

Audit and Advisory Services
401 Golden Shore
Long Beach, CA 90802-4210

May 19, 2023

Dr. Jeffrey D. Armstrong, President
California Polytechnic State University, San Luis Obispo
1 Grand Avenue
San Luis Obispo, CA 93407

Dear Dr. Armstrong:

**Subject: Audit Report 22-22, Athletics Fiscal Administration,
California Polytechnic State University, San Luis Obispo**

We have completed an audit of *Athletics Fiscal Administration* as part of our 2022-2023 Audit Plan, and the final report is attached for your reference. The audit was conducted in accordance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

I have reviewed the management response and have concluded that it appropriately addresses our recommendations. The management response has been incorporated into the final audit report, which will be posted to Audit and Advisory Services' website. We will follow-up on the implementation of corrective actions outlined in the response and determine whether additional action is required.

Any observations not included in this report were discussed with your staff at the informal exit conference and may be subject to follow-up.

I wish to express my appreciation for the cooperation extended by the campus personnel over the course of this review.

Sincerely,



Vlad Marinescu
Vice Chancellor and Chief Audit Officer

c: Jolene Koester, Interim Chancellor
Lateefah Simon, Chair, Committee on Audit
Yammilette Rodriguez, Vice Chair, Committee on Audit

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ATHLETICS FISCAL ADMINISTRATION

**California Polytechnic State University,
San Luis Obispo**

Audit Report 22-22
May 19, 2023

EXECUTIVE SUMMARY

OBJECTIVE

The objectives of the audit were to ascertain the effectiveness of operational, administrative, and financial controls for athletics fiscal administration and to ensure compliance with relevant government regulations, Trustee policy, Office of the Chancellor (CO) directives, and related campus and auxiliary procedures.

CONCLUSION

Based upon the results of the work performed within the scope of the audit, except for the weaknesses described below, the operational, administrative, and financial controls for athletics fiscal administration as of March 10, 2023, taken as a whole, provided reasonable assurance that risks were being managed and objectives were met.

In general, we noted that the campus had an appropriate framework for fiscal administration of the athletics department; however, we identified several areas that needed improvement. We found that the campus did not have established delegations of authority (DOA) for all fiscal responsibilities in athletics, and the campus did not have a process to delegate fiscal authority at the department and fund level, which led to agreements and expenditures being approved by individuals without delegated authority. Additionally, we noted that the campus had not performed physical inventories for property and equipment since 2018 and had not tagged all required assets. Further, we found that team travel authorizations and expense reports were not submitted timely and did not include lists of attendees.

We also found that the review and approval process needed to be strengthened to ensure compliance with campus and auxiliary requirements for expenditure processing, and the ticketing office did not follow all cash-handling best practices. Also, personnel documentation, including appointment letters, conflict-of-interest filings, and outside employment forms, were not timely completed. In addition, trade agreements were not always monitored and were not reported to the campus designee for gifts to agency.

Specific observations, recommendations, and management responses are detailed in the remainder of this report.

OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

1. DELEGATION OF AUTHORITY

OBSERVATION

Campus delegations of authority for the athletics department were not always in place, and the campus did not have a process to delegate fiscal authority at the department and fund level.

Executive Order (EO) 1000, *Delegation of Fiscal Authority and Responsibility*, states that the campus president has authority and responsibility for effective oversight of all state funds, and the chief financial officer (CFO) shall administer the delegations of fiscal authority and responsibility. Additional guidance from the chancellor's office is that financial DOAs should be specific to the department and fund level for individuals below the level of vice president.

We found that the director of athletics was delegated responsibility for only certain fiscal responsibilities of the department, namely signing game contracts and approving student travel. In addition, up until the end of fieldwork, the director of athletics had not sub-delegated these responsibilities to other individuals in the department. Therefore, agreements were not always approved by individuals with appropriate DOAs. For example, four of the 10 game contracts we reviewed were signed by individuals other than the director of athletics, even though the director was the only one with a DOA to sign game contracts.

Also, because there wasn't a specific delegation of authority in place to the director of athletics or other individuals in the athletics department related to approving expenditures or signing other types of agreements, athletics expenditures were being approved by individuals without delegated authority for athletics department chartfields and funds. We did note that the individuals appeared appropriate based on their job titles.

Proper administration of DOA can help to minimize the risk of misappropriation of funds and ensure that all expenditures are adequately reviewed and approved by the appropriate individuals.

RECOMMENDATION

We recommend that the campus:

- a. Execute DOAs for all athletic department fiscal responsibilities.
- b. Develop and implement a process to ensure that fiscal authority is delegated to the appropriate level of specificity.
- c. Communicate and distribute the process to appropriate personnel.

MANAGEMENT RESPONSE

We concur.

- a. Athletics will work with appropriate campus authorities to execute DOAs for all fiscal responsibilities within the department.
- b. Financial services will develop and implement a process to ensure that fiscal authority is delegated to the appropriate level of specificity.
- c. Athletics will communicate, to all appropriate personnel, the process of delegation of authority for all fiscal responsibilities.

Anticipated implementation date: October 27, 2023

2. PROPERTY AND EQUIPMENT

OBSERVATION

Administration of athletics property and equipment needed improvement.

During our review, we found that physical inventories were not performed timely; some assets could not be located, were not tagged, or were not included on campus property listings; tracking, inventory and safeguarding of athletics team equipment and apparel needed improvement; and the athletics department was not following campus procedures related to in-kind gift donations. Further information on these issues is detailed below.

Physical Inventory

Per *Cal Poly Property Control Procedures*, property accounting is responsible for tagging all capitalized assets owned by the university with a value of \$5,000 or more, as well as non-capitalized assets valued between \$500 and \$4,999.99. The procedures also indicate that a physical inventory should be performed by property accounting, in conjunction with department inventory coordinators, once every three years for capitalized assets, non-capitalized assets valued between \$1,500 and \$4,999.99, and sensitive equipment.

We found that the campus had not completed a physical inventory of all capitalized and non-capitalized/sensitive equipment since February 2018. Property accounting stated that the department has been short-staffed and is in the process of changing some procedures, such as increasing the tagging threshold of non-capitalized assets from \$500 to \$5,000, and that physical inventories will resume after the changes have been completed.

We also found that the athletics department did not have a designated department inventory coordinator, as required by the campus's property procedures. The department inventory coordinator is responsible for maintaining current, complete, and accurate property records and for tracking the purchase, receipt, and assignment of property within the department.

Asset Walkthroughs

We reviewed 25 assets from the campus property accounting listing and eight items that were on-site at the campus and found that:

- Four items on the property accounting listing were not tagged, including two computer tablets and two pieces of training equipment.

- We could not locate 11 items from the property accounting listing, including four computers and two vehicles. The two vehicles were in the process of being disposed.
- Two items, one tagged computer and one untagged pitching machine, were found on-site and were not on the property accounting listing.

Athletics Gear, Equipment, and Apparel

The athletics department follows the campus property procedures for the management of team gear and apparel; however, the policy is not sufficient for adequate management of these items, as it does not address the tracking and assignment of gear and apparel or the appropriate segregation of duties for ordering, receiving, and recording these items.

The director of athletic equipment services manages gear and apparel for the football team and runs the main athletics equipment room. For football, inventory items are centrally ordered, received, entered into the inventory system (FR TRAC), and distributed to coaches and players by the same individual. These functions should be separated to prevent misappropriation. For all other sports, the respective coaches are responsible for inventory management, but there is no verification of their inventories, the items are not tracked in the inventory system, and the coaches are not following any specific department procedures. Per the athletics department, an individual has been hired to maintain inventory for the remaining sports and will start in March 2023.

Also, we found that gear and apparel were not adequately safeguarded in all instances. Due to lack of storage locations, several boxes of gear and apparel were sitting in the hallways at two athletics facilities that players and staff have access to. Also, the replay system located at one of the facilities was inside of a storage room that was left open on multiple occasions and could be accessed by players and staff.

Gift-in-Kind Donations

In addition, the athletics department was not following campus property procedures related to in-kind gift donations. We noted several items that were donated and received by someone in the athletics department but did not have the required Gift Information Form. This form is required to be transmitted by the receiving department to university advancement, who will prepare a gift acceptance notice that will be sent on for final acceptance of the gift and for recording and tracking of the asset as needed.

Proper administration of property and equipment decreases the risk that assets may be lost, stolen, or misrepresented in the financial statements.

RECOMMENDATION

We recommend that the campus:

- a. Develop a schedule for the physical inventory of athletic department assets and conduct a physical inventory for athletic department capitalized and non-capitalized/sensitive equipment.
- b. Assign a designated inventory coordinator for the athletic department.

- c. Assign asset tags to athletics property and equipment and affix asset tags as necessary to resolve the issues noted above.
- d. Update inventory records to ensure that all athletic department assets are accounted for and disposed assets are appropriately removed from inventory records, to resolve the issues noted above.
- e. Establish and implement department-specific inventory procedures to address the issues noted above for gear and apparel, including appropriate safeguarding, and communicate the procedures to appropriate personnel.
- f. Reinforce existing procedures for accepting gifted equipment.

MANAGEMENT RESPONSE

We concur.

- a. The property accounting office (PAO) will coordinate with the athletics department to update the PeopleSoft Asset Management System in order to develop an updated physical inventory schedule of the athletic department's assets. As part of this process, the PAO will conduct a physical inventory for the athletics department of items that meet the criteria to be tagged.
- b. Athletics will designate the appropriate personnel to be the designated inventory coordinator for the department.
- c. The PAO will evaluate with the athletics department whether assigning asset tags is in the best interest of the university. If the PAO did not assign property tags, taggable items purchased will be tagged by the PAO in a reasonable timeframe.
- d. As part of the process to develop a physical inventory schedule of the athletics department's assets, the PAO will update inventory records to ensure that all athletics department assets are accounted for and disposed assets are appropriately removed from the inventory records as necessary to resolve the issues noted above.
- e. Athletics will establish and implement a department-specific inventory process for gear and apparel that includes appropriate safeguarding of said equipment. Furthermore, once those procedures are established, athletics will communicate the procedures to all appropriate personnel.
- f. Athletics will reinforce existing procedures for accepting gifted equipment to appropriate personnel.

Anticipated implementation date: October 27, 2023

3. TEAM TRAVEL

OBSERVATION

Administration of team travel processes needed improvement.

The athletics department follows the campus *Travel Policy* for team travel, which covers request authorization for travel, lodging, transportation, and meals, as well as travel expense documentation requirements. Team travel is considered group travel, in which a faculty member and/or coach pays on behalf of students for group transportation, lodging, and team meals. The athletics department has its own travel procedures, but they are outdated and not currently being used. Athletic team travel must also follow the California State University *Athletic Group Travel Policy* and rules set by the National Collegiate Athletic Association.

We reviewed supporting documentation for 10 team travel trips for which 25 expense reports were filed, and we found that:

- Travel authorization requests were not submitted until after the travel had occurred for 22 reports from seven trips. The authorization requests were submitted between one day and 98 days after the start of travel, with 14 submitted more than 10 days after the start of travel.
- Eight expense reports, from three trips, were not submitted within 30 days of returning from travel as required by campus policy. The expense reports were submitted between 33 and 108 days after the team returned from travel.
- Lists of travelers were not submitted with the expense reports as required by campus policy. Without this information, it is not possible for reviewers to determine the reasonableness of expenses and compliance with the policy for meals, lodging, and transportation.
- Two trips were to banned states and were paid for using state funds without documentation showing that the travel qualified for an exception. Per Assembly Bill (AB) 1887, *Prohibition on State-Funded and State-Sponsored Travel to States with Discriminatory Laws*, university travelers are not permitted to use state funds to travel to certain states unless certain exceptions are met. CSU policy requires a vice president's approval for making such an exception and states that approvers should consult with the office of general counsel. Generally, exceptions for athletics travel should be determined by the campus's legal team per review of the conference bylaws and agreement. We requested agreements for the four conferences the athletics department participates in, and the campus provided only one agreement, as the other three had not been maintained.

Proper administration of team travel can help reduce the risk of noncompliance with laws and campus and systemwide policies and ensure that the appropriate funds are used.

RECOMMENDATION

We recommend that the campus:

- a. Prior to traveling to banned states, when utilizing state funds, consult with campus counsel to document that the travel falls under an exception specified in AB 1887 to support the reason for vice president approval.
- b. Update current contracting processes to ensure that conference agreements are retained.
- c. Update athletic department travel procedures to address current practices.
- d. Communicate and distribute updated procedures to appropriate personnel and provide training as needed.

MANAGEMENT RESPONSE

We concur.

- a. The vice president of student affairs will draft a memo acknowledging that he will consult with campus counsel prior to approving travel to banned states.
- b. Athletics will work with conference officials to ensure future conference contracts/ agreements are retained.
- c. Athletics will update department travel procedures to address current practices.
- d. Athletics will communicate and distribute updated travel procedures to appropriate personnel and provide training for all new staff/coaches, as well as provide other training as needed.

Anticipated implementation date: October 27, 2023

4. ATHLETICS EXPENDITURES

OBSERVATION

Administration over athletics expenditures, including purchases made with campus-issued credit cards, needed improvement.

We reviewed 40 campus expenditures and 15 Cal Poly Corporation (CPC) expenditures, and we found that the review and approval process needed to be strengthened to ensure compliance with campus and auxiliary requirements. For example:

- Property and equipment purchases were not always reported to property accounting to ensure appropriate tracking and tagging. We found that five computers purchased with procurement cards (ProCards) were not reported to property accounting for tagging or to information technology for proper imaging to ensure security and back-up of the computer. In addition, one of the computers was purchased to replace a stolen computer, but no police report was filed for the stolen computer as required by campus policy. One

additional expenditure for capitalizable equipment was not reported to property accounting for tagging.

- Expenditures related to meals and hospitality were not always pre-approved and processed appropriately. For one expenditure, team meals were provided by a head coach and processed by CPC, but athletics department management was not informed and therefore did not provide the required pre-approval. We also noted that a cash advance that was given to the student hosts for an official visit was not pre-approved as required, and that one official visit included a dinner that averaged \$104.88 per person, which is above the \$90 per person allowed by the hospitality policy.
- The *Request For Sole/Brand Source* form for the purchase of ARMS compliance software that the campus provided to us was not signed to show that it was approved by the contracts, procurement, and risk management department and the vice president of administration and finance. However, the form did outline the unique features of the software and why it was considered superior to the other options.
- Expenses were not always submitted timely. The card statement for one ProCard purchase was not submitted until three months after the statement date. In addition, the expense report for one hospitality expense was not submitted until five months after the expense was incurred.

In addition, we reviewed training for 12 ProCard and 13 Concur travel (travel) cardholders and three ProCard approvers and found that:

- For nine ProCard and 11 travel cardholders, evidence of training was not available. Training is mandatory for all cardholders; per the ProCard and travel card policies, it must occur before the card is released to the cardholder. Therefore, these individuals should have taken their initial training, but since training was not tracked prior to January 14, 2022, we could not confirm that this occurred. For travel cardholders, annual retraining is also required, and we were not provided evidence of retraining since tracking began.
- No evidence of training was found for three ProCard approving officials. Per campus policy, approving officials are required to complete ProCard Approving Official Training. One of these approvers was hired after the tracking of training began.

Proper administration of operating expenses and campus-issued credit cards helps to ensure that all expenditures are appropriate and allowable.

RECOMMENDATION

We recommend that the campus:

- a. Provide training to athletic department personnel on current expenditure requirements to address the issues noted above.
- b. Update ProCard and travel card processes to ensure that all required trainings and retrainings are completed and training records are maintained.

MANAGEMENT RESPONSE

We concur.

- a. Strategic business services (SBS) will provide training to athletics department personnel on current expenditure requirements to address the issues noted as part of the audit.
- b. SBS will update ProCard and travel card processes to ensure that all required trainings and retrainings are completed and training records are maintained.

Anticipated implementation date: October 27, 2023

5. CASH HANDLING AND TICKETING OPERATIONS

OBSERVATION

Administration of campus and ticketing office cash-handling processes needed improvement.

The campus ticket office is part of the performing arts center (PAC) on campus, which is a joint venture between the community foundation for the PAC, the city of San Luis Obispo, and the university. Therefore, as its own entity with split governance, the PAC, and thus the ticketing office, has its own policies and procedures.

Ticketing office staff sell tickets on behalf of athletics for games and events on campus. We reviewed the cash-handling policies, procedures, and practices at the ticketing office, and we found that they did not adequately address cash-handling best practices. Specifically, we found that:

- The safe combination had not been changed in the past 10 years.
- A student employee transported cash deposits to be processed without a second individual or escort.
- Unannounced change fund cash counts were not performed; instead, the cash counts were scheduled in advance.
- The ticketing office manager could request and approve complimentary tickets, which should be separate functions.

In addition, we found that the athletics department had a safe, used to store checks from fundraising events, within the main athletic building, which was not an approved cash-handling location. We also found that the combination to the safe had not been changed since May 2019. Campus cash-handling procedures require that all cash-handling units be approved by the university controller and all safe combinations be changed on an annual basis.

Properly establishing and implementing cash-handling processes can help to reduce the risk of theft and misappropriation of assets.

RECOMMENDATION

We recommend that the campus:

- a. Update ticketing office policies and procedures to address the cash-handling issues noted above.
- b. Obtain approval from university controller for the safe in the main athletics building.
- c. Update the safe combination based on campus policy.
- d. Communicate and distribute updated processes to appropriate personnel and provide training as needed.

MANAGEMENT RESPONSE

We concur.

- a. We will adopt and implement the cash-handling policies of the Cal Poly Corporation. We will also provide additional training to new personnel.
- b. We will work with athletics to obtain approval from the university controller to add the safe in the main athletics building as an approved cash-handling location. We will also update the safe combination.
- c. Athletics will regularly update the safe combination per university and CSU policy.
- d. Athletics will communicate and distribute updated procedures to appropriate personnel.

Anticipated implementation date: October 27, 2023

6. PERSONNEL TESTING

OBSERVATION

The process for ensuring that athletics personnel adequately and timely completed required personnel documents needed improvement.

Management Personnel Plan (MPP) coaches and the athletic director are required to have definite-term appointment letters from the vice chancellor of human resources (HR), according to HR 2019-02, *MPP Athletics Personnel (Coaches and Athletic Directors) Definite-Term Appointments*. In addition, designated employees are required to complete annual conflict-of-interest (COI) filings, and all MPP and executive employees are required to complete annual Outside Employment Disclosure (OED) forms, according to yearly HR memos for conflict-of-interest annual filings and HR 2016-06, *Revised Outside Employment Disclosure (OED) Requirements for MPP and Executive Employees*, respectively.

We reviewed the appointment letters for six athletics personnel and found that five appointment letters were not signed until after the employee's start date, ranging from two weeks to five months after. Of those five, two were also not signed by the employee until after the expiration of offer date.

We also reviewed the most recent COI and OED filings for seven athletics personnel and found that:

- Three employees had not completed COI filings since 2021.
- Human resources could not provide the initial COI and OED filings for two employees hired in 2022.

Adequate administration of personnel documents decreases the risk of noncompliance with systemwide and governmental requirements and potential regulatory scrutiny.

RECOMMENDATION

We recommend that the campus:

- a. Ensure that appointment letters are timely signed.
- b. Obtain current COI and OED forms from designated athletics personnel.
- c. Develop and implement a process to ensure that designated athletics personnel timely complete annual COI and OED forms.

MANAGEMENT RESPONSE

We concur.

- a. Athletics will work with university personnel (UP) to remind staff that appointment letters should be signed on or prior to the start date of employment and within the expiration of offer date within the agreement.
- b. Athletics will work with UP and civil rights and compliance groups to obtain the current COI and OED forms from designated athletics personnel.
- c. Athletics will work with UP and the civil rights and compliance office to develop and implement a process to ensure that designated athletics personnel timely complete annual COI and OED forms.

Anticipated implementation date: October 27, 2023

7. TRADE-OUTS

OBSERVATION

Administration of trade-out agreements needed improvement.

Integrated California State University Administrative Manual (ICSUAM) §1202, *Athletics Trade Usage*, requires trade usage agreements to be reported to the campus designee for gifts to agency, who determines whether the trade constitutes a personal benefit to a faculty member, staff member, or student. We found that the campus did not have a procedure to report trade agreements to the campus designee for gifts to agency outside of the athletics department for additional review. There were 21 active trade agreements at the time of our review.

In addition, the department eligible to use the traded item or service is responsible for monitoring that the items or services are received and used as intended. The campus did not provide evidence of monitoring for three of the five trade outs we reviewed.

Proper oversight of trade-outs decreases the risk of inappropriate contracting and accusations that state resources are being given away without the state receiving fair value in exchange.

RECOMMENDATION

We recommend that the campus:

- a. Implement a process to report trade-outs to the campus designee for gifts to agency for additional review.
- b. Develop and implement a process within the athletics department to monitor traded items and services to ensure they are received and used as intended.

MANAGEMENT RESPONSE

We concur.

- a. Athletics will develop a process for reporting trade-outs to the campus designee for review.
- b. Athletics will develop and implement an internal process to monitor traded items to ensure appropriate and intended usage.

Anticipated implementation date: October 27, 2023

GENERAL INFORMATION

BACKGROUND

The California State University (CSU) is the nation’s largest four-year public university system, with 23 campuses and 314 intercollegiate athletics teams. Administration and operation of athletics programs occur within the framework of regulations and rules imposed by national governing associations and the athletics conferences in which the players and teams compete. 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 because they accept federal financial aid funds.

California Polytechnic State University, San Luis Obispo (Cal Poly) is home to 21 NCAA Division I teams. Cal Poly’s intercollegiate athletics teams, known as the Mustangs, primarily compete in the Big West conference, but football competes in the Big Sky Conference, wrestling is a member of the Pac-12 Conference, and the swimming and diving program competes as an affiliate member in the Mountain Pacific Sports Federation. The campus supports intercollegiate teams in 10 men’s sports and 10 women’s sports as follows:

SPORT	MEN’S	WOMEN’S
Baseball	√	
Basketball	√	√
Beach Volleyball		√
Cross Country	√	√
Football	√	
Golf	√	√
Soccer	√	√
Softball		√
Swimming and Diving	√	√
Tennis	√	√
Track and Field	√	√
Volleyball		√
Wrestling	√	

In fiscal year (FY) 2020/21, 548 Cal Poly student-athletes (364 men and 184 women) participated in the 21 intercollegiate athletics programs, per the annual EADA report.

On-campus athletic facilities that have ticketed spectators include a football and soccer stadium, softball field, baseball field, and athletics center gym for basketball, volleyball, and wrestling. Additional athletics facilities on campus include an aquatic center, track and field complex, tennis complex, strength complex, and beach volleyball complex.

At Cal Poly, the athletics department is administered by a director of athletics (AD) who reports to the vice president for student affairs. Four senior associate athletic directors are responsible for various athletic operations including external relations, development, compliance, and internal operations. The senior associate ADs oversee assigned sports and act as the direct reporting line for the head coaches of those sports. The senior associate athletic director of internal operations was hired in December 2022 and oversees an assistant athletic

director of business and finance who is responsible for budgeting, contracts, operational expenses, and team travel. The athletics department also houses various functions that report to the senior associate athletic directors, including academic services, advancement, communications, compliance, equipment services, facilities and event operations, marketing and promotions, sports medicine, sports properties, strength and conditioning, ticket office, and wellness and promotion.

Athletic funds at Cal Poly are held in campus and auxiliary organization accounts. Funds held in campus accounts must follow requirements in the Integrated California State University Administrative Manual (ICSUAM); funds held in auxiliary organization accounts primarily follow requirements set forth in the *Compilation of Policies and Procedures for CSU Auxiliary Organizations* and Title 5 of the California Code of Regulations.

SCOPE

We performed fieldwork from January 23, 2023, through March 10, 2023. Our audit and evaluation included the audit tests we considered necessary in determining whether operational, administrative, and financial controls are in place and operative. The audit focused on procedures in effect from January 1, 2021, to March 10, 2023.

Specifically, we reviewed and tested:

- Accountability for the athletics fiscal administration function to ensure it is clearly defined and documented.
- Athletic budgets and delegations of authority to ensure they are in place, adequate, and used effectively in various aspects of athletics programs administration.
- Processes to ensure that appropriate reviews and approvals are in place for contracting activities.
- Processes to ensure that segregation of duties is adequate, accountability is maintained, and safeguarding is adequate for cash and cash equivalents.
- Athletic salaries for administrators and coaches to ensure that they comply with CSU salary schedules, collective bargaining provisions, and requirements for supplemental compensation; and benefits provided to athletics employees to ensure they are appropriate and proper.
- Processes to ensure that athletics expenditures are appropriate, properly authorized, and processed in accordance with CSU and campus policies.
- Activities related to sports camps and clinics to ensure they comply with relevant institutional requirements, including background checks/authorizations, insurance, revenue accountability, inclusion of relevant expenditures, and reporting of income/profits.

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.

Our testing and methodology, which was designed to provide a review of key operational and administrative controls, included interviews, walkthroughs, and detailed testing. Our review was limited to gaining reasonable assurance that essential elements of the athletics fiscal administration function were in place and did not examine all aspects of the program.

CRITERIA

Our audit was based upon standards as set forth in federal and state regulations and guidance; Trustee policy; Office of the Chancellor directives; and campus procedures; as well as sound administrative practices and consideration of the potential impact of significant risks. This audit was conducted in conformance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

This review emphasized, but was not limited to, compliance with:

- Government Codes §13402 and §13403
- *CSU Administration of University Property Policy*
- *CSU Contracts and Procurement Policy*
- *CSU Travel and Business Expense Reimbursement Policy*
- Executive Order 1000, *Delegation of Fiscal Authority and Responsibility*
- Coded memorandum Human Resources (HR) 2016-06, *Management Personnel Plan (MPP) Outside Employment Disclosure*
- HR 2013-05 MPP – Supplemental Compensation
- HR 2017-17, *Background Check Policy*
- HR 2019-02, *MPP Athletics Personnel Definite-Term Appointments*
- ICSUAM §1201, *Intercollegiate Athletics Administration*
- ICSUAM §1202, *Athletics Trade Usage*
- ICSUAM §1203, *Fringe Benefits Management*
- ICSUAM §1205, *Athletic Group Travel*
- ICSUAM §1206, *Inventory Control of Athletic Equipment, Apparel and Gear*
- ICSUAM §3103.01, *Disbursements-General*
- ICSUAM §3130.01, *Accounts Receivable Management*
- ICSUAM §6200, *Campus Administration of Systemwide Cash Management Policy*
- ICSUAM §6201, *Sensitive Positions and Cash Handling*
- ICSUAM §6320, *Petty Cash and Change Funds*
- ICSUAM §6330, *Security of Cash and Cash Equivalents*
- ICSUAM §15701, *Fundraising Events*
- *Cal Poly Cash Handling Procedures Guidelines and Business Process*
- *Cal Poly Policy for Payment or Reimbursement of Hospitality Expenses*
- *Cal Poly ProCard Policies and Procedures*
- *Cal Poly Property Control Procedures*
- *Cal Poly Ticketing Office, Policies and Procedures*
- *Cal Poly Travel Policy*

AUDIT TEAM

Audit Manager: Hannah Gardener
Internal Auditor: Jesse Santos