

**Arizona State University
Sun Devil Athletics
On-Campus / Off-Campus
Recruiting Audit
March 15, 2017**

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Summary

National Collegiate Athletic Association (NCAA) compliance audits are completed on a rotational basis to provide coverage to the key compliance areas. The NCAA Compliance audit for on-campus and off-campus recruiting was included in the Arizona State University (ASU) annual audit plan for Fiscal Year 2017. This audit is in support of ASU's mission of Inclusion and Student Success.

Background: The NCAA is dedicated to advancing fairness, safety and equal opportunity for all student-athletes. Rules and bylaws have been implemented to support this mission along with various governing bodies to ensure compliance. Violations to rules are assessed using a four-level structure ranging from a severe breach of conduct (Level 1) to incidental issues (Level 4) and can have significant impacts to a University's program including postseason bans, scholarship reductions and coach suspensions.

Athletics compliance is a responsibility shared among all Sun Devil Athletic stakeholders, including ASU fans, coaches, student-athletes, prospective student-athletes and other representatives of the University; however, it is the responsibility of the Sun Devil Athletics Compliance Office to direct and manage ASU's efforts to educate its stakeholders and to monitor compliance regarding NCAA rules.

To facilitate their monitoring program, the Athletics Compliance Office utilizes the ACS Athletics (ACS) system. ACS includes a compliance reporting module which provides built in rulesets based on NCAA bylaws, alerts and notifications to prevent violations, a repository for required documentation, and configurable automated workflows.

Audit Objectives: The objectives of the engagement were to review the design and effectiveness of processes governing the administration and monitoring of the on-campus and off-campus recruiting processes, as well as compliance with applicable NCAA bylaws.

Scope: The scope of this engagement included all Sun Devil Athletics sponsored teams for the time period of August 1, 2015 through July 31, 2016. Specific bylaws considered in scope for testing are documented as part of the methodology. Bylaws not referenced were not included in the scope of this review.

Methodology: Our audit consisted of tests and procedures necessary to provide a reasonable basis for expressing our opinion. Specifically, audit work consisted of interviews with the Athletics Compliance and Athletics Business Offices, observation of work processes, review of documented policies and procedures and substantive tests.

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For On-Campus Recruiting, substantive testing included testing 25% of the prospective student-athletes from each of the sponsored teams for compliance in the primary areas related to On-Campus Recruiting.

- Confirming required documentation was collected prior to the official visit including prospect test scores, transcripts, and prospect registration with the NCAA Eligibility Center. {13.6.3}
- Assessing compliance to the requirement to list prospects on the Institutional list (IRL). {13.6.3}
- Validating compliance to the requirements governing official visits including location, timing, length of visit and allowable student hosts through review of ACS records and related expense reimbursement forms filed for the visit. {13.6.4, 13.6.7.1, 13.6.7.5, 13.6.7.7}
- Validating compliance to the restrictions governing official visits including the number of visits and dead periods for the time period of August 2015 – July 2016 through review of ACS records. {13.7.1}
- Validating compliance to allowable expenses related to in-transit, lodging, meals, entertainment and student hosts through the review of related expense reimbursement forms filed for the visit. {13.6.4, 13.6.6, 13.6.7, 13.6.7.1, 13.6.7.4, 13.6.7.5, 13.6.7.7, 13.7.2.1.3}
- Assessing the Official Visit policy from a design perspective and ensuring the policy has been reviewed during the last 4 years by an outside entity. {13.6.1}
- Validating appropriate monitoring and approval controls were in place over expense reimbursements related to on-campus recruiting.

For Off-Campus Recruiting, substantive testing included:

- Validating the number of prospect contacts did not exceed the required limits in addition to confirming that they did not occur during impermissible time frames for the August 2015-July 2016 time period. {13.1.5 excluding 13.1.5.6 and 13.1.5.8}
- Validating the number of prospect evaluations did not exceed the required limits in addition to the overall day limitations for the August 2015 – July 2016 time period. {13.1.7 excluding 13.1.7.7 and 13.1.7.13-13.1.7.18}
- Validating that contact and evaluation activity occurred only by those coaches that were identified as Permissible Recruiters. {13.1.1, 13.1.1.1}
- Confirming the required approval was obtained related to four-year college prospects through reviewing approval documentation for 19 selections. {13.1.1.3}
- Confirming the rule sets within ACS align with the timing restrictions for off-campus

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recruiting activities. {13.1.1, 13.1.1.1}

- Assessing the process to review potential telephone contact violations for timeliness and effectiveness for the January 2017 time period. {13.1.3.4}
- Validating compliance to the annual coach certification process required for coaches that recruit. {11.5.1, 13.1.2}
- Validating the number of coaches did not exceed the defined limits for the August 2015-July 2016 time period. {11.7.6}
- Assessing compliance to the bylaws addressing printed recruiting materials. {13.4.1.4}
- Assessing ACS data for completeness and accuracy through tracing 62 expense reports tied to recruiting activity from Concur travel system to ACS to ensure prospect and activity was accurately logged into ACS.
- Validating appropriate monitoring and approval controls were in place over expense reimbursements related to off-campus recruiting.
- Assessing annual training topics to ensure all primary NCAA areas are covered during the year.
- Validating annual training metric reporting to the underlying attendance support.
- Assessing ACS access related to recruiting activities.
- Assessing vendor oversight over ACS from a security perspective.

Conclusion: Overall, the Athletics Compliance department has implemented adequate controls to ensure compliance with the NCAA bylaws related to on-campus and off-campus recruiting activities.

It was noted as part of the review that there is not adequate vendor oversight over ACS, a cloud based service provider. Specifically, ongoing monitoring to ensure ACS is compliant with the defined security provisions in the contract is not occurring. University Audit is coordinating with Information Security and Procurement to ensure existing processes are updated to give adequate visibility and awareness to the increased risk and related monitoring required for cloud based vendors at an overall University level.

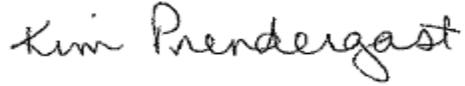
The control standards University Audit considered during this audit and the status of the related control environment are provided in the following table:

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General Control Standard (The bulleted items are internal control objectives that apply to the general control standards, and will differ for each audit.)	Control Environment	Finding No.	Page No.
Reliability and Integrity of Financial and Operational Information			
<ul style="list-style-type: none"> ACS contains accurate and complete information related to recruiting activities. 	Reasonable to Strong Controls in Place	N/A	N/A
Effectiveness and Efficiency of Operations	Not Applicable	N/A	N/A
Safeguarding of Assets			
<ul style="list-style-type: none"> Monitoring and approval controls are in place to ensure expense reimbursements related to official visits and off-campus recruiting are appropriate and include proper supporting documentation. 	Reasonable to Strong Controls in Place	N/A	N/A
<ul style="list-style-type: none"> Access to recruiting activities is appropriately restricted in ACS. 	Reasonable to Strong Controls in Place	N/A	N/A
Compliance with Laws and Regulations			
<ul style="list-style-type: none"> An Official Visit policy exists and addresses the required elements including the required four year review by an external party. 	Reasonable to Strong Controls in Place	N/A	N/A
<ul style="list-style-type: none"> Controls are in place to ensure compliance with general official visit requirements such as dead periods, length of visit, number of visits allowed, required documentation, and student hosts. 	Reasonable to Strong Controls in Place	N/A	N/A
<ul style="list-style-type: none"> Coaches designated to perform off-campus recruiting are required to pass the annual standardized national test developed by the NCAA covering recruiting Bylaws. 	Reasonable to Strong Controls in Place	N/A	N/A
<ul style="list-style-type: none"> Effective monitoring is in place to ensure that the limit of coaches by sport is not exceeded. 	Reasonable to Strong Controls in Place	N/A	N/A
<ul style="list-style-type: none"> Effective monitoring and tracking is in place to identify or prevent violations related to the number and timing of evaluation and contact activities. 	Reasonable to Strong Controls in Place	N/A	N/A
<ul style="list-style-type: none"> Printed recruiting materials are in compliance with the defined bylaw. 	Reasonable to Strong Controls in Place	N/A	N/A
<ul style="list-style-type: none"> Effective monitoring and tracking are in place to identify and resolve potential violations related to telephone calls. 	Reasonable to Strong Controls in Place	N/A	N/A
<ul style="list-style-type: none"> Controls are in place to ensure recruiting activities are performed by permissible recruiters. 	Reasonable to Strong Controls in Place	N/A	N/A
<ul style="list-style-type: none"> Controls are in place to ensure required approval is obtained prior to contacting four-year college prospects. 	Reasonable to Strong Controls in Place	N/A	N/A
<ul style="list-style-type: none"> Effective training is in place to ensure coaches are aware of recruiting bylaws. 	Reasonable to Strong Controls in Place	N/A	N/A

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We appreciate the assistance of Athletics Compliance and the Athletic Business Office staff during the audit.



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