INTERCOLLEGIATE ATHLETICS

CALIFORNIA STATE UNIVERSITY,
LONG BEACH

Audit Report 10-45
December 16, 2010

Members, Committee on Audit

Henry Mendoza, Chair
Raymond W. Holdsworth, Vice Chair
Nicole M. Anderson  Margaret Fortune
George G. Gowgani  Melinda Guzman
William Hauck

Staff

University Auditor:  Larry Mandel
Senior Director:  Michelle Schlack
Audit Manager:  Jim Usher
Internal Auditor:  Jennifer Leake

BOARD OF TRUSTEES
THE CALIFORNIA STATE UNIVERSITY
**CONTENTS**

Executive Summary ...................................................................................................................................... 1

Introduction................................................................................................................................................... 2
  Background ............................................................................................................................................... 2
  Purpose...................................................................................................................................................... 3
  Scope and Methodology ............................................................................................................................ 4

**OBSERVATIONS, RECOMMENDATIONS, AND CAMPUS RESPONSES**

Rules Compliance ......................................................................................................................................... 5
  Compliance Certifications ......................................................................................................................... 5
  Rules-Education Training .......................................................................................................................... 5

Off-Campus Recruiting ................................................................................................................................. 6
  Effectiveness of Monitoring Controls ....................................................................................................... 6
  Monitoring Prospective Student Athlete Recruitment .................................................................................. 8

Sports Camps/Clinics .................................................................................................................................... 9
APPENDICES

APPENDIX A: Personnel Contacted
APPENDIX B: Campus Response
APPENDIX C: Chancellor’s Acceptance

ABBREVIATIONS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSU</td>
<td>California State University</td>
</tr>
<tr>
<td>CSULB</td>
<td>California State University, Long Beach</td>
</tr>
<tr>
<td>GC</td>
<td>Government Code</td>
</tr>
<tr>
<td>HR</td>
<td>Human Resources</td>
</tr>
<tr>
<td>IA</td>
<td>Intercollegiate Athletics</td>
</tr>
<tr>
<td>Manual</td>
<td>2010 Long Beach State Compliance Manual</td>
</tr>
<tr>
<td>OUA</td>
<td>Office of the University Auditor</td>
</tr>
<tr>
<td>NAIA</td>
<td>National Association of Intercollegiate Athletics</td>
</tr>
<tr>
<td>NCAA</td>
<td>National Collegiate Athletic Association</td>
</tr>
<tr>
<td>PSA</td>
<td>Prospective Student Athlete</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 2009, the Board of Trustees, at its January 2010 meeting, directed that Intercollegiate Athletics (IA) be reviewed. The Office of the University Auditor had previously reviewed IA activities as part of the 2006/07 audits of Athletics Administration on ten campuses.

We visited the California State University, Long Beach (CSULB) campus from July 6, 2010, through August 11, 2010, and audited the procedures in effect at that time.

Our study and evaluation did not reveal any significant internal control problems or weaknesses that would be considered pervasive in their effects on IA activities. However, we did identify other reportable weaknesses that are described in the executive summary and body of this report. In our opinion, the operational and administrative controls for IA activities in effect as of August 11, 2010, taken as a whole, were sufficient to meet the objectives stated in the “Purpose” section of this report.

As a result of changing conditions and the degree of compliance with procedures, the effectiveness of controls changes over time. Specific limitations that may hinder the effectiveness of an otherwise adequate system of controls include, but are not limited to, resource constraints, faulty judgments, unintentional errors, circumvention by collusion, and management overrides. Establishing controls that would prevent all these limitations would not be cost-effective; moreover, an audit may not always detect these limitations.

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.

RULES COMPLIANCE [5]

Some required signatures on annual National Collegiate Athletic Association (NCAA) compliance certifications were either undated or dated after the deadline for completion. In addition, rules-education training for athletics department personnel was not adequately documented.

OFF-CAMPUS RECRUITING [6]

Monitoring and recordkeeping for off-campus recruiting activities needed improvement. Also, the athletics department lacked a written process for independent review of recruiting opportunities for individual prospective student athletes to ensure compliance with NCAA off-campus recruiting limits.

SPORTS CAMPS/CLINICS [9]

Background checks were not always completed for individuals who staffed CSULB Foundation sports camps/clinics.
INTRODUCTION

BACKGROUND

The California State University (CSU) system supports a broad and diverse intercollegiate athletics (IA) program, with men’s and women’s teams in multiple sports at 22 of the 23 campuses. At the present, CSU Channel Islands is still building an IA program.

Twenty of the twenty-two CSU campuses with IA programs are members of the National Collegiate Athletic Association (NCAA). Nine of these campuses compete at the Division I level in four different athletic conferences, and eleven are considered Division II programs and compete as members of the same athletic conference. The two campuses with athletics programs that are not members of the NCAA are affiliated with the National Association of Intercollegiate Athletics (NAIA).

According to the 2008/09 statistics in the Report on Voluntary Self-Monitoring of Equal Opportunity in Athletics for Women, as presented at the July 2010 meeting of the Board of Trustees’ Committee on Educational Policy, there were 4,165 women and 3,242 men participating in IA at the 20 NCAA campuses in the CSU. The same report indicated that cumulative expenditures for the IA programs at these 20 campuses were $191 million.

Beginning in calendar year 2010, the Office of the University Auditor (OUA) audit risk assessment methodology changed, based on a fiscal year 2009/10 systemwide risk assessment. Using the new procedure, the OUA worked with CSU campus executive management to identify high-risk areas on each campus. As a result of this change in risk assessment, IA was identified as an area for review.

In the Office of the Chancellor, IA is coordinated through student academic support, which reports through the assistant vice chancellor to the executive vice chancellor/chief academic officer. At California State University, Long Beach, IA is administered by a director of athletics (commonly referred to as the athletics director) who reports directly to the campus president.
INTRODUCTION

PURPOSE

Our overall audit objective was to ascertain the effectiveness of existing IA policies and procedures and to determine the adequacy of controls that ensure compliance with relevant rules and regulations, Trustee policy, Office of the Chancellor directives, and campus procedures.

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

- Accountability for the activities, responsibilities, and monitoring of the athletics program has been clearly defined and documented.
- Goals, objectives, monitoring benchmarks, and performance-measurement reporting tools have been established for certain athletic activities.
- IA is adhering to internal and external reviews and audits as required by NCAA and NAIA legislation and CSU policies.
- IA revenues are accurately captured in financial systems and reports.
- The campus and athletic organizations have developed procedures to monitor compliance with NCAA legislation, including processes for reporting violations, performing investigations, and tracking remediation efforts.
- The campus performs appropriate IA rules education and monitors the individuals responsible for rules compliance.
- Off-campus recruiting activities are properly approved and documented.
- Coaches and staff participating in off-campus recruiting are certified.
- Off-campus recruiting activities occur within the guidelines established by NCAA and NAIA legislation and campus policies and procedures.
- The campus has adequate policies and procedures governing the operation of sports camps/clinics and the activities of athletics staff members and student-athletes involved in sports camps/clinics.
- Staff working or volunteering at sports camps/clinics have been screened and subjected to appropriate background checks.
SCOPE AND METHODOLOGY

The proposed scope of the audit as presented in Attachment A, Agenda Item 2 of the January 26 and 27, 2010, meeting of the Committee on Audit stated that IA includes a review of athletic governance and organization, admission procedures for student-athletes, student-athlete eligibility certifications, academic support systems for student-athletes and reporting of academic performance, recruiting of student-athletes, administration of athletic financial aid, conduct of camps and clinics, compensation and benefits for athletic coaches and staff, procurement/use of athletic apparel and equipment, team travel, athletic event ticketing, institutional control over representatives of the university’s athletic interests, and student-athlete extra benefits.

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 whether 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 focused on procedures in effect from the beginning of fiscal year 2009/10. In instances wherein it was necessary to review annualized data, calendar years 2008 and 2009 were the periods reviewed.

A preliminary risk assessment of campus IA operations was used to select for our audit testing those areas or activities with highest risk. This assessment was based upon a systematic process using prior audits, management’s feedback, and professional judgments on probable adverse conditions and other pertinent information, including prior audit history in this area. We sought to assign higher review priorities to activities with higher risks. As a result, not all risks identified were included within the scope of our review.

Based upon this assessment of risks, we specifically included within the scope of our review the following:

- Institutional control of IA programs.
- Compliance with NCAA and NAIA regulations regarding rules education.
- Compliance with NCAA and NAIA regulations regarding off-campus recruiting of prospective student-athletes.
- Background checks of staff at sports camps.
RULES COMPLIANCE

COMPLIANCE CERTIFICATIONS

For academic years 2008/09 and 2009/10, some required signatures on the annual National Collegiate Athletic Association (NCAA) Certification of Compliance for Staff Members of Athletics Departments were either undated or dated after the deadline for completion.

NCAA Bylaws 18.4.2.1(d) and 30.3 require a member institution to complete an annual institutional eligibility certification through its president or chancellor no later than September 15. The certification must include (among other things) a current statement signed and dated by each athletics department staff member (including part-time and clerical staff members) attesting that the individual has reported any knowledge of involvement in any violations of NCAA legislation involving the institution.

The senior associate athletics director/senior woman administrator stated that any irregularities noted were due to staff inadvertently not entering a date or entering the incorrect date. The associate athletic director for compliance and student services stated that prior to the deadlines and before the forms were submitted to the president, she verified that all signatures were obtained.

Failure to complete the annual NCAA compliance certifications in a timely manner may place at risk the campus’ eligibility to enter a team or individual in NCAA championship competition.

Recommendation 1

We recommend that the campus ensure that annual NCAA certification forms are correctly completed in a timely manner.

Campus Response

We concur. The compliance assistant has been given the responsibility for checking the NCAA certification forms as they are being signed for date accuracy. The associate athletics director for compliance will be responsible to ensure all signatures and dates are included on the forms prior to obtaining the president’s signature.

Estimated date of completion is January 14, 2011.

RULES-EDUCATION TRAINING

Rules-education training for athletics department personnel was not adequately documented.

We found that attendance records for the quarterly rules-education seminars and semiannual compliance meetings were not retained, and the campus could not provide evidence that all required personnel had participated in the training.
The 2010 Long Beach State Compliance Manual (Manual) states that rules education is a very important part of compliance and includes quarterly seminars and semiannual compliance meetings as part of the California State University, Long Beach (CSULB) rules-education program.

NCAA Bylaw 2.1.1 states that it is the responsibility of each member institution to control its intercollegiate athletics program in compliance with the rules and regulations of the association.

Government Code (GC) §13402 and §13403 state that management is responsible for establishing and maintaining a system of internal administrative controls, which include 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.

Executive Order (EO) 1031, Systemwide Records/Information Retention and Disposition Schedules Implementation, dated February 27, 2008, states that each campus is responsible for ensuring appropriate campus departments implement records/information retention and disposition schedules.

The senior associate athletics director/senior woman administrator stated that attendance records were used for rules-education presentations but were discarded by the associate athletic director for compliance and student services once she had ensured that all required personnel had completed the training.

Failure to adequately document rules-education training increases the risk that, in the event of a violation of NCAA regulations, the university would not have sufficient records to confirm the operating effectiveness of the institutional controls established by the athletics department.

**Recommendation 2**

We recommend that the campus document and retain records of staff attendance at rules-education training in athletics.

**Campus Response**

We concur. The associate athletic director for compliance will keep all rules-education attendance records for seven years beginning with the 2010/11 academic year.

Estimated date of completion is January 14, 2011.

**OFF-CAMPUS RECRUITING**

**EFFECTIVENESS OF MONITORING CONTROLS**

Monitoring and recordkeeping for off-campus recruiting activities needed improvement.
We noted that:

- Some contact and/or evaluation logs were not submitted for review on a timely basis.
- Monthly contact and evaluation logs that were completed manually did not include the coach’s attestation of the completeness and accuracy of the logs and certification of compliance with NCAA rules for recruiting activities.
- Monthly review of contact and evaluation logs did not always identify off-campus recruiting activities that required follow-up to ensure compliance with NCAA regulations.

The Manual requires coaches to submit recruiting logs to the compliance office on a monthly basis.

NCAA Bylaw 2.8.1 states that an institution shall monitor its programs to assure compliance and to identify and report to the association instances in which compliance has not been achieved.

GC §13402 and §13403 state that management is responsible for establishing and maintaining a system of internal administrative controls, which include 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 senior associate athletics director/senior woman administrator stated that some of the recordkeeping errors were due to a transition in oversight responsibilities and types of documents used by some sports. In addition, she stated that it was the athletic department’s intention to include a space for a coach’s attestations on the form templates of the manual contact and evaluation logs that coaches print off the department’s website; however, when placing the document online, the space for the attestations was inadvertently omitted.

Failure to monitor and maintain adequate records for off-campus recruiting activities increases the risk that violations may occur and/or go unreported.

**Recommendation 3**

We recommend that the campus:

a. Ensure that all coaches submit contact and evaluation logs each month.

b. Ensure that all coaches attest to the completeness and accuracy of their off-campus recruiting logs, as well as to compliance with NCAA rules for off-campus recruiting, in their monthly contact and evaluation logs.

c. Adequately review off-campus recruiting logs to identify those activities that require follow-up to ensure compliance with NCAA regulations.
Campus Response

We concur. We will improve our procedures to incorporate the above recommendations. We will utilize the NCAA computer program to assist in the tracking of off-campus recruiting activities. At the beginning of the month, the administrative assistant will be responsible for collecting all logs (contact/evaluation/phone) from all coaches for the prior month’s recruiting activity. She will input the data from the logs into the NCAA computer program CAi. This program allows recruiting activity to be monitored individually with regard to phone calls, contacts, and evaluations. The program is set up to flag any NCAA rules issues so the institution can easily identify them. The administrative assistant will track and correct any incomplete information. If there are any issues, the associate athletic director for compliance will be notified for further follow-up.

Estimated date of completion is January 21, 2011.

MONITORING PROSPECTIVE STUDENT ATHLETE RECRUITMENT

The athletics department lacked a written process for independent review of recruiting opportunities for individual prospective student athletes (PSA) to ensure compliance with NCAA off-campus recruiting limits.

We noted that the Manual assigned responsibility for monitoring the recruitment process of PSAs to the head coach and associate athletics director of compliance. However, there was no written process or documentation to indicate that someone outside of the coaching staff would verify that the number of recruiting opportunities per prospect were within NCAA limits.

NCAA Bylaw 13.1.6 describes the limits on recruiting opportunities for prospective student-athletes.

NCAA Bylaw 2.8.1 states that an institution shall monitor its programs to assure compliance and to identify and report to the association instances in which compliance has not been achieved.

GC §13402 and §13403 state that management is responsible for establishing and maintaining a system of internal administrative controls, which include 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 senior associate athletics director/senior woman administrator stated that coaches are responsible for ensuring that recruiting opportunities for individual PSAs are conducted in accordance with NCAA rules. She further stated that the former associate athletics director of compliance and student services did monthly spot checks of PSA records maintained by the individual coaches, as well as other monitoring, and she felt that the system in place was sufficient based on her professional experience with NCAA and university compliance.

Lack of independent review of recruiting opportunities for individual PSAs increases the risk that violations may occur and/or go unreported.
Recommendation 4

We recommend that the campus develop a written process for independent review of recruiting opportunities for individual PSAs to ensure compliance with NCAA off-campus recruiting limits.

Campus Response

We concur. We will develop procedures for an independent review. We will be utilizing a NCAA computer program to assist in tracking recruiting opportunities for PSAs.

Estimated date of completion is January 21, 2011.

SPORTS CAMPS/CLINICS

Background checks were not always completed for individuals who staffed CSULB Foundation sports camps/clinics.

We found that 4 (1 employee and 3 volunteers) of the 25 staff members we reviewed did not receive a background check prior to beginning work at the camps.

California State University (CSU) directive Human Resources (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.

CSU directive HR 2008-25, Background Checks: CSU Employees Working at Sports Camps and Clinics, dated December 24, 2008, states that background checks are required for all individuals at the time they are hired by a CSU campus to perform any work at a CSU sports camp/clinic operated by CSU, a CSU auxiliary, or an outside entity. This requirement also applies to CSU volunteers before they begin working and to all existing non-represented employees and CSU volunteers who perform any work at a CSU-hosted sports camp/clinic.

The senior associate athletics director/senior woman administrator stated that the failure to perform background checks for these individuals was due to oversight.

Failure to perform background checks for staff working at sports camps/clinics increases the risk of liability to the CSU and the campus if inappropriate individuals have contact with minors.

Recommendation 5

We recommend that the campus ensure that background checks are completed for all staff, including volunteers, prior to their participation in sports camps/clinics.
Campus Response

We concur. A new procedure will be implemented beginning in 2011 with all institutionally owned camps and clinics to ensure background checks are completed on staff and volunteers prior to participation in sports camps/clinics.

Estimated date of completion is January 14, 2011.
**APPENDIX A: PERSONNEL CONTACTED**

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>F. King Alexander</td>
<td>President</td>
</tr>
<tr>
<td>Scott Apel</td>
<td>Associate Vice President, Human Resources Management</td>
</tr>
<tr>
<td>Vic Cegles</td>
<td>Director of Athletics</td>
</tr>
<tr>
<td>Mark Edrington</td>
<td>Associate Athletics Director for Facilities/General Manager, Walter Pyramid</td>
</tr>
<tr>
<td>Ted Kadowaki</td>
<td>Associate Vice President, Budget and University Services</td>
</tr>
<tr>
<td>Randall Langejans</td>
<td>Associate Athletics Director/Business Manager</td>
</tr>
<tr>
<td>Lisa Mabry</td>
<td>Associate Athletics Director of Compliance (started during audit)</td>
</tr>
<tr>
<td>Cindy Masner</td>
<td>Senior Associate Athletics Director/Senior Woman Administrator</td>
</tr>
<tr>
<td>Stephanie Moreno</td>
<td>Associate Director, Human Resources and Administrative Services, CSULB Foundation</td>
</tr>
<tr>
<td>Karen Sinaguglia</td>
<td>Administrative Assistant, Business Officer, Athletics</td>
</tr>
<tr>
<td>Aysu Spruill</td>
<td>Director of Internal Auditing/Information Security Officer</td>
</tr>
<tr>
<td>Mary Stephens</td>
<td>Vice President, Administration and Finance</td>
</tr>
<tr>
<td>Sharon Taylor</td>
<td>Associate Vice President, Financial Management</td>
</tr>
<tr>
<td>Mary Ann Tripodi</td>
<td>Associate Athletics Director/Compliance and Student Services (at time of review)</td>
</tr>
<tr>
<td>Cameron Ungar</td>
<td>Event Scheduling Coordinator, Athletics</td>
</tr>
<tr>
<td>Gene Wohlgezogen</td>
<td>Assistant Information Security Officer</td>
</tr>
</tbody>
</table>
January 10, 2011

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

Re: Response to Intercollegiate Athletics Audit #10-45

Dear Larry:

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

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

Sincerely,

Mary Stephens
Vice President for Administration and Finance

Enclosure

IA-0274

c: F. King Alexander, President
   Victor Cegles, Director of Athletics, Athletics
   Ted Kadowaki, Associate Vice President, Budget and University Services
   Cindy Masner, Sr. Associate Athletics Director, Senior Woman Administrator
   Aysu Spruill, Director, Internal Auditing Services/Information Security Officer
RULES COMPLIANCE

COMPLIANCE CERTIFICATIONS

Recommendation 1

We recommend that the campus ensure that annual NCAA certification forms are correctly completed in a timely manner.

Campus Response

We concur. The Compliance Assistant has been given the responsibility for checking the NCAA certification forms as they are being signed for date accuracy. The Associate Athletic Director for Compliance will be responsible to ensure all signatures and dates are included on the forms prior to obtaining the President’s signature.

Estimated date of completion is January 14, 2011.

RULES-EDUCATION TRAINING

Recommendation 2

We recommend that the campus document and retain records of staff attendance at rules-education training in athletics.

Campus Response

We concur. The Associate Athletic Director for Compliance will keep all rules education attendance records for 7 years beginning with the 2010-11 Academic year.

Estimated date of completion is January 14, 2011.
OFF-CAMPUS RECRUITING

EFFECTIVENESS OF MONITORING CONTROLS

Recommendation 3

We recommend that the campus:

a. Ensure that all coaches submit contact and evaluation logs each month.

b. Ensure that all coaches attest to the completeness and accuracy of their off-campus recruiting logs, as well as to compliance with NCAA rules for off-campus recruiting, in their monthly contact and evaluation logs.

c. Adequately review off-campus recruiting logs to identify those activities that require follow-up to ensure compliance with NCAA regulations.

Campus Response

We concur. We will improve our procedures to incorporate the above recommendations. We will utilize the NCAA computer program to assist in the tracking of off-campus recruiting activities. At the beginning of the month the Administrative Assistant will be responsible for collecting all logs (contact/evaluation/phone) from all coaches for the prior month’s recruiting activity. She will input the data from the logs into the NCAA computer program CAi. This program allows recruiting activity to be monitored individually with regards to phone calls, contacts and evaluations. The program is setup to flag any NCAA rules issues so the institution can easily identify them. The Administrative Assistant will track and correct any incomplete information. If there are any issues, the Associate Athletic Director for Compliance will be notified for further follow-up.

Estimated date of completion is January 21, 2011.

MONITORING PROSPECTIVE STUDENT ATHLETE RECRUITMENT

Recommendation 4

We recommend that the campus develop a written process for independent review of recruiting opportunities for individual PSAs to ensure compliance with NCAA off-campus recruiting limits.

Campus Response

We concur. We will develop procedures for an independent review. We will be utilizing a NCAA computer program to assist in tracking recruiting opportunities for PSA’s.

Estimated date of completion is January 21, 2011.
SPORTS CAMPS/CLINICS

Recommendation 5

We recommend that the campus ensure that background checks are completed for all staff, including volunteers, prior to their participation in sports camps/clinics.

Campus Response

We concur. A new procedure will be implemented beginning 2011 with all institutionally owned camps and clinics to ensure background checks are completed on staff and volunteers prior to participation in sports camps/clinics.

Estimated date of completion is January 14, 2011.
January 31, 2011

MEMORANDUM

TO:        Mr. Larry Mandel
           University Auditor

FROM:      Charles B. Reed
           Chancellor

SUBJECT:   Draft Final Report 10-45 on Intercollegiate Athletics,
           California State University, Long Beach

In response to your memorandum of January 31, 2011, I accept the response as
submitted with the draft final report on Intercollegiate Athletics, California
State University, Long Beach.

CBR/amd