

**Arizona State University  
Office of University Audits  
Sun Devil Athletics  
Academic Year Financial Aid Audit  
May 6, 2019**

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**Summary:** National Collegiate Athletic Association (NCAA) compliance audits are completed on a rotational basis to provide coverage to 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 2019 approved by the Arizona Board of Regents (ABOR) Audit Committee and ASU senior leadership. 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 athletic program including postseason bans, scholarship reductions and coach suspensions.

NCAA Bylaw 15 defines the rules governing financial aid for student-athletes. Institutions have maximum limits on financial aid that may be awarded to student-athletes related to cost of attendance.

Compliance with these requirements 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 objective of this engagement was to review the accuracy of student-athlete financial aid awards to ensure compliance with the applicable NCAA bylaws.

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**Scope:** The scope of this engagement included all Sun Devil Athletic teams for the academic year of Fall 2018 and Spring 2019. The SDA academic year financial aid audit is performed annually at the request of SDA Compliance. Due to the recurring nature of this review, bylaws related to eligibility, counters, number of financial aid awards by sport, squad lists, and drug test consent form were not considered in scope for this review. These areas will be covered as part of the rotational coverage performed over NCAA Bylaws.

In addition, 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, and substantive tests including the following areas:

For a sample of 127 students, approximately 25% of the student athletes receiving aid for each sponsored sport, performing the following validation:

- Total aid provided did not exceed overall institutional cost of attendance {15.01.6, 15.1}
- Financial aid award letters were authorized by the Financial Aid Office {15.3.2.2}
- Academic aid awarded was included in the overall calculation to determine the countable player equivalent award according to bylaw requirements {15.1, 15.2.6}

Due to the isolated exceptions noted in the review, additional analytical procedures were performed over the remaining population of student-athletes to identify potential errors in aid awarded. The results of these procedures were provided to Athletics Compliance to further assess as needed.

**Conclusion:** Overall, the Athletics Compliance department has generally implemented adequate controls to ensure compliance with the NCAA bylaws related to Academic Year Financial Aid; however, further enhancement of monitoring procedures is necessary to ensure changes in student-athlete cost of attendance that require athletic aid adjustments are detected. Specifically, isolated exceptions were identified where athletic aid awarded was not accurate. Exceptions were the result of changes occurring in the student-athlete cost of attendance that were not detected by Athletics Compliance as part of their ongoing monitoring procedures. Athletics Compliance communicated all necessary adjustments were made prior to the end of the term.

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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 No.</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>• Controls are in place to ensure that the institutional 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 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>• 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

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

Lisa Grace, Executive Director, University Audit and Advisory Services

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