

**Arizona State University  
Sun Devil Athletics  
Academic Year Financial Aid Audit  
May 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 academic year financial aid 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.

Student-athlete Financial Aid is a shared responsibility between Athletics Compliance, coaches, and ASU's Financial Aid office. Athletics Compliance is responsible for tracking, approving, notifying and monitoring potential and actual awards for student-athletes; however, they are dependent on coaches proactively managing awards for the specific sport to ensure financial aid is limited to the defined limits in both dollars and number of students.

ASU's Financial Aid office is responsible for calculating the overall cost of attendance for all students, including student-athletes, based on ASU's standard cost of attendance policy. A standard cost of attendance is required by the Higher Education Act and Federal Title IV financial aid regulations. Components included in the cost of attendance include tuition, fees, books, supplies, room, board, travel/transportation, and personal expenses.

PeopleSoft customization was implemented to assist in tracking athletic financial aid at the student level. Awards are tracked and awarded through PeopleSoft to ensure a consistent and consolidated view of all institutional awards in support of the overall cost of attendance limitations defined by NCAA Bylaw 15 governing Financial Aid.

**Audit Objectives:** The objectives of the engagement were to review the design and effectiveness of processes governing the administration and monitoring of granting financial aid to student-athletes to ensure compliance with the applicable NCAA bylaws.

**Scope:** The scope of this engagement included all student-athletes receiving Sun Devil Athletics Grants-In-Aid for Fall 2016 and Spring 2017. 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.

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The scope of this audit focused on processes to ensure financial aid did not exceed the defined cost of attendance for student athletes; however, the process to determine the specific institutional cost of attendance at the student level, which is a function of the Financial Aid Office, was 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 Athletics Compliance staff, observation of work processes, review of documented policies and procedures and substantive tests including the following areas.

- For a sample of 103 students, 25% of the student athletes receiving aid for each sponsored sport, validated the following:
  - Total aid provided did not exceed overall institutional cost of attendance {15.01.6, 15.1};
  - Athletic aid provided did not exceed the financial aid award letter provided to the student;
  - Financial aid award letters were authorized by the Financial Aid Office {15.3.2.2};
  - Drug-Testing Consent forms were completed {15.5.11.3}; and
  - Student-athletes were undergraduate students with eligibility remaining or were eligible graduate students, or were otherwise exempt. {15.01.5, 15.5.1.5}
- Confirmed squad lists for Fall 2016 were signed by Athletic Director designee and Head Coach for each sport. {15.5.11.2.1}
- Verified number of counters identified on Fall 2016 and Spring 2017 squad lists were within NCAA bylaw limitations. {15.5.2, 15.5.3, 15.5.4, 15.5.5, 15.5.6, 15.5.6.1, 15.5.7 and 15.5.8.}
- Verified student-athletes identified as non-counters were appropriately classified. {15.5.1.2, 15.5.1.5}
- Ensured student-athletes who participated in multiple sports were counted in the appropriate sport. {15.5.9}
- Validated the system calculation of Equivalence Award Calculation to ensure proper calculation by the system. {15.5.3.2}

**Conclusion:** Overall, the Athletics Compliance department has implemented adequate controls to ensure compliance with the NCAA bylaws related to Academic Year Financial Aid. Specifically, no exceptions were noted outside of one violation related to NCAA Bylaw 15.5.3.1 which was self-identified and self-reported to the NCAA by Athletics Compliance prior to the audit.

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The control standards University Audit 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.)	<b>Control Environment</b>	<b>Finding</b>	<b>Page No.</b>
<b>Reliability and Integrity of Financial and Operational Information</b>	Not Applicable	N/A	N/A
<b>Effectiveness and Efficiency of Operations</b>	Not Applicable	N/A	N/A
<b>Safeguarding of Assets</b>	Not Applicable	N/A	N/A
<b>Compliance with Laws and Regulations</b>			
<ul style="list-style-type: none"> <li>Monitoring and approval controls are in place to ensure athletics aid awards are appropriate and include required approvals.</li> </ul>	Reasonable to Strong Controls in Place	N/A	N/A
<ul style="list-style-type: none"> <li>Controls are in place to ensure compliance with financial aid award letters to include financial aid office approval.</li> </ul>	Reasonable to Strong Controls in Place	N/A	N/A
<ul style="list-style-type: none"> <li>Controls are in place to ensure that the institution cost of attendance for student-athletes is not exceeded.</li> </ul>	Reasonable to Strong Controls in Place	N/A	N/A
<ul style="list-style-type: none"> <li>Controls are in place to ensure number of student athlete counters per sport are within NCAA limitations.</li> </ul>	Reasonable to Strong Controls in Place	N/A	N/A
<ul style="list-style-type: none"> <li>Effective monitoring is in place to ensure squad are signed by appropriate parties.</li> </ul>	Reasonable to Strong Controls in Place	N/A	N/A
<ul style="list-style-type: none"> <li>Controls are in place to ensure student athletes receiving athletic aid had remaining eligibility.</li> </ul>	Reasonable to Strong Controls in Place	N/A	N/A
<ul style="list-style-type: none"> <li>Controls are in place to ensure Drug-Test Consent Forms are completed annually.</li> </ul>	Reasonable to Strong Controls in Place	N/A	N/A

We appreciate the assistance of Athletics Compliance staff during the audit.

*Kim Prendergast*

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