

**Annual Performance Audit**

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**Institutions of Higher Education**

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**Athletic Department Cash Advances Used  
to Pay for Athletic Activities Are Less  
Accountable Than Other Payment Options,  
Unnecessarily Increase the Risk of Loss and  
Reduce Interest Revenue to the State**



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# Executive Summary

*Athletic departments routinely withdraw large amounts of their athletic department budgets in cash advances to pay for intercollegiate team travel, occasional scouting and recruiting trips and non-travel related expenses for home game events.*

*The amount of cash withdrawn in FY 2006 was \$1.6 million.*

*The Legislative Auditor found inadequate controls at some institutions and a lack of institutional oversight of the cash advance process.*

## **Athletic Department Cash Advances Used to Pay for Athletic Activities Are Less Accountable Than Other Payment Options, Unnecessarily Increase the Risk of Loss and Reduce Interest Revenue to the State.**

The Legislative Auditor reviewed payments for purchases made in FY 2005 by Bluefield State College, Concord State University, Fairmont State University, Glenville State College, Shepherd State University, West Liberty State College and West Virginia State University. This review shows that athletic departments at these institutions routinely withdraw large amounts of their athletic department budgets in cash advances to pay for intercollegiate team travel, occasional scouting and recruiting trips and non-travel related expenses for home game events. All of the institutions are members of the National Collegiate Athletic Association (NCAA) and are Division II participants in the West Virginia Intercollegiate Athletic Conference (WVIAC). Most institutions requested cash advances for 10 months of the fiscal year. The cash advance is requested and issued for a specific period of coverage, and must be settled (the unused money must be returned to the institution's account and audited by the State Auditor) within 30 days following the ending date for the amount requested. Table 1 below gives a snapshot of FY 2006 cash advances, and how much of the cash advances were returned. **The amount of cash withdrawn in FY 2006 by these athletic departments was \$1.6 million.** The table shows that nearly half of the cash withdrawn was redeposited because it was not needed.

**Table 1  
Athletic Department Cash Advances in FY 2006**

Institutions Reviewed	FY 2006 Athletic Budgets	FY 2006 Cash Withdrawn	Cash as a % of Total Budget	Cash Returned in FY 2006	Cash Returned as a % of Cash Withdrawn
Fairmont	\$1,524,796	\$469,000	31%	\$288,137	61%
Shepherd	\$1,225,572	\$254,485	21%	\$149,767	59%
Concord	\$628,194	\$259,101	41%	\$83,943	32%
WV State	\$835,428	\$175,357	21%	\$85,373	49%
West Liberty	\$920,609	\$190,509	21%	\$61,175	32%
Bluefield	\$592,838	\$156,910	26%	\$61,903	39%
Glenville	\$649,081	\$108,840	17%	\$52,328	48%
<b>Totals/Avg</b>		<b>\$1,614,202</b>	25.3%	<b>\$782,626</b>	48.5%

The Legislative Auditor found inadequate controls at some institutions and a lack of institutional oversight of the cash advance process. Some institutions continue to rely on cash instead of other less risky and more cost effective payment options such as

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checks, credit cards, and purchasing cards. The Legislative Auditor found that the disadvantages of the present payment system are

- a lack of accountability inherent in documenting cash expenditures,
- a high risk of theft or loss of cash amounts,
- a loss of interest to the State,
- the unnecessary payment of taxes on food and gasoline that the institutions are normally exempt from, and
- a risk of cash being used to purchase items not approved for cash advances.

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*Most institutions did not need or spend the requested amounts.*

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**The Legislative Auditor found that most institutions inflated the amount needed for monthly cash advance withdrawals.** Over the period of FY 2006, the institutions reviewed requested 21 to 41 percent of their athletic department budgets in cash advances. However, most institutions did not need or spend the requested amounts and returned between 32 to 61 percent of the amount withdrawn back to the State. **Many of the institutions converted the cash advance to cash, and paid for expenses with cash that should have been paid for by less risky means such as credit cards or checks.** The Legislative Auditor found a variety of problems relating to athletic department cash advances at the institutions, including:

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*The Legislative Auditor began to explore cash advances when large warrants (up to \$48,000 in a single month) made out to the same individuals each month appeared in a review of institutions' expenditures in FY 2005.*

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- **Inadequate cash handling procedures that increase the risk of monetary losses.**
- **Inadequate cash handling procedures that increase the risk of harm to athletic directors.**
- **Inadequate oversight that led to improper deposits of cash advances.**
- **Inadequate oversight and policies that led to questionable purchases.**
- **Improper use of personal credit cards in the cash advance payment system.**
- **Cash dispersed to students could be used inappropriately.**
- **Unnecessary payment of taxes on purchases.**
- **Cash payments to game referees is difficult to monitor.**

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*Some institutions were converting over one-third of their athletic department budgets in cash in a fiscal year.*

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The Legislative Auditor began to explore cash advances when large warrants (up to \$48,000 in a single month) made out to the same individuals each month appeared in a review of institutions' expenditures in FY 2005. After analysis of the institutions' cash advance requests, the Legislative Auditor determined that a large proportion of the athletic department budgets were being requested in cash on a routine basis. **Some institutions were converting over one-third of their athletic department budgets in cash in a fiscal year.** Upon review, it appears that **most athletic departments rely on cash** to pay for many athletic activities. This reliance has continued, despite the inauguration by the State of other payment options that represent less risk to the State. In addition, most institutions have increased the cash amounts that are requested from year to year. This is due to the practice of increasing the cash advance amounts from the previous year's request, rather than basing the amount to be requested on the *actual*

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**amount spent** in the previous year. **This has resulted in much larger amounts of cash being withdrawn from state funds than were needed, and with these withdrawals there is a loss in earned interest income.**

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*The Legislative Auditor concludes that the cash advance process results in individual athletic departments removing more cash than is needed to pay for the monthly activities of the departments.*

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*All of the institutions evaluated should review and evaluate the cash advance amounts used by their athletic departments with the goal of reducing the cash advance amount to the monthly minimum needed for payment checks and cash payments.*

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The Legislative Auditor concludes that the cash advance process results in individual athletic departments removing more cash than is needed to pay for the monthly activities of the departments. Continuation of reliance on the cash advance perpetuates the risk of loss to the institution, and continues the loss of earned interest income while the cash is out of the institution's fund account. Handling large amounts of cash exposes state employees to the risk of robbery and associated violent acts. **All of the institutions evaluated should review and evaluate the cash advance amounts used by their athletic departments with the goal of reducing the cash advance amount to the monthly minimum needed for payment checks and cash payments.** Institutions should also review and evaluate all athletic department payments made in cash to determine the suitability of payment by other means. At the same time, institutions should review all of the other travel and game event payment options available and provide all eligible employees with a variety of payment options so that the majority of travel and game event costs are paid whenever possible without using cash. Institutions should also consider whether to institute a limit on the amount of the cash advance that can be requested for a 30 day period. The use of an on-line system for paying game officials should significantly reduce the amount of cash needed by all of the institutions. The institutions should evaluate existing policies and procedures and implement any new policies and procedures needed to safeguard cash amounts controlled by athletic department personnel. The following recommendations are made for all of the institutions under this review.

## **Recommendations**

1. *Cash advance withdrawals should be reduced by reviewing cash advance requests in order to more closely align the amount of cash requested with the actual amount spent by the athletic department for the same time period in the preceding year.*
2. *Each institution should consider whether to institute a limit on the amount of the cash advance that can be withdrawn by the athletic department for a 30-day period.*
3. *A review and evaluation should be conducted of all cash payments made for athletic department expenses in the prior three fiscal years to determine the suitability of payment by other, less risky means such as credit cards or checks.*
4. *Each institution should review the cash handling procedures by its athletic department personnel, and develop specific written policies and procedures to safeguard employees and cash advance amounts.*

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5. *Cash advances should be requested in the name of the athletic department, not in the name of an individual employee.*
  6. *Each institution should use approved outside bank accounts to receive cash advances.*
  7. *Policies and procedures should be developed to provide a prior review and approval of recreational activities during athletic team travel when these activities require cash advance expenditures.*
  8. *Each institution should reconcile and settle their cash advance expenditures in a timely manner within the limits established by the State Auditor.*



# Review Objective, Scope and Methodology

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## Review Objective

The West Virginia Higher Education Law, Chapter 18B, Article 5, Section 4(r) requires the Legislative Auditor to conduct an independent performance audit of purchasing functions and duties at institutions of higher education each fiscal year. Seven institutions were evaluated for this fourth performance audit. They are Bluefield State College, Concord University, Fairmont State University, Glenville State College, Shepherd University, West Liberty State College and West Virginia State University. This review was conducted to confirm that procurement officers at each institution are following the procurement policies and procedures established by the Higher Education Policy Commission (HEPC). For this review the Legislative Auditor reviewed the practices, processes, procedures and the payments made using athletic department cash advances.

## Scope

This review covers fiscal years 2005-2006. The first five months of FY 2007 were also reviewed.

## Methodology

The Legislative Auditor reviewed payments for purchases over \$5,000 made by the institutions in FY 2005. During this review, the Legislative Auditor identified warrants for thousands of dollars issued each month to athletic directors. These warrants were cash advances used to pay for intercollegiate team travel, occasional scouting and recruiting trips and non-travel related expenses for games. The Legislative Auditor examined travel and athletic department policies, procedures and budget documents provided by each institution, and conducted interviews with all athletic directors and other personnel at the institutions. The Legislative Auditor reviewed the State Auditor's records of cash advance withdrawals and athletic department cash advance settlement documents for FY 2005 and selected months in FY 2006. Cash advance withdrawal amounts for FY 2006 and FY 2007 were also obtained from the State Auditor's Office. The State Treasurer's Office, the Higher Education Policy Commission, the Purchasing Division of the Department of Administration and the Budget Division of the Legislative Auditor's Office also provided information for this review. Every aspect of this evaluation complied with **Generally Accepted Government Auditing Standards (GAGAS)**.



# Issue 1

## Athletic Department Cash Advances Used to Pay for Athletic Activities Are Less Accountable Than Other Payment Options, Unnecessarily Increase the Risk of Loss and Reduce Interest Revenue to the State.

*Athletic departments routinely withdraw large amounts of their athletic department budgets in cash advances to pay for intercollegiate team travel, occasional scouting and recruiting trips and non-travel related expenses for home game events.*

### Issue Summary

The Legislative Auditor reviewed payments for purchases made in FY 2005 by Bluefield State College, Concord State University, Fairmont State University, Glenville State College, Shepherd State University, West Liberty State College and West Virginia State University. This review shows that athletic departments at these institutions routinely withdraw large amounts of their athletic department budgets in cash advances to pay for intercollegiate team travel, occasional scouting and recruiting trips and non-travel related expenses for home game events. Table 1 below gives a snapshot of FY 2006 cash advances, and how much of the cash advances were returned. **The amount of cash withdrawn in FY 2006 by these athletic departments was \$1.6 million.** The table shows that nearly half of the cash withdrawn was redeposited because it was not needed.

*The amount of cash withdrawn in FY 2006 was \$1.6 million.*

Institutions Reviewed	FY 2006 Athletic Budgets	FY 2006 Cash Withdrawn	Cash as a % of Total Budget	Cash Returned in FY 2006	Cash Returned as a % of Cash Withdrawn
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The Legislative Auditor found inadequate controls at some institutions and a lack of institutional oversight of the cash advance process. Some institutions continue to rely on cash instead of other less risky and more cost effective payment options such as checks, credit cards, and purchasing cards. The Legislative Auditor found that the disadvantages of the present payment system are

- a lack of accountability inherent in documenting cash expenditures,
- a high risk of theft or loss of cash amounts,

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- a loss of interest to the State,
  - the unnecessary payment of taxes on food and gasoline that the institutions are exempt from, and
  - a risk of cash being used to purchase items not approved for cash advances.
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## Problems With Cash Advances

Most institutions did not need or spend the requested amounts.

Following a review of purchases for FY 2005, the Legislative Auditor examined athletic department cash advances in FY 2005 and FY 2006 from the following institutions of higher education: Fairmont State University, Shepherd University, Concord University, West Virginia State University, Bluefield State College, Glenville State College and West Liberty State College. Cash advances for these institutions were examined for payment of travel by intercollegiate athletic teams, payment for occasional scouting and recruitment trips and payment for non-travel athletic home events. All of the institutions reviewed are members of the National Collegiate Athletic Association (NCAA) and are Division II participants in the West Virginia Intercollegiate Athletic Conference (WVIAC).

**The Legislative Auditor found that most institutions inflated the amount needed for monthly cash advance withdrawals.** Over the period of FY 2006, the institutions reviewed requested from 21 to 41 percent of their athletic department budgets in cash advances. However, most institutions did not need or spend the requested amounts and returned between 32 and 61 percent of the amount withdrawn back to the State. **Many of the institutions converted the cash advance to cash, and paid for expenses with cash that should have been paid for by less risky means such as credit cards or checks.** The Legislative Auditor found a variety of problems relating to athletic department cash advances at the institutions, including:

Five institutions do not have procedures to keep cash secure when used on campus.

- **Inadequate cash handling procedures that increase the risk of monetary losses.** Despite the routine practice of paying for many game related expenses in cash, five institutions do not have procedures to keep cash secure when used on campus. Six of the institutions do not have a policy regarding the safe and secure handling of cash during team travel. All seven institutions do not have policies established to limit cash carried by coaches on trips. The Legislative Auditor randomly selected one month and reviewed the cash advances and how they were handled by coaches at all seven institutions. **During February 2005, the coaches or the athletic directors used large amounts of cash to pay for expenses. Each coach spent over \$1,000 in cash at various times to pay for team travel and home event costs.** Large amounts of cash raise the risk of loss. Recently, \$1,400 in cash was lost or stolen. In FY 2006, a college athletic department lost \$900 and in FY 2007 a university coach reported the loss of \$500.

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*At one college, cash advances totaling over \$1 million since 1993 have been requested and received in the name of the athletic director and placed in a non-approved outside bank account controlled by the athletic director.*

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*Five of the institutions dispersed sums of cash of up to \$30 per day to individual student athletes for meal costs during trips.*

- **Inadequate cash handling procedures that increase the risk of harm to athletic directors.** This cash handling procedure was specific to one college. At that institution, the athletic director requests the cash advance in his name, takes the state warrant to a local bank to cash and then transports the entire monthly amount of the cash advance in cash to the college's business office. Since this athletic director has withdrawn as much as \$48,000 in cash in one month during the time period reviewed, this cash handling practice increases the risk of robbery of the athletic director.
- **Inadequate oversight that led to improper deposits of cash advances.** At one college, cash advances totaling over \$1 million since 1993 have been requested and received in the name of the athletic director and placed in a non-approved outside bank account controlled by the athletic director. The college was aware of this practice, but indicated that the cash advance was being deposited into a personal account, not an institutional account. Settlements of the cash advance were sometimes written on checks from the athletic director's personal bank account.
- **Inadequate oversight and policies that led to questionable purchases.** Cash advances were used to pay for questionable types of athletic team travel purchases. Purchases included cash payment for the services of coaches at one institution to drive teams to athletic events, and payments for recreational events at two other institutions during team travel. The recreational events during team trips were taken by two separate institutions and included visits to Disneyland in California and taking a "Dog Sled Adventure" in Alaska. While side trips are allowed on an occasional basis by the National Collegiate Athletic Association (NCAA), the Legislative Auditor questions the payment for the side trip from the cash advance instead of from separate funds raised for the specific purpose. Finally, the purchase of alcoholic beverages made by a coach during a trip that did not involve student athletes was not identified as alcohol by the State Auditor due to the name "Texas Tea" on the receipt and was allowed to be paid by the cash advance.
- **Improper use of personal credit cards in the cash advance payment system.** At all institutions, coaches have periodically paid for trip costs using personal credit or debit cards, and have been reimbursed by their athletic departments from the cash advance. Using personal cards for large purchases may benefit coaches through "reward" or "cash back" programs.
- **Cash dispersed to students could be used inappropriately.** Five of the institutions dispersed sums of cash of up to \$30 per day to individual student athletes for meal costs during trips. Without adequate oversight, these state funds can be used for inappropriate purchases.
- **Unnecessary payment of taxes on purchases.** Cash payments normally do not allow for taxes to be removed that the institution

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is exempt from unless a state tax exempt identification number is submitted at the time of purchase. The Legislative Auditor found cash payments for team meals that reflected the payment of West Virginia sales tax. Receipts were also found that showed cash paid for gasoline purchases. Credit cards that are direct billed to the State can be set up so that appropriate taxes are removed.

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*When cash advances were initially used for athletic team expenses, other payment options such as team travel cards and state purchasing cards did not exist.*

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- **Cash payments to game referees are difficult to monitor.** During FY 2005, 2006 and 2007 five of the institutions paid cash to game officials at the conclusion of intercollegiate games. Cash payments to game officials make tracking the amounts paid to an individual referee by the institution difficult, and may result in some institutions not issuing correct tax information to the official. A survey by the Legislative Auditor of three athletic conferences outside West Virginia indicated that none of the conferences have a policy requiring game official payments to be paid by check, although most game officials in these conferences are paid by check. In the Central Atlantic Collegiate Conference, 11 of the 12 members in the conference pay game officials by check. The president of the Pennsylvania State Athletic Conference indicated that all teams pay by check, and the Carolinas Virginia Athletics Conference disperses checks by the conference following the season. In spring 2007, the members of the West Virginia Intercollegiate Athletic Conference (WVIAC) agreed to employ an online system for assigning and paying game officials, shifting the requirement for payment to the online service and removing the need for individual institutions in the state to pay game officials in cash. It is anticipated that this change, which will affect all of the seven institutions reviewed, will go into effect for FY 2008.

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*Documentation for cash advances is labor intensive for review and reconciliation. Paper receipts for expenditures can be lost or falsified.*

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### **Unnecessary Cash Advances Are Less Accountable and More Risky Than Other Payment Options**

Cash advances are convenient and have been used to pay for athletic expenses for many years. When cash advances were initially used for athletic team expenses, other payment options such as team travel cards and state purchasing cards did not exist. In addition, the amounts requested for cash advances were small, and fewer athletic events were held. Over time, cash advance amounts have increased and cash advances have continued to be used to pay for a significant portion of athletic department activities. Documentation for cash advances is labor intensive for review and reconciliation. Paper receipts for expenditures can be lost or falsified. **A review of cash advances indicates that there are only a few expenses (such as tolls) that could not be paid directly by using state credit cards, such as team travel cards and purchasing cards. While these other forms of payment also require detailed documentation, there is more accountability when state credit cards are used.** For example, a monthly travel expense form submitted for a cash advance from one institution listed only meals and lodging, both of which could have been direct-billed

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to the institution using state credit cards. While elimination of the cash advance may not be practical, the amounts of the cash advance can be significantly reduced, creating a more effective and efficient payment system.

*While elimination of the cash advance may not be practical, the amounts of the cash advance can be significantly reduced, creating a more effective and efficient payment system*

The cash advance is cash requested from the State to pay expenses for state employees traveling for state business when other payment options are not available or are considered impractical. Cash advances are primarily used for travel expenses such as food, fuel or lodging, although some cash advances are allowed by the State Auditor for a few non-travel related uses. Non-travel cash advances are used by agriculture food inspectors to pay for food samples while preserving the inspector's anonymity; by corrections officials to pay prisoners upon release from the corrections system for work performed while incarcerated; and by athletic departments at state institutions of higher education to pay game officials and ancillary game personnel in cash for work performed at athletic home events. The athletic department cash advance is issued from state funds budgeted for the use of the athletic departments.

The institution is only allowed to have four cash advances outstanding at one time. The late submission of cash advance documents can trigger a "cut off" of any further cash advances to the institution until the cash advance expense receipts and forms are submitted to the State Auditor. There is chronic delinquency by athletic departments in reconciling cash advances, and two institutions were briefly cut-off and prevented from receiving cash advances for any department during the time period reviewed. An analysis of the delinquent institutions is found in the individual institution's section.

*There is chronic delinquency by athletic departments in reconciling cash advances, and two institutions were briefly cut-off and prevented from receiving cash advances for any department during the time period reviewed.*

Cash advances are requested monthly by the individual institution's athletic director and most institutions request cash advances in the name of the athletic director.<sup>1</sup> The cash advance is authorized by the institution before the request is approved in the state Financial Information Management System. Thousands of dollars are requested and issued each month to athletic departments at higher education institutions. **In FY 2005, the seven institutions withdrew a total amount of \$1.5 million, and increased that amount to over \$1.6 million in cash advances in FY 2006.** See Table 2 below for total cash advance amounts received by each institution for FY 2005 and FY 2006.

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<sup>1</sup>Fairmont State University stopped requesting cash advances in the specific name of its athletic director in April, 2006 and began requesting cash advances in the name of Fairmont State University Athletic Department. Bluefield State College began requesting cash advances in the name of the athletic department in March, 2007. West Virginia University was not included in this review but it is the only other institution that requests cash advances in the name of the athletic department.

**Table 2**  
**Cash Advances for FY 2005 and FY 2006**

<b>Institutions</b>	<b>FY 2005</b>	<b>FY 2006</b>
Fairmont	\$414,000	\$469,000
Shepherd	\$232,480	\$254,485
Concord	\$206,449	\$259,101
WV State	\$202,943	\$175,357
West Liberty	\$182,268	\$190,509
Bluefield	\$143,760	\$156,910
Glennville	\$121,775	\$108,840
<b>Totals</b>	<b>\$1,503,675</b>	<b>\$1,614,202</b>

The average total amount withdrawn in FY 2006 by all seven institutions in one month was \$155,302.

In FY 2006, athletic directors at the *colleges* withdrew, on average, \$14,591 in cash per month, while *university* athletic directors' withdrawals averaged \$27,882 cash each month. The average total amount withdrawn in FY 2006 by all seven institutions in one month was \$155,302. Most athletic departments received cash advances for 10 months out of the fiscal year.

The process of requesting and receiving cash advances is subject to timing restrictions. Any cash not used must be returned to the State within 30 days of the ending date for the cash advance. The travel audit section of the State Auditor's Office determines that the unspent amount that is returned to the institution's account is accurate. **Athletic departments frequently withdraw significantly more in cash advances than they use, which is reflected in the amount of cash returned.** In FY 2006, *college* athletic directors returned, on average, \$5,846 in cash per month, while *university* athletic directors averaged \$15,180 in cash returns each month. The average total amount returned by all seven institutions in FY 2006 each month was \$78,259. See Table 3 for total amounts returned in FY 2005 and FY 2006.



**Table 3  
Unused Cash Advances Returned to the State and the Percentage  
of the Total Cash Advance Returned  
FY 2005 and FY 2006**

<b>Institutions</b>	<b>FY 2005</b>	<b>% Returned</b>	<b>FY 2006</b>	<b>% Returned</b>
Fairmont	\$213,673	52%	\$288,137	61%
Shepherd	\$130,302	56%	\$149,767	59%
Concord	\$87,885	43%	\$83,943	32%
WV State	\$85,688	42%	\$85,373	49%
West Liberty	\$47,867	26%	\$61,175	32%
Bluefield	\$41,084	28%	\$61,903	39%
Glenville	\$39,333	33%	\$52,328	48%
<b>Totals</b>	<b>\$645,832</b>		<b>\$782,626</b>	

*The average total amount returned by all seven institutions in FY 2006 each month was \$78,259.*

*The Legislative Auditor is concerned that the amount of unused cash returned from all of the institutions in FY 2005 and FY 2006 is too high and reflects a lack of institutional review and evaluation of the actual amount needed for cash advance withdrawals.*

When cash is taken out of an institution's account it is no longer earning interest. In FY 2006 the interest earnings that were forfeited due to inflated cash advances totaled \$5,353 for the fiscal year. This amount was calculated by the Legislative Budget Division on a withdrawal of 60 days for each amount. In addition, institutions are delinquent in reconciling their cash advances and returning the unused money to their accounts. Institutions are considered delinquent when cash advances are not submitted for reconciliation within the 60 day time period. In FY 2006, six institutions received delinquency notices from the State Auditor for cash advance withdrawal periods, and two institutions were delinquent in reconciling 7 of their 10 cash advance withdrawals.

The Legislative Auditor is concerned that the amount of unused cash returned from all of the institutions in FY 2005 and FY 2006 is too high and reflects a lack of institutional review and evaluation of the actual amount needed for cash advance withdrawals. To minimize lost interest, cash advance amounts requested should be as closely aligned to the actual need of the institution as well as using more efficient payment options.

*Cash is vulnerable to loss and misuse and documentation of expenditures can be falsified.*

### **Payment Options Other Than Cash**

The use of cash to pay for athletic department team activities is inherently risky. Cash is vulnerable to loss and misuse and documentation of expenditures can be falsified. The State has initiated other payment options that are easier to use and provide more accountability. **In addition, these payment methods do not require removal of money from the athletic department budget in the form of a cash advance.** The other payment methods include: gasoline credit cards; "ghost accounts" which are accounts established primarily for reservation of airline tickets and advance

hotel reservations; “team” travel cards, presently available through a state contract, that allow for any travel purpose (meals, lodging, fuel), including obtaining cash advances; and purchasing cards that can be used for lodging. Other travel uses of the purchasing card are currently being developed and will be phased in by the State Auditor, following passage of SB 203 in 2007.

When expenditures are direct-billed to the institution, it is easier to track and document expenditures, creating better accountability for the expenditures. A review of cash advance settlement documents submitted to the State Auditor shows that many of the institutions **disperse cash** to individual student athletes to use for meals when the team is traveling. When cash is dispersed, student athletes are required to sign a sheet that states the amount received by each individual. At the seven institutions included in this review, the cash amounts distributed to athletes varied, and were sometimes dispersed to cover more than one day. For example, in February 2005 **Concord** dispersed \$60 in cash to individual students on the men’s basketball team at the start of a two-day trip. Cash dispersed to students may be easier to handle since the coach is no longer physically carrying a large amount of cash, but the total amount of cash may not always be used by the students for meals. The practice of paying a restaurant bill by a state credit card allows better control in that the entire expenditure is documented as directly applied to the cost of the meal.

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*When expenditures are direct-billed to the institution, it is easier to track and document expenditures, creating better accountability for the expenditures.*

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### **How Each Institution Handled Cash Advances**

A review of FY 2005, 2006 and the first five months of 2007 shows the variation among institutions in requesting and handling cash advances, and recent changes made by individual institutions. The following is a discussion of the findings for each of the institutions reviewed.

#### **Bluefield State College**

<b>Bluefield Facts Athletic Season 2006-2007</b>
97 (5%) of the 1,788 students participated in sports.
Sports include basketball, cross country, and tennis for men and women; baseball and golf for men; and softball and volleyball for women.
75 home games or events
96 away games or events
2 head coaches and 2 assistant coaches
FY 2006 athletic budget was \$592,838
Transports teams in state-owned vehicles, leased vehicles and chartered buses.

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Bluefield State College is the only non-residential institution reviewed. Despite being non-residential, the college has 10 separate athletic programs. During the period of time reviewed, Bluefield relied on cash advances to pay for team travel, home events and game officials. **In FY 2006, Bluefield requested \$156,910 of its \$592,838 athletic department budget in cash advances. Therefore, 26% of the athletic department budget was issued in warrants for cash, documented for expenditures and the unspent amounts of cash were returned each month.** Since Bluefield did not use team travel cards, or purchasing cards for travel during this period, cash was used to pay for most aspects of the athletic department's game events. In February 2005, athletic department personnel from Bluefield traveled out of state three times for team events and spent over \$1,000 in cash during each trip to pay for travel expenses according to expense account settlements. The only type of credit card used by the athletic department at Bluefield during the audit time period was a gasoline credit card.

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*The athletic director had established a bank account in his name, but with the institution's address and telephone number, to receive the direct deposit of cash advances.*

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The Legislative Auditor found that cash advances at Bluefield were issued in the name of the athletic director, not to the athletic department. The athletic director had established a bank account in his name, but with the institution's address and telephone number, to receive the direct deposit of cash advances. The college was aware of this account, but considered it the athletic director's personal account and was not aware of the perception of it being an institutional account, given the college's address on the account. When Bluefield did not spend all of its cash advance, the athletic director made settlement payments to the State Treasurer by check from either this "non-institutional" account or from another account within the same bank that appears to be his personal checking account in his and his wife's name with a home address. In FY 2005, the athletic director remitted over \$16,000 from this personal bank account to the State Treasurer in order to settle cash advances. This raises the question of whether the athletic director transferred cash advances into his personal account and possibly earned interest on the funds. According to the State Auditor's records, Bluefield is slow in reconciling its cash advance accounts for settlement with the State Treasurer.

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*When Bluefield did not spend all of its cash advance, the athletic director made settlement payments to the State Treasurer by check from either this "non-institutional" account or from another account within the same bank that appears to be his personal checking account in his and his wife's name with a home address.*

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The Legislative Auditor is concerned that Bluefield did not provide adequate oversight over the athletic department to disallow this arrangement. No approval was obtained for the account to function as an approved outside bank account. Instead, the institution regarded it as a "personal" account of the athletic director, despite the fact that the funds transmitted to this account were state funds specifically for the activities of the athletic department. Furthermore, there is the appearance that state funds were within another account that appears to be the athletic director's personal checking account. Such an arrangement creates the risk of improper use of state funds. The State Auditor's records show that the Bluefield athletic director has received cash advances totaling over \$1 million since 1993. While a substantial amount of this money has been used by the athletic department, some proportion of this amount has been returned to the State Treasurer to settle cash advances each month.

During the course of this audit, the Legislative Auditor advised the State Treasurer, and the college's Vice President for Financial and Administrative Affairs about the existing account since the account was not listed as an approved outside account. Following this notification, the college set up an authorized athletics cash advance account in August 2006 but delayed the use of this account until March 2007. During the period from August until February, the athletic director continued to request cash advances in his name, and have the cash advances deposited into the same account that he had used previously.

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*The college set up an authorized athletics cash advance account in August 2006 but delayed the use of this account until March 2007.*

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Bluefield instituted several changes regarding its athletic cash advance process during the course of this audit. The college established an approved account to receive and disperse cash advances, and developed a cash advance team travel application form. The college also requested team travel cards, and planned to begin using the cards upon their receipt. Since many institutions evaluated for this review use team travel cards but continue to request significant amounts of their athletic department budgets in cash that is not spent, Bluefield should evaluate the amounts of cash spent during its FY 2005, FY 2006 and FY 2007 athletic seasons to determine if it is requesting more cash than is necessary and align the amount of cash requested with the amount of cash that was spent. **Bluefield should adopt a goal of reducing the amount of the cash advance withdrawn by the athletic department.** Bluefield should also review and evaluate all athletic department cash transactions made during the preceding three years to assess the suitability of all cash payments, and identify expenses that can more safely be paid through the use of credit cards. Finally, Bluefield should reconcile its cash advance settlements in a timely manner to avoid delinquency notices.

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*Bluefield instituted several changes regarding its athletic cash advance process during the course of this audit.*

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### West Liberty State College

<b>West Liberty Facts Athletic Season 2006-2007</b>
320 (14%) of the 2,272 students participated in sports.
Sports include basketball, cross country, track and field, golf and tennis for men and women; football, baseball and wrestling for men; and softball and volleyball for women.
116 home games or events
101 away games or events
11 head coaches and 10 assistant coaches
FY 2006 athletic budget was \$920,509
Transports teams in school-owned vans and charter buses.

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West Liberty State College was unique among the institutions reviewed in that warrants requested in the name of the athletic department director are sent directly to the director instead of electronically deposited into a bank account. The State Treasurer does not have an approved outside bank account for the athletic department listed for West Liberty. A description by the athletic director of the process used by the college indicates that West Liberty does not use a bank account for the athletic department cash advances and no checks are issued from the cash advance. Instead, once the athletic director receives the cash advance warrant, he takes the warrant to a local bank and cashes it for the full amount requested for the month. The athletic department director then takes the amount of cash received (as high as \$48,000 in one month during the time period reviewed) and transports the cash to the college's business office. The routine handling of the State's cash advance warrant exposes the athletic director to the risk of robbery. **A search of the State Auditor's records indicates that the athletic director has received, cashed and handled over \$2 million in this manner since 1994.**

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*West Liberty State College was unique among the institutions reviewed in that warrants requested in the name of the athletic department director are sent directly to the director instead of electronically deposited into a bank account.*

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Following the athletic department director's monthly deposit of cash with the business office, each coach signs out the projected amount of cash needed for an upcoming athletic event, and is responsible for the cash. The coaches have the option of securing the cash in the athletic department safe, or securing the cash by some other means such as locking it in an office. While the amounts obtained from the business office are supposed to be obtained just prior to the event, sometimes events are cancelled. Cash is not always placed in the athletic department safe. In March 2006, the athletic department lost \$900 that had been requested for an event that was subsequently cancelled. According to written statements following the discovery of the loss, the athletic department did not realize until nine days later that the cash was missing. The cash was not placed in the department safe, but was placed in an athletic department office. Since numerous students and college employees had access to the office during the intervening nine days, the department was unable to determine what happened to the cash.

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*The routine handling of the State's cash advance warrant exposes the athletic director to the risk of robbery.*

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At West Liberty, most trip and other team event expenses during FY 2005 and FY 2006 were handled in cash. In February 2005, over \$10,000 in cash was paid for team meals, lodging, tolls, event entry fees, and payments to game officials and other game-related personnel. **In FY 2006, West Liberty requested 21% of its \$920,609 athletic department budget in cash advances.** The chief financial officer for the college noted that for FY 2007, the amount of cash handled by the coaches has been reduced due to the use of team travel cards starting on July 1, 2006. A comparison of the total athletic department cash advances requested by West Liberty in FY 2007 was not possible, but the first months of FY 2007 were available to the Legislative Auditor. A comparison of the months of July through November for fiscal years 2006 and 2007 confirms that the college athletic department reduced its cash advance request total by \$12,242, and spent \$13,664 less in cash than it had spent in cash the previous year. Prior to having team travel cards available, the athletic director indicated that some coaches used personal credit cards to cover some athletic team event costs. During the review period, West Liberty used gasoline credit cards.

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*In March 2006, the athletic department lost \$900 that had been requested for an event that was subsequently cancelled.*

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West Liberty should establish an authorized outside bank account and have its cash advances electronically deposited to this account. Cash advances should be requested in the name of the athletic department, and not in the name of the individual athletic director. West Liberty should continue to evaluate its cash advance requests for FY 2007 and FY 2008 and align the amount of cash requested with the amount of cash that is spent. **West Liberty should adopt a goal of reducing the amount of the cash advance withdrawn by the athletic department.** West Liberty should also review and evaluate all athletic department cash transactions made during the preceding three fiscal years to assess the suitability of all cash payments, and identify expenses that can more safely be paid through the use of credit cards. Finally, West Liberty should reconcile its cash advance settlements in a timely manner to avoid cut-offs of cash advances and delinquency notices.

### Fairmont State University

*Fairmont requests more in cash advances than any of the other institutions reviewed for this report.*

<b>Fairmont Facts Athletic Season 2006-2007</b>
279* (6%) of the 4,602 students participated in sports. <i>Fairmont reported that between 275 and 283 students participated; the figure 279 is the mid-point of these numbers.</i>
Sports include basketball, cross country, tennis, swimming and golf for men and women; football and baseball for men; and softball and volleyball for women. Cheerleaders travel to the national championships and the WVIAC basketball tournament.
80 home games or events
108 away games or events
14 head coaches and 14 assistant coaches
FY 2006 athletic budget was \$1,524,796
Transports teams in two 15 passenger leased vans.

Fairmont State University indicated to the Legislative Auditor that it has been working to minimize the dollar amount of athletic department cash advances since the beginning of FY 2007. Since Fairmont routinely spends less than half of the cash advance amounts that it requests, it is reasonable that the university works to minimize the amounts it requests. In addition, Fairmont requests more in cash advances than any of the other institutions reviewed for this report. **In FY 2005 Fairmont received 34% of its athletic department budget in cash advances. The following year, the athletic department received 31% of its budget in cash advances.** Fairmont did not spend all of the cash advance amounts in either year, and returned to the state 52% of the amount requested in 2005, and 61% of the amount requested in 2006. While a comparison of

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FY 2007 was not possible because FY 2007 had not concluded at the time of this report, a review of the first five months showed that Fairmont is not succeeding in reducing the amounts of cash that it requests. **Fairmont requested \$11,000 more in athletic department cash advances in FY 2007 than it requested in FY 2006.** The State Auditor noted that in January 2007, the athletic department requested a cash advance of \$30,000, spent only \$600, and returned \$29,400 in settlement to the State Treasurer.

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*One reason that Fairmont may not succeed in minimizing its cash advance requests in the immediate future is that Fairmont has only recently begun using credit cards to pay for team travel expenses other than gasoline.*

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One reason that Fairmont may not succeed in minimizing its cash advance requests in the immediate future is that Fairmont has only recently begun using credit cards to pay for team travel expenses other than gasoline. Fairmont is using the purchasing card, which did not allow payment for food or fuel until the passage of SB 203 in March 2007. Expanded uses of the purchasing card for travel are not expected to be implemented by the State Auditor's Office for several months.

Fairmont State has comprehensive written policies and procedures regarding athletic department cash advances. In April 2006, Fairmont began requesting athletic department cash advances in the name of the athletic department, and not in the name of the athletic department director. Fairmont is also participating in two pilot projects with the State Auditor's Office. These projects are to standardize the institutions' athletic department request forms used for cash advances, and to submit travel expense forms with accompanying documentation on-line to the State Auditor, rather than sending all of the receipts in paper form to the State Auditor.

Cash advances are electronically transmitted to Fairmont's authorized bank account. Checks are used to issue cash advance amounts to individual coaches, and they are also used to pay game officials, and event workers at the end of each semester. However, in some instances athletes' meals were paid in cash during the time period reviewed. In February 2005, over \$1,000 was paid for athletes' meals during an out-of-state trip of the men's and women's swim teams. The athletic department director also noted that there have been many occasions when a personal credit card has been used by coaches while traveling.

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*The team took a dog sled ride and paid \$300 for it out of the travel cash advance. Although such recreational side trips are allowed by the NCAA on a limited basis, the Legislative Auditor questioned this recreational trip being paid for as a team travel expense.*

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During the review of the Fairmont cash advances, the women's basketball team participated in the Glacier Classic in Fairbanks, Alaska. This trip was taken in mid-December 2004. In addition to playing in the game event, the team took a dog sled ride and paid \$300 for it out of the travel cash advance. Although such recreational side trips are allowed by the NCAA on a limited basis, the Legislative Auditor questioned this recreational trip being paid for as a team travel expense. The athletic director noted that side trips are generally paid for with funds from outside sources, or with money raised by the team itself. Fairmont does not have a written policy governing side trips since they are rare. In the case of cash advance funds used for side trips, the athletic director provides approval before the trip is taken.

Fairmont has well-developed administrative policies and procedures for requesting cash advances. Fairmont should develop policies and procedures to provide prior review and written approval for any side trips

which will be taken during team travel. Fairmont should develop policies and procedures for coaches to handle cash securely. Fairmont has stated that it has a goal to reduce the amount of cash requested in cash advances. However, the university is continuing to request far more athletic department cash advance funds than are actually spent each month. **Fairmont should adopt a goal of reducing the amount of the cash advance withdrawn by the athletic department.** The institution indicated to the Legislative Auditor that cash advance requests are based on prior year's requests. Fairmont should consider basing its requests on the actual amount spent for the prior time period, rather than the prior amount requested. Fairmont should also review and evaluate all athletic department cash transactions made during the preceding three fiscal years to assess the suitability of all cash payments, and identify expenses that can more safely be paid through the use of credit cards. Finally, Fairmont should reconcile its cash advance settlements in a timely manner to avoid delinquency notices.

*Fairmont should consider basing its requests on the actual amount spent for the prior time period, rather than the prior amount requested.*

### Glenville State College

*Glenville relied on cash payments for many requirements of the athletic department team travel and home athletic event activities.*

<b>Glenville Facts Athletic Season 2006-2007</b>
230 (17%) of the 1,381 students participated in sports.
Sports include basketball, cross country, track and field and golf for men and women; football for men; and softball and volleyball for women.
54 home games or events
102 away games or events
6 head coaches and 7 assistant coaches
FY 2006 athletic budget was \$649,081
Transports teams using state-owned and leased vehicles, charter buses and airlines.

*Glenville does not have a written procedure to instruct coaches on how to handle cash advances, and secure the money prior to using it at the college, or during travel.*

Glenville State is the smallest college reviewed but has the highest student participation in athletic events. The State Treasurer has an authorized account listed for Glenville's athletic department, but the college does not use this account and does not issue checks from this account. During the time period reviewed, Glenville relied on cash payments for many requirements of the athletic department team travel and home athletic event activities.

Glenville requests its cash advance amounts in the name of the athletic director, and dispenses cash from the business office to the athletic director who in turn disperses the cash advance to coaches for game events. Glenville does not have a written procedure to instruct coaches on how to handle cash advances, and secure the money prior to using it at the college, or during travel. In February 2005, coaches



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*However, Glenville still requested significantly more in cash advances than it spent in FY 2006, since Glenville spent only 52% of the amount that it requested.*

from Glenville's athletic department paid over \$9,000 in cash for meals, lodging, and other athletic team costs. Included in this amount is payment to game officials in cash following home game events. This period of time included the annual women's softball trip to Florida for spring training. The college has gasoline credit cards and indicated that it has two purchasing cards to be used for athletic travel expenses. However, due to the limitations on purchasing cards for travel, coaches sometimes use personal credit cards for athletic department expenses.

The review showed that Glenville requested less money for cash advances in FY 2006 than it requested in FY 2005. **Glenville received cash advances of \$121,775 or 21% of its athletic department budget in FY 2005. This amount was reduced to \$108,395 in FY 2006.** However, Glenville still requested significantly more in cash advances than it spent in FY 2006, since Glenville spent only 52% of the amount that it requested.

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*The Legislative Auditor questions the use of athletic department funds to support recreational side trips, instead of having the team raise the money or having the cost of recreational side trips donated by an athletic club.*

In December 2004 the men's and the women's basketball teams traveled to Bakersfield, California on different dates. Some expenses were paid for by the college's athletic club. However, the men's basketball team paid \$581.75 from the athletic team cash advance for a recreational side trip to Disneyland. The women's basketball team did not submit any receipts showing that it also took a recreational side trip to Disneyland paid for by the cash advance. The Legislative Auditor questions the use of athletic department funds to support recreational side trips, instead of having the team raise the money or having the cost of recreational side trips donated by an athletic club. In addition, several staff members attended an NCAA conference in Texas and on several occasions charged alcoholic beverages. They were reimbursed for this from the cash advance and the travel audit section of the State Auditor's Office did not refuse this payment since the name of the cocktail (called a "Texas Tea") was not indicative that it was actually an alcoholic beverage.

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*The college should consider establishing an approval procedure on the use of cash advances for outside recreational trips.*

Glenville State College should consider requesting its cash advances in the name of the athletic department and the college should consider using the authorized outside bank account for some transactions. Glenville should also consider obtaining credit cards to charge travel expenses for all coaches that travel with teams. The college should consider establishing an approval procedure on the use of cash advances for outside recreational trips, and the college should remind coaches that payment for alcoholic beverages is not allowed under state travel rules. The college should establish written cash handling procedures for secure storage of cash advances on campus, and safe handling of cash amounts during travel. Glenville should evaluate its cash advance requests for FY 2007 and FY 2008 and align the amount of cash requested with the amount of cash that is spent. **Glenville should adopt a goal of reducing the amount of the cash advance withdrawn by the athletic department.** Glenville should also review and evaluate all athletic department cash transactions made during the preceding three fiscal years to assess the suitability of all cash payments, and identify expenses that can more safely be paid through the use of credit cards. Finally,

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Glenville should reconcile its cash advance settlements in a timely manner to avoid cut-offs of cash advances and delinquency notices.

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*West Virginia State University (WV State) uses its cash advances to make payments for some types of goods and services that were not paid from cash advances by the other athletic departments reviewed by the Legislative Auditor.*

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*WV State was the only institution to pay drivers for team trips an extra amount in cash from the cash advance.*

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*WV State was the only institution that paid for these types of costs from its cash advances.*

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### **West Virginia State University**

<b>West Virginia State Facts Athletic Season 2006-2007</b>
282 (8%) of the 3,502 students participated in sports.
Sports include basketball, track and field, golf and tennis for men and women; football and baseball for men; and softball and volleyball for women.
101 home games or events
157 away games or events
8 head coaches and 11 assistant coaches
FY 2006 athletic budget was \$835,428
Transports teams in shuttle buses, chartered buses or leased vans.

West Virginia State University (WV State) uses its cash advances to make payments for some types of goods and services that were not paid from cash advances by the other athletic departments reviewed by the Legislative Auditor. **In FY 2005, West Virginia State received \$202,943 (28%) of its \$730,615 athletic department budget in cash advances. WV State received 21% of its athletic department budget in cash advances in FY 2006.** WV State was the only institution to pay drivers for team trips an extra amount in cash from the cash advance. Drivers were paid a flat rate of \$70 per trip. Drivers were not always coaches. However, on some trips, coaches were employed as drivers and paid in cash as drivers in addition to their regular salary as coaches. During the month of February 2005 the WV State teams took 12 trips, and coaches drove three of the trips. In addition, WV State sometimes paid for team receptions and related costs (flowers, cakes, campus room rentals) from their cash advances. WV State was the only institution that paid for these types of costs from its cash advances.

West Virginia State has an authorized bank account for athletic department cash advances and uses the bank account to issue cash advance checks for each event to the appropriate coach. The cash advance is requested in the name of the athletic director and deposited into the authorized account by the athletic department secretary. Since 2003 the university has received over \$900,000 in cash advances issued in the name of the athletic director. If the coach anticipates any payments in cash, the individual coach is responsible for converting the check to cash. However, in FY 2005 coaches often paid for team game expenses with personal credit and debit cards, and claimed reimbursement through retaining the amount charged from the cash advance. Coaches used personal cards despite the fact that

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WV State has established “ghost accounts” in addition to 10 team travel cards for the head coaches to use for team food costs, and lodging bills. Team cards have been available for use by WV State coaches since 2003.

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*WV State was the only institution hiring outside drivers and paying coaches to drive. At the other institutions, only coaches were responsible for driving the teams when chartered buses with professional drivers were not being used.*

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In FY 2006, WV State reduced cash advance requests from the previous year by \$27,586 but spent only half of the amount requested in cash advances. WV State may not be continuing to reduce the amount of its cash advance requests in FY 2007. A comparison of the first five months of FY 2007 shows that WV State requested slightly more in cash advances than in FY 2005. WV State requested \$70,733 in FY 2005 compared to \$70,776 in FY 2007. The Legislative Auditor randomly selected the month of February 2005 to review the actual handling and expenditure of cash amounts. In this month WV State coaches paid over \$9,000 in cash for meals, entry fees, game officials, drivers and other game personnel.

The Legislative Auditor surveyed all of the institutions to determine whether other institutions paid drivers and coaches to transport teams to team events. WV State was the only institution hiring outside drivers and paying coaches to drive. At the other institutions, only coaches were responsible for driving the teams when chartered buses with professional drivers were not being used. **The driving of vehicles to transport teams for game events is considered part of the job responsibility for the coaches at other institutions, and coaches were not paid an additional amount to drive the team.**

WV State should evaluate its practice of paying drivers in cash from cash advances. The amount paid is a set amount and the issuance of checks would provide better internal controls for payment to coaches and occasional drivers. WV State should also review whether room rental for receptions and decorations such as flowers should be paid from cash advances. WV State should consider requesting its cash advances in the name of the athletic department, rather than the athletic director. WV State should consider emphasizing the use of state credit cards by coaches for athletic team travel whenever possible. The university should evaluate its cash advance requests for FY 2007 and FY 2008 and align the amount of cash requested with the amount of cash that is spent. **WV State should adopt a goal of reducing the amount of the cash advance withdrawn by the athletic department.** WV State should also review and evaluate all athletic department cash transactions made during the preceding three fiscal years to assess the suitability of all cash payments, and identify expenses that can more safely be paid through the use of credit cards. Finally, WV State should reconcile its cash advance settlements in a timely manner.

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## Shepherd University

Although there is an authorized bank account for the Shepherd athletic department, the athletic department does not control the account.

<b>Shepherd Facts Athletic Season 2006-2007</b>
249 (6%) of the 4,091 students participated in sports.
Sports include basketball, tennis and soccer for men and women; football, baseball, and golf for men; and softball and volleyball for women.
116 home games or events
101 away games or events
11 head coaches and 10 assistant coaches
FY 2006 athletic budget was \$1,225,572
Transports teams using state-owned cars and vans, chartered buses and airlines.

Although Shepherd has had team travel cards during the period of time reviewed, large amounts of cash are also used. In February 2005, Shepherd coaches spent over \$7,000 in cash during trips, and almost \$5,000 in cash on home events.

During the course of this audit, Shepherd informed the Legislative Auditor that it is phasing out team travel cards, and replacing them with purchasing cards to be used by coaches for travel expenses.

Shepherd University has established controls over the athletic cash advance request and warrant processes that utilize the purchasing department and the business office. Although there is an authorized bank account for the Shepherd athletic department, the athletic department does not control the account. At Shepherd, the cash advance warrant is received by the purchasing department, and transmitted to the business office where the athletic director comes to sign and endorse the warrant. The business office deposits the endorsed warrant in the athletic department account, and issues checks to the coaches for travel and home game event expenses. Although the cash advance warrant is requested in the name of athletic department personnel,<sup>1</sup> the actual check is never in the possession of the athletic director. The athletic department requests cash advance checks for each coach for the entire month, and secures the checks in the athletic department safe. Coaches must cash the checks at a local bank prior to the team's travel, or the campus game event. After the check is cashed, the coach is responsible for the cash. Although Shepherd has had team travel cards during the period of time reviewed, large amounts of cash are also used. In February 2005, Shepherd coaches spent over \$7,000 in cash during trips, and almost \$5,000 in cash on home events. Shepherd has a policy supporting that meals on trips be paid for in cash, and not by team travel card. During the course of this audit, Shepherd informed the Legislative Auditor that it is phasing out team travel cards, and replacing them with purchasing cards to be used by coaches for travel expenses.

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<sup>1</sup>Until FY 2007, warrants were requested in the names of three athletic department coaches; they are now all requested in the name of the athletic director.

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**Shepherd received \$232,480 or 18% of its budget in cash advances for FY 2005, and \$254,485 or 20% of its athletic department budget in cash advances for FY 2006.** These amounts are substantially more than Shepherd actually spends in cash for athletic team travel and home game events. In FY 2005 Shepherd returned 56% of the cash advance to the State Treasurer. This amount rose to 59% of the cash advance being returned in FY 2006. A review of the first five months of FY 2007 shows that Shepherd returned 62% of the cash advance that it had requested for these months.

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*Despite policies to secure cash, cash is subject to loss. The amount of \$500 from a cash advance was lost in February 2007 from the athletic department.*

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Despite policies to secure cash, cash is subject to loss. The amount of \$500 from a cash advance was lost in February 2007 from the athletic department. The head men's basketball coach had cashed a cash advance travel check and placed the cash (in a bank envelope) in his travel bag. He left the bag for about 45 minutes in his unlocked office, and when he returned the cash envelope was missing. The cash has not been found. The athletic department has a safe and Shepherd also has a policy requiring that cash must be secured in a locked device or location immediately after cashing the check, and must remain secured throughout the time that it is in the coach's possession.

Shepherd University utilizes detailed forms to document receipt of cash payments by game officials and other personnel, and to document the total cash amounts requested by each coach for each event. Shepherd's home event form collects the home address, telephone number and social security number of the person receiving the cash payment, and has a statement that reads:

*This compensation will be reported to the IRS.  
You will receive a copy of Form 1099-Misc. by  
1/31 next year if the total amount exceeds \$600.00.*

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*In FY 2005 Shepherd returned 56% of the cash advance to the State Treasurer. This amount rose to 59% of the cash advance being returned in FY 2006. A review of the first five months of FY 2007 shows that Shepherd returned 62% of the cash advance that it had requested for these months.*

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In the review of the seven institutions, Shepherd was the only institution collecting this information on its signed receipt from all game events personnel including officials and all of the other game personnel such as ticket takers, ticket sellers, announcers, clock operators, etc. In addition, each team travel expense form submitted to the State Auditor included a university game report form that documented the cash advance amount released to the coach for each trip, the amount expended during the trip and the amount returned.

Shepherd should review its cash advance requests in order to more closely align the amount of cash requested with actual need. **Shepherd should adopt a goal of reducing the amount of the cash advance withdrawn by the athletic department.** Shepherd should also review and evaluate all athletic department cash transactions made during the preceding three fiscal years to assess the suitability of all cash payments, and identify expenses that can more safely be paid through the use of credit cards. In addition, the university should review individual cash handling procedures by coaches to enforce its policy to secure cash. Finally, Shepherd should reconcile its cash advance settlements in a timely manner.

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## Concord University

In FY 2005, Concord received \$206,449 or 36% of its \$568,351 athletic department budget in cash advances. Concord received 41% of its athletic department budget in cash advances in FY 2006. **Concord University was most notable for its significant reduction in the amount of the cash advance that it received in the first five months of FY 2007.** Concord reduced the amount of cash by over \$74,000 in this time period.

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*Concord University was most notable for its significant reduction in the amount of the cash advance that it received in the first five months of FY 2007. Concord reduced the amount of cash by over \$74,000 in this time period.*

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<b>Table 4</b>		
<b>Reduction in Cash Advances From Previous Fiscal Years</b>		
<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
<i>July -November 2004</i>	<i>July -November 2005</i>	<i>July-November 2006</i>
\$107,954	\$115,618	\$41,371

**The athletic director attributes the reduction in the amount of the cash advance in FY 2007 to the fact that Concord head coaches have both the purchasing card and the team travel card and used both cards for team travel events in FY 2007.**

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*The university encourages the use of credit cards for as much of the athletic team travel as possible.*

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In February 2005, Concord coaches spent over \$7,200 in cash during trips. During this time period, almost \$900 in cash was spent for gasoline during trips. While Concord has gasoline credit cards, these are prohibited from use except with state-owned vehicles. Game officials were paid by checks issued from the authorized outside bank account used by its athletic department for cash advances. Concord requests departmental cash advances in the name of the athletic director. The university encourages the use of credit cards for as much of the athletic team travel as possible. Checks are issued from cash advances for any expenses that will not be paid with state credit cards. However, coaches have used their personal credit cards for emergencies. Concord does not have any special cash advance policies or procedures, and does not have any procedures for handling and securing cash at home or during travel.

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*Checks are issued from cash advances for any expenses that will not be paid with state credit cards.*

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Concord should review the use of cash to pay for gasoline costs during team travel since gasoline credit cards issued to institutions are typically set up to capture tax exemptions when the accounts are billed. Documents reviewed by the Legislative Auditor did not specify whether gasoline purchased by cash was purchased for state-owned vehicles or personal vehicles. If state-owned vehicles were used to transport teams, the institution's gasoline credit cards should have been used to purchase gasoline during the trips.

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*In FY 2007, Concord appears to be more closely aligning the amount of the cash advance requested with actual need than it has done in preceding years.*

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In FY 2007, Concord appears to be more closely aligning the amount of the cash advance requested with actual need than it has done in preceding years. Concord should pay close attention to its cash advance amounts so that it can continue this trend with the goal of reducing the amount of the cash advance withdrawn by the athletic department. Concord should also review and evaluate all athletic department cash transactions

made during the preceding three fiscal years to assess the suitability of all cash payments, and identify expenses that can more safely be paid through the use of credit cards. Finally, the university should consider reviewing individual cash handling procedures by coaches, and developing specific written policies and procedures to safeguard cash advances.

Some institutions were converting over one-third of their athletic department budgets in cash in a fiscal year.

<b>Concord Facts Athletic Season 2006-2007</b>
304 (10%) of the 2,928 students participated in sports.
Sports include basketball, cross country, track and tennis for men and women; football, baseball and golf for men; and soccer, softball, volleyball and cheerleading for women.
92 home games or events
148 away games or events
15 head coaches and 9 assistant coaches
FY 2006 athletic budget was \$628,194
Transports teams in charter buses, state-owned or leased vehicles and airlines.

Continuation of reliance on the cash advance perpetuates the risk of loss to the institution, and continues the loss of earned interest income while the cash is out of the institution's fund account. Handling large amounts of cash exposes state employees to the risk of robbery and associated violent acts.

## Conclusion

The Legislative Auditor began to explore cash advances when large warrants (up to \$48,000 in a single month) made out to the same individuals each month appeared in a review of institutions' expenditures in FY 2005. After analysis of the institutions' cash advance requests, the Legislative Auditor determined that a large proportion of the athletic department budgets were being requested in cash on a routine basis. **Some institutions were converting over one-third of their athletic department budgets in cash in a fiscal year.** Upon review, it appears that **most athletic departments rely on cash** to pay for many athletic activities. This reliance has continued, despite the inauguration by the State of other payment options that represent less risk to the State. In addition, most institutions have increased the cash amounts that are requested from year to year. This is due to the practice of increasing the cash advance amounts from the previous year's request, rather than basing the amount to be requested on the *actual amount spent* in the previous year. **This has resulted in much larger amounts of cash being withdrawn from state funds than were needed, and with these withdrawals there is a loss in earned interest income.**

The Legislative Auditor concludes that the cash advance process results in individual athletic departments removing more cash than is needed to pay for the monthly activities of the departments. Continuation of reliance on the cash advance perpetuates the risk of loss to the institution, and continues the loss of earned interest income while the cash is out of the institution's fund account. Handling large amounts of cash exposes state employees to the risk of robbery and associated violent

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acts. **All of the institutions evaluated should review and evaluate the cash advance amounts used by their athletic departments with the goal of reducing the cash advance amount to the monthly minimum needed for payment checks and cash payments.** Institutions should also review and evaluate all athletic department payments made in cash to determine the suitability of payment by other means. At the same time, institutions should review all of the other travel and game event payment options available and provide all eligible employees with a variety of payment options so that the majority of travel and game event costs are paid whenever possible without using cash. Institutions should also consider whether to institute a limit on the amount of the cash advance that can be requested for a 30 day period. The use of an on-line system for paying game officials should significantly reduce the amount of cash needed by all of the institutions. The institutions should evaluate existing policies and procedures and implement any new policies and procedures needed to safeguard cash amounts controlled by athletic department personnel. The following recommendations are made for all of the institutions under this review.

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*Institutions should review all of the other travel and game event payment options available and provide all eligible employees with a variety of payment options so that the majority of travel and game event costs are paid whenever possible without using cash.*

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## Recommendations

1. *Cash advance withdrawals should be reduced by reviewing cash advance requests in order to more closely align the amount of cash requested with the actual amount spent by the athletic department for the same time period in the preceding year.*
2. *Each institution should consider whether to institute a limit on the amount of the cash advance that can be withdrawn by the athletic department for a 30-day period.*
3. *A review and evaluation should be conducted of all cash payments made for athletic department expenses in the prior three fiscal years to determine the suitability of payment by other, less risky means such as credit cards or checks.*
4. *Each institution should review the cash handling procedures by its athletic department personnel, and develop specific written policies and procedures to safeguard employees and cash advance amounts*
5. *Cash advances should be requested in the name of the athletic department, not in the name of an individual employee.*
6. *Each institution should use approved outside bank accounts to receive cash advances.*
7. *Policies and procedures should be developed to provide a prior review and approval of recreational activities during athletic team travel when these activities require cash advance expenditures.*
8. *Each institution should reconcile and settle their cash advance expenditures in a timely manner within the limits established by the State Auditor.*



# Appendix A: Transmittal Letter

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## WEST VIRGINIA LEGISLATURE *Performance Evaluation and Research Division*

Building 1, Room W-314  
1900 Kanawha Boulevard, East  
Charleston, West Virginia 25305-0610  
(304) 347-4890  
(304) 347-4939 FAX



John Sylvia  
Director

June 19, 2007

Dr. Brian Noland, Chancellor  
Higher Education Policy Commission  
1018 Kanawha Blvd., East, Suite 700  
Charleston, WV 25301-2827

Dear Dr. Noland:

Pursuant to §18B- 5-4(r) of the West Virginia code, this is to transmit a draft copy of the completed report for 2006-2007 of the Legislative Auditor's review of the purchasing functions at higher education institutions. This report concerns the practices, processes, procedures and the payments made using athletic department cash advances at Bluefield State College, Concord University, Fairmont State University, Glenville State College, Shepherd University, West Liberty State College and West Virginia State University. Draft copies of the report have also been submitted to these seven institutions. At this time we do not know when the report will be heard by the Legislative Oversight Committee on Education Accountability, but we will notify you when they desire to schedule it to be heard by the committee.

We would like to schedule an exit conference with you at your convenience no later than Tuesday, July 17, 2007 to discuss any concerns you may have with the report. Please contact Gail Higgins to set up a meeting time and location. We plan to exit only with the Higher Education Policy Commission, and not with individual institutions' administrations. Therefore, we expect that the HEPC will gather institutional responses and comments for the agency's written response. At the exit conference we will discuss the date when we will need a copy of the written response in order to be included in the final report.

Thank you for your cooperation.

Sincerely,

  
John Sylvia

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*Joint Committee on Government and Finance*

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# Appendix B: Agency Response



WEST VIRGINIA  
H I G H E R  
E D U C A T I O N  
P O L I C Y  
C O M M I S S I O N

DAVID R. TYSON  
CHAIR

BRIAN NOLAND  
CHANCELLOR

July 25, 2007

John Sylvia  
Director, Performance Evaluation and Research Division  
Legislative Auditor's Office  
Building 1, Room E-314  
1900 Kanawha Boulevard, East  
Charleston, WV 25305-0610

RECEIVED  
JUL 25 2007

PERFORMANCE EVALUATION AND  
RESEARCH DIVISION

Dear Mr. Sylvia:

We are pleased to have the opportunity to provide the enclosed response to the draft report on the Legislative Auditor's review of athletic cash advances at Bluefield State College, Concord University, Fairmont State University, Glenville State College, Shepherd University and West Virginia State University.

Please do not hesitate to contact me if you have questions or need additional information.

Sincerely,

*Dennis C. Taylor*

Dennis C. Taylor  
Vice Chancellor for Administration

cc: Mrs. Gail V. Higgins  
Mr. Michael Midkiff  
Dr. Brian Noland  
Mr. Richard Donovan

1018 Kanawha Boulevard, East, Suite 700 • Charleston, WV 25301  
(P) 304.558.0277 • (F) 304.558.0259 • <http://www.hepc.wvnet.edu/>

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**Issue 1: Athletic Department Cash Advances Used to Pay for Athletic Activities Are Less Accountable Than Other Payment Options, Unnecessary Increase The Risk of Loss and Reduce Interest Revenue**

**General Comment:**

The West Virginia Higher Education Policy Commission generally agrees with the overall conclusion of Legislative Auditor's draft audit report on athletic cash advances that improved controls and oversight would be beneficial. As noted in the report, cash advances have been used to pay athletic expenses for many years, and until recently, they were the only convenient and practical way to pay many expenses. New payment tools are now available to the institutions which should reduce the need to draw out and carry large sums of cash to athletic events. For example, with passage of Senate Bill 203 during the 2007 legislative session, the institutions, athletic directors and individual coaches can use the state purchasing card for most travel expenses such as lodging, group meals, and transportation, and earlier this year the West Virginia Intercollegiate Athletic Conference (WVIAC) adopted an online service to pay game officials. Expanded use of the purchasing card and the WVIAC's online paying series should be more convenient and provide greater control, documentation and accountability for payment of these expenses. They, however, will not completely eliminate the need for athletic cash advances.

**How Each Institution Handled Cash Advances**

Responses from the institutions:

**Bluefield State College:**

Bluefield State College has corrected items identified by the Legislative Auditor such as requesting, receiving and implementing a team travel card for the athletic team as well as certain team sports and coaches. The college has requested and received approval for a Bluefield State College Athletic Cash Advance checking account to handle those transactions that cannot be paid by a credit card. Bluefield State College has and will continue to service the State of West Virginia in safeguarding its assets, including cash.

Specific responses on issues cited in the draft report are as follow:

1. At times, the Athletic Cash Advance requested and received was more than utilized to cover contingencies. These contingencies could include cancellation of games due to weather condition and then rescheduled at a later date, and during tournament months the possibility of winning and continuing to win would necessitate having funds on hand to pay unanticipated travel and other expenses for an extended trip.

- 
2. Bluefield State College is a commuter institution, i.e., “non-residential” as indicated in the report. As a NCAA, Division II Institution, Bluefield is required to have ten sports as other institutions in Division II are. The commuter or non-residential institution is immaterial as related to NCAA.
  3. The only expenditures from the related cash advances were specifically for travel or game officials, no other athletic game event activities were paid from the cash advance. All personnel, supplies, etc. were paid from the institutional purchasing processing system.
  4. The College was not aware of the Athletic Director’s personal account for cash advances with the College’s address. College procedures do not allow personal mail to be handled through the mailroom staff. The personal account of the Athletic Director with the College address has been closed according to the Athletic Director. An institutional account has been approved and it began operation with the March 2007 transactions. College personnel are currently in the process of identifying all bank statements mailed to the College. This will insure only approved, college related banking business is being conducted.
  5. In the early 1990’s, the College did have an Athletic account. At that time, the Legislative Auditor recommended it be discontinued. Current personnel do not know all of the information related to it; however, personnel had understood it was not in the best interest of the institution to open a new account since an existing account had previously been closed at the direction of the Legislative Auditor.
  6. Bluefield State College will monitor the use of cash advances and team travel cards and reduce the amount of cash advances needed. It will also continue to monitor the amount of cash returned and strive to insure this amount is at a minimum.
  7. The prior three years of cash advances are thoroughly examined monthly prior to submission to the State for settlement. The required documentation exists to justify the related travel expenditures and any items that are questionable have been resolved before submission. At times, this process is very time consuming and time intensive if the required documentation is not included in the travel settlement submission. Unfortunately, this has caused some delays in the settlement time. Bluefield State College will make every effort to collect, audit and report a travel settlement in a more timely manner.

**West Liberty State College:**

The Chief Fiscal Officer has reviewed the audit report with the Athletic Director and has implemented a number of the recommendations made by the Legislative Auditor as follows:

- 
1. For FY07, the cash advances were down 27% from FY06. The college expects to see this decline continue because the college has issued and is using travel cards, and game officials are now paid via the WVIAC's new online payment service.
  2. West Liberty will establish an authorized outside bank account and have athletic cash advances electronically deposited to this account.
  3. West Liberty will take steps to implement policies as recommended for better accountability and control of cash advances.

**Fairmont State University:**

See the attached response from Fairmont State University.

**Glenville State College:**

The following are Glenville State College's comments and responses to the Legislative Auditor's Report on Athletic Spending:

1. Cash in excess of actual needs is usually requested to cover contingencies while on an away trip. This has been necessary because the options for covering such expenses have been limited in prior years.
2. GSC has utilized gasoline credit cards, direct billing, purchase cards, and the outside bank account to help reduce the need for cash. The need for large amounts of cash has been reduced greatly beginning in FY2008 as a result of the new system instituted by the WVIAC for paying sports officials (AssignByWeb) and the expanded use of the Purchasing Card.
3. It has been the understanding of the College that cash advances and team travel cards are required to be in the name of an individual. The College will further investigate these matters and make changes as appropriate and allowed. Ghost accounts are not in the name of an individual and are difficult to manage and reduce the accountability of any one person.
4. The College will begin to utilize the outside bank account again in FY2008 to deposit and disburse cash advances.
5. GSC will develop written procedures for the handling and use of cash by athletic coaches and staff.
6. The use of cash advance monies for entertainment purposes has and will continue to be restricted to approved rules and regulations.
7. GSC will request cash advances in amounts which are closer to the anticipated needs.
8. Outstanding cash advances will be reconciled and settled in a timely manner

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**West Virginia State University:**

West Virginia State University will comply with the recommendations of the Legislative Auditor. The Athletic Director together with the Fiscal Affairs Office are currently analyzing all transactions to determine how to further reduce the cash advance amounts and also improve security and settlement with the Auditors Office.

1. The WVIAC and the State Auditor's Office have approved the payment for officials for team sports by an outside company (Assign-by-Web). This company is going to pay for the sports officials and issue 1099s for payments. The Auditor's Office will then issue a check to Assign-by-Web for these services. Cash will still be needed to pay for game workers for football and basketball on a limited basis.
2. West Virginia State University has three coaches with valid Commercial Driver License (CDL) which permits them to drive the larger vans. In one case, a part-time football coach drives for other sports as needed and therefore is compensated on a trip-by-trip basis, the University will consider paying this coach through the payroll office. The University has vehicles that require CDL's and therefore requires the hiring of additional drivers. Also, the two full-time coaches with CDL's drive the larger vans and are not compensated for driving.
3. West Virginia State University coaches who currently do not have a state travel card are being issued state purchasing cards in order that hotel and meal expenses can be paid for in this manner preventing excessive amounts of cash to be maintained and managed during the trip. This will considerably reduce the amount of cash advance needed for trips. Tax exempt status will be requested when utilizing the purchasing card.
4. Cash Advances will be requested to be issued to the University Athletics Department instead of the Director and be direct deposited into a local checking account managed by the University Fiscal Affairs Office. This will ensure that the funds are received in an electronic and secure format.
5. Cash advances will be reconciled in a timely manner.
6. West Virginia State University will not permit coaches to rent rooms for receptions and purchase decorations and flowers from cash advances.

**Shepherd University:**

Shepherd University will comply with the recommendations of the Legislative Auditor. Athletic Department transactions have been analyzed to determine the suitability of cash payments. The University will reduce the cash advance amounts and also improve security and settlement processing through implementation of the following initiatives:

- 
7. The WVIAC and the State Auditor have approved the payment for officials for team sports (football, soccer, basketball, baseball, softball and volleyball) by an outside company named Assign-by-Web. This company is going to pay for the sports officials and issue 1099s for payments. Assign-by-Web will then be paid by a check issued by the Auditor's Office for these services. Cash will still be needed to pay for game workers for football and basketball on a limited basis.
  8. An imprest fund will be established for change to be issued from ticket sales.
  9. All Shepherd University coaches are being issued VISA (state) purchasing cards so hotel expenses and meals can be paid for in this manner so that excessive amounts of cash will not have to be maintained and managed during the trip. The University coaches will do their best to ensure that a tax exempt status is requested when utilizing a VISA purchasing card.
  10. Cash Advances will be requested to be issued to Shepherd University Athletics and be direct deposited into a local checking account managed by the Shepherd University Finance Office. This will ensure that the funds are received in an electronic and secure format.
  11. During the Fall 2007 semester, the Shepherd University Athletic Department will review the cash advance policies with all coaches and remind them of their responsibility to maintain any cash advance funds in a secure location. However, with all of the actions being taken, the amount of cash that will be handled by the coaches will be reduced significantly.
  12. Cash advances will be reconciled in a timely manner.

**Concord University:**

The following are Concord University's responses to the Legislative Audit of athletics cash advances:

1. In response to the comment that Concord requests departmental cash advances in the name of the Athletic Director: It is our understanding that the Auditor's Office will not allow cash advances in the name of the department to go into their checking account. The cash advances must be in a person's name. However, Concord will follow up with the Auditor's Office on this matter and make any changes in its procedures that are appropriate.
2. Regarding the recommendation that Concord should develop special cash advance policies and procedures -- the University follows the state guidelines for cash advances.



- 
3. Regarding the recommendation that Concord should reconcile its cash advance settlements in a timely manner -- Concord does reconcile within the thirty day time frame.

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**Fairmont State University**

**Response to  
Legislative Audit  
On  
Athletic Cash Advances**

Prepared by:

**Rick Porto  
Monica Cochran  
Scot Gines**

---

**General comments:**

Steps taken in FY 07 to reduce the amount of Athletic Cash Advances:

1. Pcards were being issued to all head coaches. However, the pcards were not issued to the coaches until late December 2006. Therefore, we are still in the process of expanding the use of the pcards. The results of our efforts will not be evident until FY 08.
2. Payment of game officials through the vendor, Assign by Web. As noted in the review, in spring 2007, the members of the WVIAC agreed to employ an online system for assigning and paying of game officials. Once implemented, this will result in reducing the dollar values of the cash advances in the sports of football, basketball, volleyball, softball and baseball. The sport of swimming typically has 2-4 home meets requiring officials. The sports of golf, tennis and cross country rarely schedule home events.
3. Game day workers (i.e., ushers, ticket takers, score keepers etc) are now being paid through payroll.

**FY 08 Cash Advance Request Plan:**

The FY 08 Cash Advance Request Plan is based on actual projected need rather than the prior year requested amount. Cash Advances will be used to pay for entry fees, tolls and other expenses not covered by Pcard.

See chart on next page.

025	FY05 Requested	FY 05 Returned	FY06 Requested	FY 06 Returned	FY 07 Requested	FY 07 Returned	FY 08 Projected Request
July	\$5,000.00	\$4,775.78	\$5,000.00	\$3,763.57	\$5,000.00	\$5,000.00	\$500.00
August	\$6,000.00	\$4,834.22	\$6,000.00	\$6,000.00	\$7,000.00	\$5,798.13	\$800.00
September	\$15,000.00	\$11,614.73	\$16,000.00	\$7,432.93	\$18,000.00	\$14,220.78	\$1,500.00
October	\$22,000.00	\$12,532.17	\$22,000.00	\$15,575.39	\$22,000.00	\$16,289.97	\$2,000.00
November	\$25,000.00	\$14,644.63	\$30,000.00	\$16,042.50	\$30,000.00	\$17,285.57	\$2,000.00
December	\$22,000.00	\$5,360.74	\$22,000.00	\$8,317.30	\$25,000.00	\$18,294.50	\$5,000.00
January	\$25,000.00	\$12,500.60	\$32,000.00	\$18,130.00	\$30,000.00	\$14,000.00	\$2,000.00
February	\$18,000.00	\$897.50	\$25,000.00	\$16,079.75	\$25,000.00	\$18,374.33	\$3,000.00
March	\$15,000.00	\$12,126.46	\$15,000.00	\$11,614.01	\$10,000.00	\$8,577.98	\$1,000.00
April	\$15,000.00	\$7,540.00	\$16,000.00	\$11,387.22	\$10,000.00	\$5,317.00	\$2,000.00
May	\$8,000.00	\$4,909.59	\$10,000.00	\$7,944.90	\$5,000.00	\$4,960.00	\$500.00
June	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	NA	\$500.00

026	FY05 Requested	FY 05 Returned	FY06 Requested	FY 06 Returned	FY 07 Requested	FY 07 Returned	FY 08 Projected Request
July	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$1,793.75	\$1,000.00
August	\$10,000.00	\$8,728.35	\$10,000.00	\$6,031.11	\$11,000.00	\$10,082.26	\$500.00
September	\$32,000.00	\$18,139.49	\$32,000.00	\$21,585.90	\$32,000.00	\$16,357.82	\$4,000.00
October	\$25,000.00	\$13,628.85	\$25,000.00	\$14,976.14	\$32,000.00	\$24,614.04	\$2,000.00
November	\$25,000.00	\$19,289.96	\$25,000.00	\$18,731.43	\$25,000.00	\$14,784.43	\$2,000.00
December	\$30,000.00	\$16,376.74	\$30,000.00	\$24,640.89	\$30,000.00	\$28,729.42	\$5,000.00
January	\$25,000.00	\$17,654.42	\$30,000.00	\$15,614.30	\$30,000.00	\$30,000.00	\$5,000.00
February	\$18,000.00	\$5,517.60	\$25,000.00	\$14,101.70	\$25,000.00	\$23,667.67	\$1,000.00
March	\$40,000.00	\$5,797.47	\$50,000.00	\$26,110.13	\$45,000.00	\$42,178.62	\$2,000.00
April	\$18,000.00	\$4,887.40	\$20,000.00	\$11,363.15	\$10,000.00	\$7,548.30	\$2,000.00
May	\$10,000.00	\$4,668.02	\$8,000.00	\$5,565.16	\$10,000.00	\$8,819.56	\$800.00
June	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	NA	\$500.00

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**Responses to Legislative Auditor's Recommendations:**

1. Cash advance withdrawals should be reduced by reviewing cash advance requests in order to more closely align the amount of cash requested with the actual amount spent by the athletic department for the same time period in the preceding year.

**Response: As we continue to migrate towards exclusive use of the pcard (where applicable) the amount of the cash advance requests will be adjusted to more accurately reflect our current needs. See chart inserted above.**

2. Each institution should consider whether to institute a limit on the amount of the cash advance that can be withdrawn by the athletic department for a 30-day period.

**Response: We are working with the athletic department leadership to reduce the amount of each cash advance request. The cash advance requests will be based on projected need for payments not covered by Pcard (i.e., entry fees, tolls etc).**

3. A review and evaluation should be conducted of all cash payments made for athletic department expenses in the prior three fiscal years to determine the suitability of payment by other, less risky means such as credit cards or checks.

**Response: We have reviewed prior year cash advance requests and have identified preferred payment methods:**

**Meals – Pcard  
Lodging – Pcard  
Gasoline – Pcard or Fleet Card (Exxon)  
Vehicle Rentals – Pcard  
Charter Transportation – Pcard (when applicable)  
Game Day Workers – Payroll  
Game Officials – Pay through Assign by Web  
Entry Fees – Cash Advance  
Tolls – Pcard (when applicable) or Cash Advance  
Visiting Team Guarantees – State Warrant**

4. Each institution should review cash handling procedures by its athletic department personnel, and develop specific written policies and procedures to safeguard employees and cash advance amounts.

**Response: Cash advances are requested in the name of the athletic department and are electronically deposited into our approved outside bank account. See attached written policies and procedures titled "Process and Protocol for the Administration of Cash Advances"**

5. Cash advances should be requested in the name of the athletic department, not in the name of an individual employee.

**Response: As noted in the review, Fairmont State began requesting cash advances in the name of the athletic department in April 2006.**

- 
6. Each institution should use approved outside bank account to receive cash advances.

**Response:** As noted in the review, Fairmont State does use an approved outside bank account to receive cash advances.

7. Policies and procedures should be developed to provide a prior review and approval of recreational activities during athletic team travel when these activities require cash advance expenditures.

**Response: Proposed policy:** All special entertainment (i.e. entertainment outside meals, lodging and transportation and allowable per NCAA bylaw) require advance written consent by the director of athletics. Written consent must be attached to the travel request form, and all funding requests will be withdrawn from the program's "Friends of" account located within the Fairmont State Foundation, Inc. Sufficient funding must exist in the program's Friends of account prior to the request.

8. Each institution should reconcile and settle their cash advance expenditures in a timely manner within the limits established by the State Auditor.

**Response:** Agreed and understood.

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**Fairmont State Athletics**  
**Process and Protocol for the Administration of Cash Advances**

**Purpose of Athletic Cash Advances**

Cash advances are utilized to cover expenses incurred for home events (025) and athletic travel (026). While time and detail intensive, the cash advance process for payment, compensation and/or reimbursement is employed for the daily business transactions of intercollegiate athletic competition as it occurs both at home and on the road.

**Athletic Accountant ~ Request Process (Athletic Department –to- Charleston)**

Donna Trickett serves as the Fairmont State athletic accountant, and on a monthly basis makes a request for cash advance electronic deposit (From Charleston and to Monongahela Valley Bank, Fairmont, WV) into an “athletic cash advance account.” Deposits are posted upon receipt of email notification from Charleston. The amounts for monthly deposit requests are based on athletic department forecasts driven by previous year expenses and the current year athletic event schedule.

Donna Trickett prints all cash advance checks by computer, automatically recording the amount, purpose and recipient of each transaction in the athletic accountant’s Quicken Program.

**Cash Advance Uses**

**A. On Campus Competition (025)**

Cash advance uses for on campus competitions include the following:

1. Men’s & Women’s Swimming: Meet Officials (2 per)

**Off Campus Competition & Recruiting/Scouting (026)**

Cash advances are utilized for team travel (7 women’s programs, 7 men’s programs, cheerleading, Student-Athlete Advisory Committee) and coach and administrator (i.e. NCAA Compliance Officer, Senior Women Administrator, Faculty Athletic Representative, Sports Information Director, Athletic Coaches, Head Athletic Trainer) travel to conference (WVIAC), NCAA meetings and Coaching Association Meetings and Conventions in the following areas:

1. Tolls (where applicable)
2. Entry Fees: principally in the individual sports of swimming and golf and the team sport of volleyball.
3. Meals: when eating group meals is not conducive to the dynamics of an event schedule (e.g. multiple event or start time scenarios)—individual sports (e.g. swimming, golf)

Athletic personnel with travel responsibilities are required to submit a completed “authorization for athletic travel form” for budgetary and event planning (copy attached). Donna Trickett reviews each “authorization for athletic travel form,” utilizing this information to coordinate vehicular travel, travel roster, per diem budgeting, lodging, entry and registration fees.

Cash Advances for team travel are utilized for the following services: entry fees, fuel (if fuel card is not accepted), charter transportation (if state VISA is not accepted), tolls, occasional meals (determined by event schedule). Fairmont State athletics employs the following per diem policy:

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Any pre- and/or post-game meals during University session and food service hours must be taken on campus, through Aladdin Food Service and billed to the program budget. Box lunches for off-campus trips can be handled in like fashion.

Full day per diem cannot fall below \$ 12.00/day nor exceed \$ 21.00/day (campus departures 0830 or earlier and campus return 1800 or later). Partial day per diem (campus departures 0831 or later and/or campus return 1759 or earlier) cannot exceed \$ 15.00/per.

All schedules must be completed per WVIAC deadlines and cannot exceed NCAA II maximum limitations. All schedules must be submitted (electronically) to the Administrative Assistant, Director of Athletic Media Relations, Compliance Director, Department Account, Assistant Commissioner and Director of Athletics on/or before the prescribed WVIAC seasonal deadlines.

All reimbursement forms and receipts must be completed and submitted to the Department Accountant within three days (72 hours) of return to campus.

In addition to off-campus competition, 026 expenditures include per diem during holiday breaks (Thanksgiving and Christmas) for winter sports (men's and women's basketball; men's and women's swimming).

#### **Reimbursement Protocol**

Upon return from travel, each coach/administrator is required to complete a "travel settlement form," detailing all expenditures and including itemized receipts and signed carbon receipt(s) for all expenditures made. Completed travel settlement forms with documenting receipts are submitted to Donna Trickett for review and to certify the validity of each expense (e.g. no personal items, alcohol, etc.). At the conclusion of each month, Donna Trickett forwards all cash advance documentation and receipts to the Fairmont State procurement office (Jolie Carpenter) for additional review. Following procurement office review, all cash advance documentation is forwarded to Charleston, including any unused cash advance for each month.

For all coaches/administrators who request a cash advance to cover expenses for non-team travel (e.g. prospect evaluation, opponent scouting), upon return they complete a travel settlement form, submit to Donna Trickett with accompanying receipts for certification of valid expenditures, and a request for reimbursement is issued. Upon receipt of reimbursement, each individual returns the full amount of their cash advance request to the athletic accountant who then deposits this amount in the athletic cash advance account.