

**Arizona State University  
Office of University Audits  
Coaches Camps and Clinics  
April 29, 2022**

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**Summary:** The Coaches Camps and Clinics audit was included in the Arizona State University (ASU) FY 2022 audit plan approved by the Arizona Board of Regents (ABOR) Audit Committee and ASU senior leadership. The audit focused on NCAA compliance and third-party oversight of the use of ASU assets. This audit is in support of ASU's mission of effective management of financial resources and efficient operations at all levels of the university in addition to promoting safety and welfare of minors on ASU campuses.

**Background:** As part of the multi-year agreements with Sun Devil Athletics (SDA) Head Coaches, they are allowed to own and conduct camps so long as the coach complies with applicable university policies and procedures and NCAA and Conference legislation. Camps and clinics are conducted through the coach's established LLC. The camps and clinics are not affiliated with or sponsored by ASU; however, SDA coaches are authorized to use specific ASU marks through a camp trademark and license agreement they may enter into with ASU.

SDA Compliance is responsible for assessing and approving all sport camps and clinics owned by SDA coaches as it relates to NCAA rules and regulations. They have implemented defined workflows using the ARMS application which ensures they are aware of camp activities before they occur including implementing required approvals at key points through the camp lifecycle such as initial approval on the camp activity and marketing materials, a second approval once camp employment is defined to assess student-athlete employment and a final review of post camp documentation.

The Athletics Operations and Facilities (AOF) department is responsible for third-party oversight of camp activities including the facility use agreements and all related invoicing for the coach owned camps and clinics. The ARMS application is also used to track approval of the Facility Use Agreement and invoicing to the SDA coach's LLC.

The below table represents the primary institutional policies that coaches must comply with when conducting non-ASU camps:

<b>Policy*</b>	<b>Description</b>
<b>SDA 1101:</b> Sport Camps and Clinics Owned by ASU or SDA Coaches	This policy outlines key requirements such as Rules compliances, approval requirements by SDA Compliance and the Athletics Operations and Facilities (AOF) department, student-athlete employment requirements and required documentation. It also defines additional requirements for non-ASU camps that are owned by SDA coaches including complying with applicable institutional policies.
<b>SDA 106:</b> Athletics Facility Use	This policy outlines the conditions and limitations related to rentals or use of ASU athletic facilities.

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<p><b>PUR 222:</b> Trademark Licensing</p>	<p>This policy defines requirements related to the use of the university's marks. In support of this policy, there is a defined camp trademark and license agreement that defines which marks can be used in conjunction with a coach owned camp or clinic along with other key requirements including refraining from representing or implying any ASU endorsement or support of the camp or any product or service.</p>
<p><b>EHS 706:</b> Minors on Campus</p>	<p>This policy defines core requirements for individuals who work in activities and programs with minors and informs them of their reporting obligations in instances of known or suspected child abuse or neglect of minors.</p> <p>While this policy does not specifically apply to activities and programs operated by non-university entities that occur on campus or university facilities, it does require the contract with the third-party organization include the appropriate contract provisions as well as a requirement that their processes exceed or meet those contained within EHS 706.</p>

*\*There are other policies in place related to the personal use of ASU assets and resources that are not specifically included in the table above.*

**Audit Objective:** The objective of this engagement was to assess oversight of NCAA-regulated sport camps and clinics owned or operated by SDA coaches (non-ASU owned) to ensure compliance to NCAA by-laws as well as applicable institutional policies that apply to third party, private business activities utilizing ASU facilities.

**Scope:** The scope of the audit focused on camps that occurred during calendar year 2021. This involved nine sports and 22 camps of which 19 were held using ASU facilities.

At the start of the audit, SDA management confirmed that controls to monitor coach's compliance to the stated contractual provisions related to the camp trademark and license and facility use agreements had not been implemented. Testing was performed to quantify the risk associated with the lack of third party oversight related to the coach's camps.

Information Technology General Control testing was not considered in scope for this audit as it relates to the ARMS Application. This application was reviewed as part of a FY2020 audit.

**Methodology:** The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing promulgated by the Institute of Internal Auditors and accordingly consisted of tests of procedures necessary to provide a reasonable basis for expressing our opinion. Specifically, audit work consisted of interviews with various groups responsible for SDA operations and SDA compliance,

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observation of work processes, review of documented policies and procedures and substantive tests including the following areas:

- Assessing SDA Compliance oversight of camps and clinics by performing the following for a sample of 22 camps:
  - Validating each camp received preliminary SDA Compliance approval prior to the camp occurring by reviewing approval workflow in ARMS
  - Validating each camp received secondary SDA Compliance approval prior to the camp occurring once employment forms were uploaded by reviewing approval workflow in ARMS
  - Ensuring each camp received final SDA Compliance approval by reviewing approval workflow in ARMS
  - Ensuring compensation rates were appropriate for duties performed for student-athletes employed by the camp by validating compensation rates and role for each student-athlete
  - Ensuring compensation to student-athletes was based on actual work performed by tracing signed time sheets to payment documentation for a sample of 32 payments
- Ensuring a current camp trademark and license agreement was executed for each sport that had camp activity in CY 2021
- Ensuring compliance to the camp trademark and license agreement by verifying the following for a sample of 21 camps:
  - Verifying that an ASU email account was not utilized to conduct camp business through review of the camp brochures and related websites
  - Verifying correct reference and use of any ASU marks utilized in marketing the camp through review of the camp brochures and related websites
  - Confirming that the Notice of License was included on camp materials and website through review of the camp brochures and related websites
- Verifying invoicing occurred timely for each camp trademark and license agreement executed during the review period
- Ensuring a facility use agreement was executed prior to the camp occurring for a sample of 19 camps that utilized ASU facilities
- Ensuring compliance to insurance requirements by verifying the certificate of insurance collected to the defined requirements per the facility use agreement
- For each camp that involved participation by minors, verifying the facility use agreement included provisions required as part of policy EHS 706 Minors on Campus in addition to verifying compliance by validating the following for each camp:

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- Confirming if camp employees completed training related to minors and the required reporting obligations through inquiry with the SDA coach and validation of training documentation where performed
- Confirming if fingerprinting was performed within three years for each camp employee by inquiry with the SDA coach and validation of completed fingerprinting where performed
- Confirming camps required a parental release including indemnity and assumption of risk form through inquiry with the SDA coach and review of form utilized to ensure key components were included
- Verifying invoicing occurred timely and accurately for a sample of 19 camps that utilized ASU facilities by tracing the invoicing generated to the fees and camp dates defined in the facility use agreement.
- Verifying payments made by SDA coaches were made using the coach LLC for a sample of 17 camps
- Verifying invoices were paid within 30 days of invoice date by tracing to the payment receipt date documented within Accounts Receivable workflow in ARMS.

**Conclusion:** Overall, SDA Compliance has implemented appropriate oversight to ensure the non-ASU camps that are owned by SDA coaches are conducted in accordance with NCAA rules and regulations. Specifically, defined workflows have been implemented utilizing the ARMS application to ensure SDA Compliance has visibility to camp activity at key points throughout the camp lifecycle. The implementation of the ARMS workflow to guide SDA coaches has generally resulted in consistent and timely documentation allowing SDA Compliance to effectively monitor these processes. This process is also supported by policy SDA 1101: Sport Camps and Clinics Owned by ASU or SDA coaches which defines guidelines and requirements related to the management and operation of NCAA-regulated sport camps and clinics.

However, appropriate third-party oversight has not been implemented to ensure camps owned and operated by SDA coaches comply with defined ASU policies for third parties utilizing ASU assets. Testing identified pervasive issues related to compliance with camp trademark and licensing agreements, facility use agreements and policies addressing third party activities involving minors on campus. Inconsistent enforcement of key third-party requirements utilizing ASU assets may increase ASU's liability exposure associated with the SDA coach owned camp and clinic activity.

Specifically, SDA has not implemented adequate third-party oversight to ensure compliance with key provisions defined in the facility use agreement related to insurance requirements and personnel requirements nor do the agreements contain provisions that are required as stated in policy EHS 706: Minors on Campus. While this policy does not

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apply directly to third party activities, it does state that contacts with third party organizations, such as these coach-owned camps and clinics, must include appropriate contract provisions related to working with minors. Testing identified that the coach owned camps and clinics generally do not require training associated with working with minors including reporting requirements nor do they require a valid fingerprint check within the past three years.

While each camp tested had an executed facility use agreement when using one of ASU's facilities, invoicing related to the use of facilities was not done timely nor was there consistent treatment related to direct costs incurred by ASU related to the camp. It was also noted that SDA coaches did not consistently pay invoices in a timely manner.

Testing also identified that each of the camps tested violated one or more of the defined provisions included in the camp trademark license agreement such as using an ASU email address in conjunction with the camp, inappropriate use of ASU marks, and failing to include the Notice of License on camp materials which notifies participants that the camp is not affiliated with or sponsored by ASU. In addition, there were three instances noted where the SDA coach did not have an active camp trademark and license agreement in place.

The control standards University Audit considered during this audit and the status of the related control environment are provided in the following table.

<b>General Control Standard</b> (The bulleted items are internal control objectives that apply to the general control standards, and will differ for each audit.)	<b>Control Environment</b>	<b>Finding No.</b>	<b>Page No.</b>
<b>Reliability and Integrity of Financial and Operational Information</b>			
<ul style="list-style-type: none"> <li>• Invoicing related to the camp trademark and licensing Agreements and facility use agreements are performed in a timely manner.</li> </ul>	Opportunity for Improvement	4	11
<ul style="list-style-type: none"> <li>• Payments from SDA coach owned camps and clinics are made in a timely manner.</li> </ul>	Opportunity for Improvement	4	11
<ul style="list-style-type: none"> <li>• Payments from SDA coach are made using bank accounts of coach LLC</li> </ul>	Reasonable to Strong Controls in Place	NA	N/A
<b>Effectiveness and Efficiency of Operations</b>			
<ul style="list-style-type: none"> <li>• Third-party oversight is in place to ensure compliance with core provisions of the camp trademark license agreements.</li> </ul>	Significant Opportunity for Improvement	2	9

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<ul style="list-style-type: none"> <li>• Third-party oversight is in place to ensure compliance with core provisions of the facility use agreements.</li> </ul>	Significant Opportunity for Improvement	1	8
<ul style="list-style-type: none"> <li>• Third-party oversight is in place to ensure compliance with core provisions of the Minors on Campus Policy.</li> </ul>	Significant Opportunity for Improvement	1	8
<b>Safeguarding of Assets</b>			
<ul style="list-style-type: none"> <li>• Camp trademark license agreements are executed for SDA coach owned camps and clinics.</li> </ul>	Opportunity for Improvement	2	9
<ul style="list-style-type: none"> <li>• Facility use agreements are executed for SDA coach owned camps and clinics.</li> </ul>	Reasonable to Strong Controls in Place	NA	N/A
<ul style="list-style-type: none"> <li>• SDA coaches are billed for all direct costs incurred through the SDA coach owned camps and clinics as defined by the facility use agreements.</li> </ul>	Opportunity for Improvement	3	10
<ul style="list-style-type: none"> <li>• Third-party oversight is in place to ensure compliance with defined insurance requirements related to facility use agreements.</li> </ul>	Opportunity for Improvement	1	8
<b>Compliance with Laws and Regulations</b>			
<ul style="list-style-type: none"> <li>• SDA oversight is in place to ensure compliance with NCAA rules and regulations.</li> </ul>	Reasonable to Strong Controls in Place	N/A	N/A

I appreciate the assistance of SDA Operations and SDA Compliance during the audit.

Lisa Grace, Executive Director, University Audit and Advisory Services

## Audit Results, Recommendations, and Responses

### 1. SDA Operations and Facilities (AOF) has not implemented third-party oversight of the facility use agreements to ensure compliance to key provisions.

**Condition:** Third party oversight has not been implemented to ensure SDA coaches comply with requirements of the facility use agreement terms resulting in non-compliance in key provisions including personnel screenings and required insurance levels. In addition, requirements related to Minors on Campus have not been incorporated into the agreements as required by policy EHS 706.

**Criteria:** Policy EHS 706 requires that third-party agreements related to the use of ASU facilities involving minors contain equivalent requirements as EHS 706 regarding training and personnel screening.

**Cause:** AOF has not implemented monitoring processes to ensure compliance to facility use agreements nor have they incorporated required provisions in the agreement to ensure compliance with key provisions related to minors on campus.

**Effect:** SDA coach camps and clinics are not compliant with key provisions required when conducting activities at ASU facilities that involve minors.

- Five of the seven sports (involving 15 camps) reviewed, where this provision applied, did not require training for camp personnel related to working with minors and related reporting responsibilities
- None of the seven sports (involving 18 camps) reviewed, where this provision applied, performed fingerprint checks for camp personnel; however, two of the sports (involving four camps) were performing background checks
- None of the camps reviewed met all required insurance requirements; specific items missing included the waiver of subrogation and at times the endorsement for additional insured language

The current facility use agreement does not include provisions related to training or fingerprinting; although the agreement does currently require background checks for camp personnel. Testing indicated that background checks were also generally not being performed.

Inconsistent enforcement of key third-party requirements utilizing ASU's assets may increase ASU's liability exposure associated with the SDA coach owned camp and clinic activity.

**Recommendation:** The existing facility use agreement should be modified to incorporate the required provisions as stated in EHS 706 if the activity involves minors. Additional review of the agreement with the third parties should be performed to ensure a full understanding and awareness of defined requirements. In addition, AOF should implement procedures to monitor and validate compliance to contractual terms. To help ensure awareness and compliance, the existing ARMS workflow related to camps and clinics should be enhanced to add additional certification by the coaches that they are aware and compliant with key requirements such as employee screening and training.

**Management Response:** ASU Office of General Counsel is currently updating the Camp Facility Use Agreement to incorporate provisions stated in EHS 706. In process of adding a checkbox to confirm background checks and/or fingerprinting has been conducted in the ARMS camp process workflow. Additional checkbox will be added to confirm training has been conducted by all members of the organization. Documentation will be required. Immediately making provisions to include verification on the camp facility questionnaire.

ASU Risk Management conducted a staff training for reviewing Certificate of Insurances to ensure compliance. Certificate of Insurance example was created with explanations to send to all coaches. In process of adding the ASU liability requirements information into the ARMS camps workflow which will include a set of questions specific to certain liability coverages (auto liability, workers compensation). In the interim, liability questions have been included in the camp facility questionnaire to verify coverages.

Camp process was reviewed in the monthly rule's education meeting with all ASU head coaches.

Moved Camp Facility Use Agreements to be signed digitally and will be including a copy of the Certificate of Insurance. Facility Use Agreements will not be signed until Certificate of Insurance meets all of the requirements.

All actions have been or will be implemented by 09/30/2022.

## **2. SDA Administration has not implemented third-party oversight of the camp trademark and licensing agreements to ensure compliance to key provisions.**

**Condition:** SDA Coaches are allowed to utilize specific ASU marks in relation to the non-ASU owned camps they operate; however, use is governed by specific guidelines and requirements. Monitoring controls are not operating to identify when coaches do not comply with the terms of the agreement.

In addition, there were three instances where a coach was utilizing ASU marks without an active trademark license agreement.

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**Criteria:** A camp trademark license agreement must be executed for SDA coaches to be authorized to use ASU marks. As part of the agreement, it states that ASU email accounts cannot be utilized in conducting the camp, defines appropriate use of ASU marks, as well as requires a specific notice to be posted on all advertisements, publications, rosters, web pages and similar items stating that the camp is not affiliated with or sponsored by ASU.

**Cause:** SDA Administration has not implemented effective monitoring processes to ensure compliance to camp trademark license agreements.

**Effect:** SDA coach camps and clinics are not compliant with key provisions required when advertising and marketing camps that utilize ASU marks. Testing identified that each of the camps violated one or more of the defined provisions included in the agreement including using an ASU email address in conjunction with the camp, appropriate use of ASU marks, and including the Notice of License on camp materials which notifies participants that the camp is not affiliated with or sponsored by ASU.

Inconsistent enforcement of camp trademark license agreements may increase ASU's liability exposure associated with the SDA coach owned camp and clinic activity.

**Recommendation:** AOF should execute camp trademark and license agreements with the SDA coaches that are currently utilizing ASU marks without authorization. In addition, monitoring processes should be put in place to identify when SDA coaches do not comply including appropriate sanctions as needed such as, but not limited to being prohibited from using ASU marks. To help ensure awareness and compliance, the existing ARMS workflow related to camps and clinics should be enhanced to add additional certification by the coaches that they are aware and compliant with key requirements of the camp trademark and license agreement.

**Management Response:** Follow up has been performed with each of the coaches found to be in violation by not having a current agreement. Two of the three have already completed new agreements. The third acknowledged the mistake and will be completing a new form prior to conducting any future camps.

To prevent future issues, we have added a use of trademark checkbox to the initial camp submission process in ARMS. If a coach is conducting a camp and requesting use of Sun Devils or the Pitchfork logo, notification will be sent and the appropriate SDA staff member will:

1. Verify there is a current trademark agreement on file
  - a. If there is no agreement, or the agreement has expired, a new form will be provided and required to be completed prior to proceeding
2. If an ASU email is provided on the form, it will be sent back requesting a non-ASU

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email address

3. Request the URL for any camp promotion and/or registration, and all marketing materials be provided for review in advance to verify appropriate use of marks
4. Reiterate requirements to use a licensed vendor for any camp related materials bearing ASU marks
5. Call out the requirement to include this disclaimer in all promotional materials “This camp is not affiliated with or sponsored by ASU. Sun Devils® and the Pitchfork are registered trademarks of, and are used with the permission of, the Arizona Board of Regents.”

All actions have been or will be implemented by 09/30/2022.

**3. SDA Operations and Facilities (AOF) does not consistently bill direct costs incurred for SDA coach camps and clinics.**

**Condition:** Standard billing processes have not been implemented to ensure that SDA coaches are billed for appropriate direct costs related to conducting coach owned camps at ASU facilities.

**Criteria:** The facility use agreement states that the SDA coach will pay SDA for the reimbursement of direct costs incurred by SDA in connection to the use of the facility.

**Cause:** Standard billing processes have not been implemented to ensure that SDA coaches are billed for appropriate direct costs related to conducting coach owned camps at ASU facilities.

**Effect:** Testing identified that direct costs were inconsistently charged for athletic facility use. Specifically, testing indicated 3 camps that had identified direct costs as part of the facility use agreement; however, fees were not charged in final invoices. Four other camps were identified where no fees were charged outside of the daily rental fee.

**Recommendation:** Standard billing processes should be established as part of managing the facility use agreements to ensure ASU is reimbursed for all direct costs. If no direct costs are incurred related to the facility use, this should be stated as part of the final invoice to ensure consistent treatment for all third parties.

Inconsistent billing for third-party facility use agreements may increase ASU’s liability exposure associated with the SDA coach owned camp and clinic activity.

**Management Response:** AOF has met with internal staff to create a master invoice template to include all categories that are required for each camp. A comment section

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has been added to the final invoice if any expenses were adjusted based on the camp scope.

All actions have been or will be implemented by 06/30/2022.

**4. SDA Operations and Facilities (AOF) has not implemented effective processes to ensure invoices related to SDA coach camps and clinics are billed and collected in a timely manner.**

**Condition:** AOF has not implemented effective processes to ensure invoices related to SDA camps and clinics are billed and collected timely.

**Criteria:** The standard agreements in place regarding facility usage state that all invoices should be sent within 30 days of the camp occurring with payment required within 30 days of the invoice.

**Cause:** Standard processes have not been implemented to ensure invoicing occurs timely in addition to monitoring outstanding receivables to ensure payment is received within 30 days.

**Effect:** Invoicing related to SDA coach camps and clinics is not performed timely or at all nor are outstanding receivables monitored to ensure payment is received.

- Six of the camp trademark and license agreements reviewed did not include invoicing the SDA coach the defined fee
- 9 of 19 (47%) invoices tested related to 19 camps were not invoiced within 30 days of the camp occurring
- 8 of 19 (42%) invoices tested related to 19 camps were not paid by the SDA coach within 30 days of the invoice date

Inconsistent billing for third-party facility use agreements may increase ASU's liability exposure associated with the SDA coach owned camp and clinic activity.

**Recommendation:** Standard billing processes should be established as part of managing the facility use agreements and other activities related to SDA coach owned camps and clinics to ensure ASU receives compensation for the third-party use of ASU facilities and marks.

**Management Response:** Conducted meetings with internal staff to review the camp invoices process to ensure invoices are being submitted within 30 days. Working with

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third-party companies to ensure their invoices are submitted for payment less than 30 days after the conclusion of the camp.

Weekly meetings have been established with ASU Shared Services to review each camp payment status. Follow up emails will be sent to camps that are a week from due date. Follow up emails will be sent every week the payment delinquent. If camps invoices are delinquent, when the next camp request is received, the request will not be approved until all associated camp invoices are paid in full.

All actions have been or will be implemented by 06/30/2022.

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