INTERCOLLEGIATE ATHLETICS

CALIFORNIA STATE UNIVERSITY,
LOS ANGELES

Audit Report 10-46
December 8, 2010

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ABBREVIATIONS

AD       Athletics Director
CAi      Compliance Assistant Internet
CSU      California State University
IA       Intercollegiate Athletics
OUA      Office of the University Auditor
NAIA     National Association of Intercollegiate Athletics
NCAA     National Collegiate Athletic Association
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, Los Angeles campus from August 9, 2010, through September 3, 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 September 3, 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]

Administration of the athletics department’s rules compliance activities needed improvement.

SPORTS CAMPS/CLINICS [6]

Background checks were not always performed for individuals who staffed summer sports camps.
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 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 athletic 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 to 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. This 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 CSU Los Angeles, IA is administered by the director of athletics (commonly referred to as the athletics director), who reports directly to the campus president.
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 the 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 would include 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 checking of staff at sports camps.
- Athletics program revenues.
OBSERVATIONS, RECOMMENDATIONS, 
AND CAMPUS RESPONSES

RULES COMPLIANCE

Administration of the athletics department’s rules compliance activities needed improvement.

We found that:

- Attendance records were not retained for monthly athletic department staff meetings during which training on National Collegiate Athletic Association (NCAA) regulations was provided to coaching staff, and the campus could not provide evidence that all required staff had participated in the training.

- The frequency of the associate athletics director’s reviews of recruiting activities in Compliance Assistant Internet (CAi) and the nature and resolution of any concerns noted during those reviews were not formally documented nor independently reviewed with regularity.

Government Code §13402 and §13403 state 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 athletics director (AD) stated that he and the associate AD have informally monitored coaching staff attendance at monthly staff meetings and have provided instruction at a later date to those coaches who were not in attendance. He also stated that he has considered attendance at monthly staff meetings in annual performance evaluations of coaching staff. The associate AD stated that she retained e-mails that she sent to coaching staff about eligibility, recruiting, and other activities she noted in CAi reviews. She also stated that although she was able to retroactively obtain from the NCAA a log of when she had signed into the CAi system, this log had only a date and time, and it did not indicate any detail of what was reviewed in each session. The associate AD and the AD stated their belief that the log and e-mails provided adequate documentation of the nature and frequency of the associate AD’s compliance monitoring.

Failure to formally document and independently review rules compliance activities increases the risk that, in the event of a violation of NCAA regulations, the university will have insufficient records to confirm the operating effectiveness of the institutional controls established by the athletics department.

Recommendation 1

We recommend that the campus:

a. Retain attendance records taken at monthly staff meetings for coaching staff.

b. Develop a plan to formally document and independently review the frequency of compliance reviews and the nature and resolution of concerns or irregularities noted.
Campus Response

We concur. Attendance records for the staff meetings have been retained since October 2010. We will formally document and independently review the compliance reviews. Anticipated completion date is January 31, 2011.

SPORTS CAMPS/CLINICS

Background checks were not always performed for individuals who staffed summer sports camps.

We reviewed the files of 15 coaches, assistant coaches, and student athletes who worked at five sports camps held from June 2009 to July 2010, and we found that fingerprinting and background checks had not been performed for nine of the individuals prior to the start of the sports camp.

- Five individuals were Unit 3 represented employees who had 12-month appointments.
- Four individuals were Unit 3 represented employees with ten-month appointments who volunteered to staff summer sport camps and received a small stipend from the campus for their work. Ten-month Unit 3 appointees who participate in sports camps are not required per their job description to participate in summer activities.

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 HR directive 2008-25, Background Checks – Update: 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 organization, 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 AD stated that represented employees were not background-checked because the campus human resources management department received guidance from the chancellor’s office that no represented employee, other than one recently hired by the CSU, was allowed to be fingerprinted or background-checked without a meet and confer. The vice president of administration and chief financial officer also stated that the campus makes no distinction between 12-month represented employees and ten-month represented employees in determining whether background checks can be processed.

Failure to perform background checks for staff working at sports camps/clinics increases the risk of liability to CSU and the campus if inappropriate individuals have contact with minors.
Recommendation 2

We recommend that the campus perform background checks on all individuals hired to work at sports camps.

Campus Response

We concur. The campus will issue procedures requiring background checks on all individuals hired to work at sports camps once the related systemwide policy is finalized. Anticipated completion date is April 29, 2011.
## APPENDIX A:
### PERSONNEL CONTACTED

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
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<tbody>
<tr>
<td>James M. Rosser</td>
<td>President</td>
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<tr>
<td>Rene Amio</td>
<td>Assistant Athletics Director</td>
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<tr>
<td>Dan Bridges</td>
<td>Director of Athletics</td>
</tr>
<tr>
<td>Lisa Chavez</td>
<td>Vice President of Administration and Chief Financial Officer</td>
</tr>
<tr>
<td>Brendan Dally</td>
<td>Athletics Facilities and Events Manager</td>
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<tr>
<td>Tanya Ho</td>
<td>University Internal Auditor</td>
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<tr>
<td>Sheila Hudson</td>
<td>Associate Athletics Director</td>
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<tr>
<td>Sal Rodriguez</td>
<td>Senior Internal Auditor</td>
</tr>
<tr>
<td>Susan Varela</td>
<td>Assistant Director of Human Resources Management</td>
</tr>
</tbody>
</table>
January 5, 2011

Mr. Larry Mandel, University Auditor  
Office of the University Auditor  
Office of the Chancellor – The California State University  
401 Golden Shore, 4th Floor  
Long Beach, CA 90802-4210

Re: University’s Response to Recommendations Contained in Report Number 10-46  
Intercollegiate Athletics

Dear Mr. Mandel:

Attached are the University’s responses to the recommendations contained in Report Number 10-46, Intercollegiate Athletics audit.

Please contact Tanya Ho, University Internal Auditor, at (323) 343-5102, if you wish to discuss any matter contained herein.

Sincerely,

James M. Rosser  
President

Attachment

cc: (with attachments)  
Lisa Chavez, Vice-President for Administration and Chief Financial Officer  
Tanya Ho, University Internal Auditor  
Jill Carnahan, University Compliance Officer
RULES COMPLIANCE

Recommendation 1

We recommend that the campus:

a. Retain attendance records taken at monthly staff meetings for coaching staff.

b. Develop a plan to formally document and independently review the frequency of compliance reviews and the nature and resolution of concerns or irregularities noted.

Campus Response

Attendance records for the staff meetings have been retained since October 2010. We will formally document and independently review the compliance reviews. Anticipated completion date is January 31, 2011.

SPORTS CAMPS/CLINICS

Recommendation 2

We recommend that the campus perform background checks on all individuals hired to work at sports camps.

Campus Response

The campus will issue procedures requiring background checks on all individuals hired to work at sports camps once the related system-wide policy is finalized. Anticipated completion date is April 29, 2011.
January 31, 2011

MEMORANDUM

TO: Mr. Larry Mandel
    University Auditor

FROM: Charles B. Reed
      Chancellor

SUBJECT: Draft Final Report 10-46 on Intercollegiate Athletics,
         California State University, Los Angeles

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, Los Angeles.

CBR/amd