ATHLETICS ADMINISTRATION

SYSTEMWIDE

Audit Report 07-40
April 14, 2008

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THE CALIFORNIA STATE UNIVERSITY
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<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AEMA</td>
<td>Athletic Equipment Managers Association</td>
</tr>
<tr>
<td>AI ME</td>
<td>Athletic Injury Medical Expense</td>
</tr>
<tr>
<td>AIP</td>
<td>Athletic Injury Prevention</td>
</tr>
<tr>
<td>BCS</td>
<td>Bowl Championship Series</td>
</tr>
<tr>
<td>CABMA</td>
<td>Collegiate Athletic Business Management Association</td>
</tr>
<tr>
<td>CFA</td>
<td>California Faculty Association</td>
</tr>
<tr>
<td>CFO</td>
<td>Chief Financial Officer</td>
</tr>
<tr>
<td>COIA</td>
<td>The Coalition on Intercollegiate Athletics</td>
</tr>
<tr>
<td>COSO</td>
<td>Committee of Sponsoring Organizations</td>
</tr>
<tr>
<td>CSU</td>
<td>California State University</td>
</tr>
<tr>
<td>CSULB</td>
<td>California State University, Long Beach</td>
</tr>
<tr>
<td>CSURMA</td>
<td>California State University Risk Management Authority</td>
</tr>
<tr>
<td>DIA</td>
<td>Division of Intercollegiate Athletics</td>
</tr>
<tr>
<td>EADA</td>
<td>Equity in Athletics Disclosure Act</td>
</tr>
<tr>
<td>EO</td>
<td>Executive Order</td>
</tr>
<tr>
<td>EP&amp;R</td>
<td>Educational Programs and Resources</td>
</tr>
<tr>
<td>FARA</td>
<td>Faculty Athletics Representatives Association</td>
</tr>
<tr>
<td>FY</td>
<td>Fiscal Year</td>
</tr>
<tr>
<td>GC</td>
<td>Government Code</td>
</tr>
<tr>
<td>HR</td>
<td>Human Resources</td>
</tr>
<tr>
<td>IAAC</td>
<td>Intercollegiate Athletic Advisory Committee</td>
</tr>
<tr>
<td>ICSUAM</td>
<td>Integrated California State University Administrative Manual</td>
</tr>
<tr>
<td>IRC</td>
<td>Internal Revenue Code</td>
</tr>
<tr>
<td>IRS</td>
<td>Internal Revenue Service</td>
</tr>
<tr>
<td>ISS</td>
<td>Injury Surveillance System</td>
</tr>
<tr>
<td>MPP</td>
<td>Management Personnel Plan</td>
</tr>
<tr>
<td>N4A</td>
<td>National Association of Academic Advisors for Athletics</td>
</tr>
<tr>
<td>NAACC</td>
<td>National Association of Athletic Compliance Coordinators</td>
</tr>
<tr>
<td>NAADD</td>
<td>National Association of Athletic Development Directors</td>
</tr>
<tr>
<td>NACDA</td>
<td>National Association of Collegiate Directors of Athletics</td>
</tr>
<tr>
<td>NACMA</td>
<td>National Association of Collegiate Marketing Administrators</td>
</tr>
<tr>
<td>NAIA</td>
<td>National Association of Intercollegiate Athletics</td>
</tr>
<tr>
<td>NATA</td>
<td>National Athletic Trainers’ Association</td>
</tr>
<tr>
<td>NCAA</td>
<td>National Collegiate Athletic Association</td>
</tr>
<tr>
<td>PMCP</td>
<td>Policy Manual for Contracting and Procurement</td>
</tr>
<tr>
<td>RFIN</td>
<td>Resolution of the Committee on Finance</td>
</tr>
<tr>
<td>SAM</td>
<td>State Administrative Manual</td>
</tr>
<tr>
<td>SCO</td>
<td>State Controller’s Office</td>
</tr>
<tr>
<td>SJSU</td>
<td>San José State University</td>
</tr>
<tr>
<td>TR</td>
<td>Treasury Regulation</td>
</tr>
</tbody>
</table>
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 cashing/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,
EXECUTIVE SUMMARY

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:

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Name</th>
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</thead>
<tbody>
<tr>
<td>AEMA</td>
<td>Athletic Equipment Managers Association</td>
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<tr>
<td>NACDA</td>
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<td>NACMA</td>
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<tr>
<td>NATA</td>
<td>National Athletic Trainers’ Association</td>
</tr>
<tr>
<td>NCAA</td>
<td>National Collegiate Athletic Association</td>
</tr>
</tbody>
</table>

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.
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:

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

<table>
<thead>
<tr>
<th>SPORT</th>
<th>CAMPUS*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>BAK</td>
</tr>
<tr>
<td>Baseball</td>
<td>√</td>
</tr>
<tr>
<td>Basketball</td>
<td>√</td>
</tr>
<tr>
<td>Cross Country</td>
<td>√</td>
</tr>
<tr>
<td>Fencing</td>
<td></td>
</tr>
<tr>
<td>Football</td>
<td>√</td>
</tr>
<tr>
<td>Golf</td>
<td>√</td>
</tr>
<tr>
<td>Indoor Track</td>
<td></td>
</tr>
<tr>
<td>Soccer</td>
<td></td>
</tr>
<tr>
<td>Swimming</td>
<td></td>
</tr>
<tr>
<td>Tennis</td>
<td>√</td>
</tr>
<tr>
<td>Track and Field</td>
<td>√</td>
</tr>
<tr>
<td>Volleyball</td>
<td></td>
</tr>
<tr>
<td>Water Polo</td>
<td>√</td>
</tr>
<tr>
<td>Wrestling</td>
<td>√</td>
</tr>
</tbody>
</table>

| 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:

<table>
<thead>
<tr>
<th>Class Code</th>
<th>Class Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>2373</td>
<td>Head Coach – 12 Month</td>
</tr>
<tr>
<td>2374</td>
<td>Head Coach – 10 Month</td>
</tr>
<tr>
<td>2375</td>
<td>Head Coach – Academic Year</td>
</tr>
<tr>
<td>2376</td>
<td>Coach – 12 Month</td>
</tr>
<tr>
<td>2377</td>
<td>Coach – 10 Month</td>
</tr>
<tr>
<td>2378</td>
<td>Coach – Academic Year</td>
</tr>
<tr>
<td>2379</td>
<td>Coaching Specialist – 12 Month</td>
</tr>
<tr>
<td>2380</td>
<td>Coaching Specialist – 10 Month</td>
</tr>
<tr>
<td>2381</td>
<td>Coaching Specialist – Academic Year</td>
</tr>
<tr>
<td>2382</td>
<td>Coaching Assistant – 12 Month</td>
</tr>
<tr>
<td>2383</td>
<td>Coaching Assistant – 10 Month</td>
</tr>
<tr>
<td>2384</td>
<td>Coaching Assistant – Academic Year</td>
</tr>
</tbody>
</table>

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.
INTRODUCTION

- 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:

<table>
<thead>
<tr>
<th>Campus</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
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<td>Bakersfield</td>
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<td>San Luis Obispo</td>
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</tr>
</tbody>
</table>

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:
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 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:

<table>
<thead>
<tr>
<th>Campus</th>
<th>Courtesy Cars</th>
<th>Comps/Discounted Tickets</th>
<th>Branded Clothing/Merchandise</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bakersfield</td>
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</tr>
<tr>
<td>Fresno</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>Golf privileges</td>
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<tr>
<td>Fullerton</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>Fitness club dues</td>
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<tr>
<td>Humboldt</td>
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<tr>
<td>Long Beach</td>
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<td>Northridge</td>
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<td>Sacramento</td>
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<td>San José</td>
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<tr>
<td>San Luis Obispo</td>
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<td>✓</td>
<td></td>
<td>Golf privileges</td>
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</tbody>
</table>


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 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:

<table>
<thead>
<tr>
<th>Campus</th>
<th>Trade-out Approvals</th>
<th>Lack of Facility Usage/Service Agreements</th>
<th>Procured Coach Salaries/Benefits</th>
<th>Procured Third-Party Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bakersfield</td>
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<td>Fresno</td>
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<td>San Luis Obispo</td>
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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.

<table>
<thead>
<tr>
<th>Campus</th>
<th>Significant Trade Underutilization</th>
<th>Trade Not Linked to Official Purpose</th>
<th>Incomplete/Missing Trade Records</th>
</tr>
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<tbody>
<tr>
<td>Bakersfield</td>
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</table>
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:

<table>
<thead>
<tr>
<th>Campus</th>
<th>Receipt/Valuation</th>
<th>Check-Out/Check-In</th>
<th>Periodic Counts</th>
<th>Surplus Disposition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bakersfield</td>
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<td>Sacramento</td>
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<td>San Diego</td>
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<td>San Luis Obispo</td>
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</table>

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 16.8, *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:


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:

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<tr>
<th>Campus</th>
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- Incomplete travel authorization forms/itineraries and/or approval documentation
- Travel expense claims were submitted far after teams arrived back on campus
- Missing receipts
- Travel documents not signed and dated
- Lacked a policy for guests and staff authorized to travel with the teams
- Charters lacked competitive bidding/approval
- 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

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

**California State University, Bakersfield**

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
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<tbody>
<tr>
<td>Horace Mitchell</td>
<td>President</td>
</tr>
<tr>
<td>David Beadle</td>
<td>Director, Safety and Risk Management</td>
</tr>
<tr>
<td>Catherine Byrne</td>
<td>Director, Student Financial Services</td>
</tr>
<tr>
<td>Donna Candelaria</td>
<td>Athletic Business Office Coordinator</td>
</tr>
<tr>
<td>Rudy Carvajal</td>
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<tr>
<td>Laura Catherman</td>
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<td>Michael Chavez</td>
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<td>Melinda Conrad</td>
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<td>Gloria Friedman</td>
<td>Senior Associate Director of Athletics</td>
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<tr>
<td>Kellie Garcia</td>
<td>Human Resources Director</td>
</tr>
<tr>
<td>Cindy Goodman</td>
<td>Athletics Business Manager</td>
</tr>
<tr>
<td>Debbie Lafebre</td>
<td>Ticket Manager</td>
</tr>
<tr>
<td>Karen Langston</td>
<td>Director, Marketing and Sales</td>
</tr>
<tr>
<td>Dawn Loveless</td>
<td>Facilities Manager</td>
</tr>
<tr>
<td>Janet Martin</td>
<td>Payroll Director</td>
</tr>
</tbody>
</table>
## APPENDIX A: PERSONNEL CONTACTED

<table>
<thead>
<tr>
<th>Name</th>
<th>Position/Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andrea Martinez</td>
<td>Administrative Support Assistant, Athletics Business Office</td>
</tr>
<tr>
<td>Mark Mayes</td>
<td>Director of Special Events</td>
</tr>
<tr>
<td>Taren Mulhauser</td>
<td>Office Manager, Associated Students, Inc.</td>
</tr>
<tr>
<td>Suzanne Muller</td>
<td>General Accounting Manager</td>
</tr>
<tr>
<td>Michael Neal</td>
<td>Vice President, Business and Administrative Services</td>
</tr>
<tr>
<td>Glenn Nishimori</td>
<td>Head Athletic Trainer</td>
</tr>
<tr>
<td>Bill Potter</td>
<td>Compliance Coordinator</td>
</tr>
<tr>
<td>Carrie Rockwell</td>
<td>Lead Buyer, Procurement</td>
</tr>
<tr>
<td>Naomi Rubio</td>
<td>Equipment Manager</td>
</tr>
<tr>
<td>Sally Shaff</td>
<td>Accounts Payable Technician</td>
</tr>
<tr>
<td>Robert Shook</td>
<td>Athletics Academic Advisor</td>
</tr>
<tr>
<td>Sharon Taylor</td>
<td>Assistant Vice President, Fiscal Services (At time of review)</td>
</tr>
<tr>
<td>Tom Velasquez</td>
<td>Manager of Facilities Operations</td>
</tr>
<tr>
<td>Doug Wade</td>
<td>Foundation Manager</td>
</tr>
<tr>
<td>Carl Waite</td>
<td>Grounds Management</td>
</tr>
<tr>
<td>John D. Welty</td>
<td>President</td>
</tr>
<tr>
<td>Deborah Adishian-Astone</td>
<td>Executive Director, Auxiliary Corporations</td>
</tr>
<tr>
<td>Leila Almahdy</td>
<td>Athletic Trainer</td>
</tr>
<tr>
<td>Ron Avedisian</td>
<td>Safety/Risk Analyst</td>
</tr>
<tr>
<td>Matt Babick</td>
<td>Internal Auditor</td>
</tr>
<tr>
<td>Trisha Becker</td>
<td>Payroll/Benefits Technician, Athletics</td>
</tr>
<tr>
<td>Tina Beddall</td>
<td>Registrar</td>
</tr>
<tr>
<td>Lori Benson</td>
<td>Director of Finance, Save Mart Center</td>
</tr>
<tr>
<td>Thomas Boeh</td>
<td>Director of Athletics</td>
</tr>
<tr>
<td>Robert Boyd</td>
<td>Associate Vice President for Facilities Management</td>
</tr>
<tr>
<td>Sharon Davis</td>
<td>Budget and Treasury Manager</td>
</tr>
<tr>
<td>Kelli Eberlein</td>
<td>Interim Head Athletic Trainer</td>
</tr>
<tr>
<td>Richard Enns</td>
<td>Business Operations Manager, Athletics</td>
</tr>
<tr>
<td>Clare Flores</td>
<td>Administrative Assistant to the Athletic Director</td>
</tr>
<tr>
<td>Michelle Francis</td>
<td>Director of Compliance</td>
</tr>
<tr>
<td>Vivian Franco</td>
<td>Director, Admissions/Records/Evaluations</td>
</tr>
<tr>
<td>Susan Gutkind</td>
<td>Assistant Athletics Director for Academic Services</td>
</tr>
<tr>
<td>Russell Hayden</td>
<td>Director of Ticket Operations</td>
</tr>
<tr>
<td>Anessa Ivy</td>
<td>Administrative Assistant to the Senior Associate Athletics Director</td>
</tr>
<tr>
<td>Jody Jesser</td>
<td>Travel Coordinator, Athletics</td>
</tr>
<tr>
<td>Steven Katz</td>
<td>Associate Vice President, Financial Services</td>
</tr>
<tr>
<td>Keith Kompsi</td>
<td>Director of Foundation Financial Services</td>
</tr>
<tr>
<td>John Krieps</td>
<td>Assistant Athletics Director for Facilities and Operations</td>
</tr>
<tr>
<td>Paul Ladwig</td>
<td>Associate Athletics Director for Broadcasting and External Relations</td>
</tr>
<tr>
<td>Terry Logan</td>
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</tr>
<tr>
<td>John Lucier</td>
<td>Assistant Athletics Director for Compliance</td>
</tr>
<tr>
<td>Gwen Malone-Burks</td>
<td>Administrative Assistant, University Advancement</td>
</tr>
<tr>
<td>Steven Martinez</td>
<td>Director, Environmental Health and Safety</td>
</tr>
<tr>
<td>Betsy Mosher</td>
<td>Senior Associate Athletics Director for Administration and Program</td>
</tr>
</tbody>
</table>

**California State University, Fresno**

<table>
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<tr>
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<td>Senior Associate Athletics Director for Administration and Program</td>
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</table>

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 Trepiak  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/

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,

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

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

<table>
<thead>
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<tr>
<td>Don W. Kassing</td>
<td>President (At time of review)</td>
</tr>
<tr>
<td>Wilma Babayan</td>
<td>Accountant, Accounting and Financial Systems</td>
</tr>
<tr>
<td>Shawn Bibb</td>
<td>Associate Vice President, Administrative Systems and Finance</td>
</tr>
<tr>
<td></td>
<td>(At time of review)</td>
</tr>
<tr>
<td>Tom Bowen</td>
<td>Director of Athletics</td>
</tr>
<tr>
<td>Jeb Burns</td>
<td>Associate Head Athletic Trainer</td>
</tr>
<tr>
<td>Nancy Bussani</td>
<td>Associate Vice President, Advancement Operations and Tower Foundation Executive Director</td>
</tr>
<tr>
<td>Tatum Carroll</td>
<td>Assistant Athletic Trainer</td>
</tr>
</tbody>
</table>
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 Fouser
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
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
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.
September 8, 2008

MEMORANDUM

TO: Mr. Larry Mandel
   University Auditor

FROM: Charles B. Reed
      Chancellor

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

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

CBR/jt

Enclosure

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