

**DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
WOMEN'S GOLF
AUDIT OF UNDEPOSITED CASH**

THE UNIVERSITY OF NEW MEXICO

**Report 2007-07
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ABBREVIATIONS

Athletics	Department of Intercollegiate Athletics
Business Office	Department of Intercollegiate Athletics Business Office
Equipment Office.....	Department of Intercollegiate Athletics Equipment Office
Head coach.....	Women’s Golf Head Coach
NCAA	National Collegiate Athletic Association
UBP.....	University Business Policies and Procedures Manual
University.....	The University of New Mexico
UNM	The University of New Mexico

EXECUTIVE SUMMARY

The Associate Director of Athletics for Compliance requested a review of the women's golf program after the Department of Intercollegiate Athletics (Athletics) found and deposited over \$2,400 of cash that was in the women's golf head coach's (head coach) office. In our review, we assessed the revenues and expenses, reviewed team travel for the past two years, and interviewed former employees, current employees, and a sample of team members. The purpose of our audit was to determine the source of the money in the bag, determine the extent of any loss, determine if any student-athletes received cash for any reason, evaluate cash and inventory controls, and provide recommendations for improvements.

The women's golf program did not comply with The University of New Mexico (University) policies regarding cash controls and disposition of athletic equipment and uniforms. Athletics did not have adequate institutional controls over the golf equipment inventory. In addition, the head coach charged the University for some team travel expenses that she did not incur, and did not deposit cash into University account from a tournament, a sidewalk sale, and sales of golf equipment. In total, \$530 of team travel expenses were paid to the head coach which were based on expenses that the coach did not incur. We were not able to determine if there was any additional cash loss due to the lack of records and control weaknesses. We did not find any payments made to student-athletes.

According to University Counsel, the conduct of the head coach may violate state criminal laws. Internal Audit forwarded the information to the University Police Department and the New Mexico Office of the State Auditor.

CASH CONCERNS

The Athletics Business Office (Business Office) should handle all of the team fundraisers and communicate cash policies to all Athletics personnel. The Athletic Director should inform all Athletics personnel that they cannot have the University name, address, or phone number on an outside bank account. The women's golf program should not accept cash for tournament entry fees and should not pay tournament entry fees with cash. The Athletic Director agreed to develop a policy for proper cash handling; inform Athletic personnel not to use the University of New Mexico or the Lobo name, address, or phone number on personal accounts; and develop a policy to pay for and accept tournament fees by check or credit card when possible.

INVENTORY CONCERNS

The Athletics Equipment Office (Equipment Office) should set up an inventory control system and be responsible for monitoring and tracking equipment and uniforms for the women's golf program. In addition, the Equipment Office should work with the Surplus Property Department to establish a mechanism for the disposition of equipment and uniforms. The Athletic Director agreed. Inventory software was purchased to monitor and track equipment and uniform inventory and the Surplus Property Department will be contacted to develop a method for disposition of such property.

MONIES NOT DEPOSITED/TRAVEL EXPENSES NOT INCURRED

The Athletic Director should send a notice to all Athletics personnel reminding them to deposit all University revenues into University accounts within 24 hours of receipt. In addition, the Athletic Director should request the head coach pay the University \$530 for reimbursement of team travel expenses that were not incurred. The Athletic Director agreed to notify Athletic personnel to comply with University cash management policy and to request reimbursement of \$530 from the head coach.

NATIONAL COLLEGIATE ATHLETIC ASSOCIATION CONCERNS

We did not find any National Collegiate Athletic Association (NCAA) violations in our review.

CONCLUSION

The women's golf head coach was reimbursed for some team travel expenses which were not incurred and did not deposit all of the University revenues into a University bank account. The Business Office needs to take responsibility for handling the cash for all fundraising events. In addition, the Equipment Office should control the inventory for all sports to ensure compliance with University policies and NCAA regulations.

INTRODUCTION

BACKGROUND

Department of Intercollegiate Athletics Background

As taken from the 2006-07 Lobo Women's Golf Media Guide:

The University of New Mexico Department of Intercollegiate Athletics manages the operations and student participation for twenty-one (21) men's and women's varsity athletic teams. These teams participate in Division I of the NCAA.

The Athletics Department manages an annual budget of approximately \$22,000,000. This includes operations, salary and salary burden, facilities, student athlete financial aid and student athlete scholarships.

The primary mission of the Athletics Department is to advance the full participation of student athletes in all aspects of their education and athletic endeavors with the ultimate goal of having each one become active contributing individuals and leaders of our social, civic and cultural society.

Women's Golf Background

The women's golf program has a head coach, assistant coach, and seven student-athletes. The head coach has been at the University for the past 10 years. The team attends tournaments during both the spring and fall semesters. The team has made 14 consecutive NCAA appearances. In 2008, the University Championship Course will host the Women's NCAA Championships.

In September of 2006, the women's golf team hosted their 28th annual golf tournament. The University placed sixth, out of seventeen teams, in this tournament.

Each semester, the women's golf program offers three women's golf clinics that are free to the community. At the final clinic each semester, the team has a sidewalk sale where they sell golf equipment and uniforms.

Athletics management searched the office of the head coach and found over \$2,400 of cash. The Associate Director of Athletics for Compliance informed us that the head coach stated she received cash from sidewalk sales and added travel expenses to some of the team travel vouchers to claim reimbursement for expenses that the team did not incur.

PURPOSE

The purpose of our audit is to:

- determine the source of the monies,
- determine the extent of any loss to the University,
- determine if any student-athletes received cash for any reason,
- evaluate the cash and inventory controls and processes, and,
- provide recommendations for improvements.

SCOPE

Our audit procedures were limited to reviewing the areas where the head coach might have obtained the monies and conducting interviews to determine if there were any NCAA violations. We reviewed the team travel vouchers and records for the tournaments and sidewalk sales that occurred from the Fall of 2004 through the Fall of 2006. The fieldwork was completed on March 12, 2007.

OBSERVATIONS, RECOMMENDATIONS AND RESPONSES

CASH CONCERNS

The head coach had over \$2,400 of cash in her office. The Associate Director of Athletics for Compliance informed us that the head coach stated she received cash from sidewalk sales and added travel expenses to some of the team travel vouchers to claim reimbursement for expenses that the team did not incur.

This was possible because the women's golf program did not have adequate control over cash. We found:

- they did not always issue pre-numbered receipts,
- there was no separation of duties (where someone other than the bookkeeper for the program handles the money),
- they did not document the transfer of money from one individual to another,
- they did not reconcile the sales to the deposits,
- the head coach did not give all of the money to the staff assistant to deposit into a University account,
- the staff assistant did not make deposits within 24 hours,
- the head coach has a personal checking account with "UNM Women's Golf PH. 505-277-4527", and
- they conduct business with excessive amounts of cash instead of requiring either check or credit cards for the transactions.

For the 2005 women's golf tournament hosted by the University, we were able to determine that \$601 of cash had not been deposited. The head coach stated that it was her decision on how much cash not to deposit into a University bank account.

For the Spring of 2006 sidewalk sale, the deposit was \$163 less than the total sales. The student athletes sold \$730 in merchandise and the head coach deposited \$567 in credit cards and checks. There was no cash deposited from this sale. In addition, there was no cash deposited from the two sidewalk sales held in 2005; however, we were unable to determine the amount of cash collected as there are no records from these sales. In comparison, at the sidewalk sale in the Fall of 2006, a representative from the Business Office collected and deposited \$440 in golf equipment and uniforms sales, which included \$198 in cash.

During the Spring of 2006, there were three receipts, for cash, for sales of equipment totaling \$155. Two receipts were from student-athletes who stated that they gave the cash to the head coach. We were unable to find that this cash was deposited.

The "Cash Management" Policy 7200, in the University Business Policies and Procedures Manual (UBP) addresses the proper handling of cash. The Policy requires:

- that all funds must be deposited in a University account (section 1.4),

- that no bank accounts may be set up without approval (section 1.4),
- that the deposits should be made the day following the receipts (section 2),
- segregating duties (section 3),
- reconciling accounts (sections 3),
- issuing pre-numbered receipts (section 3), and
- as of February 1, 2007, requires all individuals responsible for handling cash and their direct supervisor to take a cash management training course.

In addition, Section 2. “Allowable and Unallowable Expenditures” Policy 4000, UBP, states that “...no other bank accounts may be set up except those established by the University Associate Vice President for Financial Services with the approval of the Executive Vice President for Administration.”

The women’s golf program did not comply with University policy. To mitigate these circumstances, we make the following recommendations.

Recommendation 1

A representative from the Business Office should handle the cash for the golf tournaments and sidewalk sales. The Business Office should consider developing procedures so that all sports communicate with the Business Office before conducting any events that will involve the collection of cash/revenues. The Business Office can either ensure there are adequately trained personnel to handle the event or can schedule a representative from their office to be present.

Response from the Athletic Director

We agree with your recommendation. The Business Office will develop a cash handling policy. In that policy, the Athletic Department will emphasize the need for the proper handling of cash, checks, and credit cards. We need to ensure that we are receiving all of the revenue for any given event. This policy will stress the importance of informing the Business Office of an upcoming event to ensure that the proper personnel are reconciling and receiving the cash. This policy will be written in draft form by April 30, 2007.

Recommendation 2

The Athletics should send a notice to all personnel reminding them of the University cash policy and the importance of complying with the policy. The notice should also state that anyone who may handle cash is required to take the cash management training course.

Response from the Athletic Director

We agree with your recommendation. The Business Office will send out the cash policy to all Department employees and we will require all of the individuals who will handle cash to take the cash management training course. We will send out the University cash policy by March 31, 2007, and we will set up the training classes as soon as we are able to take them.

Recommendation 3

The Athletics should send a notice to all personnel informing them that they cannot have the University name, address, and/or phone information on any outside bank account.

Response from the Athletic Director

We agree with your recommendation. We will send out a memo to all coaches and administrators telling them that we need to know the name of any business checking and/or bank accounts and advise them that they cannot have the University of New Mexico or the Lobo name, address, or phone number on those accounts. We will send out the request memo to all of our coaches with a response deadline of April 4, 2007.

Recommendation 4

The women's golf program should not accept cash for tournament entry fees. Information promoting the tournament should include a statement that the entry fees should be paid with either a check or credit card. In addition, the women's golf program should not pay tournament entry fees with cash. When the coach commits to attend a tournament, he/she should submit the paperwork to pay the fee through the University.

Response from the Athletic Director

We agree with your recommendation. The Business Office will draft a policy by April 30, 2007, to ensure that we do not pay cash for tournament fees and to do our best efforts to ensure that when other teams pay for their tournament fees, they will give us a check in advance of the tournament.

ATHLETIC EQUIPMENT INVENTORY CONCERNS

There are inadequate controls over women's golf inventory. Two times a year, the women's golf program has sidewalk sales where they sell equipment and uniforms. The women's golf program sold \$1,207 in merchandise in 2006 and \$2,071 in merchandise in 2005. Because there were inadequate cash controls to ensure all of the money collected was deposited, the sales proceeds may have been greater than the amounts deposited. In addition, the head coach sold

University golf equipment on e-bay. The University needs a good equipment inventory system to ensure that any revenues from equipment sales are deposited into a University account and that the student athletes return their equipment at the end of each year.

Athletics is selling equipment and uniforms without going through the Surplus Property Department. Section 3.2. "Acquisition and Disposition of UNM Surplus Equipment," Policy 4610, UBP states, "Only the Surplus Property Department may sell surplus equipment off campus. The Board of Regents must approve the disposal of items with a cost value over \$500 [currently \$5,000] appearing on the public inventory." The policy does not clarify if departments can sell equipment with a cost value of less than \$500 off campus without approval.

Recommendation 5

The Equipment Office should set up an inventory control system and be responsible for monitoring and tracking the equipment for the women's golf program.

Response from the Athletic Director

We agree with your recommendation. The Athletic Department has recently purchased a new equipment inventory system. This system, which is a web-based automated system, will include portable scanners and will greatly facilitate us in inventorying every item for each sport. Our goal is to have this system operational by August 31, 2007.

Recommendation 6

Athletics should work with the Surplus Property Department to develop a method to dispose of athletic equipment and uniforms.

Response from the Athletic Director

We agree with your recommendation. The Athletic Department will work with the Surplus Property Department to develop a method to dispose of athletic equipment and uniforms. We will also seek the advice of the Vice President of Operations to see how we need to proceed with items such as old uniforms. Last August we held a yard sale to do what many other athletic departments do: sell and dispose of many of the uniforms and warm-ups that our student-athletes previously used. This was a huge public relations success. We will seek the advice of the Vice President for Operations as to whether we need to go through Surplus Property, or if we can obtain approval of the Vice President to dispose of these items in the future. We will also need to seek advice concerning some athletic equipment, which can be anything defined from football shoes to a video score board. Obviously, the video score board is on the University's official equipment inventory list, and there is no question that that needs to be funneled through

the Surplus Property Department, and ultimately receive the Regents' approval for its disposal. However, in the case of football shoes, which can be construed to be athletic equipment, does that need to go through surplus property, or does that need to go through the Vice President for Operations to sell those items in another yard sale? We will write a policy concerning the disposal of athletic equipment and uniforms to establish proper approvals and procedures as part of our athletic manual. This athletic department policy will be approved by main campus administration. We will have the policy drafted by April 30, 2007.

Recommendation 7

The Associate Vice President for Financial Services for Main Campus and the Associate Vice President for Financial Services for the Health Sciences Center should clarify the Surplus Property policy so that it is clear that departments cannot sell **any** equipment off campus.

Responses from the Associate Vice President for Financial Services for Main Campus and the Associate Vice President for Financial Services for the Health Sciences Center

We concur with the finding and recommendation. We will jointly request an update and clarification in policy #4610 from the University Policy Office.

MONIES NOT DEPOSITED/TRAVEL EXPENSES NOT INCURRED

The head coach for the women's golf team was reimbursed for some team travel expenses she did not incur and did not deposit cash into University account from a golf tournament, a sidewalk sale, and sales of equipment. Pursuant to the University Board of Regents' Policy, Section 7.2:

The Internal Audit Department will coordinate investigation of suspected fraudulent activities within the University. If the investigation reveals possible fraudulent activity has occurred, Internal Audit will ask University Counsel to render an opinion as to whether the audit findings indicate that illegal activity may have occurred. If, in University Counsel's opinion, illegal activities may have occurred, Internal Audit will notify the President of the University, the cognizant vice president, UNM Risk Management, and the appropriate law enforcement agency.

According to University Counsel, the conduct of the head coach may have violated state criminal laws. Internal Audit forwarded the information to the University Police Department and the New Mexico Office of the State Auditor.

The following findings relate to the loss in revenues and/or increase in expenses to the University.

Monies not Deposited

The women's golf program did not deposit \$919 in cash received: \$601 from tournament fees \$163 from a sidewalk sale, and \$155 from sales of equipment. These are University revenues and should have been deposited into a University account.

Travel Expenses Not Incurred

From the Fall of 2004 through the Fall of 2006, we reviewed 23 team travel reimbursements for the women's golf program. For fiscal years 2005 and 2006, the head coach created travel expenses on 18 travel vouchers resulting in being reimbursed for \$530 of expenses that the team did not incur. On most of the team travel reimbursements, the head coach was reimbursed for skycap expenses both leaving Albuquerque and returning from the tournament location. The head coach normally documented the skycap expense to be \$15 at each location. In our interviews with the assistant coach, former assistant coaches, and student-athletes, we were told that they did not use skycaps when leaving Albuquerque because the coaches and players all checked in their own luggage and equipment. There were only two trips where the head coach may have paid a skycap to check in luggage when the team was running late at the tournament location for the return trip to Albuquerque. The head coach stated that she created and submitted the skycap expenses to cover additional incidental out-of-pocket cash expenses and/or lost receipts. The head coach also stated that the monies were kept by the head coach and not put into the cash bag.

Recommendation 8

The Athletic Director should request the head coach pay the University \$530 for monies taken by being reimbursed for team travel expenses that were not incurred.

Response from the Athletic Director

We agree with your recommendation. The Athletic Department Business Office will send the head coach an invoice for the \$530.

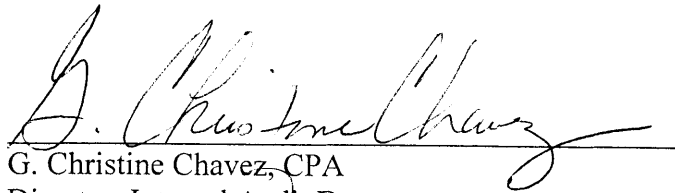
NCAA CONCERNS

We were told that none of the student-athletes had received additional cash for any purpose that would violate NCAA rules. We interviewed both student-athletes and coaches to determine if any of the cash accumulated by the head coach had been paid to any of the student-athletes for any reason. NCAA Bylaws, Article 16.10.2.1 states, “A student-athlete may not accept money for unspecified or unitemized expenses from any organization or individual.” In addition, NCAA Bylaws, Article 10.1 states that it is unethical conduct to knowingly offer or provide a student-athlete an “improper inducement or extra benefit or improper financial aid.” Because of the lack of cash controls, we conducted the interviews to assure that none of the student-athletes had received cash payments.

CONCLUSION

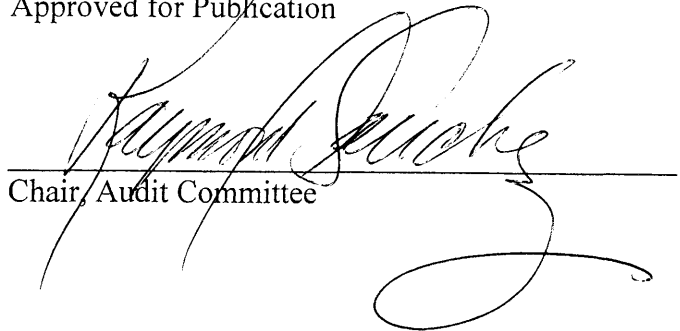
The women's golf head coach created some team travel expenses which were not incurred and did not deposit all of the University revenues into a University bank account. The Business Office needs to take responsibility for handling the cash for all fundraising events. In addition, the Equipment Office should control the inventory for all sports to ensure compliance with University policies and NCAA regulations.

APPROVALS



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Approved for Publication



Chair, Audit Committee