November 12, 2015

TO: Stanford Yuen  
Chair, Board of Regents Audit Committee

VIA: David Lassner  
President

VIA: Kalbert Young,  
Vice President for Budget and Finance, CFO

VIA: Robert Bley-Vroman  
Chancellor

VIA: David A. K. Matlin  
Director of Athletics

FROM: Carl Clapp  
Associate Director of Athletics for Administrative Services

Teri Chang  
Assistant Athletics Director for Facilities/Events

SUBJECT: Response to September 2015 University of Hawai‘i at Mānoa Equipment and Apparel Audit

The following are responses to the Internal Auditor's September 2015 University of Hawai‘i at Mānoa Equipment and Apparel Audit Comments and Observations.

Equipment Department – Human Resource Allocation:

From Internal Audit Report: UHMAD should consider and analyze if filling the open equipment manager position while reducing the number of student employees would increase the effectiveness of the Equipment Department resulting from a more consistent workforce. However, the impact on the effectiveness of the Equipment Department with the additional equipment manager should also be evaluated against the potential increase to annual payroll expense as payroll related benefits for the open equipment manager position are not covered by the State of Hawai‘i.
Comments/Corrective Action:

UHMAD will evaluate our fiscal opportunity to hire a third full-time equipment manager thus returning to a staffing level that existed prior to 2010.

Responsible Persons: Athletics Director, Assistant Athletics Director for Facilities/Events and Equipment Managers

Corrective Action Completion Date: June 30, 2016 for FY 2017

Equipment Department – Inventory Records and Record Keeping:

From Internal Audit Report: In order to properly safeguard University assets, equipment managers should maintain perpetual inventory records of all athletic equipment/apparel. The perpetual inventory records should be provided to the UHM Athletics Director and Associate/Assistant Athletics Directors at the end of each academic semester.

Comments/Corrective Action:

UHMAD will maintain perpetual inventory records of all athletic equipment/apparel and reports will be provided to the UHM Athletics Director and Associate/Assistant Athletics Directors.

Responsible Persons: Assistant Athletics Director for Facilities/Events and Equipment Managers

Corrective Action Completion Date: June 30, 2016

Equipment and Apparel – Improve Equipment/Apparel Recordkeeping:

From Internal Audit Report: Internal Audit believes that the UHMAD should develop policies and procedures requiring equipment manager participation in the receiving, distribution and recordkeeping of all equipment/apparel to be distributed to SAs. Additionally, UHMAD should require the performance of a physical inventory by sport immediately after each sport's season ends. Inventory records of on-hand equipment/apparel, acquisitions, issuance to SAs and collection from SAs should be tracked and monitored to assist in future orders of equipment/apparel as well as to control misplaced and/or stolen equipment/apparel. At a minimum, manual procedures with the assistance of automated software such as Microsoft excel should be incorporated to track and monitor equipment/apparel. Consideration should be given to evaluate the acquisition of an automated athletic equipment management system, whereby equipment/apparel may be tracked and monitored with barcode data and inventory scanners. An automated athletic equipment management system may also support Title IX compliance as reports may be generated documenting the equipment/apparel issued to male and female SAs. Additionally, an automated athletic equipment management system should allow for improved management and oversight of sports manufacturer contracts.
Comments/Corrective Action:

UHMAD will develop policies and procedures requiring equipment manager participation in the receiving, distribution and recordkeeping of all equipment/apparel to be distributed to Student-Athletes. Additionally, UHMAD will require the performance of a physical inventory by sport immediately after each sport’s season ends.

Responsible Persons: Athletics Director, Assistant Athletics Director for Facilities/Events and Equipment Managers

Corrective Action Completion Date: June 30, 2016

Equipment and Apparel – Monitoring of UHF Funds:

From Internal Audit Report: UHMAD management should consider reviewing all expendable UHMAD UHF accounts by sport on a periodic basis to determine whether UHMAD expenses paid with UHF monies are reasonable and appropriate. Additionally, copies of documentation (e.g., payment processing documents and invoices) supporting acquisitions utilizing UHF funds should be maintained by UHMAD.

Comments/Corrective Action:

UHMAD will work with ‘Ahahui Koa Anuenue (AKA) to implement a review and approval system for purchases from UHMAD UHF accounts ensuring a consistent review and approval process. UHMAD will develop and implement a system to ensure that all documentation for UHF account purchases is maintained by UHMAD.

Responsible Persons: Athletics Director, Associate Athletics Director for Administrative Services, Assistant Athletics Director for Facilities and Events, Assistant Athletics Director for Business Operations, Equipment Managers, Director of Booster Clubs.

Corrective Action Completion Date: June 30, 2016

Equipment and Apparel – Enhance and Formalize Existing Equipment/Apparel Policies:

From Internal Audit Report: Although the UHMAD Manual includes a “Uniform Replacement Schedule” and a schedule listing supplies (towels, certain apparel, laundry bag, travel bag) to be issued to SA’s of each sports team, Internal Audit believes that the UHMAD should consider enhancing its manual to include policies identifying the type and quantity of equipment/apparel issued to SAs by sport as well as identifying the apparel that can be kept by the SA and those that must be returned.

Internal Audit also believes the UHMAD should consider supplementing its “Uniform Replacement Schedule” with a maintenance schedule for equipment. A comprehensive maintenance and replacement schedule for equipment and uniforms should assist in determining prospective budgetary commitments and enhance the safety of protective equipment utilized by SAs, as well as assisting with Title IX compliance.
Comments/Corrective Action:

UHMAD will review our policies related to the type and quantity of equipment/apparel issued to student-athletes and develop and implement a policy related to what equipment/apparel can be kept by the student-athlete and what must be returned.

Responsible Persons: Assistant Athletics Director for Facilities and Events, Equipment Managers

Corrective Action Completion Date: March 1, 2016

Equipment and Apparel – Disposition of Obsolete Equipment and Uniforms:

From Internal Audit Report: Finally, the UHMAD should develop policies and procedures regarding obsolete equipment and uniforms. A listing of obsolete equipment and uniforms should be prepared and UHMAD management should assess disposition options, including options that could benefit the UHMAD (e.g., auctioned by booster clubs, donated to local schools and organizations, etc.). Consultation with the Office of General Counsel and Financial Management Office should be considered to ensure compliance with State of Hawaii, University and NCAA rules and regulations.

Comments/Corrective Action:

UHMAD, after appropriate consultation, will develop and implement comprehensive policies and procedures regarding disposition options for obsolete equipment and uniforms.

Responsible Persons: Assistant Athletics Director for Facilities and Events and Equipment Managers

Corrective Action Completion Date: March 1, 2016

Laundry:

From Internal Audit Report: UHMAD should consider developing a maintenance and replacement schedule for all washers and dryers to assist with future budgeting and to prevent an extended disruption in laundry service for student-athletes.

Comments/Corrective Action:

UHMAD will develop a maintenance and replacement schedule for all washers and dryers to assist with future budgeting and to prevent an extended disruption in laundry service for SAs.

Responsible Persons: Associate Athletics Director for Administrative Services, Assistant Athletics Director for Business Operations, Equipment Managers

Corrective Action Completion Date: June 30, 2016