



UNIVERSITY OF
TEXAS
ARLINGTON

NCAA Compliance Audit - Recruiting
JUNE 27, 2016

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MEMORANDUM

TO: Dr. Vistasp Karbhari
President

FROM: Anna Nicodemus *Anna Nicodemus*
Interim Chief Audit Executive, Office of Internal Audit

DATE: June 27, 2016

SUBJECT: NCAA Compliance Audit - Recruiting Dated June 27, 2016

Executive Summary

We have completed the NCAA Compliance Audit – Recruiting as included in our FY 2016 annual audit plan. The objective of the audit was to determine whether the Athletics Department has proper documentation to maintain compliance with NCAA legislation that governs recruiting activities, and whether the department is in compliance with these regulations (primarily NCAA Division I Manual, Bylaw, Article 13, Recruiting). In addition, we determined whether the University maintained adequate control over known groups (i.e. Booster programs) that represent the Institution’s athletic interests to ensure compliance with NCAA legislation.

Based on the results of the audit procedures performed and samples tested, the Athletics Department primarily has policies and procedures in place for the areas reviewed. The reportable findings and recommendations in this audit were deemed significant to the department or process. None of the findings are deemed as a “priority finding” to the University. A priority finding is defined as “*an issue identified by an internal audit that, if not addressed timely, could directly impact achievement of a strategic or important operational objective of a UT institution or the UT System as a whole. Standard factors for determining a Priority Finding have been established in three categories: namely, Organizational Controls, Quantitative Risks, and Qualitative Risks.*”

We appreciate the courtesy and cooperation we received from the Athletics Department staff throughout the audit.

Background Information

UT Arlington is a Division I member of the Sun Belt Conference and the National Collegiate Athletic Association (NCAA). As member of the NCAA, the institution and the student athlete must abide by various rules set by the NCAA administration office and provided therein the NCAA manual. Bylaw 13, "Recruiting," details the rules and regulations for recruiting a student athlete in an athletics program. Additionally, the institution has a responsibility to monitor the activities of the representatives of athletics interests (e.g. boosters).

The purpose of NCAA recruiting legislation is to balance the interests of the prospect being recruited and the interests of the NCAA member institution that is attempting to gain the enrollment of the prospect. An individual is a prospect until the individual enrolls at the university or begins practice. Prospects generally do not attain enrolled student athlete status until they have started classes for the ninth grade. Recruitment occurs when there is solicitation of any kind to the prospect or prospect's relatives by an institution's staff member and/or representative of the institution's athletics interests (e.g., booster).

The NCAA Bylaws requires that a compliance audit be done once every four years and completed by someone external to the Athletics Department. The Office of Internal Audit, since considered external to the Athletics Department, performs an NCAA audit engagement on one of the three more complex areas annually -- Recruiting, Student Financial Aid and Eligibility. These three audits are performed on a rotational basis -- the same area being audited once every three years.

Objectives

The objective of the audit was to determine whether the Athletics Department has proper documentation to maintain compliance with NCAA legislation that governs recruiting activities, and whether the department is in compliance with these regulations (primarily NCAA Division I Manual, Bylaw, Article 13, Recruiting). In addition, we determined whether the University maintained adequate control over known groups (i.e. Booster programs) that represent the Institution's athletic interests to ensure compliance with NCAA legislation.

Scope and Methodology

To achieve the audit objective, we interviewed key Athletics personnel to gain an understanding of NCAA Bylaw 13, Recruiting, and UT Arlington's policies and procedures related to the student athlete recruiting process. We utilized the audit program within the Association of College and University Auditors (ACUA) NCAA Division I Compliance Audit Guide for 2014-15.

We selected three sports for audit testing: men's basketball, women's basketball and baseball. For these selected sports, we reviewed the recruiting process that included general recruiting,

off-campus recruiting, on-campus recruiting, and actions of the representatives of the University's Athletics interests (boosters) to ensure the recruitment process for prospective student athletes was in compliance with NCAA Bylaw 13. The scope of the audit was UT Arlington's Athletics Department recruiting activities for fiscal year 2015.

Audit Results

Off-Campus Recruiting

The Athletics Department has a policy that limits communication among the coaching staff members and other University personnel involved in the decisions regarding admissions or financial aid. Additionally, the coaching staff is regularly informed through meetings and emails that communications with University personnel involved in decisions regarding admissions or financial aid is prohibited.

Prospect information on file within various offices of the University is updated through email, correspondence, phone calls, and MyMav (Student Information System), and maintained via a tracking spreadsheet. In MyMav, students are identified into student groups that enable various offices to know what program they are enrolled in and update their files accordingly. Additionally, we verified that institutional staff members who are authorized as off-campus recruiters successfully completed the NCAA's annual certification requirements.

We tested a sample of the coaches' travel records for off-campus recruiting activities for the period September 2014 through August 2015, and found that the coaches submitted the appropriate supporting documentation prior to and after the recruiting activity. However, we noted an audit observation in the payment of per diem or a flat-rate for coaches' meal expenses.

Audit Observation:

Based on review of the expense detail reports from UT Share/PeopleSoft for a sample of coaches, per diem or a flat-rate was paid for meals. This is not in accordance with Procedure 2-86: *Meals, Lodging, Incidental Expenses and Other Fees for Travel for State and Local Funds* which states that the State of Texas and UT Arlington do not pay per diem for meals and incidental expenses. While the procedure highlights in bold text that "daily limits are not a flat rate per diem", there has been some consistent general confusion and misunderstanding over the language in the procedure by management and staff. The confusion has been over what was intended to be a guidance for "daily limits" for when receipts must be submitted versus reimbursements being per diem. This has been compounded by the practice by Travel Services of paying the daily limit of \$50, without receipts submitted, as though it was per diem. This procedure is being reviewed and re-written and may include flat rate per diem in the future. These observations therefore are based on the procedure in place during the time these expense reports were processed and paid.

Recommendation (Low):

The Athletics Department should work with Travel Services to obtain clarity and understanding of Procedure 2-86: *Meals, Lodging, Incidental Expenses and Other Fees for Travel for State and Local Funds*. What the Athletics Department includes in their departmental policy and procedures manual, in addition to what is carried out in the department, contradicts Procedure 2-86. No documented exception has been granted to the department by Accounting Services.

Management Response: *Agreed that there is no documented exception to Procedure 2-86. It is our understanding that this procedure has not been applied appropriately and we are working with Travel Services in the UT Arlington Division of Business Affairs to ensure that we can improve and correct our procedures for reimbursing expenses for meals as a result of professional travel.*

Target Implementation Date: 8/13/2016

Responsible Party: *Athletics Administration, specifically Director of Athletics, Senior Associate AD for Finance and Administration and Associate AD for Business and Operations*

The Athletics Department manages and monitors off-campus recruiting activities for high school prospects, two-year prospects and four year-prospects in JumpForward, the recruiting software used by the department to manage team rosters, contacts and evaluations, phone calls, recruiting materials, etc. Recruiting logs for a sample of high school prospects, two-year college prospects, and four-year prospects were examined and verified that off-campus contacts, evaluations and phone calls were made within the NCAA regulated period and prescribed limits of the sports in the sample selection. The NCAA bylaw requires that recruiting materials are distributed at a prescribed time to high prospects. Evidence of this distribution should be documented so that the Athletics Department can attest that they are within the guidelines of the respective bylaw. The JumpForward software has the capability to track such information. In our testing, it was noted that six of nine sampled high school prospects did not have a record of the recruiting materials that had been distributed.

Recommendation (Low):

We recommend that a department procedure be established and implemented to address documenting of recruiting materials and electronic correspondence pertaining to prospects. Training should also be provided to the coaches on the use of the JumpForward software for this activity. In addition, a means of monitoring this activity should also be defined.

Management Response: *Management Response: Training on documentation of recruiting activities, including printed materials and electronic correspondence, is current and ongoing. As a result of recent changes to NCAA legislation related to printed recruiting materials, coaches are no longer required to seek prior approval of specific items which are mailed or distributed to prospects, however, they are still*

expected to be able to document first contacts with prospects (first call, first text, first email, first correspondence) and this can be achieved by logging all first contacts in JumpForward. By logging all first contacts, a coach can document or provide evidence that the contact occurred on or after the first permissible date. This practice is not required per NCAA legislation but if adopted as a best practice, it provides supporting evidence of compliant behavior if the recruitment of a prospect is ever questioned.

Target Implementation Date: 8/13/2016

Responsible Party: Countable coaches in each sport and athletics compliance staff

On-Campus Recruiting

On campus recruiting involves a prospect visit to the institution to get a general feel of the institution. There are two types of visits: official and unofficial. We tested a sample of official and unofficial prospect visits regarding baseball, men's basketball and women's basketball. We noted that the official visits took place during the proper time, and prospects were registered with the NCAA Eligibility Center and placed on the institution's request list. The official visits did not last more than 48 hours in accordance with the NCAA regulations. Lodging and meals were provided to the prospects per the NCAA bylaws.

NCAA Bylaw 13.7, Unofficial (Nonpaid) Visit, states, "a prospective student athlete may visit a member institution's campus at his or her own expense for an unlimited number of times." Using a sample of prospective student athletes for baseball, men's basketball and women's basketball who made unofficial visits, we determined that the institution paid no expenses on behalf of these students.

Representatives of University's Athletics Interests (Boosters Program):

The Athletics Department has staff designated for supervising the University's compliance regarding boosters (an individual or group who has made financial contribution to the Athletics Department). The department provides rules education through avenues such as the Athletics Department website; distribution of a brochure titled "A Guide to NCAA Rules for Those Who Support the UTA Athletics Program;" presentations at luncheons or social events; and quarterly emails with specific information on what is required of donors and boosters. In addition, coaches and student-athletes are provided periodic reviews of the rules related to booster organizations.

Conclusion

Based on the results of the audit procedures performed and samples tested, the Athletics Department primarily has policies and procedures in place for the areas reviewed.

Our examination was conducted in accordance with guidelines set forth in the *Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing*. These *Standards* set criteria for internal audit departments in the areas of independence, professional proficiency, scope and performance of audit work, and management of the internal auditing department. UT System policy UTS 129 titled "Internal Audit Activities" requires that we adhere to the *Standards*.

We appreciate the courtesy and cooperation we received from the Athletics Department staff throughout the audit.