Internal Audit Department

NCAA Compliance

February 26, 2020
Report Number FY 20-04

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This report is intended for the information and use of the Arizona Board of Regents, NAU administration, the Arizona Office of the Auditor General, and federal awarding agencies and sub-recipients.
Summary
Audit of the NCAA Compliance for NAU Athletics (Athletics) is in the Annual Audit Plan for Fiscal Year 2020, as approved by the Audit Committee of the Arizona Board of Regents. This audit supports Northern Arizona University’s (NAU / University) strategic goals of Engagement and Stewardship by ensuring NAU complies with the NCAA Bylaws, and is part of an ongoing cycle of periodic compliance audits performed on selected areas within Athletics. Previously, the NCAA required 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. That requirement was discontinued when the Athletics Certification Program was replaced with the Institutional Performance Program (IPP). To fill the gap not currently served by IPP, the Committee on Institutional Performance determined a regular review of rules compliance designed to help schools improve is essential to the success of athletic departments.

Background: For Academic Year 2019-2020, Athletics is comprised of approximately 360 student-athletes, 78 full-time employees, 5 part-time employees and 184 student personnel that work in Athletics and the Skydome. 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 126 members of the Football Championship Subdivision of Division I and participates in fifteen Division I sports (see additional Athletics information at Exhibit A):

<table>
<thead>
<tr>
<th>Men's Teams</th>
<th>Women's Teams</th>
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</thead>
<tbody>
<tr>
<td>Basketball</td>
<td>Basketball</td>
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<tr>
<td>Cross Country</td>
<td>Cross Country</td>
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<tr>
<td>Football</td>
<td>Golf</td>
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<td>Tennis</td>
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<td>Swimming &amp; Diving</td>
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Audit Objectives: The primary audit objectives were to develop an understanding of the institution’s NCAA compliance program and ensure that the basic components of an effective institutional compliance program are in place to ensure compliance with NCAA Bylaws related to:

- Monitoring student-athlete eligibility based on NCAA legislation;
- Reviewing information about potential violations of NCAA legislation;
- Ensuring that the basic components of an effective rules education program exist;
- Ensuring the employment of the appropriate number of athletics coaching staff personnel; and,
- Educating to ensure head coaches monitor their own sports programs to create an atmosphere that promotes compliance.

Scope: The scope included a review of all policies, procedures and practices governing the NCAA compliance areas mentioned above, including review of documents and system reports supporting compliance and reporting requirements during the 2018-2019 and 2019-2020 Academic Years through Fall 2019. We conducted such analysis, tests and other procedures as we deemed necessary to address the audit objectives.

Methodology: Audit procedures were applied based upon the Association of College and University Auditor’s NCAA Division I Compliance Audit Guide, dated October 3, 2018. The guide contains a basic audit program and comprehensive audit program for each possible area of
review. We applied the comprehensive audit program for eligibility, a critical area of compliance for Athletics, and the basic audit programs for investigations and self-reporting of rules violations, rules education and commitment of personnel to rules-compliance activities (past audits indicated relatively effective and consistent controls in these areas with the same individual serving as the Associate Athletics Director for Compliance (Compliance AD)). Where there was evidence to the contrary, we applied applicable comprehensive audit program steps.

The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing promulgated by the Institute of Internal Auditors and accordingly, included such tests considered necessary under the circumstances.

**Conclusion:**

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<th>Controls Assessed</th>
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<td>7</td>
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Athletics complies with NCAA Bylaws governing Eligibility, Investigations and Self-Reporting of Rules Violations, Rules Education and Commitment of Personnel to Rules-Compliance Activities. The Athletics Compliance Process appears to be functioning as intended under a dedicated leader. Compliance data is materially accurate and internal controls are functioning as intended. Work continues on finalizing compliance focused policies and procedures and process effectiveness could be improved by more fully using existing systems to help manage the compliance processes related to eligibility, investigations and self-reporting of rules violations, rules education, and commitment of personnel to rules-compliance activities. Management is currently prioritizing related solutions.

**Observations:**

Overall, the Athletics department has a positive tone at the top related to NCAA compliance, including the following notable items:

- As of July 1, 2019, JumpForward was replaced with ARMS software. Similar to JumpForward, ARMS is a web-based tool that offers convenient paperless reporting to facilitate NCAA compliance. ARMS offers additional functionality and our interviews of coaches and staff indicate a higher satisfaction with ARMS compared to JumpForward.
- The Compliance AD uses a risk assessment approach to direct compliance resources available and thereby ensure effort is focused on the most important compliance matters such as eligibility and playing and practice seasons.
- As of August 2018, a full-time position, with a dotted reporting line to the Registrar, was moved under direction of the Compliance AD to improve assurance of compliant student-athlete eligibility determinations.

We identified improvement opportunities related to policy and procedure improvement and implementation, improved oversight of managed conflicts of interest, enhanced use of existing information systems, and directed use of staff resources, for which management is implementing solutions as outlined in this report. We also discussed with Athletics leadership opportunities to improve compliance by creating more specific graduate assistant job descriptions and maximizing the use of the NCAA’s Compliance Assistant software to minimize some eligibility data duplication for which they are addressing.

The control standards considered, related control environment assessment and any related improvement opportunities (IO) identified are summarized in the following table.
## General Control Standard
(The bulleted items are internal control objectives that apply to the general control standards, and will differ for each audit.)

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<tr>
<th>Control Environment/Assessment</th>
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### Compliance with Laws and Regulations:

#### Eligibility Certification:
- Adequate controls and policies exist to ensure only NCAA competition eligible student-athletes are recruited and included on athletic teams
- Adequate controls and policies exist to ensure only competition eligible continuing student-athletes are retained by athletic teams
- Adequate controls and policies exist to ensure that transfer student-athletes are properly released from their prior institution and eligible for athletic competition
- Adequate documentation of required NCAA student-athlete paperwork and retention policies exist
- Student-athlete admissions are processed outside of Athletics and use the same admissions criteria as non-athletes
- Eligibility determinations are made by NAU personnel outside of Athletics

### Investigations and Self-Reporting of Rules Violations:
- Adequate controls and policies exist to ensure appropriate review of potential violations of NCAA legislation

### Rules Education:
- Compliance policies and procedures facilitate ongoing rules education
- Compliance Office has an active rules education program with regular training events and materials available

### Commitment of Personnel to Rules-Compliance Activities:
- Coaches’ contracts and appointments contain appropriate verbiage consistent with NCAA legislation
- A process is in place to identify and manage conflicts of interest
- Adequate controls and policies exist to require full / part-time athletics personnel to provide details of athletically related income and benefits from sources outside the institution

### Legend:
- Reasonably Strong Controls In Place
- Opportunity for Improvement
- Significant Opportunity for Improvement

We appreciate the assistance and cooperation provided by Athletics Compliance, Coaches and Coaching staff.

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Audit Results: Improvement Opportunities & Solutions

1. Formally maintained and up-to-date Athletics and related Compliance Policies and Procedures (P&Ps) and the Student-Athlete Handbook provide a reference that sets the desired tone at the top and helps ensure consistency in maintaining effective compliance monitoring processes.

Solution: Required policies based on NCAA bylaws, recently obtained consulting guidance, and feedback from this audit will be identified and prioritized for completion, including:

1. Updating Office of Athletics Compliance (OAC) policies to reflect current NCAA process related to Certification of Compliance.
2. Athletics Compliance will work with Student-Athlete Development to update the Student-Athlete Handbook to ensure requirements are consistent with established policies and procedures.
3. Implementing and communicating a policy regarding the handling of potential and actual NCAA violations to help provide clarity and demonstrate support for NCAA compliance; specifically updating:
   a. Guidance on how to report issues and how they are reviewed / investigated and how final decisions are made and reported.
   b. Policy availability to individuals who need to know including coaches, VP of Athletics, the Skyjacks Board, the Faculty Athletics Representative (FAR) and General Counsel.
4. Ensuring that standard operating procedures (SOP) are updated for areas assigned to staff, including screenshots and applicable reference files.

Responsible Parties: Syed Moinuddin, Associate Athletics Director for Compliance
Melissa Pokorny, Director of Student-Athlete Development

Implementation Date: July 31, 2020

DETAILS:

Condition: The NAU OAC draft policies refer to the annual requirement to complete an NCAA Certification of Compliance Form. However, per the Office of Athletics Compliance, the NCAA no longer requires completion of the form; only the annual NCAA certification test is required by the NCAA Division I.

The current NCAA violations related policy / procedure is only in draft form and is not formally made available to institutional officials who could be impacted.

The 2019-2020 Student-Athlete Handbook reflects language requiring student-athletes to verify review of the policies and resources by completing a form in ARMS. A Student-Athlete Handbook form was created in September 2019; however, there is no evidence to reflect its use by student-athletes.

Standard operating procedures are outdated and lack screenshots or file references to allow for continuity in compliance knowledge and consistency in procedure application.
Audit Results: Improvement Opportunities & Solutions

Criteria: Good business practices support up-to-date and clearly articulated policies and procedures to ensure consistency in the application of the key processes and internal controls used to support and maintain an effective compliance monitoring program.

Cause: A P&P update was in progress at the time we started audit fieldwork. Approaching P&P updates in whole as opposed to on a staggered basis can be a difficult and time-consuming task. Additionally, applying a risk assessment approach to compliance monitoring is not a formal part of NCAA required compliance processes; as such, there is no real impetus for doing or documenting such an assessment. There is no directive to encourage SOP development.

Effect / Impact: Consistency in process and expectations for responsibilities could be compromised resulting in inability to support effective NCAA compliance. Possible NCAA compliance infraction and lack of awareness on how to address potential and real violations as they arise could result.

2. Conflicts identified in the Athletics Department should be properly documented with appropriate action plans to reduce the conflict-related risks.

Solution: A formal process to evaluate potential conflicts of interest at the beginning of each semester or academic year will be performed to ensure appropriate action plans are documented, implemented, updated if necessary, and monitored. Conflict management plans for identified relationships will be formally documented, communicated to impacted parties and implemented.

Responsible Parties:
Syed Moinuddin, Associate Athletics Director for Compliance
Beth Vechinski, Senior Associate AD / Internal Operations / SWA

Implementation Date: July 31, 2020

DETAILS:
Condition: Several familial relationships exist and are known to Athletics and other NAU leadership, two of which require more formal oversight to prevent any issues that may arise related to real or perceived conflicts. In one case, there was evidence of approval of expenses by one family member of another family member’s expenses. While the expenses appeared legitimate and were subject to other approvals, such approvals should not be occurring to avoid any real or perceived familial supervision. In this regard, while certain processes appear evident to help manage those conflicts, including separating positions to avoid direct familial supervision of other family members, formal plans have not been documented and communicated to affected individuals to ensure any future related issues are prevented or detected.
Audit Results: Improvement Opportunities & Solutions

Criteria: Risk related to conflicts should be minimized or avoided where possible. NAU’s Human Resources policy, 1.05 Employment of Relatives, states, “No University official or employee may hire or employ; suggest the hiring or employment; direct or promote the hiring or employment; suggest, promote, or direct the promotion; or directly or indirectly supervise the work, evaluate the performance, or influence the compensation or other employment-related benefit for any family member within the third degree of relationship. No University employee may work for or report to any family member within the third degree of relationship.”

Cause: The Athletics Compliance department does not have a formal process for assessing and managing conflicts of interest. The NAU eCERT process provides for a general process and oversight; however, it relies on departmental oversight once a conflict is identified.

Effect / Impact: Risks may not be unknown until an issue arises that could potentially cause more NCAA scrutiny.

3. System improvements should be identified and continue to be identified to allow for efficiency in the compliance process, including identifying an audit trail function.

Solution: The Athletics Compliance staff will work with the ARMS vendor to identify system improvements that allow for more transparent and effective compliance monitoring.

Responsible Parties: Syed Moinuddin, Associate Athletics Director for Compliance

Implementation Date: July 31, 2020

DETAILS:

Condition: The Student-Athlete Statement Form and Drug-Test Consent Form are set-up in ARMS Compliance Software such that it requires the student-athlete (SA) to provide their date of birth and the date they are signing the form. Due to user error and inadequate form set-up, several student-athletes used their date of birth as the date they signed the form or used the date they signed the form as their date of birth.

A student-athlete we noted on the Compliance Squad List was not located in ARMS because the Athletics Compliance Staff deleted her from the ARMS system. There is no available feature to make student-athletes whose status changes (dismissed or quit the team, etc.) inactive in the ARMS system.

As part of testing related to transfer eligibility, we noted the Athletics Compliance staff is able to delete student-athletes from the ARMS system resulting in removal of critical SA information and documentation without an audit trail. We identified one football SA who competed in three games during the 2019-20 season, although reflected as not practicing (his status was changed in August 2019 to 'Removed From Squad'). A SA appropriately deemed ineligible based on
Audit Results: Improvement Opportunities & Solutions

NAU Compliance Eligibility Process was removed from the ARMS system, but the ARMS system still reflected this SA as participating in practice after he was let go from the team.

Criteria: Good business practice supports automating routine tasks related to compliance monitoring to minimize lapses in monitoring and limit the impacts of data entry errors.

Cause: The system was recently implemented on July 1, 2019 and the Athletics Compliance Staff are still identifying its capabilities and limitations.

Effect / Impact: Identifying system enhancements allows for improved efficiency and reduction in the time and effort in researching “deleted” activity.

4. Attendance documentation should be obtained to best support implementation of the Rules Education program across all necessary Athletics personnel.

Solution: A process has been implemented to ensure that attendees sign in for mandatory Rules Education trainings, as required per policy and NCAA best practices.

Responsible Parties: Syed Moinuddin, Associate Athletics Director for Compliance

Implementation Date: Implemented as of January 15, 2020

DETAILS:

Condition: The Athletics Compliance draft policies and procedures establish Rules Education trainings for student-athletes, coaches and representatives of the University’s athletic interests (i.e., boosters); however, there is inconsistent documentation to support mandatory attendance for trainings.

Criteria: Good business practices support up-to-date and clearly articulated policies and procedures to ensure consistency in the application of the key processes and internal controls used to support and maintain an effective compliance monitoring program.

Cause: A P&P update was in progress at the time we started audit fieldwork. Approaching P&P updates in whole as opposed to on a staggered basis can be a difficult and time-consuming task. Additionally, applying a risk assessment approach to compliance monitoring is not a formal part of NCAA required compliance processes; as such, there is no real impetus for doing or documenting such an assessment.

Effect / Impact: Consistency in process and expectations for responsibilities could be compromised resulting in inability to support effective NCAA compliance.
Athletic facilities used for practice and competition include the J. Lawrence Walkup Skydome (Football, Men’s and Women’s Basketball, Men’s and Women’s Indoor Track and Field), Aquatic and Tennis Complex (Swimming and Diving, Men’s and Women’s Tennis), J.C. Rolle Activity Center (Volleyball, Men’s and Women’s Basketball), Max Spilsbury Field at Lumberjack Stadium (Soccer, Men’s and Women’s Outdoor Track and Field), several golf courses in Northern Arizona and the Track and Field Throws Facility.

The core goals of Athletics are:

- Provide student-athletes with an exceptional experience culminating in graduation;
- Compete for Big Sky, WAC and NCAA Championships while operating with integrity;
- Bring positive national exposure to NAU and the NAU community; and
- Provide NAU fans, alumni and supporters a place to unite and connect to the institution and celebrate NAU.

During the 2019-20 school year, the men’s cross country team placed second at the NCAA national championship. The Lumberjacks earned Big Sky Presidents’ Cups in 2012-13 and 2013-14. The Presidents’ Cup is awarded based on academic achievement of student-athletes at Big Sky institutions as well as athletic performance. Northern Arizona swept the men’s and women’s Big Sky All Sports Trophy in 2016-17 and 2017-18. The Trophy is designed to award schools for overall athletics excellence.

NAU finished with a department-wide 3.15 cumulative GPA for the 2018-19 academic year. A total of 122 Northern Arizona student-athletes from all sports were named to the Big Sky Conference and Western Athletic Conference All-Academic team. A total of 50 student-athletes received their degrees for academic year 2018-19, 14 student-athletes received their degrees in Fall 2018 and 36 student-athletes received their degrees in Spring and Summer 2019.

Each Lumberjack student-athlete is required to complete a minimum of ten hours of community service each academic year. In total, student-athletes logged 1,463 services hours during FY19. During the academic year, Northern Arizona University student-athletes provide community services hours through the following events:

- Killip Elementary Classroom Assistance
- American Red Cross / Flagstaff Fire Department
- Coconino Humane Society
- Flagstaff Family Food Center
- Summer Café Activities for Local Youth
- Hope Cottage
- Phoenix Suns’ Youth Basketball Clinic
- Peak Seniors Living Community
- Swimming Lessons for Local Youth
The NCAA governs all aspects of intercollegiate sports, and participating institutions must comply with its bylaws and legislation. Consistent with the audit schedule, FY2018 was an off year; meaning no NCAA compliance audits were performed. In FY2019, Internal Audit reviewed Financial Aid, Governance and Organization, Student-Athlete Employment and Playing and Practice Seasons.

The Athletics Compliance Office, with a staff of four, is responsible for ensuring compliance with NCAA and Big Sky rules and regulations. To help in this endeavor, Athletics utilizes Compliance Assistant (CA) and ARMS software (JumpForward was replaced with ARMS as of July 1, 2019). As part of their NCAA membership, the NCAA provides several NCAA applications, including Compliance Assistant and the Transfer Portal, to help the Compliance Office ensure that the Athletics Department and student-athletes are in compliance with NCAA legislation. Other NCAA applications used to ensure NCAA compliance include the NCAA Eligibility Center, Requests / Self-Reports Online and the NCAA Directory. The eligibility center helps with monitoring and reporting related to eligibility, the Requests / Self-Reports Online is a source to document and report NCAA violations made by the institution and corresponding consequences and the NCAA directory is a directory of all athletics staff, faculty athletics representative and university president for each member of the NCAA. Compliance Assistant enables monitoring of financial aid, eligibility, recruiting, athletics personnel and playing and practice seasons. Athletics primarily uses CA to maintain squad lists and monitor financial aid by calculating equivalency percentages. The equivalency percentage is calculated by dividing the amount received by the student-athlete (up to the value of a full grant-in-aid) by the full grant-in-aid value for that student-athlete based on the actual cost or average cost of a full grant for all students at NAU.

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

Additional software used by Athletics is RealRecruit and Sign Now. RealRecruit is a survey tool used primarily for graduating student-athletes to obtain responses to their NAU experience. Sign Now is primarily used to obtain signatures from student-athletes for financial aid awards.
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