



UNIVERSITY OF  
**TEXAS**  
ARLINGTON

**Internal Audit Report**  
**NCAA Compliance Audit – Student Financial Aid**  
**December 2018**

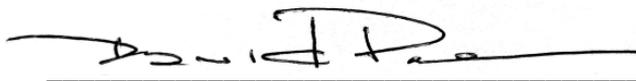
# Distribution – NCAA Compliance Audit – Student Financial Aid

**To:** Vistasp Karbhari *President*  
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## Audit Committee:

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**From:** David Price *Chief Audit Executive, Office of Internal Audit, UTA*



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**cc:** Jean Hood *Vice President for Human Resources, UTA*  
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# Background

## Background

UTA is a Division I member institution of the Sun Belt Conference and the National Collegiate Athletic Association (NCAA). The member institution and the student athlete must abide by various rules adopted by all the member institutions of the NCAA and imposed by the NCAA administration office through the NCAA manual. Bylaw 15, titled “Financial Aid,” details the rules and regulations concerning awarding financial aid to student athletes.

A student athlete may receive financial aid from the university or from certain sources outside the institution. The institutional financial aid would include those funds based upon the athlete's athletic ability, the athlete's financial aid need, or other programs administered by the institution. The cost of attendance for an athlete is calculated by the Financial Aid Office per federal guidelines and generally includes tuition and fees, room and board, books and supplies, transportation and several other expenses. A student athlete's maximum financial aid limit is the amount of the institution's cost of attendance. NCAA legislation establishes a limit on the amount of institutionally administered financial aid that can be awarded in a sport.

To prevent the loss of eligibility to participate in NCAA sponsored intercollegiate competitions and ensure that the athletics program is adhering to NCAA established eligibility rules, NCAA schools established several control mechanisms, including audit engagements and compliance monitoring programs to identify, evaluate and mitigate the probability of the occurrence of high risk items associated with the NCAA compliance. Certain components of the Athletics Department’s Compliance program were recently reviewed by the Sun Belt conference in FY 2018 through The Compliance Group (TCG).

The NCAA Committee on Institutional Performance recommended the practice of rules compliance reviews. Therefore, the Office of Internal Audit implemented a standard practice of conducting reviews for the high risk compliance areas of recruiting, student financial aid and eligibility on a rotating basis. This year, we evaluated the financial aid controls in place for ensuring continuous compliance with NCAA Financial Aid Bylaws.

# Objective and Scope

## Audit Objective

To determine whether the institution has policies and procedures in place to administer and monitor the awarding of financial aid to student athletes in accordance with the 2016-2017 NCAA Division I Manual, Bylaw Article 15: Financial Aid.

The following were reviewed to assess the audit objective:

1. General responsibilities of awarding financial aid were conformed to as described by the NCAA.
2. Terms and conditions of the financial aid awards were met and adhered to NCAA rules.
3. Maximum limits of financial aid in various sports was not surpassed according to NCAA rules.

## Audit Scope

This audit focused on the Athletics Department's responsibility for administering and monitoring the financial aid requirements for FY 2017. Three sports were selected for review and testing: Men's Basketball, Men's Golf and Men's Track and Field.

The audit scope included interviews with key personnel from the Athletics Department. A review of policies/procedures that govern student athlete's financial aid was conducted. A sample of student athletes were selected to verify terms and conditions of awarding institutional financial aid. Additionally, a sample of sports teams were reviewed to determine the accuracy of maximum limitations by sport. The sampling methodology included both random and judgmental sampling.

# Executive Summary

## Executive Summary

Overall, our assessment determined that the Athletics Department complied with the NCAA Bylaw, Article 15 for Financial Aid. Policies and procedures were in place to govern and monitor financial aid determination and awarding for student athletes. Additionally, management was effectively monitoring financial aid activities to mitigate the risks of violating NCAA Division I guidelines.

### **There were no reportable findings noted in this engagement.**

Our examination was conducted in accordance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*. UT System policy UTS 129 titled "Internal Audit Activities" requires that we adhere to the *Standards*.

The exhibits on the following pages outline the areas reviewed under the three objectives included in this audit. An audit assessment of each of the areas was included for your reference.

*We appreciate the courtesy and cooperation received from the Athletics Department staff throughout this audit.*

Sport	Athletics Student Aid FY 2017*
Men's Basketball	\$ 347,746
Women's Basketball	\$ 379,111
Men's Track	\$ 269,260
Women's Track	\$ 382,491
Men's Tennis	\$ 82,006
Women's Tennis	\$ 197,949
Volleyball	\$ 282,246
Baseball	\$ 250,459
Softball	\$ 217,958
Men's Golf	\$ 96,336
Women's Golf	\$ 13,903
Non-Program Specific	<u>\$ 547,993</u>
TOTAL	\$ 3,067,458

\*Source UTA Department of Intercollegiate Athletics Statement of Revenue and Expenses for Fiscal Year Ended August 31, 2017

## Exhibit 1 – General responsibilities of awarding financial aid were conformed to as described by the NCAA

Area Reviewed	Assessment
Responsibilities	The Executive Senior Associate Director of Athletics and Senior Woman Administrator performs the role of Compliance Coordinator for the Athletics Department. Primary responsibilities include supervising and monitoring the NCAA rules pertaining to financial aid for student athletes. The Associate Athletics Director for Eligibility and Certification also has compliance responsibilities for student athletic financial aid.
Policies & Procedures	The department has a documented Policies and Procedures manual in place. The department has also formally adopted the NCAA Division I Manual as its guidebook in determining compliance with NCAA rules.
Educational Efforts	The athletic staff, financial aid staff and Athletics Council are periodically educated on rules and regulations of NCAA internally by the Athletics Department through staff meetings, as well as externally through the annual Sun Belt Conference Compliance meeting.
Squad List Completeness	Squad lists for the 14 sports teams at UTA were reviewed to ensure that the financial aid amounts and other information pertaining to financial aid (number of years a student athlete received aid, countable and non-countable aid, etc.), were listed as required.
General Financial Aid Testing	For the sample of student athletes tested, aid disbursements were in accordance with the scholarship terms, students were eligible to receive financial aid, and the aid received met the education requirements permitted by the NCAA.

## Exhibit 2 – Terms and conditions of the financial aid awards were met and adhered to NCAA rules

Area Reviewed	Assessment
Financial Aid Forms	Financial aid award statements were examined. Pertinent information was included (amount, duration, conditions and terms of the award, and student athlete signature). The amounts offered and disbursed were in accordance with the scholarship equivalency calculation for FY 2016-2017 and did not exceed the full scholarship amount. All awards were executed timely and were properly approved. The financial aid awards did not exceed one academic year.
Financial Aid Reduced/Cancelled	No athletic aid was cancelled during the period tested. Students who had their aid reduced received written notification that included the opportunity for a hearing to appeal the action and information about the appeal process. There were no appeals noted from the student athletes.
Individual Limit	Student athletes are not eligible to participate in intercollegiate athletics if they receive financial aid that exceeds the value of the cost of attendance. We found no exceptions in the sample tested.
National Letter of Intent	At UTA, student athletes are required to sign a National Letter of Intent (NLI). A NLI is a letter that binds the student athlete to a one-year commitment with the university if they are granted financial aid. There are certain timeframes for each sport in which the NLI has to be signed and University financial aid agreements cannot be signed prior to those dates. There were no exceptions in our testing.
Institutional Financial Aid	Financial aid may be awarded to an enrolled student athlete after the first day of classes in any term as long as it does not exceed the remaining room and board charges and educational expenses for that term. It also may not be made retroactive to the beginning of that term. No retroactive pay of financial aid occurred in the 2016-2017 academic year.
Cost of Attendance	At UTA, the cost of attendance for 2016-2017 was estimated at \$25,362 for an in-state student and \$38,682 for an out-of-state student. Financial aid awarded to student athletes tested did not exceed the standard cost of attendance for the institution.
Room and Board Payments	The room and board scholarship amount was appropriately calculated in accordance with UTA's meal plan and on-campus apartment rates.
Summer Financial Aid	Summer aid is awarded separately from the Fall and Spring semesters. For the students tested, the amount of financial aid did not exceed the cost of attendance or the cost of a full grant-in-aid for attendance in the summer term.

## Exhibit 3 – Maximum limits of financial aid in various sports was not surpassed according to NCAA rules

Area Reviewed	Assessment
Head Count Sports	We tested Men’s Basketball as a sample of headcount sport and verified that all student athletes were appropriately classified as a counter or a non-counter in the squad list. The sport’s aid limit was not exceeded. Non-counters may receive financial aid, but are not counted towards the sport’s aid limit.
Equivalency Sports	The equivalency sports in the sample selection pertained to Men’s Golf and Men’s Track and Field. We recalculated the equivalency value for each student athlete using the full grant-in-aid value and determined that it was computed correctly. All allowable aid was included in the computation. The two sports did not exceed their maximum limits allowed under NCAA bylaws.