



**THE UNIVERSITY OF TEXAS RIO GRANDE VALLEY
OFFICE OF AUDITS & CONSULTING SERVICES**

NCAA Rules Compliance – Part 2 of 2

Report No. 16-04

June 27, 2016

Dr. Guy Bailey, President
The University of Texas Rio Grande Valley
2102 Treasure Hills Blvd., Suite 3.115
Harlingen, TX 78550

Dear Dr. Bailey,

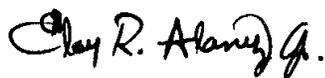
As part of our fiscal year 2016 Audit Plan, we have completed a compliance audit of the National Collegiate Athletic Association (NCAA) Rules Compliance – Part 2 of 2 for The University of Texas Rio Grande Valley (UTRGV). The objective of the audit was to evaluate Athletics compliance with NCAA Bylaws in specific areas. The scope of the audit included current forms, policies and procedures and activity during FY 2015 related to the following areas:

- ◆ Extra Benefits
- ◆ Camps & Clinics
- ◆ Student Athlete Employment
- ◆ Amateurism

Based on the work performed, we are reasonably certain, that Athletics complied with NCAA Bylaws and its compliance practices were functioning as intended for the four areas evaluated. The detailed report is attached for your review.

We appreciate the courtesy and cooperation received from management and staff during our audit.

Sincerely,



Eloy R. Alaniz, Jr., CPA, CIA, CISA
Chief Audit Executive

cc: Chris King, Athletics Director
UTRGV Internal Audit Committee
UT System Audit Office
Governor's Office of Budget, Planning and Policy
Sunset Advisory Commission
State Auditor's Office
Legislative Budget Board

Office of Audits and Consulting Services
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The Woods, 140
One West University Blvd.
Brownsville, Texas 78520
(956) 882-7023

CHUR, 1.101
1201 West University Blvd.
Edinburg, Texas 78539
(956) 665-2110

utrgv.edu

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EXECUTIVE SUMMARY

The National Collegiate Athletic Association (NCAA) compliance philosophy is based upon the principles of institutional control, presidential authority, and shared responsibility. An effective compliance program should have sufficient administrative procedures, educational programs, and monitoring, in order to maintain institutional control. NCAA Bylaw, *Article 20.4.4 Compliance Review Requirement* states that “at least once every four years, an active multidivisional institution must engage in a compliance review conducted by an authority outside the athletics department.” The Office of Audits and Consulting Services provides this evaluation for The University of Texas Rio Grande Valley (UTRGV).

The objective of the audit was to evaluate Athletics compliance with NCAA Bylaws in specific areas. The scope of the audit included current forms, policies and procedures and activity during FY 2015 related to the following areas:

- ◆ Extra Benefits
- ◆ Camps & Clinics
- ◆ Student Athlete Employment
- ◆ Amateurism

Our procedures included interviews of Athletics personnel and policies and procedures manuals. The Association of College and University Auditor’s *NCAA Division I Compliance Audit Guide* was used in performing the audit.

Based on the work we performed, we are reasonably certain, that Athletics complied with NCAA Bylaws and its compliance practices were functioning as intended for the four areas evaluated. Athletics maintains written manuals that provide policies and procedures governing NCAA rules compliance. The *NCAA Division I Manual*, the *Compliance Policies and Procedures Manual*, the *Department of Intercollegiate Athletics Policies and Procedures Manual*, the *Student-Athlete Handbook & Planner* are readily available and essential tools contributing to NCAA rules compliance. To ensure compliance in all areas, the Athletics Compliance Office conducts monthly rules education meetings, provides tips and updates on NCAA legislation via emails for coaches and other key personnel. Additionally, a monitoring program is in place and working as intended. However, we observed the following:

- No documentation was obtained to support that prior approval for Camps & Clinics was received. According to the *Department of Intercollegiate Athletics Policies and Procedures Manual*, an *Application for Athletic Camp/Clinic Account* must be completed prior to the camp/clinic. This form obtains approvals from the Coach, Athletics Director and the University’s Finance and Administration Office. We requested copies of the forms for FY15, and the forms provided were incomplete and missing some of the required signatures.

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- Athletics did not send the student athlete employers the *Student Athlete, Employment Policy, and Employer Participation Agreement*. According to the *Department of Intercollegiate Athletics Policies and Procedures Manual*, this form includes the NCAA rules that govern employment of student athletes and should be returned by the employers with their signature acknowledging agreement to rules compliance.

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BACKGROUND

The University of Texas Rio Grande Valley was created by the Texas Legislature on December 7, 2012, and it combined the resources and assets of The University of Texas-Pan American (UTPA) and the University of Texas-Brownsville (UTB) effective September 1, 2015.

Athletics supports and complements the educational mission of the institution by providing student athletes the academic resources to obtain their baccalaureate degree while participating in athletics competition as a Division I member of the NCAA. Athletics is responsible for the operation of the Men's and Women's Intercollegiate Athletics Program, which includes sixteen sports that compete at the NCAA Division I level, as a member of the Western Athletic Conference.

NCAA Bylaw, *Article 20.4.4 Compliance Review Requirement*, states that “at least once every four years, an active multidivisional institution must engage in a compliance review conducted by an authority outside the athletics department.” The University's Office of Audits and Consulting Services provides this evaluation. The rules compliance program evaluation includes the following areas:

1. Governance & Organization.
2. Initial-eligibility Certification.
3. Continuing-eligibility Certification.
4. Transfer-eligibility Certification.
5. Academic Performance Program.
6. Financial Aid Administration, including individual and team limits.
7. Recruiting (e.g., contacts and evaluations, official and unofficial visits).
8. Camps & Clinics.
9. Investigations & Self-Reporting of Rules Violations.
10. Rules Education.
11. Extra Benefits.
12. Playing and Practice Seasons.
13. Student Athlete Employment.
14. Amateurism.
15. Commitment of Personnel to Rules Compliance.

AUDIT OBJECTIVE

The objective of the audit was to evaluate Athletics compliance with NCAA Bylaws in specific areas.

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AUDIT SCOPE & METHODOLOGY

The Office of Audits and Consulting Services conducts a comprehensive audit of one area of the rules compliance program each year; therefore, not all areas have been audited within the past four years. To satisfy the NCAA Bylaw on rules compliance, the scope of the audit included current forms, policies and procedures and activity during FY 2015 related to the following areas:

- ◆ Extra Benefits
- ◆ Camps & Clinics
- ◆ Student Athlete Employment
- ◆ Amateurism

Our procedures included interviews of appropriate Athletics personnel, including the athletics director, the senior associate athletic director for student services, the assistant athletic director of compliance, and the athletic compliance coordinator. We also reviewed current policies and procedures manuals. The Association of College and University Auditor's *NCAA Division I Compliance Audit Guide* was used in performing the audit. Compliance references included the *NCAA Division I Manual*, the *Compliance Policies and Procedures Manual*, the *Department of Intercollegiate Athletics Policies and Procedures Manual* and the *Student-Athlete Handbook & Planner*.

The audit was conducted in accordance with the guidelines set forth in The University of Texas System's Policy 129 and the *Institute of Internal Auditor's Standards for the Professional Practice of Internal Auditing*.

AUDIT RESULTS

Extra Benefits

Athletic Equipment and Apparel

NCAA legislation prohibits the provision of athletic equipment and apparel to prospects, members of their families, friends, or their educational institutions during and after the recruitment process. NCAA legislation generally allows the provision of athletic equipment and apparel to student athletes when this apparel and equipment are necessary for practice or competition. Articles of little value after their use (practice jerseys, shorts, socks, shoes, etc.) generally are allowed to be retained by the student athletes whereas items of greater value generally are not.

Athletics has written policies and procedures documenting compliance with NCAA rules governing athletic equipment and apparel. Additionally, this topic is discussed with student athletes and coaches. All new items of apparel and equipment purchased with university funds are inventoried. Coaches are required to use designated forms to track apparel and athletic equipment, and these forms are kept on file by sport and periodically updated. The form lists each item of apparel and equipment issued, and documents the return of each of the items. Upon

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issuance of equipment/apparel, the forms are filled out and signed by the student athlete. At the end of each sport's season, equipment and apparel is returned by the student athlete and documented. A process is in place to address the items not returned. Monitoring of completed forms and compliance is conducted by the senior associate athletic director for student services. Additionally, Athletics has an employee who monitors and restricts the use of logos on equipment, uniforms, and apparel.

We evaluated the process and verified completion of the forms. We determined that controls are in place to ensure that equipment was not retained by the student athletes. We obtained an inventory list as well as issued and returned equipment and apparel forms.

No exceptions were noted in this area.

Complimentary Admissions

An institution may provide four complimentary admissions per home or away athletics contest (six are permissible for conference or NCAA championships, or a bowl game) to a student athlete in the sport in which the individual is eligible to compete regardless of whether the athlete competes in that contest. The recipients of the complimentary admissions are designated by the student athletes and provided through a complimentary ticket pass list. "Hard tickets" should not be issued to athletes or their guests. The institution should have an administrative procedure for the issuing of these complimentary admissions through the pass list. The institution also may provide admission to a student athlete at the institution's regular season home athletics contests in sports other than that in which the athlete participates through the student athlete pass list. A student athlete may not sell or exchange these admissions.

Athletics has written policies and procedures relating to complimentary admissions in their *Department of Intercollegiate Athletics Policies and Procedures Manual*. Additionally, this topic is discussed with the student athletes and coaches. A *Complimentary Ticket Pass List* is completed, reviewed, and approved by the Athletics Compliance Office. "Hard tickets" are not issued.

No exceptions were noted in this area.

Student Athlete Vehicles

A university is prohibited from providing a student athlete with an automobile under any circumstances including for the hosting of a prospect on the prospect's official visit. Representatives of the university's athletics interests cannot provide a student athlete with a loan of money to purchase or lease a vehicle nor can they provide the use of an automobile. If a student athlete receives the use of an automobile as part of the athlete's employment, the employer must show that other individuals in a similar position or on a similar level have the same benefit of automobile usage.

Athletics has written policies and procedures relating to student athlete vehicles in their *Department of Intercollegiate Athletics Policies and Procedures Manual*. None of the student athletes are provided vehicles. All student athletes are required to complete a *Student-Athlete*

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Automobile Registration form for vehicles that will be used for personal transportation. The information provided on this form is monitored by the coaches and the Athletics Compliance Office.

No exceptions were noted in this area.

Team Travel

An institution may provide actual and necessary travel expenses such as transportation, lodging, and meals to a student athlete for participation in athletics competition, provided the student athlete is representing the institution and is eligible for competition.

Athletics has written policies and procedures documenting compliance with NCAA rules governing team travel. Team travel is primarily the responsibility of the assistant athletic director for compliance and the associate athletic director for business operations. The assistant athletic director for compliance is responsible for ensuring compliance with NCAA legislation in this area. The monitoring activities undertaken by the assistant athletic director for compliance includes review of a travel roster and travel itinerary submitted by the coach prior to departure. The associate athletic director for business operations reviews support documentation and conducts a reconciliation of all travel expenses incurred during the trip. These responsibilities are generally stated in both employees' job descriptions. All athletics personnel with compliance responsibilities in this area are required attend monthly compliance meetings.

No exceptions were noted in this area.

Representatives of the university's athletics interests (boosters)

An institution has a responsibility for the conduct of its athletics program and this responsibility includes acts of individuals, corporate entities, or other organizations that are considered representatives of the university's athletics interests (e.g., boosters). Generally speaking, an individual is a booster if the individual or group has made financial contributions to Athletics or an athletics booster organization. An individual, group, or entity also could become a booster if the individual or group is assisting in the university's recruiting efforts, is providing benefits to enrolled or recruited student athletes, or is otherwise promoting the institution's athletics program.

The *Athletics Compliance Policies and Procedures Manual Section 11, Monitoring of Booster/Support Groups* and the *Department of Intercollegiate Athletics Policies and Procedures Manual* contain written procedures to assist with compliance in this area. The assistant athletic director for compliance has primary responsibility for supervising compliance and monitoring the university's efforts with NCAA legislation related to boosters. The Athletics Compliance Office distributes a Booster Newsletter which covers basic compliance related issues to boosters and provides other useful information. The athletics director regularly communicates with Boosters. Additionally, the Office ensures that student athletes are not employed by Boosters through the required student employment forms.

No exceptions were noted in this area.

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Camps & Clinics

NCAA legislation allows student athletes to be employed at institutional (e.g., camps that are wholly or in part owned or operated by coaching staff members) or private camps. The critical issue is whether the student athletes have similar responsibilities and are paid similar to other employees who have the same responsibilities. Prospects are not to be employed at institutional camps but may attend these camps by paying the going rate.

Camps and Clinics are primarily the responsibility of the assistant athletic director for compliance and the associate athletic director for business operations. The assistant director for compliance monitors compliance with NCAA legislation in this area. The monitoring activities undertaken by the assistant director for compliance includes rules education, approval of camp brochures, camp and clinic dates and itineraries. The associate athletic director for business operations compiles the financial activity of camps and clinics, monitors all payments, registration and all other required paperwork. These responsibilities are generally stated in both employees' job descriptions.

Athletics has written policies and procedures documenting compliance with NCAA rules governing camps and clinics. Camps & Clinics are one of the topics addressed in the Compliance Monthly Newsletter. The Compliance Office randomly attends the different camps & clinics and observes the individuals participating and the coaches providing the instruction.

Athletics retains adequate documentation to identify and review information on institutional camp and clinic participants for compliance purposes and to identify those individuals employed by the camps and clinics. In the fall, all the Athletics staff complete a form called the *Outside Income Agreement for Athletics Department Staff Members* to disclose employment of athletics staff for camps and clinics not owned or operated by the institution. At the end of every camp, the associate athletic director for business operations generates a net income statement. According to the *Department of Intercollegiate Athletics Policies and Procedures Manual* prior approval by the athletics director is required for Athletics staff members to own or operate an institutional sports camp or clinic. An *Application for Athletic Camp/Clinic Account* must be completed prior to the camp/clinic. This form obtains approvals from Coach, Athletics Director and the University's Finance and Administration Office. As part of the audit we requested copies of the forms for FY15; however, Athletics was unable to provide us with any completed forms. The forms provided were missing some of the required signatures.

Recommendation:

1. The Athletics Compliance Office should ensure that the *Application for Athletic Camp/Clinic Account* form is completed and retained prior to the camp/clinic.

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Management's Response:

1. The Athletics Compliance Office will ensure all documents in regards to camps and clinics are on file prior to sport programs hosting a camp/clinic. The *Application for Athletic Camp/Clinic Account* form will be signed and submitted to the Business Office prior to the camp/clinic.

Implementation Date:

06/01/2016

Student Athlete Employment

Student athletes can be employed on or off-campus at any time during the academic year or during the summer, including vacation periods within the academic year. A student athlete should not be compensated for any value or utility that the athlete may have for the employer based upon the athlete's publicity, reputation, etc. The athlete also should be compensated only for work actually performed at a rate commensurate with the going rate in that locality for similar services.

It is expected that the institution have a monitoring program for the employment of student athletes. The focus of the monitoring program should be those jobs arranged by Athletics and those in which the employer is a representative of the institution's athletics interests. Such employment has the most risk for institutional penalties. This program should include the education of the employers and student athletes. The most common violations in the employment area occur when an athlete is being compensated in excess of work actually performed or at a rate that is not similar to other employees who are performing similar work.

The assistant athletic director for compliance has primary responsibility for supervising the university's compliance in the area of student athlete employment. Athletics has written policies and procedures for the employment of student athletes for both student athletes and the employers. Student athletes and coaches received education on the NCAA legislation related to employment of student athletes. To assist with compliance in this area, a student athlete must complete an *Employment Information and Statement Form*, which includes the name and location of employer, the name of the immediate supervisor, arrangements for the employment, amount of pay, job title, and other pertinent information. According to the Student Athlete Employment Policy, once employers are identified, they are sent a letter describing the employment policy for student athletes and enclosed with the letter are the NCAA rules governing this area and the *Student Athlete, Employment Policy, and Employer Participation Agreement*. This form includes the NCAA rules that govern employment of student athletes and employers sign the agreement acknowledging that they understand and will follow the rules and the form is to be returned to Athletics.

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During FY15, a total of four athletes were employed. These student athletes completed their *Employment Information and Statement Forms*. However, the Compliance Office did not provide employers with the *Student Athlete, Employment Policy, and Employer Participation Agreement*.

Recommendation:

2. The Athletics Compliance Office should ensure that all student athlete employers receive, sign and return the *Student Athlete, Employment Policy, and Employer Participation Agreement*.

Management's Response:

2. The Athletics Compliance Office will ensure all student-athletes employment documents are signed and on record within ten days of reported employment. The Athletics Compliance Office will solicit student-athletes and encourage student-athletes to report their employment a minimum of four times during an academic year via Jumpforward. The student-athletes employers will be notified in writing and will be sent an *Employer Participation Agreement* form and related NCAA compliance legislation and requirements.

Implementation Date:

05/01/2016

Amateurism

NCAA Bylaw 12 primarily governs the amateurism principles. Amateurism issues occasionally arise with international and select prospects. NCAA legislation varies depending upon the enrollment status of the student athlete. The general Division I philosophy is that any activity or action that “professionalizes” a prospective or currently-enrolled student athlete makes them permanently ineligible for intercollegiate competition. Each institution is responsible to verify amateur status and monitor participation and competition during the period between the date of amateurism certification by the Eligibility Center and the date of initial enrollment at the member institution and subsequent to enrollment.

The assistant athletic director for compliance has primary responsibility for supervising and monitoring the university's compliance with NCAA legislation related to Amateurism. This topic is discussed at the annual compliance meeting and Athletics has written policies and procedures. The *Student-Athlete Statement – NCAA Division I* is utilized for ensuring compliance. The form has a section titled *Part III: Affirmation of Status as an Amateur Athlete*. Every student athlete is required to affirm that they have read and understand the NCAA amateurism rules and they have not violated any amateurism rules since the final certification from the NCAA Eligibility Center or since the last time they signed a Division I student athlete statement, whichever occurred later. Additionally, all student athletes are required to complete an *Agent & Amateurism Affidavit* prior to the first competition.

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We requested and obtained a list of all international student athletes in FY15. We selected seventeen (17) student athletes and reviewed submitted forms, and amateurism certification via the NCAA Eligibility Center. The documentation was properly completed and in compliance with the amateurism eligibility rules.

CONCLUSION

Based on the work we performed, we are reasonably certain, that Athletics complied with NCAA Bylaws and its compliance practices were functioning as intended for the four areas evaluated. Athletics maintains written manuals that provide policies and procedures governing NCAA rules compliance. The *NCAA Division I Manual*, the *Compliance Policies and Procedures Manual*, the *Intercollegiate Athletics Policy and Procedures Manual*, the *Student-Athlete Handbook & Planner* are readily available and essential tools contributing to NCAA rules compliance. To ensure compliance in all areas, Athletics Compliance Office conducts monthly rules education meetings, provides tips and updates on NCAA legislation via emails for coaches and other key personnel. However, the recommendations listed above should be made to enhance compliance.



Isabel Benavides CIA, CGAP, CFE
Assistant Director



Norma Ramos, CIA, CGAP
Director