



**Internal Audit Department**

## **NCAA Compliance**

**July 2015**  
**Report Number FY 15-07**

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Northern Arizona University  
Athletics – NCAA Compliance Audit  
Audit Report  
July 16, 2015

### Summary

Our audit of compliance with NCAA regulations by NAU Athletics is in our Annual Audit Plan for FY 2015, as approved by the Audit Committee of the Arizona Board of Regents. This audit links to Northern Arizona University's goal of having efficient, effective, and accountable practices and is part of an ongoing cycle of periodic compliance audits performed on selected areas within Athletics. The NCAA requires every Division I institution to have its athletics rules-compliance program evaluated at least every four years by an authority outside of the athletics department.

**Background:** Athletics is comprised of approximately 347 student-athletes, and 67 full-time employees and 31 part-time, student, and volunteer personnel. NAU sponsors 15 NCAA Division I athletic programs which compete as members of the Big Sky Conference and Western Athletic Conference. NAU is one of 125 members of the Football Championship Subdivision of Division I and participates in fifteen Division I sports:

#### Men's Teams

- Basketball
- Cross Country
- Football
- Tennis
- Track and Field

#### Women's Teams

- Basketball
- Cross Country
- Golf
- Soccer
- Swimming and Diving
- Tennis
- Track and Field
- Volleyball

For the sixth straight year, all 15 sports teams exceeded the required NCAA standards by posting an overall Academic Progress Rate of 970 for 2013-14. This is further complemented by Northern Arizona Athletics winning its second straight Big Sky Presidents' Cup in 2014. The competition measures both athletic and academic success.

The NCAA governs all aspects of intercollegiate sports, and participating institutions must comply with its bylaws and legislation. In FY 2012, Internal Audit reviewed Student-Athlete Eligibility, Playing and Practice Seasons and Rules Education. In FY 2013, Internal Audit reviewed the Academic Performance Program, Amateurism, Camps and Clinics, Extra Benefits and Recruiting.

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NAU's Athletics Compliance Office, with a staff of two, is responsible for ensuring compliance with NCAA and Big Sky rules and regulations. To help in this endeavor, Athletics utilizes the Compliance Assistant Program and JumpForward. As part of their NCAA membership, the NCAA provides the Compliance Assistant (CA) Program to help the Compliance Office ensure that the athletics department and student-athletes are in compliance with NCAA legislation. CA enables monitoring of financial aid, eligibility, recruiting, athletics personnel and playing and practice seasons. Athletics primarily uses it to monitor financial aid, maintain squad lists and to calculate equivalency percentages.

JumpForward is a web-based tool that offers convenient paperless reporting to ensure NCAA compliance. Athletics uses JumpForward to monitor practice, phone and recruiting logs, track complimentary admissions, approve and monitor official visits, maintain team rosters, track communication with prospects and current student-athletes, monitor camps, create and customize forms, monitor student-athlete employment, track coach roster designations, monitor eligibility and to store documents.

**Audit Objectives:** The objectives of the compliance audit are to:

- determine whether NAU has policies and procedures in place to administer and monitor the awarding of financial aid to student-athletes in accordance with NCAA legislation;
- ensure that the basic components of an effective institutional compliance program are in place and being undertaken and to develop an understanding of the institution's NCAA compliance program;
- determine whether Athletics is monitoring student-athlete employment and maintaining adequate documentation to establish compliance with NCAA bylaws governing employment; and
- determine whether proper documentation regarding the limits and restrictions on team and individual practice and competition activities is maintained and whether applicable NCAA standards are met.

**Scope:** The scope of our audit included a review of documents and system reports supporting transactions that occurred from Fall 2013 to Summer 2015, as well as current practices and procedures.

**Methodology:** Our audit procedures were based on audit programs in the Association of College and University Auditor's NCAA Division I Compliance Audit Guide dated October 13, 2014. The guide contains a basic audit program and a comprehensive audit program

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for each possible area of review. We chose to use the comprehensive audit program for Financial Aid, a critical area of compliance for Athletics, and to use the basic audit programs for governance and organization, student-athlete employment and playing and practice seasons.

**Conclusion:** Athletics complies with NCAA Bylaws governing Financial Aid, Governance and Organization, Student-Athlete Employment, and Playing and Practice Seasons. However, we identified several opportunities for improvement to ensure ongoing compliance with NCAA legislation. It is our conclusion that no issues were identified that requires self-reporting by Athletics to the NCAA.

Management is supportive of our recommendations and has actively begun working to implement their identified action items.

The control standards we considered during this audit and the status of the related control environment are provided in the following table.

<b>General Control Standard</b> (The bulleted Items are internal control objectives that apply to the general control standards, and will differ for each audit.)	Control Environment	Recommendation No.	Page No.
<b>Financial Aid</b>			
<ul style="list-style-type: none"> <li>• Eligibility of students receiving athletic financial aid.</li> </ul>	Reasonable to Strong Controls in Place		
<ul style="list-style-type: none"> <li>• Maximum team limits by sport were not exceeded.</li> </ul>	Reasonable to Strong Controls in Place		
<ul style="list-style-type: none"> <li>• Cost of attendance limits were not exceeded.</li> </ul>	Reasonable to Strong Controls in Place		
<ul style="list-style-type: none"> <li>• Award notifications met NCAA requirements.</li> </ul>	Opportunity for Improvement	1	6
<ul style="list-style-type: none"> <li>• Grant-in aid calculations and application of equivalency percentages.</li> </ul>	Reasonable to Strong Controls in Place		
<ul style="list-style-type: none"> <li>• Compliance with Athletics' policies and procedures, including payments (or credits) made on behalf of student-athletes.</li> </ul>	Opportunity for Improvement	2	6
<ul style="list-style-type: none"> <li>• Post-eligibility financial aid was properly monitored.</li> </ul>	Reasonable to Strong Controls in Place		

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<b>General Control Standard</b> (The bulleted Items are internal control objectives that apply to the general control standards, and will differ for each audit.)	Control Environment	Recommendation No.	Page No.
<b>Governance and Organization</b>			
<ul style="list-style-type: none"> <li>Adequate policies and procedures exist and are effectively communicated.</li> </ul>	Opportunity for Improvement	2	6
<ul style="list-style-type: none"> <li>NAU coaches, students, staff, boosters and other affiliates of Athletics are periodically instructed on NCAA rules regulations.</li> </ul>	Opportunity for Improvement	3,4	8,8
<ul style="list-style-type: none"> <li>Sufficient activities are undertaken to monitor overall compliance.</li> </ul>	Reasonable to Strong Controls in Place		
<ul style="list-style-type: none"> <li>Job responsibilities and accountabilities are defined and cover all aspects of NCAA compliance.</li> </ul>	Reasonable to Strong Controls in Place		
<ul style="list-style-type: none"> <li>On-going and independent oversight of NAU Athletics and compliance with NCAA regulations (Intercollegiate Athletics Committee).</li> </ul>	Reasonable to Strong Controls in Place		
<b>Student-Athlete Employment</b>			
<ul style="list-style-type: none"> <li>Adequate policies and procedures exist that conform to NCAA regulations. The policies and procedures are communicated.</li> </ul>	Reasonable to Strong Controls in Place		
<ul style="list-style-type: none"> <li>Student-athletes are aware of, and adhere to, the policies and procedures established by the Athletic Compliance Office.</li> </ul>	Opportunity for Improvement	5	9
<ul style="list-style-type: none"> <li>Job responsibilities and accountabilities are defined and cover student-athlete employment.</li> </ul>	Reasonable to Strong Controls in Place		
<ul style="list-style-type: none"> <li>The Athletic Compliance Office performs sufficient activities to monitor and evaluate compliance with NCAA regulations relating to student-athlete employment.</li> </ul>	Opportunity for Improvement	5,6	9,10
<b>Playing and Practice Seasons</b>			
<ul style="list-style-type: none"> <li>Dates of practice, competition and required off days are adequately declared and match Countable Athletically Related Activities (CARA) logs.</li> </ul>	Opportunity for Improvement	7	11

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<b>General Control Standard</b> (The bulleted Items are internal control objectives that apply to the general control standards, and will differ for each audit.)	Control Environment	Recommendation No.	Page No.
<ul style="list-style-type: none"> <li>• CARA logs are available for all sports and appear complete.</li> </ul>	Opportunity for Improvement	7	11
<ul style="list-style-type: none"> <li>• Student-athletes act as a control mechanism by reviewing and signing CARA logs affirming that hours reported are accurate.</li> </ul>	Opportunity for Improvement	7	11

We appreciate the assistance of the staff of the Athletics Compliance Office.

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**Audit Results, Recommendations and Responses**

**1. Financial aid awards should be signed by a representative of Financial Aid.**

**Condition:** Of 40 student-athletes selected for testing, 2 were walk-ons and 38 were recruited and therefore had a financial aid award statement. Of the 38 financial aid award statements reviewed, 28 were not signed by financial aid.

**Criteria:** NCAA Bylaw 15.3.2.2 requires a written statement of the amount, duration, conditions and terms of the award be provided to the student-athlete and that it be signed by a representative of the financial aid department.

**Cause:** Due to staff turnover in Financial Aid and Athletics, no process exists to ensure all financial aid awards are signed by a representative of Financial Aid and include terms and conditions.

**Effect:** Athletics is not in compliance with the NCAA Bylaw 15.3.2.2.

**Recommendation:** Athletics should ensure that all financial aid awards are signed by a representative of Financial Aid.

**Response:** Athletics agrees with the audit recommendation. Athletics continued previous practice in regards to all renewal athletic financial aid agreements due to the number (approximately 150 per year) and timing (April-May) of renewal athletic financial aid agreements. Athletics does not have a full-time contact in the Office of Scholarships and Financial Aid. To comply fully with Bylaw 15.3.2.2 for all athletic financial aid agreements moving forward, Athletics will need assistance and cooperation from the Office of Scholarships and Financial Aid.

Estimated Time of Completion: Beginning with the 2015-16 academic year with support from the Office of Scholarships and Financial Aid.

**2. Athletics should develop policies and procedures regarding the process to monitor key areas of compliance.**

**Condition:** Athletics does not have written policies and procedures describing its methods and sources of data used to monitor key areas of compliance; especially the equivalency computation as well as the interpretation of a full grant-in-aid as defined using

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Autonomy Proposal No. 2014-13-1. Effective for fiscal year 2015, average cost of grant-in-aid was used in the equivalency computation. Previously, it was the full grant-in-aid amounts calculated for each student-athlete. Additionally, effective for fiscal year 2015, the definition of a full grant-in-aid is determined to be actual tuition, actual fees, actual room, actual board and actual books.

**Criteria:** The systems and processes used to monitor NCAA compliance should be made specific to NAU Athletics and documented. NCAA Bylaw 15.5.3.2.1 allows for the use of average cost of any or all elements (other than books) of the equivalency calculation (room, board, tuition and fees), provided the same method is used in both the numerator and denominator for each element. Additionally, per Autonomy Proposal No. 2014-13-1, the use of actual costs regarding all elements of grant-in-aid is acceptable.

**Cause:** To allow for a more efficient process in equivalency computations due to various pledge tuition amounts, the use of average cost was implemented. To remain competitive in attracting athletic talent, actual cost is used in the definition of grant-in-aid. Compliance staffing is limited and other daily tasks take priority over developing and documenting internal processes and procedures.

**Effect:** Athletics compliance is a coordinated effort involving numerous departments and university systems. Without any documented guidance, changes in staffing or prolonged absences of the Associate Athletics Director for Compliance may disrupt the monitoring of NAU's compliance program.

**Recommendation:** Athletics should develop written policies and procedures that describe its systems, processes and sources of data used to monitor compliance with applicable regulations and University and Board of Regent policies, which should include the method used in equivalency computations and the definition of a full grant-in-aid.

**Response:** Athletics agrees with the audit recommendation and is in the process of formalizing a new written compliance policies and procedures manual for coaches and staff with the assistance of The Pictor Group.

Estimated Time of Completion: May 2016 with the assistance and support from NAU General Counsel.

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**3. Athletics should establish a Compliance website.**

**Condition:** Athletics does not have a website to communicate to NAU coaches, students, staff, boosters and other affiliates of Athletics regarding NCAA regulations.

**Criteria:** The mission of Compliance is to ensure the department's adherence to the rules and regulations of the NCAA and the conference it belongs to. To ensure they are satisfying their mission, the NCAA regulations should be communicated to internal and external parties that are affiliated with NAU Athletics as required by the governance bylaws.

**Cause:** Compliance staffing is limited and other daily tasks take priority over developing a Compliance website.

**Effect:** Without properly communicating NCAA regulations; especially to outside parties, the risk of exposure of the University to NCAA violations is increased.

**Recommendation:** Athletics should develop a website to facilitate the mission of the Compliance Department.

**Response:** Athletics agrees with the audit recommendation and is in the process of developing a new compliance website.

Estimated Time of Completion: May 2016.

**4. Athletics should offer scheduled periodic rules education to employers of student-athletes.**

**Condition:** Compliance does not educate employers on NCAA rules. Athletics utilizes JumpForward as a means to monitor student-athlete employment. JumpForward has the capability to capture email addresses for student-athletes, coaches, athletic staff and employers.

**Criteria:** The mission of Compliance is to ensure the department's adherence to the rules and regulations of the NCAA and the conference it belongs to. To ensure they are

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satisfying their mission, the NCAA regulations should be communicated to internal and external parties that are affiliated with Athletics as required by the governance bylaws.

**Cause:** Compliance has limited staffing and other daily tasks take priority over rules education to employers of student-athletes. Additionally, the recent implementation of JumpForward has not allowed Compliance time to fully utilize the system.

**Effect:** Without properly communicating NCAA regulations; especially to outside parties, the risk of exposure of the University to NCAA violations is increased.

**Recommendation:** Athletics should conduct scheduled periodic rules education to employers of student-athletes. Additionally, Athletics should email employers on a test basis or develop an automatic email be sent to employers' email addresses directly from JumpForward.

**Response:** Athletics agrees with the audit recommendation. Athletics will maintain a database of student-athlete employers and send an annual rules education document to student-athlete employers.

Estimated Time of Completion: Beginning with the 2015-16 academic year.

## **5. Monitoring of student-athlete employment should be improved.**

**Condition:** While Athletics requires each student-athlete to complete and submit an electronic employment form at the beginning of each academic year via JumpForward, they do not continuously monitor student-athlete employment thereafter. We identified 29 monitoring discrepancies for student-athletes employed at NAU that include: (i) 16 instances of no employment forms on file; however 2 of these student-athletes graduated in December 2014; (ii) 10 forms signed but not completely filled out and (iii) 3 forms were outdated. Additionally, there was no paperwork provided by Athletics to support the 19 paychecks issued to 14 student-athletes that were employed by Athletics during August 2013 and 2014 and October 2014.

**Criteria:** In order to monitor compliance with NCAA bylaws, Athletics should be made aware of student-athletes who are employed and continually monitor student-athlete employment; especially employment that is arranged by Athletics.

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**Cause:** Although the NCAA rules regulations regarding student-athlete employment is communicated to student-athletes via the student-athlete handbook and student-athletes are required to complete an employment form at the beginning of each academic year, Athletics should continuously monitor student-athlete employment; especially those that pose more risk to NAU (affiliates of NAU Athletics employers). Due to limited staff and other daily tasks taking precedence, no monitoring is in effect.

**Effect:** Without proper monitoring of student-athlete employment, the risk of rules violation may go undetected; especially for those student-athletes employed with affiliates of Athletics as that has the most risk for institutional penalties for NAU.

**Recommendation:** Athletics should develop a process to identify student-athletes working on and off campus and verify employment on a test basis each quarter. Student-athletes should be emailed reminders quarterly to update their employment status. Additionally, a process should be developed that enables Compliance to review, approve and continuously monitor the employment of student-athletes that are employed by the Athletics Department or an affiliate of the Athletics Department. Finally, the employment form should be updated to capture employment information by term.

**Response:** Athletics agrees with the audit recommendation. Athletics provides rules education to student-athletes regarding employment twice per year and requires student-athletes to complete an employment form at the beginning of each academic year. Athletics will increase its reminders to student-athletes utilizing full functionality of JumpForward, update its employment form to capture information by term including required fields, and add a graduate assistant to assist with monitoring this area.

Estimated Time of Completion: Beginning with the 2015-16 academic year.

**6. Student-athletes should acknowledge receipt of the student-athlete handbooks.**

**Condition:** Athletics does not require student-athletes to sign a sheet indicating their receipt of the student-athlete handbook.

**Criteria:** The use of a sign-in sheet would identify those student-athletes that have not received a student-athlete handbook that outlines important NCAA rules regulations.

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**Cause:** Athletics does not require a sign-in sheet during the meeting to review the student-athlete handbook.

**Effect:** Athletics has no assurance that all student-athletes have received the student-athlete handbook.

**Recommendation:** Athletics should institute a sign-in sheet during rules education meetings; especially when student-athletes are issued the student-athlete handbook.

**Response:** Athletics agrees with the audit recommendation.

Estimated Time of Completion: Beginning with the 2015-16 academic year.

## **7. Playing and practice seasons should be better monitored.**

**Condition:** While testing playing and practice seasons, we noted the following errors: (i) 14 inconsistency errors of first competition and first practice dates per the playing season form and the dates per JumpForward; (ii) and 27 instances where JumpForward incorrectly generated day off exceptions due to data input errors.

**Criteria:** Athletics is required to comply with NCAA legislation detailing daily and weekly practice hour limitations for all sports that are in-season and out-of-season.

**Cause:** Athletics did not monitor coaches and staffs' use of JumpForward effectively. Additionally, the recent implementation of JumpForward has not allowed Compliance time to fully utilize the system.

**Effect:** The data input errors caused JumpForward to incorrectly generate exceptions.

**Recommendation:** Athletics should identify features within JumpForward that will allow for more efficient monitoring. Additionally, training should be provided to coaches and staff as needed to address issues, concerns and questions regarding data input and functionality of the system.

**Response:** Athletics agrees with the audit recommendation. Beginning with the 2015-16 academic year, all practice logs will be recorded in JumpForward. Athletics will add a graduate assistant to assist with monitoring this area.

Estimated Time of Completion: Beginning with the 2015-16 academic year.

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