INTERCOLLEGIATE ATHLETICS

CALIFORNIA STATE UNIVERSITY,
FRESNO

Audit Report 10-50
March 22, 2011

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ABBREVIATIONS

AA Academic Affairs
Athletic Corporation The California State University, Fresno Athletic Corporation
CSU California State University
HR Human Resources
IA Intercollegiate Athletics
NAIA National Association of Intercollegiate Athletics
NCAA National Collegiate Athletic Association
OUA Office of the University Auditor
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, Fresno (CSU Fresno) campus from November 29, 2010, through January 14, 2011, 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 January 14, 2011, 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]

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 dated after the deadline for completion.

OFF-CAMPUS RECRUITING [5]

Monitoring of off-campus recruiting needed improvement. Specifically, monthly contact and evaluation activity records submitted in the athletic department’s automated compliance system did not include the coach’s attestation of the completeness and accuracy of the reported activity and certification of compliance with NCAA rules for off-campus recruiting activities, and compliance reviews of monthly recruiting activity records were not documented.

SPORTS CAMPS/CLINICS [7]

Administration of background checks for sports camps/clinics needed improvement. Additionally, employees did not always claim vacation time when earning income from 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 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 of 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 California State University, Fresno, IA is administered by a director of athletics (commonly referred to as the athletics director), who reports directly to the campus president with a dotted line relationship to The California State University, Fresno Athletic Corporation Board of Directors.
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 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 since 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.
- Athletic program revenues.
OBSERVATIONS, RECOMMENDATIONS, AND CAMPUS RESPONSES

RULES COMPLIANCE

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 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 for administration and program integrity/senior woman administrator stated that the few late signatures were not significantly past the deadline and occurred due to oversight.

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

Recommendation 1

We recommend that the campus obtain all required signatures on annual NCAA certification forms before the deadline for completion.

Campus Response

We concur. The office of the senior associate athletic director/senior woman administrator will ensure all signatures are obtained by the September 15 deadline. This process will be revisited and implemented by September 1, 2011.

OFF-CAMPUS RECRUITING

Monitoring of off-campus recruiting needed improvement.

Specifically, we found that:

- Monthly contact and evaluation activity records submitted in the athletic department’s automated compliance system did not include the coach’s attestation of the completeness and accuracy of the reported activity and certification of compliance with NCAA rules for off-campus recruiting activities.
The compliance office did not have procedures to ensure that monthly off-campus recruiting activity was recorded by coaches in the automated system, recorded off-campus recruiting activity was complete and accurate, and compliance with NCAA recruiting rules limiting the total number of recruiting days for the year and the number of coaches who may recruit off-campus at the same time was independently verified.

Compliance reviews of monthly recruiting activity records were not documented.

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.

Government Code §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 director of athletics stated that the automated system used by coaches to submit off-campus recruiting activity lacked a function allowing coaches to certify their reported off-campus recruiting activity for the month. He further stated that the athletics department relied on its robust rules education program, as well as coaches’ successful completion of the NCAA’s annual compliance certification and annual rules examination, to ensure timely, complete, and accurate reporting of off-campus recruiting activity and compliance with NCAA off-campus recruiting rules. Finally, he stated that evidence of independent review was not documented because there was no procedure in place to do so.

Failure to adequately monitor off-campus recruiting activities and compliance with NCAA recruiting rules increases the risk that violations may occur and/or go unreported.

**Recommendation 2**

We recommend that the campus:

a. Include the coach’s attestation of the completeness and accuracy of reported off-campus recruiting activity and certification of compliance with NCAA rules for off-campus recruiting activities in all monthly contact and evaluation activity records submitted in the athletic department’s automated compliance system.

b. Develop and implement procedures to ensure that monthly off-campus recruiting activity is recorded by coaches in the automated system, recorded off-campus recruiting activity is complete and accurate, and compliance with NCAA recruiting rules limiting the total number of recruiting days for the year and the number of coaches who may recruit off-campus at the same time is independently verified.

c. Document compliance reviews of monthly recruiting activity records.
Campus Response

We concur. We are currently in the process of contracting with a company that provides athletic compliance software resources that would allow the compliance department to electronically create and implement the attestation procedures to address recommendations a, b, and c. Additionally, if we are not able to purchase this system, we would implement a manual form. We expect to have this system in place by June 24, 2011.

The compliance department will work with the assistance of the athletic business office to verify 1) recorded off-campus recruiting activity is complete and accurate and 2) compliance with NCAA recruiting rules limiting the total number of recruiting days for the year and the number of coaches who may recruit off-campus. The assistant athletic director for compliance will review and sign off on all recruiting forms (travel application form and direct pay form) prior to the forms being processed by the athletic business office. This will ensure that information provided in CAi coordinates with travel information submitted to the athletic business office.

SPORTS CAMPS/CLINICS

COMPLETION OF BACKGROUND CHECKS

Administration of background checks for sports camps/clinics needed improvement.

We found that:

- Background checks were not performed for 9 of 148 staff members at camps conducted between June 2009 and July 2010.

- Background check procedures were inadequate, as volunteers with missing background checks were never identified and employees with missing background checks were not identified until the completion of their work at the camp.

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 associate athletics director for business operations stated that failure to perform background checks for the nine individuals identified was due to oversight. She further stated that coaches were ultimately responsible for ensuring that camp employees were cleared to work prior to the beginning of the camp, and the campus had not considered that the procedure for verifying background checks after the individual had already worked was insufficient.

Failure to adequately administer background checks for employees of sports camps/clinics increases the risk of liability to the CSU and the campus if inappropriate individuals have contact with minors.

**Recommendation 3**

We recommend that the campus:

a. Perform background checks on all staff members for sports camps/clinics.

b. Revise background check procedures so that volunteers and employees with missing background checks are identified before their work at the camp begins.

**Campus Response**

We concur. We will verify that the completed camp/clinic employee list form is on file in the athletic business office prior to the start of the camp/clinic and that all persons listed, including volunteers, have a completed Department of Justice screening application form on file or a university acknowledgment of Department of Justice completion memo. Additionally, we will perform a random audit at a camp/clinic to verify that all personnel working have been screened. We will also revise the Camps & Clinics Manual with the updated procedure by June 24, 2011.

**VACATION TIME USAGE FOR SPORTS CAMPS/CLINICS**

Employees did not always claim vacation time when earning income from sports camps/clinics.

We reviewed vacation time for eight employees of CSU Fresno and The California State University, Fresno Athletic Corporation (Athletic Corporation) who worked at four camps conducted between June 2009 and July 2010, and we found that at one of the camps, two CSU Fresno employees (both coaches in exempt classifications) did not claim enough vacation time for the number of work days the camps were in session.

The CSU Fresno *Camps & Clinics Manual*, dated April 2008, states that employees of the State or Athletic Corporation who are being compensated for their services to the camp/clinic must claim vacation time in one of two ways: 1) Exempt employees (most coaches) must claim whole eight-hour days of vacation if the camp sessions fall on normal university work days, or 2) Nonexempt employees must claim all hours worked on camp/clinic related business when the camp/clinic is in session during normal university work days.
The associate athletics director for business operations stated that the coaches’ failure to claim vacation time for all the days of the camp was due to oversight.

Failure to claim vacation time while earning income from sports camps results in the overstatement of employee leave balances.

**Recommendation 4**

We recommend that the campus ensure that employees claim vacation time when earning income at sports camps/clinics.

**Campus Response**

We concur. The athletic business operations manager will work with the athletic payroll and benefits assistant to verify that the camp/clinic vacation policy is properly implemented. Vacation claimed will be compared against the camp/clinic dates. The athletic payroll and benefits assistant has the ability to review all claimed vacation. She/he will review reported vacation to ensure its accuracy. He/she will communicate with the appropriate supervisor, if any discrepancies are noted. This process will be implemented by June 24, 2011.
# APPENDIX A:
## PERSONNEL CONTACTED

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
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<tbody>
<tr>
<td>John D. Welty</td>
<td>President</td>
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<tr>
<td>Jennifer Barmasse</td>
<td>Compliance Coordinator, Athletics</td>
</tr>
<tr>
<td>Thomas Boeh</td>
<td>Director of Athletics</td>
</tr>
<tr>
<td>Martina Buckley</td>
<td>Associate Athletics Director for Business Operations</td>
</tr>
<tr>
<td>Richard Enns</td>
<td>Business Operations Manager, Athletics</td>
</tr>
<tr>
<td>Russell Hayden</td>
<td>Director of Ticket Operations, Athletics</td>
</tr>
<tr>
<td>Jody Jesser</td>
<td>Travel Coordinator, Athletics</td>
</tr>
<tr>
<td>John Lucier</td>
<td>Assistant Athletics Director for Compliance</td>
</tr>
<tr>
<td>Clinton Moffitt</td>
<td>Associate Vice President for Financial Services, Administrative Services</td>
</tr>
<tr>
<td>Betsy Mosher</td>
<td>Senior Associate Athletics Director for Administration and Program Integrity/Senior Woman Administrator</td>
</tr>
<tr>
<td>Diane Sanbongi</td>
<td>Assistant Director of Ticket Operations, Athletics</td>
</tr>
<tr>
<td>Cynthia Teniente-Matson</td>
<td>Vice President for Administration/Chief Financial Officer</td>
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April 28, 2011

Memorandum

To: Larry Mandel  
University Auditor  
Office of the Chancellor  

From: Cynthia Teniente-Matson  
Vice President for Administration and Chief Financial Officer  

Subject: Responses to Intercollegiate Athletics Audit Report #10-50

The University has reviewed the preliminary draft of the Intercollegiate Athletics Audit Report #10-50. Attached are campus responses to the recommendations. Please let me know if you have any questions. Thank you.

Attachment

c: Dr. John Welty  
Mr. Thomas Boeh  
Mr. Clint Moffitt  
Ms. Betsy Mosher  
Ms. Martina Buckley
INTERCOLLEGIATE ATHLETICS
CALIFORNIA STATE UNIVERSITY,
FRESNO
Audit Report 10-50

RULES COMPLIANCE

Recommendation 1

We recommend that the campus obtain all required signatures on annual NCAA certification forms before the deadline for completion.

Campus Response

We concur. The office of the Senior Associate Athletic Director/SWA will ensure all signatures are obtained by the September 15 deadline. This process will be revisited and implemented by September 1, 2011.

OFF-CAMPUS RECRUITING

Recommendation 2

We recommend that the campus:

a. Include the coach’s attestation of the completeness and accuracy of reported off-campus recruiting activity and certification of compliance with NCAA rules for off-campus recruiting activities in all monthly contact and evaluation activity records submitted in the athletic department’s automated compliance system.

b. Develop and implement procedures to ensure that monthly off-campus recruiting activity is recorded by coaches in the automated system, recorded off-campus recruiting activity is complete and accurate, and compliance with NCAA recruiting rules limiting the total number of recruiting days for the year and the number of coaches who may recruit off-campus at the same time is independently verified.

c. Document compliance reviews of monthly recruiting activity records.

Campus Response

We concur. We are currently in the process of contracting with a company that provides Athletic Compliance software resources that would allow the Compliance department to electronically create and implement the attestation procedures to address recommendations a, b, and c. Additionally, if we
are not able to purchase this system, we would implement a manual form. We expect to have this system in place by June 24, 2011.

The Compliance department will work with the assistance of the Athletic Business Office to verify 1) recorded off-campus recruiting activity is complete and accurate and 2) compliance with NCAA recruiting rules limiting the total number of recruiting days for the year and the number of coaches who may recruit off-campus. The Assistant Athletic Director for Compliance will review and sign off on all recruiting forms (Travel Application form and Direct Pay form) prior to the forms being processed by the Athletic Business Office. This will ensure that information provided in CAi coordinates with travel information submitted to the Athletic Business Office.

SPORTS CAMPS/CLINICS

COMPLETION OF BACKGROUND CHECKS

Recommendation 3

We recommend that the campus:

a. Perform background checks on all staff members for sports campsclinics.

b. Revise background check procedures so that volunteers and employees with missing background checks are identified before their work at the camp begins.

Campus Response

We concur. We will verify that the completed “Camp/Clinic Employee List” form is on file in the Athletic Business Office prior to the start of the camp/clinic and that all persons listed, including volunteers, have a completed DOJ screening application form on file or a University acknowledgment of DOJ completion memo. Additionally, we will perform a random audit at a camp/clinic to verify that all personnel working have been screened. We will also revise the Camps & Clinic Manual with the updated procedure by June 24, 2011.

VACATION TIME USAGE FOR SPORTS CAMPS/CLINICS

Recommendation 4

We recommend that the campus ensure that employees claim vacation time when earning income at sports campsclinics.

Campus Response

We concur. The Athletic Business Operations Manager will work with the Athletic Payroll & Benefits Assistant to verify that the camp/clinic vacation policy is properly implemented. Vacation claimed will be compared against the camp/clinic dates. The Athletic Payroll & Benefits Assistant has the ability to review all claimed vacation. Shehe will review reported vacation to ensure its accuracy. She will communicate with the appropriate Supervisor, if any discrepancies are noted. This process will be implemented by June 24, 2011.
June 6, 2011

MEMORANDUM

TO: Mr. Larry Mandel
    University Auditor

FROM: Charles B. Reed
    Chancellor

SUBJECT: Draft Final Report 10-50 on Intercollegiate Athletics,
         California State University, Fresno

In response to your memorandum of June 6, 2011, I accept the response as
submitted with the draft final report on Intercollegiate Athletics, California
State University, Fresno.

CBR/amd