

## Report Highlights

During 1998, the Senate Special Committee on Interscholastic Athletics conducted an in-depth inquiry into the operations of the Pennsylvania Interscholastic Athletic Association (PIAA). Subsequent legislation, Act 2000-91, created the Pennsylvania Athletic Oversight Council and directed the LB&FC to conduct an annual “financial and management review” of the PIAA. This is the LB&FC’s second review under this mandate.

**Overall Conclusion:** The PIAA has begun to address the recommendations from the LB&FC’s 2001 review. It is, however, too early to assess the impact of these efforts. Although the PIAA Board adopted nine new policies in response to the LB&FC’s initial review, most policies have been in effect for only a few months, and two significant policies are not scheduled to be implemented until July 2003. Also, it appears that some policies have been written in such a way as to allow the PIAA’s historical practices to continue without significant change, either by making the policy optional or by writing the policy broadly to permit continuation of current practices.

### Key Findings:

- **PIAA Organizational Issues.** Prior legislative and consultant studies have suggested fundamental organizational changes for the PIAA and its 11 Districts to provide for comprehensive operating policies and procedures; centralized financial, accounting, and reporting functions; and centralized disbursement, cash management, and bank depository systems. PIAA officials do not believe a fundamental restructuring is likely, however, and the PIAA Board is instead taking steps to adopt a policy that would make the PIAA Headquarters and its 11 Districts separate legal entities and give each District a high degree of independence.
- **PIAA Finances.** During FY01-02, the PIAA Headquarters expended \$3,935,176 against annual revenues of \$4,120,331, giving the Headquarters its first operating surplus since FY96-97.
- **PIAA Expenditure Policies.** Although the PIAA Board adopted some new expenditure policies, we found a number of expenditures that continue to fall outside existing policy guidelines (e.g., for catered food services, flowers, staff luncheons on Secretary’s Day and Christmas, memorial donations, office snacks and soda, and wholesale club memberships). These represent potential cost-savings opportunities for PIAA.
- **Expense Documentation.** The PIAA has made notable improvements in requiring the submission of documentation for “ordinary and necessary” business expenses.
- **Competitive Bidding.** The PIAA has expanded its competitive bidding policy to include printing services, championship awards, and promotional items effective July 1, 2003, but needs to take further actions in order to meet its target date.
- **Game Managers.** New policies adopted by the PIAA Board do little to substantively change existing game manager procedures. Although “encouraged” to use checks, PIAA game managers may continue to pay event expenses in cash. We also found continued problems and inaccuracies in game manager reports and, in some cases, PIAA Board members continue to serve as game managers or event workers.
- **Accounting Manual.** The PIAA has not finalized its draft accounting and procedures manual. A new policy on standardized accounting and financial reporting is effective July 1, 2003.
- **Deposit of Game Receipts.** Under a new policy, PIAA game managers will be able to deposit game receipts directly into a PIAA account. However, the new policy provides this as an “alternative,” not a mandate.
- **Annual Report.** The PIAA Board has adopted a new policy requiring an annual report. The first report is due in the first quarter, 2003, *PIAA Quarterly*.
- **Open Meeting Policy.** The PIAA’s website listing of 2002 meetings was incomplete, and inadequacies exist in the PIAA’s method of announcing the purposes of the Board’s executive sessions.

### Recommendation:

- *Less than one year has elapsed since the LB&FC presented the PIAA a fairly comprehensive set of recommendations geared to the Board’s adoption of “best business and accounting practices.” We, therefore, do not present further recommendations at this time. Rather, because it is too soon to assess the impact of many new policies adopted by the PIAA, we propose that the Pennsylvania Athletic Oversight Council consider recommending a mechanism by which the General Assembly can maintain periodic oversight of the PIAA or any successor organization that may be designated to regulate interscholastic athletics in Pennsylvania.*