

ATHLETICS ADMINISTRATION

SYSTEMWIDE

Audit Report 07-40

April 14, 2008

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ABBREVIATIONS

AEMA	Athletic Equipment Managers Association
AIME	Athletic Injury Medical Expense
AIP	Athletic Injury Prevention
AOPM	Athletics Operations Policy Manual
BCS	Bowl Championship Series
CABMA	Collegiate Athletic Business Management Association
CFA	California Faculty Association
CFO	Chief Financial Officer
COIA	The Coalition on Intercollegiate Athletics
COSO	Committee of Sponsoring Organizations
CSU	California State University
CSULB	California State University, Long Beach
CSURMA	California State University Risk Management Authority
DIA	Division of Intercollegiate Athletics
EADA	Equity in Athletics Disclosure Act
EO	Executive Order
EP&R	Educational Programs and Resources
FARA	Faculty Athletics Representatives Association
FY	Fiscal Year
GC	Government Code
HR	Human Resources
IAAC	Intercollegiate Athletic Advisory Committee
ICSUAM	Integrated California State University Administrative Manual
IRC	Internal Revenue Code
IRS	Internal Revenue Service
ISS	Injury Surveillance System
MPP	Management Personnel Plan
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
PMCP	Policy Manual for Contracting and Procurement
RFIN	Resolution of the Committee on Finance
SAM	State Administrative Manual
SCO	State Controller's Office
SJSU	San José State University
TR	Treasury Regulation

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*.

Over the two year period, we visited ten campuses for the audit of *Athletics Administration* (Bakersfield, Fresno, Fullerton, Humboldt, Long Beach, Northridge, Sacramento, San Diego, San José, and San Luis Obispo) from March 27, 2006, through November 2, 2007, and audited the procedures in effect at that time.

In our opinion, the chancellor's office had not established and maintained an adequate administrative framework for effective systemwide oversight of intercollegiate athletic programs within the California State University (CSU). Except for some activity related to past litigation (e.g., CAL NOW settlement) or legislation, and some recent involvement in the last year or so through engagement of a consultant, there had been a lack of consistent, ongoing systemwide initiatives in intercollegiate athletics. In particular, we concluded that establishing, maintaining, and monitoring systemwide athletic policies that augment or complement National Collegiate Athletic Association or athletic conference requirements had been particularly problematical. In certain areas where there were systemwide policies that should apply to athletics such as those in the Management Personnel Plan or collective bargaining agreements, they were not consistently enforced. In other areas, existing systemwide policies such as those for compensation, procurement, and travel were not particularly suitable for athletics.

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 [10]

The foremost policy statement by the CSU on intercollegiate athletics was severely outdated and not widely used.

PROGRAM REVENUES [12]

There were multiple instances of cashiering/internal control weaknesses in intercollegiate athletics operations at all campuses visited. These weaknesses included a lack of revenue reconciliations, inadequate physical security measures in athletic ticket offices, unsecured receipt transfers, infrequent deposits, poor control over ticket stock, failure to restrictively endorse checks, non-segregation of incompatible duties, and sharing of operator identification numbers in software applications.

COMPENSATION AND BENEFITS [14]

Certain employment contracts for athletic coaches did not follow CSU mandates and contained potential conflicts-of-interest. Six campuses had not communicated supplemental compensation to the chancellor's office, three campuses had not fully executed appointment documents prior to employment,

and two campuses included language in contracts that could jeopardize at-will employment provisions or provide excessive severance. Further, coaches were not consistently required to file conflict-of-interest disclosures even though they were involved in executing contracts with sporting goods companies in which they had a vested interest. In addition, athletic programs at eight of the ten campuses visited had provided employee fringe benefits without appropriate income tax reporting at eight of the ten campuses visited.

OPERATING EXPENDITURES AND EQUIPMENT [20]

Certain athletic procurements regularly occurred without the involvement or oversight of campus officials that had been delegated authority for such activities. These activities included negotiating trade-outs, arranging for use of off-campus facilities, and procuring additional compensation/benefits or merchandise allowances. Trade usage and recordkeeping were not consistently documented and managed at nine of the ten campuses visited. Trade was underutilized and/or not always linked to an official purpose, and usage records were incomplete or missing. Inventory control of athletic gear was not well documented at ten campuses visited. Issues were noted with inventory receipt/valuation, check-out/check-in, periodic counts, and surplus disposition. Lastly, CSU travel regulations did not adequately address athletic travel, particularly the circumstances and conditions under which it was appropriate to have non-team related personnel included in group travel and completion of liability waivers/releases. Issues were also noted concerning the adequacy travel documentation.

MISCELLANEOUS [30]

Each of the ten campuses visited hosted sports camps/clinics; however, individuals who staffed these camps/clinics were not subjected to criminal background checks. The chancellor's office had not yet completed a project to create standard language appropriate for informed consent/assumption of risks by student-athletes participating in intercollegiate athletics. Although informed consent/assumption of risk forms were used at eight of the ten campuses visited, the language and type of forms used varied. In addition, the CSU had not endorsed a standard for measuring the effectiveness of athletic injury prevention programs.

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 reporting because they accept federal financial aid funds.

Eight CSU campuses (excluding Bakersfield) compete at the NCAA Division I level in four different athletic conferences as follows:

- ▶ Big West Conference – Bakersfield (a provisional member until completion of a five-year transition period that started in 2005/06), Fullerton, Long Beach, Northridge, and San Luis Obispo.
- ▶ Western Athletic Conference – Fresno and San José
- ▶ Big Sky Conference – Sacramento.
- ▶ Mountain West Conference – San Diego.

The majority of the CSU campuses are considered NCAA Division II programs for athletic purposes and are members of the California Collegiate Athletic Association: Bakersfield (until the transition to a Division I program is completed as explained above), Chico, Dominguez Hills, Humboldt, Los Angeles, Monterey Bay, Pomona, San Bernardino, San Francisco, Sonoma, and Stanislaus.

INTRODUCTION

Other CSU campuses either do not have an intercollegiate athletic program (Channel Islands) or compete in the NAIA Division 2 (East Bay and San Marcos) as members of the California Pacific Conference.

Although each CSU campus affiliates with a particular conference for the majority of its intercollegiate athletics program, there are individual sports that compete elsewhere generally because the conferences do not have enough members with similar teams. At the times when we visited, some of the additional athletic affiliations for the ten campuses included:

CAMPUS	SPORT (M = Men's, W = Women's)	AFFILIATIONS
Bakersfield	Swimming (M/W)	Pacific Collegiate Conference
Fresno	Equestrian	International Horse Show Association
Fullerton	Fencing (M/W)	Intercollegiate Fencing Conference of Southern California
Fullerton	Gymnastics (W)	Western Athletic Conference
Fullerton	Wrestling	Pacific 10 Conference
Humboldt	Football	Independent (Great Northwest Athletic Conference starting fall 2008)
Humboldt	Rowing (W)	Western Intercollegiate Rowing Association
Long Beach	Indoor Track (M/W)	Mountain Pacific Sports Federation
Long Beach	Volleyball (M)	Mountain Pacific Sports Federation
Long Beach	Water Polo (M/W)	Mountain Pacific Sports Federation
Northridge	Volleyball (M)	Mountain Pacific Sports Federation
Northridge	Water Polo (W)	Mountain Pacific Sports Federation
Sacramento	Baseball	Western Athletic Conference
Sacramento	Gymnastics (W)	Western Athletic Conference
Sacramento	Softball	Pacific Coast Softball Conference
Sacramento	Soccer (M)	Mountain Pacific Sports Federation
Sacramento	Rowing (W)	Western Intercollegiate Rowing Association
Sacramento	Golf (M)	Independent
San Diego	Soccer (M)	Pacific 10 Conference
San Diego	Rowing (W)	Mountain Pacific Sports Federation
San Diego	Water Polo (W)	Mountain Pacific Sports Federation
San José		
San Luis Obispo	Football	Great West Football Conference
San Luis Obispo	Wrestling	Pacific 10 Conference

INTRODUCTION

Although there are occasional changes in sports added and dropped, at the time of our visits, the ten campuses supported a broad and diverse intercollegiate athletic program with teams in 14 men's and 15 women's sports as follows:

SPORT	CAMPUS*										
	MEN'S	BAK	FRE	FUL	HUM	LB	NOR	SAC	SD	SJ	SLO
Baseball			√	√		√	√	√	√	√	√
Basketball	√	√	√	√	√	√	√	√	√	√	√
Cross Country		√	√	√	√	√	√	√		√	√
Fencing				√							
Football		√			√			√	√	√	√
Golf	√	√				√	√	√	√	√	√
Indoor Track						√		√			
Soccer	√			√	√		√	√	√	√	√
Swimming	√						√				√
Tennis		√						√	√		√
Track and Field	√	√	√	√	√	√	√	√			√
Volleyball						√	√				
Water Polo						√					
Wrestling	√			√							√
WOMEN'S											
Basketball	√	√	√	√	√	√	√	√	√	√	√
Cross Country	√	√	√	√	√	√	√	√	√	√	√
Equestrian		√									
Fencing				√							
Golf	√	√				√	√	√	√	√	√
Gymnastics				√				√		√	
Indoor Track		√	√	√		√		√	√		√
Rowing					√			√	√	√	
Soccer	√	√	√	√	√	√	√	√	√	√	√
Softball	√	√	√	√	√	√	√	√	√	√	√
Swimming	√						√		√	√	√
Tennis	√	√	√	√		√	√	√	√	√	√
Track and Field	√	√	√	√	√	√	√	√	√		√
Volleyball	√	√	√	√	√	√	√	√	√	√	√
Water Polo	√					√	√		√		

*Bakersfield (BAK), Fresno (FRE), Fullerton (FUL), Humboldt (HUM), Long Beach (LB), Northridge (NOR), Sacramento (SAC), San Diego (SD), San José (SJ), San Luis Obispo (SLO)

Of the six CSU campuses that field intercollegiate athletic teams in football, only Fresno, San Diego, and San José compete in a conference that participates in the Bowl Championship Series (BCS), which consists of the Rose Bowl presented by Citi, FedEx Orange Bowl, Allstate Sugar Bowl, Tostitos Fiesta Bowl, and Allstate BCS Championship Game. The current BCS agreement/format runs through the 2009

regular season and 2010 bowl season. Five of the six campuses (excluding Humboldt) could get selected for any of the other non-BCS bowl games. This last year, there were 27 non-BCS bowl games in football and one CSU team was involved – Fresno played in the Roady’s Humanitarian Bowl in Boise, Idaho.

In recent years, approximately 4,000 student-athletes (almost equally divided between men and women) participated annually in the intercollegiate athletics programs at the ten campuses visited per the EADA reports.

Athletics at CSU campuses are typically administered by a director of athletics (commonly referred to as the athletics director). At the ten campuses visited, athletics reported directly to the president’s office at five campuses (Bakersfield, Fresno, Long Beach, Sacramento, and San José) and to a cabinet level officer at the other five campuses — the vice presidents of student affairs at two campuses (Fullerton and Humboldt), the vice presidents of administration at two campuses (Northridge and San Diego), and the vice president of academic affairs at one campus (San Luis Obispo). There is no direct systemwide counterpart to the campus athletic directors in the chancellor’s office.

The majority of coaches in the CSU are represented employees in the Collective Bargaining Unit 3 – California Faculty Association (CFA) that includes the following classification codes:

Class Code	Class Title
2373	Head Coach – 12 Month
2374	Head Coach – 10 Month
2375	Head Coach – Academic Year
2376	Coach – 12 Month
2377	Coach – 10 Month
2378	Coach – Academic Year
2379	Coaching Specialist – 12 Month
2380	Coaching Specialist – 10 Month
2381	Coaching Specialist – Academic Year
2382	Coaching Assistant – 12 Month
2383	Coaching Assistant – 10 Month
2384	Coaching Assistant – Academic Year

The collective bargaining agreement between the Board of Trustees of the CSU and the CFA (dated October 1995 - June 1998) deleted from the bargaining unit any head coach who supervises two or more full-time faculty unit employees. There have been no more recent changes. Coaches not in the bargaining unit are part of the Management Personnel Plan.

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.

During the course of the audit, we visited ten campuses: Bakersfield, Fresno, Fullerton, Humboldt, Long Beach, Northridge, Sacramento, San Diego, San José, and San Luis Obispo. We interviewed personnel and audited procedures in effect at the time.

OBSERVATIONS, RECOMMENDATIONS, AND MANAGEMENT RESPONSES

GENERAL ENVIRONMENT

The foremost policy statement by the California State University (CSU) on intercollegiate athletics was severely outdated and not widely used.

In March 1987, a CSU systemwide committee on athletic management and fiscal policy issued a report which formed the basis for CSU directive EP&R 87-31, *Policy Statement: Intercollegiate Athletics, Governance and Athletic Financing*, dated July 27, 1987. This directive was to be considered the official policy framework in the area of intercollegiate athletics. The directive included a number of different policies and required an annual management review of intercollegiate athletics. Although many of the policy references in the directive were outdated such as those related to student athlete health insurance, health care facilities, and travel; chancellor's office management indicated that parts of EP&R 87-31 were still current and valid, including the annual management review. With respect to the annual management review, EP&R 87-31 states:

The purpose of the management review of intercollegiate athletics is to provide a campus president and other appropriate officials with systematic reviews of athletic management and fiscal policies and procedures. Going beyond the National College Athletic Association (NCAA) audit requirements, these reviews will concentrate on sound business practice in order to protect the fiscal integrity of the campus.

The management review should be structured around financial statements and a general questionnaire designed to assist in describing general controls and identifying inadequacies. Operational reviews should be conducted on a rotating basis concentrating each year on a different aspect of intercollegiate athletic management and operations.

Examples of areas which should be considered for management review are:

- ▶ Purchasing and cash disbursements.
- ▶ Sales and cash receipts.
- ▶ Personnel and payroll.
- ▶ Cash management.
- ▶ General journal transactions.
- ▶ Other areas of intercollegiate athletic organization such as student athletic eligibility, academic progress, and graduation rate.

The rotation should be organized to assure a total management review of intercollegiate athletics once every three years.

We found that CSU directive EP&R 87-31 was not well known among current athletic administrators at the ten campuses visited. Further, only one of the ten campuses visited was actually performing an annual management review based on the directive.

At the January 8, 2007, board of directors meeting, the NCAA adopted Operating Bylaw 22.2.1.1 that becomes effective August 1, 2008. This bylaw states in part:

The Association's principle of institutional control vests in the institution the responsibility for the conduct of its athletics program, including the actions of its staff members and representatives of its athletics interests. In fulfilling this principle, the institution shall demonstrate that: (a) the institution's governing board provides oversight and broad policy formulation for intercollegiate athletics in a manner consistent with other units of the institution.

Government Code (GC) §13402 states that management is responsible for establishing and maintaining a system of internal administrative controls, which includes documenting the system, communicating system requirements to employees, and assuring that the system is functioning as prescribed and is modified, as appropriate, for changes in conditions.

The absence of meaningful policies and procedures increases the risk of inconsistencies among campuses and decreases the institution's ability to meet organizational goals, efficiently manage funds, and demonstrate appropriate stewardship of resources.

Recommendation 1

We recommend that the chancellor's office:

- a. Review and update CSU systemwide athletic policies in the context of recent changes including delineation of CSU compliance with the governing board responsibilities in NCAA Operating Bylaw 22.2.1.1.
- b. Consolidate CSU-specific requirements relevant to athletic operations into a document for distribution to all campus athletic departments.
- c. Establish a specific means for future review and maintenance of systemwide athletic policies to ensure that they are updated at appropriate intervals.

Management Response

We concur.

- a. Academic Affairs will review the current policy statement for *Intercollegiate Athletics, Governance and Athletic Financing* (EP&R 87-31) and will update in accordance to the NCAA Operating Bylaw 22.2.1.1. The updated policy statement will be issued to the campuses by December 31, 2008.
- b. Academic Affairs will review and consolidate CSU-specific policies and procedures relevant to athletic operations. Academic Affairs will update EP&R 87-31 and issue a new policy statement by December 31, 2008.

- c. Business and Finance will develop a compilation of policies and best practices of relevant topics to be included in an Athletics Operations Policy Manual (AOPM). The AOPM will reference the policies related to the update of EP&R 87-31 and the CSU's compliance with the governing board responsibilities in NCAA Operating Bylaw 22.2.1.1. The AOPM will be distributed to campus presidents for use by their athletic departments, and will include examples specific to athletics that will further explain and clarify application of policy and best practice. Chancellor's office ownership of these policy topics will be identified by subject area (i.e. contracting policies will be "owned" by chancellor's office Contract Services and Procurement) and the chancellor's office owner will be responsible for updating the appropriate topics as changes to the governing policies occur. As the Integrated California State University Administrative Manual (ICSUAM) is developed as an online tool for use by campuses, the AOPM will be incorporated into the ICSUAM, with both being updated simultaneously. The AOPM will be distributed to campuses by December 31, 2008.

PROGRAM REVENUES

There were multiple instances of cashiering/internal control weaknesses in intercollegiate athletics operations at all campuses visited.

At the ten campuses visited, we found cashiering/internal control weaknesses in athletics as follows:

Campus	A	B	C	D	E	F	G
Bakersfield	√		√		√		√
Fresno	√	√	√				
Fullerton	√					√	√
Humboldt	√				√		
Long Beach	√	√					
Northridge		√	√	√		√	
Sacramento	√	√					
San Diego	√		√	√	√	√	√
San José	√	√					
San Luis Obispo	√	√	√				

A	Lack of revenue reconciliations to detect irregularities in amounts that should have been received from athletic sources.
B	Inadequate physical security measures in athletic ticket offices.
C	Unsecured transfers/lack of transfer receipts among locations where funds are collected and deposited.
D	Infrequent deposits.
E	Weak control over ticket stock.
F	Checks not restrictively endorsed.
G	Incompatible duties/lack of segregation/sharing of operator identification numbers in software applications.

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

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

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.

SAM §8032.1 requires that receipts be adequately safeguarded until deposited. When such funds are not in use, they will be locked in a desk, file cabinet, or other mechanism providing comparable safekeeping. It further requires agencies to deposit receipts in a timely and economical manner. Accumulated receipts of any amount will not remain undeposited for more than ten working days.

SAM §8032.4 states that whenever coin and currency to be deposited exceeds \$3,000 and armored car service is whether not available or excessively expensive, two agency employees should be assigned to deliver the deposit jointly or two or more deposits may be made to reduce the cash transported at one time. Occasionally, exceptionally large deposits may be handled by requesting an escort from the local police department or sheriff's office. A single employee will not transport more than \$3,000 in coin and currency at one time.

SAM §8024 requires the changing of safe combinations when employees leave a department and maintaining a record listing the date the combination was last changed and the names of individuals knowing the present combination.

SAM §8111.2 requires a change or petty cash count in accordance with the following frequency: (a) \$200 or less on an annual basis; (b) \$200.01 to \$500 on a quarterly basis; (c) \$500.01 to \$2,500 on a monthly basis; (d) over \$2,500 on a monthly basis, if not prescribed more frequently by the Fiscal Systems and Consulting Unit, Department of Finance.

SAM §8023 requires that all checks, money orders, and warrants received for deposit will be restrictively endorsed for deposit as soon as possible after receipt, but no later than the end of the working day.

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 CSU *Information Security Policy*, dated August 2002, states that campus policies and procedures should provide for individual unique user ID/passwords (no shared IDs).

Campus athletic department management stated various reasons for the weaknesses that indicated, in part, misunderstandings of what was required.

Inadequate control over cash receipts and ticket stock increases campus exposure to loss from inappropriate acts, while inadequate physical safeguards in cashiering areas expose employees to unnecessary dangers and increase the risk of theft.

Recommendation 2

We recommend that the chancellor's office summarize and distribute to the campuses best business practices for the control and safeguarding of funds generated in athletic operations.

Management Response

We concur.

The chancellor's office will include in the AOPM an extract of the cashiering policies, which is included in ICSUAM, delineating the portions of the policy that apply specifically to athletics, such as cash and cash equivalent handling and credit card receipting. Campus chief financial officers (CFOs) will receive these policies and be instructed to distribute them to their athletic departments to ensure appropriate application. Distribution of these policies to campus CFOs will occur by September 1, 2008.

COMPENSATION AND BENEFITS

EMPLOYMENT CONTRACTS

Certain employment contracts for athletic coaches did not follow CSU mandates and contained potential conflicts-of-interest.

At the ten campuses visited, we found:

- ▶ Six campuses were paying coaches supplemental compensation that had not been communicated to the chancellor's office.
- ▶ Three campuses had appointment documents that were not fully executed until after employment began.
- ▶ Two campuses included language in the contracts that could jeopardize the at-will provisions of the Management Personnel Plan (MPP) or included severance arrangements in excess of MPP provisions. An example from one campus stipulated:

Reasons for Non-Retention

The university may not commit to the expenditure of funds in fiscal years for which appropriations have not yet been made. Therefore, your appointment may be terminated by the university at any time for this reason.

Notwithstanding any other provision of this appointment letter, your appointment may be terminated by the university without further obligation of the university, if the president finds that you have committed one of the following acts of misconduct (12 things itemized such as gross negligence or conduct which is prejudicial to the best interests of the university or the athletic program).

Appointment Term and Buyout Provisions

The base term of this appointment is four years, commencing March 2005 and ending March 2009. Should you be non-retained pursuant to the MPP from this position prior to completion of the base term of appointment, for reasons not specified in Article 11 of this agreement, you will be compensated according to the following buyout schedule. You will be paid 80 percent of the total salary remaining due to you over the base term of this appointment if you are not non-retained during your first 12 months of employment. You will be paid 80 percent of the total salary remaining due to you through March 2009, if you are non-retained during the second year of the base term. You will receive no buyout monies other than three months salary under the MPP should you be non-retained during the third and fourth year of the base term of appointment.

- ▶ The majority of campuses reviewed had coaches involved to some extent in executing contracts with sporting goods companies such as Nike, Adidas, Louisville Slugger, and Titleist in which they had a vested interest as a party that would receive compensation as part of a package for trading the campus brand image and committing to exclusive product usage by athletic teams. These arrangements gave the appearance of a conflict-of-interest. One campus (San Luis Obispo) refused to negotiate a campus-wide contract because management contended that the contract constituted an improper endorsement.

The coaches involved in these arrangements were not consistently required to file conflict-of-interest disclosures, even though the CSU is subject to the provisions of the Political Reform Act of 1974 (GC §81000-91015) and the California Code of Regulations, Title 2, Division 6. Under these requirements, positions are designated and assigned to various disclosure categories to determine reportable interests, which are annually summarized on the Statement of Economic Interests (Fair Political Practices Commission Form 700). Per Attachment B – the Campus Designated Position List included in CSU directive HR 2007-03, *Conflict of Interest Annual Filing*, dated February 26, 2007, the following types of disclosures were required for athletic administrators and head coaches:

Campus	Athletics Director	Associate/ Assistant Athletics Director	Head Coach
Bakersfield	5	5	5
Fresno	1, 2, 3, 4, 6, 7, 9	1, 2, 3, 4, 6, 7, 9	1, 2, 3, 5, 9
Fullerton	2, 3, 5		
Humboldt	2, 3, 5		
Long Beach	2, 3, 4, 7	5	5
Northridge	5	5	
Sacramento	5		
San Diego	5	5	5
San José	3, 5	3, 5	
San Luis Obispo	5	1, 2, 3, 4, 6, 7, 9	5*

* = only three sports (football, men's basketball, and women's basketball)

A type 5 disclosure is for:

Investments and business positions in any business entity or income, including gifts, loans, and travel payments, from any source which is of the type to contract with the campus to provide supplies, materials, including books and periodicals, equipment, services or work of the type utilized by the school, department, or area for which the designated employee has decision-making authority or for which the designated employee participates in the making of the decision.

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.

CSU directive HR 2002-20, *Management Personnel Plan – Supplemental Compensation*, dated July 1, 2002, states that the chancellor delegated authority to the vice chancellor of HR to approve MPP supplemental compensation exceptions. Approval for supplemental compensation for athletic coaches is the responsibility of the campus president in consultation with the vice chancellor of HR and General Counsel, as appropriate.

The MPP program as defined in Title 5, Article 2.2 of the California Code of Regulations states that a MPP employee serves at the pleasure of the campus president or the chancellor, as appropriate. Title 5 §42723(d) provides that, except in the case of layoff, the president or chancellor, as appropriate, shall give a MPP employee notice of termination at least three months prior to the employee's separation date or shall give a MPP employee corresponding salary in lieu of notice.

The *Conflict of Interest Handbook* prepared by the Office of General Counsel references Public Contract Code §10831 and states in part that a CSU employee may not engage in any activity for compensation which is sponsored or funded by the CSU through or by a CSU contract.

The CSU *Policy Manual for Contracting and Procurement (PMCP)* §210.04, Conflict of Interest, states that no CSU employee may make or participate in the making of any decision in which the employee has a personal financial interest.

The consensus among campus management for the coach contracts and compensation arrangements was that they were doing what was necessary to obtain and retain the best available personnel and their actions were consistent with what was occurring in the industry in order to maintain a competitive athletic program.

The absence of appropriate communication with the chancellor's office and untimely execution of appointment documents could result in misunderstandings of employment terms, while inappropriate terms in appointment documents could undermine the effectiveness of the MPP program and result in excessive monetary separation settlements. Contract execution by employees with a vested interest provides the appearance of a conflict-of-interest.

Recommendation 3

We recommend that the chancellor's office:

- a. Review existing systemwide policies for contracting with non-represented athletic coaches and issue clarification on acceptable practices and allowable terms and conditions consistent with the MPP.
- b. Determine if more extensive systemwide requirements on employment arrangements including conflict-of-interest disclosures by head coaches are warranted.
- c. Require approval of head coach contracts by an appropriate official in the chancellor's office.

Management Response

We concur.

- a. The review has been completed. An amendment to Title 5 was presented as an information item at the July 2008 Board of Trustees' meeting, and will be presented as an action item at the September 2008 Board of Trustees' meeting, providing that MPP athletic personnel may be given appointments for a definite term and that such appointments may be terminated at any time on terms set forth in the appointment document.
- b. A review will be conducted and a policy will be issued by December 31, 2008.
- c. This requirement will be included in the above-referenced policy.

FRINGE BENEFITS

Athletic programs at eight of the ten campuses visited had provided employee fringe benefits to coaches and administrators without appropriate income tax reporting.

At the ten campuses visited, specific areas of athletic program benefits that had not been reported or reported incorrectly for income tax withholding purposes included:

Campus	Courtesy Cars	Comps/ Discounted Tickets	Branded Clothing/ Merchandise	Other
Bakersfield				
Fresno	√	√	√	Golf privileges
Fullerton	√	√	√	Fitness club dues
Humboldt				
Long Beach	√		√	
Northridge	√		√	
Sacramento			√	
San Diego			√	
San José	√			
San Luis Obispo		√		Golf privileges

Internal Revenue Service (IRS) Publication 15-B, *Employer's Tax Guide to Fringe Benefits*, outlines the fringe benefit valuation rules.

IRS Announcement 94-112 states that the value of a benefit provided to an employee in connection with the performance of services for an educational institution under either of the following circumstances is reportable/taxable income:

- 1) The benefit was contemplated during the employment process or
- 2) The benefit was provided by a third party through an arrangement with the employer (campus).

If either of these IRS conditions is met, the employer (campus) must report the value of the incentive.

The State Controller's Office (SCO) *Payroll Procedures Manual*, §N120 states that:

- ▶ Fringe benefits or perks are defined as "something additional to regular pay, which an employee receives from an employer."
- ▶ Unless a fringe benefit is specifically fully or partially exempted under the tax code or defined as tax deferred by regulation, the fringe benefit payment/value is taxable, reportable income.

- ▶ Taxes are due, payable and income reportable when an employee constructively receives the fringe benefit.
- ▶ Taxable fringe benefits for employees are reported on Form W-2.

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

Athletic administrators/coaches who received these benefits were either MPP or represented employees for collective bargaining purposes by Unit 3 – California Faculty Association (CFA). The CSU MPP is an integrated personnel system addressing the employment rights, benefits, and conditions of those CSU employees designated as “management” or “supervisory” under the Higher Education Employer-Employee Relations Act. Article 3.1 of the CFA agreement states:

This agreement constitutes the entire agreement of the Trustees and the CFA, arrived at as a result of meeting and conferring. The terms and conditions may be altered, changed, added to, deleted from, or modified only through the voluntary and mutual consent of the parties in an expressed written amendment to the agreement.

Some campus management stated that non-reporting of certain benefits was done so under interpretation of exclusions provided in federal Internal Revenue Code (IRC) and Treasury Regulations (TR) including de minimus fringe benefits (IRC §132e, TR 1.132-6e), no additional cost services (IRC §132b, TR 1.132-2a), and/or working condition fringe benefit (IRC §132d, TR 1.132-5). Other campus management stated that they were unaware that the items were considered taxable benefits.

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

Recommendation 4

We recommend that the chancellor’s office establish measures to ensure campuses are accurately and consistently reporting taxable fringe benefits in athletics.

Management Response

We concur.

The chancellor’s office will ensure that campus tax managers are trained in identifying and valuing taxable fringe benefits so that they can assist campus accounting and/or payroll departments in advising campus athletic department administrators and employees on the appropriate documentation and reporting of such items. Athletic department administrators will report fringe benefits to accounting or payroll (depending on campus practice) for submission to the SCO, as appropriate. Employees will be expected to self-report taxable gifts received from third parties according to the *Conflict of Interest Handbook* prepared by General Counsel’s office. The chancellor’s office will

reiterate the current policy regarding accurate and consistent reporting of taxable fringe benefits, which applies to athletics as well as all other endeavors of CSU personnel. These policies will be included in the AOPM, with specific examples given that apply to athletics department personnel situations, such as receipt of merchandise and other non-cash goods. The AOPM will be distributed to campuses by December 31, 2008.

OPERATING EXPENDITURES AND EQUIPMENT

ATHLETIC PROCUREMENT

Certain athletic procurements regularly occurred without the involvement or oversight of those campus officials that had been delegated authority for such activities.

During our reviews, we noted procurement-related issues with the following administrative practices on multiple campuses:

Campus	Trade-out Approvals	Lack of Facility Usage/ Service Agreements	Procured Coach Salaries/ Benefits	Procured Third-Party Benefits
Bakersfield	√	√		
Fresno	√		√	
Fullerton	√		√	
Humboldt		√		
Long Beach		√	√	√
Northridge	√	√	√	
Sacramento		√	√	√
San Diego	√	√	√	
San José	√	√	√	√
San Luis Obispo	√	√		

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 spent for courtesy cars, hotel accommodations, and restaurants. Athletic coaches or athletic departments negotiated a wide variety of trade-outs, generally without delegation of purchasing authority and without involvement of the central campus purchasing offices.

In terms of facility usage/services, athletic teams would make arrangements to use facilities on an ad hoc basis. Examples would be (1) occasional use of an off-campus synthetic field when weather conditions made it impractical to practice on the natural grass field on campus; and (2) recurring/regularly scheduled basis golf teams practices and tournaments on local golf courses. Athletic fund-raising events were also held at various locations without the benefit of a formal agreement, and there were some services that auxiliary organizations provided to athletics either without an agreement or under an agreement that had expired.

Procured salaries/benefits involved compensation payments to the coaches embedded in merchandise agreements with sporting good manufacturers such as Adidas, Nike, Louisville Slugger, Mizuno, Speedo, and Titleist. For example, in one of these contracts, the manufacturer pays the coach \$40,000-\$50,000 per year for consultation, advice, field-testing, evaluation, and input regarding merchandise/product, which is typically supplied at no cost or at a discounted rate because the campus has agreed to use it exclusively in team practices and competitions. Other arrangements involve merchandise allowances directly to individual coaches.

Procured third-party benefits mainly involved sports camp T-shirts that were included in campus sponsorship agreements with sporting good companies. Distribution of these T-shirts becomes a third-party issue when they are used for sports camps that coaches run independently as private individuals. When this happens, the T-shirts are made available to the coaches at no cost and are distributed to the camp participants as part of the campership fees that are paid to the coach. When this happens, it can give the appearance that the campus is utilizing the purchasing power of the state to subsidize the camps.

A fundamental principal in the CSU *PMCP* is that best business practices are paramount to the effective and efficient operation of the CSU. *PMCP* §201, Competitive Bid Requirements, states that, in the acquisition of goods, the CSU strives to obtain the best value while complying with legislative intent.

Executive Order (EO) 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 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.

Education Code (EC) §89006 states that it is unlawful for any person to utilize any information, not a matter of public record, that is received by that person by reason of his or her employment for personal pecuniary gain. In addition, the GC §8314, states that it is unlawful for a state employee to use or permit others to use public resources for personal or other purposes which are not authorized by law.

Campus management stated a number of reasons for the lack of coordination between athletics and central campus purchasing officers, including oversights, department turnover in personnel, and precedence from trade arrangements that were initiated in prior years. The systemwide director of

contract services and procurement also stated that there could be confusion over the nature of the transactions since the CSU was not buying and paying for the athletic goods and services in the traditional sense.

The absence of appropriate transaction authorizations and facility leases increases the risk of misunderstandings and potential legal liabilities. Payment of compensation and benefits to staff through merchandise agreements with vendors, outside the purview of the personnel and payroll offices, subjects the campuses to potential irregularities, violations of agreements, and penalties.

Recommendation 5

We recommend that the chancellor's office clarify through systemwide policy the appropriate procurement role for athletic departments, including reiteration of activities that require formal delegation of authority.

Management Response

We concur.

The chancellor's office will remind campuses and clarify established systemwide policy regarding the appropriate role for athletic departments in contracting and procuring goods and services. This will include reiterating the activities that require formal delegation of authority. These policies will be included in the AOPM, with specific examples given that apply to athletic department procurement. The AOPM will be distributed to campuses by December 31, 2008.

TRADE USAGE

Trade usage and recordkeeping were not consistently documented and managed at nine of the ten campuses visited.

Campus	Significant Trade Underutilization	Trade Not Linked to Official Purpose	Incomplete/Missing Trade Records
Bakersfield	√	√	
Fresno			√
Fullerton	√		
Humboldt	√	√	
Long Beach	√		√
Northridge		√	
Sacramento	√		√
San Diego			
San José	√		
San Luis Obispo	√	√	

Significant underutilization of trade occurred when a campus traded, for example, 100 hotel room nights and then only used 50 percent of those hotel nights. Most trade was used to host prospective student-athlete recruits, but the usage records were not linked to the forms needed for officially approving the recruiting visit. Other types of usage, such as providing overnight accommodations for game officials, were not consistently logged. In some isolated cases, trade usage records were incomplete or missing.

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.

Campus athletic department management stated that it was always better to overestimate the need for trade as opposed to not having enough. Management further stated that some hotel or restaurant trade went unused because certain locations or establishments were more popular than others, while usage of some other trade might have depended upon the extent of student-athlete injuries or the availability of athletic marketing personnel to use advertising space. Management added that some lack of records was based on informal relationships between coaches and athletic administrators or changes between systems.

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

Recommendation 6

We recommend that the chancellor's office clarify systemwide policy expectations for athletic trade usage and recordkeeping.

Management Response

We concur.

The chancellor's office will clarify systemwide policy expectations for athletic trade usage and recordkeeping. These policies will be included in the AOPM, with specific examples given that apply to athletic departments. Included in these policies will also be recommended best practices for valuing trade and recordkeeping of such trade activities. The AOPM will be distributed to campuses by December 31, 2008.

ATHLETIC INVENTORY

Inventory control of athletic gear was not well documented at the ten campuses visited.

Athletic gear included apparel with the campus logo and athletic-related property such as warm-up jackets, sweat suits, uniforms, travel bags, racquets, helmets, bats, clubs, and balls that would normally not meet the dollar thresholds requiring capitalization as equipment. However, much of the athletic gear had a useful life beyond one season of usage/wear and these items were checked out to student-athletes and teams with an expectation that they would be returned and reused. Issues arose occasionally on misappropriation, misuse, loss, or theft of athletic gear. Accountability measures typically necessitated some recordkeeping to control who had what, follow-up on what got returned, periodic physical counts of quantities on hand, inspection/repair of worn items, reporting of inventory shrinkage, and approval on how items declared surplus would be handled.

At the ten campuses visited, athletics lacked procedures or documentation on the effectiveness of the following inventory processes:

Campus	Receipt/ Valuation	Check-Out/ Check-In	Periodic Counts	Surplus Disposition
Bakersfield		√		√
Fresno				√
Fullerton	√			√
Humboldt		√	√	√
Long Beach		√	√	
Northridge	√	√		√
Sacramento			√	
San Diego	√			√
San José				√
San Luis Obispo		√	√	

When a physical count was taken of athletic gear, it frequently could not be compared to what should have been on hand because there was no tracking system or subsidiary ledger for inventory purposes.

Only four of the ten campuses visited maintained athletic inventory records in software systems designed for this purpose. The Fresno and San Diego campuses used a system by Privatech, San José had acquired SportSoft, and Long Beach was in the process of implementing Pen Sport Equipment Management. Other campuses had a patchwork of manual systems or various spreadsheet programs sometimes maintained by coaches as opposed to athletic equipment managers.

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

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

EO 649, *Safeguarding State Property*, dated February 15, 1996, states that it is the responsibility of each campus president to establish and maintain a system of internal controls to safeguard state property, which considers factors such as historical losses and control of property, which could pose a special risk of loss due to its marketability and portability.

NCAA Operating Bylaw 16.11, *Benefits, Gifts, and Services*, generally makes it non-permissible for a student-athlete to receive any extra benefits. The term extra benefit refers to any special arrangement by an institutional employee or representative of the institution's athletic interests to provide the student-athlete or his or her relatives or friends with a benefit not expressly authorized by NCAA legislation.

Management at a number of campuses stated that they had decentralized athletic equipment operations with extensive involvement of the coaching staff, while other campus management stated that they had reviewed automated systems and were not convinced that the investment was warranted.

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

Recommendation 7

We recommend that the chancellor's office summarize and distribute to the campuses best practices for inventory control of athletic gear and encourage the campuses to implement inventory systems.

Management Response

We concur.

The chancellor's office will provide campuses with recommendations and best practice resources for inventory control of athletic gear. Policies covering inventory control, including property policies and disposal of property, will be included in the AOPM, with specific examples given that apply to athletic departments. The AOPM will be distributed to campuses by December 31, 2008.

GROUP TRAVEL

CSU travel regulations did not adequately address athletic travel, particularly the circumstances and conditions under which it was appropriate to have non-team related personnel included in group travel, and completion of liability waivers/releases.

We noted that group travel, as a team, was a predominant method of travel in intercollegiate athletics. The team travel parties encompassed student-athletes and coaches, but for certain sports and particularly in the football programs, it also included:

- ▶ Athletic department employees such as equipment managers, trainers, and sports information staff.
- ▶ Non-athletic department employees such as campus administrators and officers.
- ▶ Non-employees such as spouses and dependents of administrators/coaches, athletic department donors/supporters, and independent contractors or volunteers such as team physicians.

Although athletic conferences limited the number of student-athletes who could travel to conference games, the determination of non-student athletes allowed to travel was typically left to the discretion of the athletic department. Further, there were no external guidelines on the number of student-athletes who could travel to non-conference games. When the travel party got quite large, we noted that it could get difficult to control and document expenditures. For example, in one campus out-of-state football trip to a non-conference game, there were 84 student-athletes and athletic department personnel in the travel party but travel arrangements included:

- ▶ Chartering a 162-seat capacity 737-800 for round trip air transportation.
- ▶ Reserving and using 80 hotel rooms (50 doubles and 30 singles) that could accommodate a minimum of 130 guests.
- ▶ Paying for 120 breakfasts at the hotel one morning.
- ▶ Incurring individual meal expenses on one day for all members of the travel party of \$56.90 – a rate that exceeded what was provided to institutional staff members on away-from-campus trips per CSU directive HR 2007-03, *CSU Policies Governing Travel and Relocation Expense Reimbursement*.

In addition, inclusion in these group travel situations did not typically involve a requirement for everyone to sign a liability waiver/release.

The NCAA includes some provisions for team travel in regulations including:

- ▶ Operating Bylaw 16.7, *Team Entertainment* – defines permissible and non-permissible entertainment related to home and away competitions and outlines travel departure and return restrictions.
- ▶ Operating Bylaw 16.8, *Expenses Provided by the Institution for Practice and Competition* – defines permissible and non-permissible expenses to be provided by the institution for practice and competitions
- ▶ Operating Bylaw 16.9, *Other Travel Expenses Provided by the Institution* – defines permissible and non-permissible travel expenses provided by the institution not related to practice or competition.
- ▶ Operating Bylaw 10.10, *Provision of Expenses by Individuals or Organizations Other Than the Institution* – defines certain other situation in which travel expenses can be accepted.

Three CSU documents most closely related to athletic group travel are:

- ▶ EP&R 87-31, *Policy Statement: Intercollegiate Athletics, Governance and Athletic Financing*, dated July 27, 1987.
- ▶ EO 590, *Student Air Travel*, dated March 26, 1992.
- ▶ CSU directive HR 2007-03, *CSU Policies Governing Travel and Relocation Expense Reimbursement*, dated August 22, 2007.

However, some of the combined limitations in these CSU documents which contributed to the poor fit with athletic travel include:

- ▶ Attachment A, §II.D(1) in EP&R 87-31 that covers athletic team travel, but is dated and is only applicable to ground transportation as follows:

When non-state funds are unavailable or inadequate to support the transportation costs of intercollegiate athletic teams, university funds may be used to provide appropriate ground transportation for travel to scheduled competition.

- ▶ Amounts of insurance coverage required by EO 590 that are somewhat dated in that they were established over 15 years ago.
- ▶ CSU directive HR 2007-03 which states in §100, *Scope*, that it applies to all CSU employees authorized to travel on official university business and in §101.E, where it defines employee to include all officers, administrators, faculty and staff, both full and part-time, including volunteer employees. For athletic purposes there are non-employees traveling who do not fit this scope or definition.

OBSERVATIONS, RECOMMENDATIONS, AND MANAGEMENT RESPONSES

- ▶ CSU directive HR 2007-03 §109 which comes the closest to describing group travel situations but again specifies that it applies to groups of employees.
- ▶ CSU directive HR 2007-03 §105.C.1.a which contemplates maximum meal reimbursements amounts structured around breakfast, lunch, and dinner. NCAA Operating Bylaw 16.5.2(d)(3) adds meals in conjunction with away-from-home competitions, which states that all student-athletes are permitted to receive a pre-game or post-game meal as a benefit incidental to participation.
- ▶ The NCAA which provides for team entertainment in a way that is not covered in HR 2007-03. NCAA Operating Bylaw 16.7.1 states that the institution may pay the actual costs for reasonable entertainment that takes place within a 100 mile radius of where at team plays or practices in connection with an away-from-home contest or en route to or from such a contest.

Aside from the primary issues on the size of the travel party and the completion of liability waivers/releases, some athletic travel concerns from the ten campuses visited included:

Campus	A	B	C	D	E	F	G
Bakersfield	√	√	√				
Fresno			√	√	√		
Fullerton							
Humboldt							
Long Beach	√	√		√			
Northridge	√	√		√			
Sacramento	√						√
San Diego					√	√	√
San José						√	√
San Luis Obispo							

A	Incomplete travel authorization forms/itineraries and/or approval documentation
B	Travel expense claims were submitted far after teams arrived back on campus
C	Missing receipts
D	Travel documents not signed and dated
E	Lacked a policy for guests and staff authorized to travel with the teams
F	Charters lacked competitive bidding/approval
G	Excess allowances based on size of travel party or meals greater than \$46/day

EO 715, *California State University Risk Management Policy*, dated October 27, 1999, states that the campus risk management policies should include methods of controlling risks. The liability exposure the campus and the 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.

CSU directive HR 2007-03, *CSU Policies Governing Travel and Relocation Expense Reimbursement*, dated August 22, 2007, includes specific requirements for the preparation, support and submission of travel expense claims.

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.

Campus management generally attributed the issues with athletic travel to an absence of policy requirements or oversight in enforcing documentation.

The absence of acceptable travel documentation and a policy regarding who is entitled to travel with teams increases the risk of excessive costs and exposes the campus to compliance issues and potential liabilities.

Recommendation 8

We recommend that the chancellor's office:

- a. Review and update applicable CSU documents on travel to include policies and procedures appropriate to address group travel situations in athletics, which involve non-employees.
- b. Consider the need to require liability waivers/releases from everyone traveling on athletic team charters.
- c. Remind the campuses of the need to adhere to existing CSU travel regulations for athletic travel.

Management Response

We concur.

The chancellor's office will review and update applicable CSU documents on travel to include policies and procedures appropriate to address group travel situations in athletics, which involve non-employees. The chancellor's office will develop a policy to require liability waivers/releases from all parties traveling on athletic team charters, and recommend a format for the waiver/release to be adopted at campuses. The chancellor's office shall also remind campuses of the need to adhere to existing CSU travel regulations for athletic travel and will update EO 590, *Student Air Travel*. The campuses will receive reminders of these requirements by December 31, 2008, and the policy will be included in the AOPM, which will also be distributed to campuses by December 31, 2008.

MISCELLANEOUS

BACKGROUND CHECKS

Each of the ten campuses visited hosted sports camps/clinics; however, individuals who staffed these camps/clinics were not subjected to criminal background checks.

Sports camps for youth are a regular occurrence on CSU campuses particularly during the summer months. These sports camps have a teaching component and some aspect of community service but they also represent fund-raising opportunities for the athletic programs and, in some cases, ways to augment coach compensation. It is unlikely that any of the camps could occur without the support of the coach in the corresponding sport and without at least the implicit sponsorship of the athletic department. However, ownership of camps fluctuated through different models at the campuses visited. Some examples for each form of camp ownership from the campuses visited include:

Campus Owned

- ▶ Bakersfield – CSU, Bakersfield Wrestling Camp
- ▶ San Luis Obispo – Cal Poly Track and Field Camp

Auxiliary Organization Owned

- ▶ Long Beach – Long Beach State Tennis Camp
- ▶ San José – Spartan Boys Basketball Camp

Independent Ownership

- ▶ Fullerton – Titan Baseball Academy
- ▶ Humboldt – Jim Hill Running Camp
- ▶ Sacramento – Nike Baseball Camp

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.

Management at some campuses had drafted background checking procedures but stated that implementation was delayed due to collective bargaining implications and distinctions between checking current employees or only those hired after the effective date of the requirement. Management at other campuses stated that background checking had not been implemented because it had been left to the discretion of an auxiliary organization. Our early discussion of background check requirements with systemwide administrators also generated concerns as to the type of background checks that should be instituted and in the case of third-party providers, whether any type of requirement would be enforceable.

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 9

We recommend that the chancellor's office:

- a. Review and strengthen existing policy to eliminate any ambiguity on the need to subject every coach and counselor working summer sports camps/clinics to a background check and the type of check required regardless of whether they are or are not an existing campus or auxiliary organization employee.
- b. Address expectations on the type of background check required for independent sports camp/clinics operators that contract to use CSU facilities.

Management Response

We concur.

A requirement for background checks for independent sports camp/clinic operators will be established via policy and communicated to campuses as part of the AOPM by December 31, 2008. The policy will include the scope of a background check to be conducted, the frequency of the checks, and how they will be applied. Model language will be provided regarding background checks to campuses for use in preparing contracts for the use of CSU facilities.

INFORMED CONSENTS

The chancellor's office had not yet completed a project to create standard language appropriate for informed consent/assumption of risks by student-athletes participating in intercollegiate athletics.

Informed consent/assumption of risk forms were used at eight of the ten campuses visited for student-athlete participation in intercollegiate athletics. Two campuses (Humboldt and San José) did not use any type of form for purposes of informed consent/assumption of risk by student-athletes and there were missing forms on one other campus (Northridge). For the eight campuses using informed consent/assumption of risk forms for athletic participation, the language and type of forms used varied. Although the chancellor's office had started a project to create a systemwide informed consent/assumption of risk form, it had not yet been completed.

Guideline 1.a. of the *2005/06 NCAA Sports Medicine Handbook* states that components of a safe athletics program and an important part of injury prevention include:

Acceptance of Risk

An informed consent or waiver by student-athletes (or, if minors, by their parents) should be based on an awareness of the risks of participating in intercollegiate sports.

The chief risk officer stated that the project to create a systemwide informed consent/assumption of risk form for all student activities had been delayed due, in part to, staff turnover.

Failure to implement appropriate informed consent forms for student-athletes increases CSU's risk exposure.

Recommendation 10

We recommend that the chancellor's office promptly establish a standard informed consent/assumption of risk form for CSU systemwide implementation in athletics and require execution by all student-athletes prior to program participation.

Management Response

We concur.

The chancellor's office will establish a standard informed consent/assumption of risk form for CSU systemwide implementation in athletics and establish and disseminate policy to all campuses through the campus presidents, requiring execution by all student-athletes prior to program participation. This form will be included in the AOPM, which will be distributed to campuses by December 31, 2008.

INJURY PREVENTION

The CSU had not endorsed a standard for measuring the effectiveness of athletic injury prevention (AIP) programs.

AIP was a shared responsibility among team physicians, certified athletic trainers, and student-athletes at the ten campuses visited. While some injury records were maintained, they were not summarized and compared to the NCAA Injury Surveillance System (ISS).

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

2.2 THE PRINCIPLE OF STUDENT-ATHLETE WELFARE

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

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

Campus athletic trainers generally stated that they already had some capability to report on injuries through different means and computer software; however, their systems were mainly based on internal comparisons, which used sport specific data from prior seasons and did not involve trends that might be recognized from a broader base of all CSU campuses or NCAA cohorts.

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 11

We recommend that the chancellor's office encourage the campuses to establish a basis for measuring the effectiveness of AIP programs including the possibility of establishing a CSU systemwide database or utilization of the NCAA ISS.

Management Response

We concur.

The chancellor's office will direct the AIME program committee to establish a basis for measuring the effectiveness of AIP programs and take steps toward creating a CSU systemwide database, learning management system, or utilizing the NCAA ISS by December 31, 2008.

APPENDIX A: PERSONNEL CONTACTED

<u>Name</u>	<u>Title</u>
<u>Office of the Chancellor</u>	
Gary Reichard	Executive Vice Chancellor and Chief Academic Officer
George Ashkar	Senior Director and Controller, Financial Services
Jim Blackburn	Director, Enrollment Management Services
Keith Boyum	Associate Vice Chancellor, Academic Affairs
Gail Brooks	Interim Vice Chancellor, Human Resources
Rachael Caracoza	Senior Human Resources Analyst, Human Resources
Gina Caywood	Interim Senior Director, Human Resources Administration (At time of review)
Pam Chapin	Senior Manager, Benefits and Human Resources Programs
Bruce Gibson	Senior Director, Systemwide Benefits and Chancellor's Office Human Resource Services
Carrie Hemphill Rieth	University Counsel
Sedong John	Director, Systemwide Financial Standards and Reporting
Allison Jones	Assistant Vice Chancellor, Student Academic Support
Cheri Kitajima	Administrative Assistant, Human Resources
Lam Le	Manager of Bonds, Capital Projects, and Taxes (At time of review)
Jackie McClain	Vice Chancellor, Human Resources (At time of review)
Charlene Minnick	Chief Risk Officer
Ray Murillo	Associate Director, Student Programs
Nana Nakano	University Counsel (At time of review)
Colleen Nickles	Assistant Vice Chancellor, Financial Services
Cordelia Ontiveros	Senior Director, Academic Human Resources (At time of review)
Tom Roberts	Director, Contract Services and Procurement
Sam Strafacci	Assistant Vice Chancellor, Human Resources (At time of review)
Richard West	Executive Vice Chancellor and Chief Financial Officer
<u>California State University, Bakersfield</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

APPENDIX A: PERSONNEL CONTACTED

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

California State University, Fresno

John D. Welty	President
Deborah Adishian-Astone	Executive Director, Auxiliary Corporations
Leila Almahdy	Athletic Trainer
Ron Avedisian	Safety/Risk Analyst
Matt Babick	Internal Auditor
Trisha Becker	Payroll/Benefits Technician, Athletics
Tina Beddall	Registrar
Lori Benson	Director of Finance, Save Mart Center
Thomas Boeh	Director of Athletics
Robert Boyd	Associate Vice President for Facilities Management
Sharon Davis	Budget and Treasury Manager
Kelli Eberlein	Interim Head Athletic Trainer
Richard Enns	Business Operations Manager, Athletics
Clare Flores	Administrative Assistant to the Athletic Director
Michelle Francis	Director of Compliance
Vivian Franco	Director, Admissions/Records/Evaluations
Susan Gutkind	Assistant Athletics Director for Academic Services
Russell Hayden	Director of Ticket Operations
Anessa Ivy	Administrative Assistant to the Senior Associate Athletics Director
Jody Jesser	Travel Coordinator, Athletics
Steven Katz	Associate Vice President, Financial Services
Keith Kompsi	Director of Foundation Financial Services
John Kriebs	Assistant Athletics Director for Facilities and Operations
Paul Ladwig	Associate Athletics Director for Broadcasting and External Relations
Terry Logan	Director of Facilities, Athletics
John Lucier	Assistant Athletics Director for Compliance
Gwen Malone-Burks	Administrative Assistant, University Advancement
Steven Martinez	Director, Environmental Health and Safety
Betsy Mosher	Senior Associate Athletics Director for Administration and Program Integrity/Senior Women's Administrator

APPENDIX A: PERSONNEL CONTACTED

Pat Ogle	Executive Director, Bulldog Foundation
Paul Oliaro	Vice President for Student Affairs/Dean of Students and Chair, Athletic Corporation Board
Margie Phillips	Director, Procurement and Support Services
Linda Rios	Athletic Admissions Specialist
Chris Robinson	University Controller
Diane Sanbongi	Assistant Director, Ticket Office
Monica Shackelton	Accounts Payable Manager
Steve Sullivan	General Manager, Bulldog Sports Properties
Sarah Tackett	Athletic Trainer
Cynthia Teniente-Matson	Vice President for Administration and Chief Financial Officer
Susan Vaquilar	Payroll Manager
Greg Walaitis	Associate Athletics Director for Development
Lynn Williams	Professor, Agricultural Economics and Faculty Athletic Representative
Eleanor Woods	Assistant Director, Human Resources
Mark Younger	Head Equipment Manager

California State University, Fullerton

Milton A. Gordon	President
Cheryl Anderson	Coordinator of Athletics Eligibility and Compliance
Mike Anthony	Manager of Facilities, Physical Plant
Bill Barrett	Associate Vice President of Administration
John Beisner	Director of University Risk Management
Jay Bond	Associate Vice President of Facilities Management
Julie Bowse	Associate Athletics Director for Compliance
Allison Broadfoot	Administration Coordinator for Administration and Finance
Joe Camacho	Equipment Manager
Paul Carey	Associate Vice President of Development/Chief Financial Officer of California State Fullerton Philanthropic Foundation
Jeff Cook	Executive Director of Advancement Operations
Steve DiTolla	Associate Athletics Director for Corporate Sponsorships
Marsha Farwick	Director of Financial Operations, Associated Students California State University, Fullerton, Inc.
Naomi Goodwin	Assistant Vice President of Administration and Finance
Don Green	Director of Contracts and Procurement
Willie Hagan	Vice President of Administration and Finance
Glenda Hart	Director of Payroll
Cliff Hatter	(Prior) Equipment Manager
Barbara Horngren	Administrator for Athletics Business Office
Denise Johnson	Director of Human Resources Operations
Julie Max	Director of Sports Medicine/Head Athletic Trainer
Barbara McDowell	Acting Director of Athletics Academic Services
Jen McGhen	Ticket Manager
Robert Palmer	Vice President of Student Affairs
Brian Quinn	Director of Athletics
Allison Rich	Senior Associate Athletics Director/Senior Women's Administrator

APPENDIX A: PERSONNEL CONTACTED

Fred Sanchez	Executive Director, Associated Students California State University, Fullerton, Inc.
Carmen Santizo	Quality Control Manager, Physical Plant
Rob Scialdone	Associate Athletics Director for Business Services
Patty Sexton	Coordinator of Athletics Personnel
Scott Stow	Event Manager
Greg Sweet	Tax Compliance Manager
Aaron Tapper	Associate Athletics Director for Facilities
Steve Udell	Accounting Manager, Associated Students California State University, Fullerton, Inc.
Mike Uraine	Facilities Resource Manager
Willem Van Der Pol	Director of Physical Plant
Steve Walk	Faculty Athletics Representative
Karen Wall	Assistant Vice President of Student Affairs
May Wong	Accounts Payable Manager
Steve Yim	Director of Internal Controls

Humboldt State University

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 Trepiaak	Associate Athletics Director

California State University, Long Beach

F. King Alexander	President
Laurie Angel	Division Fiscal Manager, Physical Planning/Facilities Management
Tom Angell	Director, Benefits and Staff Human Resources
Dan Bailey	Head Athletic Trainer
Cathy Burns	Assistant Athletic Director/Business Manager

APPENDIX A: PERSONNEL CONTACTED

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

California State University, Northridge

Jolene Koester	President
Mark Adamiak	Facilities Manager
Bob Barker	Associate Vice President, Financial and Accounting Services/University Controller
Lee Anna Berkeland	Accounting Technician, Business Management
James Bracken	Head Coach, Men's Golf
Greg Buesing	Director of Planned Giving

APPENDIX A: PERSONNEL CONTACTED

Patricia Crespo	Athletics Business Manager
Colin Donahue	Director of Facilities Planning
Fred Dukes	Executive Assistant to Vice President of Administration and Finance
Ken Etter	Ticketing Manager, Associated Students CSUN, Inc.
Rick Evans	Administrative Services Manager, University Corporation
Lauree Floback	Executive Assistant to Director of Athletics
Robert Foldesi	Assistant Vice President of Human Resources
Chet Galland	Assistant Director of Engineering Services/ Physical Plant Management Director
Howard Garcia	Athletics Events Manager
Phyllis Gilson	Veteran's Coordinator, Admissions and Records
Isidore Gold	Equipment Manager
Steve Grech	Director of Sports Medicine/Head Athletic Trainer
Randy Harris	Vice President for Administration and Finance/Chief Financial Officer
Diane Hartjen	Director of Accounting and Financial Services, Associated Students CSUN, Inc.
Ashlie Kite	Associate Director of Athletics
Karla La Rosa	Manager of Facilities and Trademark Leasing, University Corporation
Howard Lutwak	Director of Internal Audit
Karen Mariglia	Administrative Support Assistant, Athletics
Rick Mazzuto	Director of Athletics
Mandie McConkey	Coordinator of Academic Services
Yvonne Monreal	Payroll Specialist
Valerie Myers	Human Resources Manager
Janet Pinneau	Associate Director of Athletics
Judith Reyes	Accounts Payable Manager
Cynthia Roseman	Accounts Payable Coordinator
Mary Rueda	Manager of Purchasing and Contract Administration
Ali Sadri	Manager of Advancement Resources, California State University Northridge Foundation
Joyce Scanlin	Accounting Technician, Accounts Payable
Ellen Steinberg	Procurement Card Coordinator
Don Strametz	Head Coach, Track and Field
Renee Venezia	Payroll Manager
Gary Victor	Head Coach, Women's Tennis
Crystina Wall	Gift Processing Coordinator, University Advancement
Kevin Zihlman	Director of Compliance

California State University, Sacramento

Alexander Gonzalez	President
Edmundo Aguilar	University Counsel
Nicole Baldasare	Administrative Assistant, Athletics Department (At time of review)
Kenneth Barnett	Chief and Director, Public Safety
Brian Berger	Media Relations Director, Athletics
Jan Berger	Senior Manager, Faculty Records and Compensation
Julie Chiarelli	Director of Finance, Capital Public Radio Inc.
Mike Christensen	Interim Assistant Vice President, Risk Management Services

APPENDIX A: PERSONNEL CONTACTED

Gina Curry	Director, Student Financial Services Center
Leslie Davis	Director, University Union Operations of CSU Sacramento
Paul Edwards	Director, Student-Athlete Resource Center
Jackie Fierros	Payroll Manager
Mary Ford	Benefits Manager
Stephen Garcia	Chief Financial Officer and Vice President for Administration and Business Affairs
Suzanne Green	Associate Vice President for Financial Services
Stacy Hayano	Interim Director, Budget Planning and Administration/ University Budget Officer
Steve Iwasa	Equipment Room Attendant
Susan Johnson	Director of Accounts Payable
Norman Kwong	Administrative Analyst/Specialist, Budget Planning and Administration
Mark Leisz	Manager, Customer Services (Facilities Services)
Mark Livingston	Associate Athletics Director, Marketing
Hillery Magness	Athletic Trainer (Yosemite Hall)
Lois Mattice	Associate Athletics Director/Senior Women's Administrator
Stewart McConnell	Senior Management Auditor, Auditing Services
Kathi McCoy	Director, Auditing Services
Steve McLaughlin	Ticket Operations Director
Randolph Morgan	Director of Finance and Administration, Associated Students Inc.
Donna Parenti	Director of Finance and Administration, University Enterprises Inc.
Kent Porter	Associate Vice President for Human Resources, Faculty and Management Employment
Joe Ramos	Athletic Trainer (Field House)
Dave Raske	Professor, Special Education and Faculty Athletic Representative
Elizabeth Redmond	Associate Vice President for Human Resources, Staff Employment
Karen Robinson	Accounting Technician Lead, Accounts Payable
Mario Ruiz	Director, Grounds and Custodial Services (Facilities Services)
David Shannon	Director, Procurement and Contract Services
Joseph Sheley	Executive Vice President, Office of the President (At time of review)
Steve Somsen	Risk Manager (At beginning of review)
Kirtland Stout	Interim Risk Manager
Steve Tebbs	Director of Operations/Facilities (Athletics Department)
Caryl Vickers-Harper	Assistant Director, Student Financial Services Center
David Wagner	Vice President for Human Resources
Terry Wanless	Director of Athletics
Rose Welch	Business Manager, Athletics Department
Katherine Zedonis	Director of Student Services/Compliance Coordinator

San Diego State University

Stephen L. Weber	President
June Barreras	Cox Arena Ticket Office Manager, Associated Students
Carlos Basulto	Event Management Assistant, Athletics
Steve Becvar	Senior Associate Director, Athletics
Donna Bell	Business Office Manager, Athletics

APPENDIX A: PERSONNEL CONTACTED

Sherry Bertram	Assistant Director, Aztec Athletic Foundation
Sue Blair	Associate Vice President, Human Resources and Risk Management
Ben Boish	Employment Manager, Center for Human Resources
Jenny Bramer	Associate Director, Athletics
Valerie Carter	Manager, Audit and Tax
Norma Casas	Analyst, Audit and Tax
Jim Cordova	Assistant Director of Ticket Operations, Athletics
Christine Delgado	Director, Center for Human Resources
Joe Erbland	Assistant Director of Facilities and Operations, Athletics
Colleen Evans	Director, Student-Athlete Academic Support Services
Steve Fisher	Head Basketball Coach
Lesley Fong	Director of Special Projects/Campus Liaison, Athletics
Joy Francis	Director, Athletic Development
Ellene Gibbs	Associate Vice President, Financial Operations (At time of review)
Tony Gwynn	Head Baseball Coach
Susan Heiser	Associate Director, Associated Students
Ron Hostick	Turf Manager, Physical Plant
Scott Horvath	Information Technology Consultant, Athletics
Don Kessler	Head Trainer, Athletics
Linda Kimzey	Administrative Services Coordinator, Athletics
Valerie Mahoney	Work Control Coordinator, Physical Plant
Marty Malano	Administrative Assistant (Men's Basketball), Athletics
Joe Patterson	Director, Physical Plant
Lawrence Peralez	Director, Business Services
Nick Pettit	Director, Athletic Equipment Services
David Powroznik	Senior Associate Director of Development, Athletics
Mary Reading	Eligibility Coordinator, Athletics
Tim Ripke	Assistant Director, Associated Students
Sally Roush	Vice President, Business and Financial Affairs
Jeff Schemmel	Director, Athletics
Steve Schnall	Associate Director of Operations, Athletics
Jesse Stephens	Business Office Analyst, Athletics
Richel Thaler	Associate Vice President, Administration
Kathy Van Wyk	Head Softball Coach/Senior Woman Administrator, Athletics
Lisa Winters	Assistant Payroll Manager, Center for Human Resources
Al Zitlau	Assistant Director of Administration, Athletics

San José State University

Don W. Kassing	President (At time of review)
Wilma Babayan	Accountant, Accounting and Financial Systems
Shawn Bibb	Associate Vice President, Administrative Systems and Finance (At time of review)
Tom Bowen	Director of Athletics
Jeb Burns	Associate Head Athletic Trainer
Nancy Bussani	Associate Vice President, Advancement Operations and Tower Foundation Executive Director
Tatum Carroll	Assistant Athletic Trainer

APPENDIX A: PERSONNEL CONTACTED

Rick Casillo	Associate Director, Employee Support Services
Darren Coelho	Director of Ticketing Operations, Division of Intercollegiate Athletics (DIA)
Terry Crisp	Manager, Administrative Services, Facility Development and Operations
Ria Diaz	Business Office Analyst, DIA
Mike Dunefsky	Senior Director, Administrative Systems
Kellie Elliott	Senior Associate Athletic Director/Senior Women's Administrator
Todd Fouyer	Technical Services Manager, Student Union
Cynthia Haliasz	Director, Budget Management
Taylor Hanohano	Director of Equipment Services, DIA
Mark Harlan	Senior Associate Athletic Director (At time of review)
Mari Hernandez	Administrative Assistant, DIA
Cindy Kato	Director of Student Success Services
Kristin Kelly	Associate Director, Administrative Services (Student Union)
Babara Keltner	Contract Analyst
Bonnie King	Accounts Payable Manager
Kam Lam	Controller, SJSU Foundation
Rose Lee	Vice President for Administration and Finance
Rose Liu	University Budget Analyst
Mark Loftus	University Risk Manager
Stacy Martin	Associate Athletic Director, Business and Finance
Angie McKinnell	Student Services Coordinator
Jerry Mimnaugh	Executive Director, Spartan Shops
Paula Minklein	Assistant Director, Spartan Foundation
Angie Ortega McGhee	Office Coordinator, Faculty Affairs
Vince Otoupal	Associate Athletic Director, Spartan Foundation (At start of audit) Senior Associate Athletic Director (Promoted during audit)
Bill Penrod	Assistant Athletic Director, Marketing (At time of review)
Rita Peth	Purchasing Manager
Ninh Pham-Hi	Director of Internal Control
Mike Powell	Student Union Events Center Box Office Manager
Maria Rivera	Associate Vice President, Human Resources
Norma Rossiter	Associate Director of Business Services, SJSU Foundation
Mireya Salinas	Confidential Office Support Assistant, Office of the President
Gerry Selter	Executive Assistant to the President
Scott Shaw	Associate Head Athletic Trainer
Joan Shih	Division Director, Finance and Administration (Spartan Shops)
Paul Siegel	Director of Accounting and Financial Systems
Julie Stansberry	Administrative Assistant, DIA
Suzanne Sundholm	Risk Analyst
Etienne Thomas	Director of Compliance, DIA
Tony Valenzuela	Associate Vice President, Facilities Development and Operations
Matt Witty	Business Manager, DIA
Ricky Yoneda	Enterprise Program Analyst, SJSU Foundation

APPENDIX A: PERSONNEL CONTACTED

California Polytechnic State University, San Luis Obispo

Warren J. Baker	President
Preston Allen	Associate Vice President for Student Affairs/ Executive Director of Housing and Conference Services
Chris Baker	Associate Athletic Director, Advancement
Marc Benadiba	Assistant Director, Payroll and Payment Management
Lisa Boyer	Interim Director, Conference and Event Planning
Debbie Brothwell	Director, Budget and Analytic Business Services
Cody Chaney	Director of Ticket Operations
Alison Cone	Director of Athletics
Carlos Cordova	University General Counsel
Paul Gabrielson	Assistant Athletic Trainer
Lisa Hensley	Human Resources Manager
Brett Holman	Assistant Director, Student Financial Services
Mark Hunter	Director of Facility Services
Kimi Ikeda	Assistant Vice Provost, Systems and Resource Management
Rick Johnson	Executive Director, Associated Students/University Union
Larry Kelley	Vice President for Administration and Finance
Steve Kracher	Equipment Manager, Athletics
Jesse Latino	Director of Facilities and Operations, Athletics
Lorlie Leetham	Director of Fiscal Services
Frank Limon	Supervisor, Distribution Services
Barbara Martinez	Senior Woman Administrator/Director of Compliance
Ryan Matteson	Analyst/Programmer, Information Technology Services
Barbara Melvin	Director of Human Resources
Lynn Ogden	Administrative Assistant, Athletics
Kimberly Perez	Assistant Director, Fiscal Services
Leigh Ramirez	Associate Director, Facilities
Rick Ramirez	Associate Vice President for Finance
Joe Risser	Director of Risk Management
Matt Roberts	Director of Contracts and Procurement
Carole Schaffer	Associate Director, Housing/Director, Residential Life
Steve Schlick	Business Coordinator, Athletics
June Serjeant-Weaver	Assistant Director, Housing
Kristal Slover	Head Athletic Trainer
Shannon Stephens	Director of Academic Services, Athletics
Bob Stets	Associate Vice President, University Advancement/ Finance and Operations
Vicki Stover	Associate Vice President for Administration
Michael Suess	Associate Vice Provost, Academic Personnel
Mariann Van Pelt	Accounting Project Manager, Cal Poly Corporation
Karen Webb	Assistant Vice President for Administration and Finance
Philip Webb	Senior Associate Director of Athletics
Joanne Williams	Human Resources Director, Cal Poly Corporation



GARY W. REICHARD

Executive Vice Chancellor and Chief Academic Officer
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UNIVERSITY AUDITOR

AUG 22 2008

THE CALIFORNIA STATE
UNIVERSITY

August 21, 2008

To: Mr. Larry Mandel

From: Gary W. Reichard 

Subject: **Management Response to Recommendations of Audit Report
Number 07-40, Athletics Administration, Systemwide**

Thank you for your February 29, 2008 memorandum transmitting the draft audit report Number 07-40, *Athletics Administration, Systemwide*. A printed copy of the recommendations with our management response is enclosed. Our response was developed by the Offices of Business and Finance (Contracts and Procurement and Risk Management), Human Resources, and Academic Affairs.

We appreciate both the work and the recommendations of the Office of the University Auditor. The recommendations and our corrective action plan will strengthen the effectiveness of our campus athletics programs.

GWR:aj

Enclosure

cc: Dr. Charles B. Reed
Mr. Richard P. West
Mr. Allison G. Jones

CSU Campuses

Bakersfield • Channel Islands • Chico • Dominguez Hills • East Bay • Fresno • Fullerton • Humboldt • Long Beach • Los Angeles • Maritime Academy • Monterey Bay
Northridge • Pomona • Sacramento • San Bernardino • San Diego • San Francisco • San José • San Luis Obispo • San Marcos • Sonoma • Stanislaus

ATHLETICS ADMINISTRATION

SYSTEMWIDE

Audit Report 07-40

GENERAL ENVIRONMENT

Recommendation 1

We recommend that the chancellor's office:

- a. Review and update CSU systemwide athletic policies in the context of recent changes including delineation of CSU compliance with the governing board responsibilities in NCAA Operating Bylaw 22.2.1.1.
- b. Consolidate CSU-specific requirements relevant to athletic operations into a document for distribution to all campus athletic departments.
- c. Establish a specific means for future review and maintenance of systemwide athletic policies to ensure that they are updated at appropriate intervals.

Management Response

We concur.

- a. Academic Affairs will review the current policy statement for Athletic Governance and Financing (EP&R 87-31) and will update in accordance to the NCAA Operating Bylaw 22.2.1.1. The updated policy statement will be issued to the campuses by December 31, 2008.
- b. Academic Affairs will review and consolidate CSU-specific policies and procedures relevant to athletic operations. Academic Affairs will update EP&R 87-31 and issue a new policy statement by December 31, 2008.
- c. Business and Finance will develop a compilation of policies and best practices of relevant topics to be included in an Athletics Operations Policy Manual (AOPM). The AOPM will reference the policies related to the update of EP&R 87-31 and the CSU's compliance with the governing board responsibilities in NCAA Operating Bylaw 22.2.1.1. The AOPM will be distributed to campus Presidents for use by their Athletics Departments, and will include examples specific to athletics that will further explain and clarify application of policy and best practice. Chancellor's Office ownership of these policy topics will be identified by subject area (i.e. contracting policies will be "owned" by CO Contract Services & Procurement) and the Chancellor's Office owner will be responsible for updating the appropriate topics as changes to the governing policies occur. As the Integrated California State University Administrative Manual (ICSUAM) is developed as an on-line tool for use by campuses, the AOPM will be incorporated into the ICSUAM, with both being updated simultaneously. The AOPM will be distributed to campuses by December 31, 2008.

PROGRAM REVENUES

Recommendation 2

We recommend that the chancellor's office summarize and distribute to the campuses best business practices for the control and safeguarding of funds generated in athletic operations.

Management Response

We concur.

The Chancellor's Office will include in the AOPM an extract of the Cashiering Policies, which is included in ICSUAM, delineating the portions of the policy that apply specifically to Athletics, such as cash and cash equivalent handling and credit card receipting. Campus CFO's will receive these policies and be instructed to distribute them to their Athletics departments to ensure appropriate application. Distribution of these policies to campus CFO's will occur by September 1, 2008.

COMPENSATION AND BENEFITS

EMPLOYMENT CONTRACTS

Recommendation 3

We recommend that the chancellor's office:

- a. Review existing systemwide policies for contracting with non-represented athletic coaches and issue clarification on acceptable practices and allowable terms and conditions consistent with the MPP.
- b. Determine if more extensive systemwide requirements on employment arrangements including conflict-of-interest disclosures by head coaches are warranted.
- c. Require approval of head coach contracts by an appropriate official in the chancellor's office.

Management Response

- a. We concur. The review has been completed. An amendment to Title 5 was presented as an information item at the July 2008 BOT, and will be presented as an action item at the September 2008 BOT, providing that MPP athletic personnel may be given appointments for a definite term and that such appointments may be terminated at any time on terms set forth in the appointment document.
- b. We concur. A review will be conducted and a policy will be issued.
- c. We concur. This requirement will be included in the policy.

FRINGE BENEFITS

Recommendation 4

We recommend that the chancellor's office establish measures to ensure campuses are accurately and consistently reporting taxable fringe benefits in athletics.

Management Response

We concur.

The Chancellor's Office will ensure that campus tax managers are trained in identifying and valuing taxable fringe benefits so that they can assist campus Accounting and/or Payroll departments in advising campus athletics department administrators and employees on the appropriate documentation and reporting of such items. Athletics department administrators will report fringe benefits to Accounting or Payroll (depending on campus practice) for submission to the SCO, as appropriate. Employees will be expected to self-report taxable gifts received from third parties according to the Conflict of Interest Handbook prepared by General Counsel's office. The Chancellor's Office will reiterate the current policy regarding accurate and consistent reporting of taxable fringe benefits, which applies to Athletics as well as all other endeavors of CSU personnel. These policies will be included in the AOPM, with specific examples given that apply to Athletics Department personnel situations, such as receipt of merchandise and other non-cash goods. The AOPM will be distributed to campuses by December 31, 2008.

OPERATING EXPENDITURES AND EQUIPMENT

ATHLETIC PROCUREMENT

Recommendation 5

We recommend that the chancellor's office clarify through systemwide policy the appropriate procurement role for athletic departments, including reiteration of activities that require formal delegation of authority.

Management Response

We concur.

The Chancellor's Office will remind campuses and clarify established systemwide policy regarding the appropriate role for Athletic Departments in contracting and procuring goods and services. This will include reiterating the activities that require formal delegation of authority. These policies will be included in the AOPM, with specific examples given that apply to Athletics Department procurement. The AOPM will be distributed to campuses by December 31, 2008.

TRADE USAGE

Recommendation 6

We recommend that the chancellor's office clarify systemwide policy expectations for athletic trade usage and recordkeeping.

Management Response

We concur.

The Chancellor's Office will clarify systemwide policy expectations for athletic trade usage and recordkeeping. These policies will be included in the AOPM, with specific examples given that apply to Athletics Departments. Included in these policies will also be recommended best practices for valuing trade and record keeping of such trade activities. The AOPM will be distributed to campuses by December 31, 2008.

ATHLETIC INVENTORY

Recommendation 7

We recommend that the chancellor's office summarize and distribute to the campuses best practices for inventory control of athletic gear and encourage the campuses to implement inventory systems.

Management Response

We concur.

The Chancellor's Office will provide campuses with recommendations and best practice resources for inventory control of athletic gear. Policies covering inventory control, including property policies and disposal of property, will be included in the AOPM, with specific examples given that apply to Athletics Departments. The AOPM will be distributed to campuses by December 31, 2008.

GROUP TRAVEL

Recommendation 8

We recommend that the chancellor's office:

- a. Review and update applicable CSU documents on travel to include policies and procedures appropriate to address group travel situations in athletics, which involve non-employees.
- b. Consider the need to require liability waivers/releases from everyone traveling on athletic team charters.
- c. Remind the campuses of the need to adhere to existing CSU travel regulations for athletic travel.

Management Response

We concur.

The Chancellor's Office will review and update applicable CSU documents on travel to include policies and procedures appropriate to address group travel situations in athletics, which involve non-employees. The Chancellor's Office will develop a policy to require liability waivers/releases from all parties traveling on athletic team charters, and recommend a format for the waiver/release to be adopted at campuses. The Chancellor's Office shall also remind campuses of the need to adhere to existing CSU travel regulations for athletic travel and will update EO 590, *Student Air Travel*. The campuses will receive reminders of these requirements by December 31, 2008, and the policy will be included in the AOPM, which will also be distributed to campuses by December 31, 2008.

MISCELLANEOUS**BACKGROUND CHECKS****Recommendation 9**

We recommend that the chancellor's office:

- a. Review and strengthen existing policy to eliminate any ambiguity on the need to subject every coach and counselor working summer sports camps/clinics to a background check and the type of check required regardless of whether they are or are not an existing campus or auxiliary organization employee.
- b. Address expectations on the type of background check required for independent sports camp/clinics operators that contract to use CSU facilities.

Management Response

We concur.

A requirement for background checks for independent sports camp/clinic operators will be established via policy and communicated to campuses as part of the AOPM by December 31, 2008. The policy will include the scope of a background check to be conducted, the frequency of the checks, and how they will be applied. Model language will be provided regarding background checks to campuses for use in preparing contracts for the use of CSU facilities.

INFORMED CONSENTS**Recommendation 10**

We recommend that the chancellor's office promptly establish a standard informed consent/assumption of risk form for CSU systemwide implementation in athletics and require execution by all student-athletes prior to program participation.

Management Response

We concur.

The Chancellor's Office will establish a standard informed consent/assumption of risk form for CSU system wide implementation in athletics and establish and disseminate policy to all campuses through the campus President, requiring execution by all student-athletes prior to program participation. This form will be included in the AOPM, which will be distributed to campuses by December 31, 2008.

INJURY PREVENTION

Recommendation 11

We recommend that the chancellor's office encourage the campuses to establish a basis for measuring the effectiveness of AIP programs including the possibility of establishing a CSU systemwide database or utilization of the NCAA ISS.

Management Response

We concur.

The Chancellor's Office will direct the Athletic Injury Medical Expense (AIME) Program committee to establish a basis for measuring the effectiveness of AIP programs and take steps toward creating a CSU systemwide database, learning management system, or utilizing the NCAA ISS by December 31, 2008.



THE CALIFORNIA STATE UNIVERSITY
OFFICE OF THE CHANCELLOR

BAKERSFIELD

September 8, 2008

CHANNEL ISLANDS

CHICO

MEMORANDUM

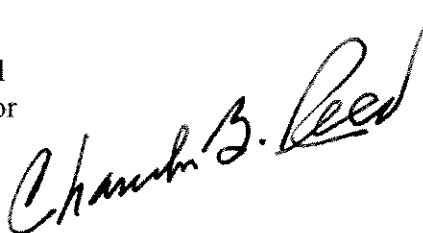
DOMINGUEZ HILLS

EAST BAY

FRESNO

TO: Mr. Larry Mandel
University Auditor

FULLERTON

FROM: Charles B. Reed
Chancellor


HUMBOLDT

LONG BEACH

SUBJECT: Draft Final Report 07-40 on
Athletics Administration, Systemwide

LOS ANGELES

MARITIME ACADEMY

In response to your memorandum of September 8, 2008, I accept the response as submitted with the draft final report on *Athletics Administration, Systemwide*.

MONTEREY BAY

NORTHRIDGE

POMONA

CBR/jt

SACRAMENTO

Enclosure

SAN BERNARDINO

cc: Dr. Gary Reichard, Executive Vice Chancellor and Chief Academic Officer
Mr. Richard P. West, Executive Vice Chancellor and Chief Financial Officer

SAN DIEGO

SAN FRANCISCO

SAN JOSÉ

SAN LUIS OBISPO

SAN MARCOS

SONOMA

STANISLAUS