA STATE UNIVERSITY,
BAKERSFIELD**

**Audit Report 07-38
November 20, 2007**

GENERAL ENVIRONMENT

Recommendation 1

We recommend that the campus update and maintain a current, written business agreement between athletics and the CSUB Foundation.

Campus Response

We concur. The agreement between Foundation and the Athletics department will be updated to reflect the current business arrangement. Target completion date is 3/31/08.

PROGRAM REVENUES

CASH HANDLING

Recommendation 2

We recommend that the campus implement procedures to ensure that transfer receipts are used to account for athletic revenues from the time of its receipt to deposit.

Campus Response

We concur. A procedure has been put in place that requires cashiering and Athletics personnel to sign for deposits delivered to and received by the cashiering office. Already Implemented.

ATHLETIC TICKET OFFICE

Recommendation 3

We recommend that the campus:

- a. Review athletic ticketing operations and take appropriate action to segregate duties related to ticket revenue reconciliations.
- b. Improve accountability of rolled ticket inventory by summarizing numbering sequences by each event.

Campus Response

We concur. The campus will have two people review and sign ticket revenue reconciliations. In addition, one roll will be used to affect appropriate ticket number sequencing. Already implemented.

FUND-RAISING

Recommendation 4

We recommend that the campus:

- a. Ensure that contracts are in place for all fund-raising events held at off-campus, which document the specific terms, including liability indemnification.
- b. Ensure that the procurement office is involved in, and authorizes all sponsorship agreements.

Campus Response

We concur. The department will work with procurement in developing and executing contracts that spell out terms to include liability indemnification for off campus fundraising events. Target completion date is 3/31/08.

COMPENSATION AND BENEFITS

Recommendation 5

We recommend that the campus execute employment contracts in a timely manner.

Campus Response

We concur. The athletics department will work with Human Resources to ensure employment contracts are executed timely. Already Implemented.

OPERATING EXPENDITURES AND EQUIPMENT

ATHLETICS PROCUREMENT

Recommendation 6

We recommend that the campus ensure that athletic procurement cardholders submit monthly purchase reports timely.

Campus Response

We concur. The campus has introduced a new procedure whereby cardholders are denied use if monthly purchase reports are not submitted timely. Already Implemented.

ATHLETIC FACILITIES

Recommendation 7

We recommend that the campus improve documentation for the inspection/maintenance of athletic facilities.

Campus Response

We concur. The campus will ensure that the TMA system includes preventative maintenance records for critical athletic facilities. Target implementation date is 3/31/08.

EQUIPMENT MANAGEMENT

Recommendation 8

We recommend that the campus develop and implement:

- a. An electronic inventory system for the athletic equipment room.
- b. Written policies and procedures for the disposition of used athletic apparel and gear.
- c. Procedures for check-out and check-in of apparel and equipment to student-athletes.

Campus Response

We concur. The athletic department will inventory the athletic equipment room quarterly. The athletics department will ensure that the current procedure is followed and records are maintained. Target implementation date is 3/31/08.

TRADE-OUTS

Recommendation 9

We recommend that the campus:

- a. Ensure trade-out agreements are approved by authorized personnel separate from those who negotiate the benefits.
- b. Link information about official recruiting visits to usage of hotel and restaurant trade established for this purpose.
- c. Annually adjust trade agreements to ensure that the benefits available more closely approximate actual need.

Campus Response

We concur. The athletics department will route trade out agreements to authorized personnel independent of the negotiation process for approval. The athletics department will analyze prior year use before going into new agreements. Target implementation date is 3/31/08.

TEAM TRAVEL

Recommendation 10

We recommend that, for athletic team travel, the campus ensure:

- a. Trips are approved prior to departure.
- b. Travel expense claims are appropriately completed including when trips departed and returned.
- c. Travel expense claims are submitted timely.
- d. Receipts for team hotels are provided.

Campus Response

We concur. The athletic department ensures that the trip and season schedule are approved by four people before the schedule is established. The campus will ensure that travel expense claims are processed for single events on a timely basis. Additionally, the campus will ensure travel expense claims are properly completed, are submitted on a timely basis and all supporting receipts are included. Target completion date is 3/31/08.

FACILITY ARRANGEMENTS

Recommendation 11

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

Campus Response

We concur. The athletics department will work with procurement to develop, specify and put into use facility usage agreements. Target completion date is 3/31/08.

MISCELLANEOUS

SPORTS CAMPS

Recommendation 12

We recommend that the campus:

- a. Perform background checks on all personnel working at sports camps and clinics conducted on the campus.
- b. Ensure the procurement office is involved in facility usage agreements.
- c. Ensure coaches provide budgets of expenses and revenues prior to approval of camps.
- d. Ensure that camp revenues are reconciled to corresponding fees and the number of registered participants for all sports.

- e. Ensure camp and clinic applications include risk waivers for participants.

Campus Response

We concur.

- a. Currently all personnel that work and receive payroll undergo fingerprinting. Camp volunteers, which include head coaches and assistant coaches, who do not receive payroll will now undergo fingerprinting as well.
- b. The athletics department is currently routing all camp-related facility usage agreements through procurement.
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- e. Applications will include risk waivers for participants' parent or guardian signature. Incomplete participant applications will be denied.

Target completion date is March 31, 2008.

ATHLETIC INJURY PREVENTION EFFECTIVENESS

Recommendation 13

We recommend that the campus:

- a. Ensure student-athlete pre-participation documentation is maintained.
- b. Utilize industry statistics such as those available through the NCAA ISS to regularly evaluate the AIP program.

Campus Response

We concur. The athletics department will ensure that pre-participation documentation is maintained and industry statistics are applied to evaluate the AIP program. Target completion date is 3/31/08.

THE CALIFORNIA STATE UNIVERSITY
OFFICE OF THE CHANCELLOR

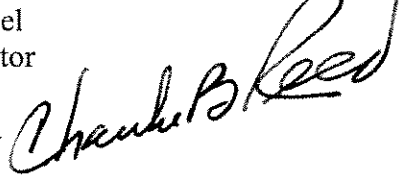


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- SAN DIEGO
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- SAN JOSÉ
- SAN LUIS OBISPO
- SAN MARCOS
- SONOMA
- STANISLAUS

February 29, 2008

MEMORANDUM

TO: Mr. Larry Mandel
University Auditor

FROM: Charles B. Reed 
Chancellor

SUBJECT: Draft Final Audit Report 07-38 on *Athletics Administration*,
California State University, Bakersfield

In response to your memorandum of February 29, 2008, I accept the response as submitted with the draft final report on *Athletics Administration*, California State University, Bakersfield.

CBR/jt

Enclosure

cc: Dr. Horace Mitchell, President
Mr. Michael A. Neal, Vice President, Business and Administrative Services