

NCAA Bylaw 15: Financial Aid

Intercollegiate Athletics



August 2018

**The University of Texas at Austin
Office of Internal Audits
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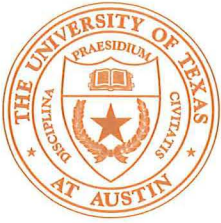
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This report has been distributed to Institutional Audit Committee members, the Legislative Budget Board, the State Auditor’s Office, the Sunset Advisory Commission, the Governor’s Office of Budget and Planning, and The University of Texas System Audit Office for distribution to the Audit, Compliance, and Management Review Committee of the Board of Regents.

**NCAA Bylaw 15: Financial Aid
Project Number: 18.001**



OFFICE OF INTERNAL AUDITS
THE UNIVERSITY OF TEXAS AT AUSTIN

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August 22, 2018

President Gregory L. Fenves
The University of Texas at Austin
Office of the President
P.O. Box T
Austin, Texas 78713

Dear President Fenves,

We have completed our audit of Intercollegiate Athletics compliance with National Collegiate Athletics Association (NCAA) Bylaw 15: Financial Aid. Our scope included policies, procedures, and controls in place during the 2017-2018 academic year (for testing, rosters for Football, Baseball, and Women's Volleyball from 2017-2018 were used; however, a student-athlete's aid agreement could span multiple years).

Based on the procedures performed, we conclude that the University of Texas at Austin complies with NCAA regulations regarding student-athlete financial aid and no recommendations were necessary at the conclusion of this audit.

We appreciate the cooperation and assistance of Intercollegiate Athletics throughout the audit and hope that the information presented herein is beneficial.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mike Vandervort".

Michael W. Vandervort, CPA
Chief Audit Executive

cc: Institutional Audit Committee Members
Mr. Christopher Del Conte, Vice President and Athletics Director
Ms. Christine Plonsky, Chief of Staff, Intercollegiate Athletics
Mr. Shawn Eichorst, Executive Senior Associate Athletic Director, Internal Affairs,
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EXECUTIVE SUMMARY

The Office of Internal Audits has completed the National Collegiate Athletic Association (NCAA) Bylaw 15: Financial Aid audit.

Conclusion

Based on the questionnaire completed by The University of Texas at Austin (UT Austin) Office of Financial Aid (Financial Aid), the testing of awarded financial aid, the review of UT Austin policies and procedures followed by Financial Aid, and the analysis of NCAA Bylaw 15 guidelines, it appears UT Austin has proper controls in place to monitor financial aid compliance. UT Austin complies with NCAA regulations regarding student-athlete financial aid and no recommendations were necessary at the conclusion of this audit.

Audit Scope and Objective

The scope of this audit included policies, procedures, and controls in place during the 2017-2018 academic year (for testing, rosters for Football, Baseball, and Women's Volleyball from 2017-2018 were used; however, a student-athlete's aid agreement could span multiple years). The audit objective was to determine whether UT Austin has policies and procedures in place to administer and monitor the awarding of financial aid to student-athletes in accordance with NCAA legislation and to evaluate their effectiveness.

Background Summary

Student-athlete financial aid is coordinated between Athletics and Financial Aid. These two groups work together to maintain a written operations manual that provides policies and procedures governing NCAA Bylaw 15 compliance. The financial aid coordinator is responsible for obtaining, creating, and completing necessary documentation to demonstrate compliance with NCAA Bylaw 15.

The previous NCAA Bylaw 15: Financial Aid audit was completed during fiscal year 2015. Since then, the NCAA has published new legislation involving autonomous athletic conferences¹. As part of the autonomy group, Big 12 universities adopted a rule preventing schools from canceling a student-athlete's athletics aid except in a specific set of circumstances, including academic ineligibility and disciplinary actions. Student-athletes with multi-year agreements are guaranteed financial aid throughout their initial eligibility. Multi-year agreements were included in the sample during testing of this audit.

¹The 65 member institutions of five conferences (ACC, Big Ten, Big 12, Pac-12, SEC) with the ability to create their own rules in certain areas to benefit college student-athletes.



BACKGROUND

The University of Texas at Austin (UT Austin) is a Division I² member of the National Collegiate Athletic Association (NCAA). In accordance with legislation enacted by NCAA Article 2.8.1: Responsibility of Institution, *“Each institution shall comply with all applicable rules and regulations of the Association in the conduct of its intercollegiate athletics program. It shall monitor its programs to assure compliance and to identify and report to the Association instances in which compliance has not been achieved.”* The operating bylaws consist of legislation, adopted by the membership, to promote the principles enunciated in the constitution and to achieve NCAA purposes. NCAA Bylaw 15, which comprises the financial aid legislation, was the basis of this audit.

Student-athlete financial aid is coordinated between Intercollegiate Athletics (Athletics) and the UT Austin Office of Financial Aid (Financial Aid). These two groups work together to maintain a written operations manual that provides policies and procedures governing NCAA Bylaw 15 compliance. The financial aid coordinator is responsible for obtaining, creating, and completing necessary documentation to demonstrate compliance with NCAA Bylaw 15.

The previous NCAA Bylaw 15: Financial Aid audit was completed during fiscal year 2015. Since then, the NCAA has published new legislation involving autonomous athletic conferences³. As part of the autonomy group, Big 12 universities adopted a rule preventing schools from canceling a student-athlete’s athletics aid except in a specific set of circumstances, including academic ineligibility and disciplinary actions. Student-athletes with multi-year agreements are guaranteed financial aid throughout their initial eligibility. Multi-year agreements were included in the sample during testing of this audit.

Internal Audits reviewed financial aid awarded for Football, Baseball, and Women’s Volleyball.

SCOPE, OBJECTIVES, AND PROCEDURES

The scope of this audit included policies, procedures, and controls in place during the 2017-2018 academic year (for testing, rosters for Football, Baseball, and Women’s Volleyball from 2017-2018 were used; however, a student-athlete’s aid agreement could span multiple years). The audit objective was to determine whether UT Austin has policies and procedures in place to administer and monitor the awarding of financial aid to student-athletes in accordance with NCAA legislation and to evaluate their effectiveness.

²Per ncaa.org, among the three NCAA divisions, Division I schools generally have the biggest student bodies, manage the largest athletics budgets and offer the most generous number of scholarships.

³The 65 member institutions of five conferences (ACC, Big Ten, Big 12, Pac-12, SEC) with the ability to create their own rules in certain areas to benefit college student-athletes.



To achieve this objective, Internal Audits:

- Reviewed the 2017-2018 NCAA Division I Manual and National Association for Athletics Compliance (NAAC) Reasonable Standards⁴;
- Identified all responsible parties in the financial aid process and all educational efforts regarding NCAA Bylaw 15;
- Surveyed Financial Aid via questionnaire to gain an understanding of Athletics' policies and procedures for awarding financial aid;
- Conducted testing (sampled subjectively to select teams; sampled randomly to select student-athletes within each team) to verify compliance with NCAA Bylaw 15; and
- Clarified follow-up questions with Financial Aid and Athletics personnel.

This audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and with *Government Auditing Standards*.

AUDIT RESULTS

Based on the audit procedures performed, it appears that Athletics (in conjunction with relevant Financial Aid personnel) is in compliance with NCAA Bylaw 15 rules and regulations. Internal Audits:

- Confirmed that written policies and procedures comply with NCAA Bylaw 15;
- Tested samples of student-athletes to confirm compliance with NCAA Bylaw 15 legislation regarding terms and conditions and period of award;
- Tested a sample of student-athletes' individual maximum limits on financial aid and confirmed that aid was not awarded in excess of the full grant-in-aid; and
- Tested the maximum institutional grant-in-aid limitations by reviewing equivalency sports (Baseball) and head-count sports (Football and Women's Volleyball) and confirmed student-athletes were correctly accounted for with regard to financial aid.

CONCLUSION

Based on the questionnaire completed by Financial Aid, the testing of awarded financial aid, the review of UT Austin policies and procedures followed by Financial Aid, and the analysis of NCAA Bylaw 15 guidelines, it appears UT Austin has proper controls in place to monitor financial aid compliance. UT Austin complies with NCAA regulations regarding student-athlete financial aid and no recommendations were necessary at the conclusion of this audit.

⁴An organization geared to the specific needs of athletics administrators who concentrate on the compliance issues in intercollegiate athletics.