

Internal Audit Report

NCAA Financial Aid Compliance Audit

November 2020

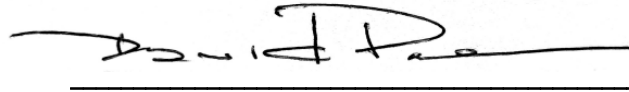
Distribution – NCAA Financial Aid Compliance Audit

To: Teik Lim *President ad interim, UTA*
Randal Rose *Audit Committee Chairman*

Audit Committee:

Pranesh Aswath	<i>Interim Provost and Vice President for Academic Affairs, UTA</i>
Shelby Boseman	<i>University Attorney and Chief Legal Officer, UTA</i>
Bill Carroll	<i>Professor of Computer Science and Engineering, UTA</i>
Kelly Davis	<i>Chief Financial Officer and Vice President, UTA</i>
Harry Dombroski	<i>Dean, College of Business, UTA</i>
Stephen Frimpong	<i>Institutional Audit Committee, External Member</i>
Brian Gutierrez	<i>Vice Chancellor for Finance and Administration, Texas Christian University</i>
John Hall	<i>Vice President for Administration and Campus Operations, UTA</i>
Jairo Orea	<i>Chief Information Security Officer, Kimberly-Clark Corporation</i>

From: David Price *Chief Audit Executive, UTA*



cc: Jim Baker *Director of Athletics, UTA*
Jennifer Chapman *Compliance Officer, UTA*
Debbie Garcia *Executive Senior Associate Athletics Director for Academics, Compliance, Student-Athlete Welfare/Senior Woman Administrator, UTA*
Jean Hood *Vice President for Human Resources, UTA*

Auditor in Charge:
Jason Dooley *Senior Auditor II, UTA*

Executive Summary & Background – NCAA Financial Aid Compliance Audit

Executive Summary:

Overall, our assessment determined that the Athletics Department complied with the National Collegiate Athletic Association (NCAA) Bylaw, Article 15, for Financial Aid. Policies and procedures were in place to govern and monitor financial aid determination and awarding for student-athletes. Management was also effectively monitoring financial aid activities to mitigate the risks of violating NCAA Division I guidelines.

There were no reportable findings noted in this audit.

Background Information:

The University of Texas at Arlington (UTA) is a Division I member institution of the Sun Belt Conference and the NCAA. As a result, UTA and its student-athletes must abide by various rules adopted by all the NCAA member institutions and imposed by the NCAA administration office through the NCAA manual. Bylaw 15 (titled “Financial Aid”) of the NCAA manual details the rules and regulations concerning awarding financial aid to student-athletes.

A student-athlete may receive financial aid from the university or certain sources outside the institution. The institutional financial aid would include those funds based on the athlete’s athletic ability, the athlete’s financial aid need, or other programs administered by the institution. The cost of attendance for an athlete is calculated by the Financial Aid Office per federal guidelines and generally includes tuition, fees, room, board, books, supplies, transportation and other expenses. A student-athlete’s maximum financial aid limit is the amount of the institution’s cost of attendance. NCAA legislation establishes a limit on the amount of institutionally administered financial aid that can be awarded in a sport.

To prevent the loss of eligibility to participate in NCAA sponsored intercollegiate competitions and ensure that the athletics program is adhering to NCAA established eligibility rules, NCAA schools established several control mechanisms, including audit engagements and compliance monitoring programs to identify, evaluate and mitigate the probability of the occurrence of high-risk items associated with the NCAA compliance.

The NCAA Committee on Institutional Performance recommended the practice of rules compliance reviews. For that reason, the Office of Internal Audit implemented a standard practice of conducting reviews for the high-risk compliance areas of recruiting, student financial aid, and eligibility on a rotating basis. This year, the financial aid controls were reviewed to help ensure continual compliance with NCAA Financial Aid Bylaws.

Audit Objective, Scope and Methodology – NCAA Financial Aid Compliance Audit

Audit Objective:

Our audit objective was to determine whether the institution has policies and procedures in place to administer and monitor the awarding of financial aid to student-athletes in accordance with the 2019-2020 NCAA Division I Manual, Bylaw Article 15: Financial Aid.

Audit Scope and Methodology:

The audit scope included interviews with key personnel from the Athletics Department. A review of policies/procedures that govern student-athlete's financial aid was conducted. A sample of student athletes were selected to verify terms and conditions of awarding institutional financial aid. Additionally, a sample of sports teams were reviewed to determine the accuracy of maximum limitations by sport. The review focused on the Athletics Department's responsibility for administering and monitoring the financial aid requirements for FY 2020. Three sports were selected for review and testing: Men's Baseball, Men's Golf, and Women's Basketball.

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*.

We appreciate the courtesy and cooperation received from the Athletics Department and the Financial Aid office throughout this audit.

Work Performed – NCAA Financial Aid Compliance Audit

The following includes the specific work performed in this audit:

- Identifying all responsible parties in the financial aid process and all educational efforts per NCAA Bylaw 15;
- Confirming that written policies and procedures were in compliance with NCAA Bylaw 15, including the requirement for a complete squad list for each team;
- Testing samples of student-athletes for compliance with NCAA Bylaw 15 legislation regarding outside awards, renewed and reduced aid, letters of intent, and eligibility requirements;
- Testing a sample of student-athletes' individual maximum limits on financial aid to confirm that aid was not awarded in excess of the full grant-in-aid, and summer aid was issued according to NCAA guidelines; and
- Testing the maximum institutional grant-in-aid limitations by reviewing equivalency sports (Men's Golf and Men's Baseball) and head-count sports (Women's Basketball) to confirm student-athletes were correctly accounted for regarding financial aid.

Audit Objective, Scope, Methodology and Work Performed

Audit Objective

TEC §51.9337 requires state agencies and institutions of higher education to have the following:

- A contract management handbook with consistent guidance on contract review procedures and risk analysis procedures.
- Delegation of contracting authority.
- Training for purchasing and contracting staff.
- Code of ethics, standards of conduct, and policies on conflict of interest, conflicts of commitment, outside activities, and use of institutional resources and training.
- Fraud investigation policies and internal audit risk assessment processes.

Audit Scope and Methodology

Our audit scope included interviews, questionnaires, a review of documents, system reports, and supporting transactions that occurred during the 2020 fiscal year. The audit scope included gathering information from key personnel from the procurement office.

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*.

Work Performed

- Gained an understanding of SB 20 and TEC §51.9337 and reviewed for any amendments.
- Reviewed documentation, including policies and procedures, supporting compliance with SB 20 and TEC §51.9337. Policies and procedures reviewed included those relating to codes of ethics and standards of conduct; conflicts of interest and outside commitments; fraud policies; and contract management, delegation, and training.

We appreciate the courtesy and cooperation received from the Procurement department throughout this audit.