



Item: AF: I-4

## **BOT AUDIT AND FINANCE COMMITTEE**

**Wednesday, June 6, 2007**

**SUBJECT: REVIEW OF AUDITS: FAU 06/07-3, NCAA COMPLIANCE – RECRUITING  
DURING THE 2006-2007 ACADEMIC YEAR.**

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### **PROPOSED BOARD ACTION**

Information Only.

### **BACKGROUND INFORMATION**

Audit objectives were to determine the effectiveness of established policies, procedures, and practices used to administer and monitor recruiting of student-athletes in accordance with regulations of the National Collegiate Athletic Association (NCAA). A secondary objective of the audit was to evaluate the adequacy of controls exercised over the representatives of the University's athletics interests (boosters) as it relates to recruiting prospective athletes.

Four recommendations have been made for improvements needed in managing the student-athlete recruiting process to ensure that there is an organized, systematic approach which will result in compliance with applicable NCAA regulations and University policies and procedures.

### **IMPLEMENTATION PLAN/DATE**

Management has agreed to implement the audit recommendations.

### **FISCAL IMPLICATIONS**

Not Applicable.

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**Supporting Documentation:** Audit Report FAU 06/07-3

**Presented by:** Mr. Morley Barnett, Inspector General

**Phone:** 561-297-3682

Report No. FAU 06/07-3  
Report Issue Date: April 16, 2007

FLORIDA ATLANTIC  
UNIVERSITY™

*Office of Inspector General*

Audit Report: NCAA Compliance - Recruiting  
Audit Period: 2006/07 Academic Year

Use of Report

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BOCA RATON • DANIA BEACH • DAVIE • FORT LAUDERDALE • JUPITER • PORT ST. LUCIE

**REPORT ON THE AUDIT OF  
NCAA COMPLIANCE – RECRUITING**

TABLE OF CONTENTS

<u>ITEM</u>	<u>PAGE</u>
LETTER OF TRANSMITTAL . . . . .	iii
EXECUTIVE SUMMARY . . . . .	iv
SCOPE AND OBJECTIVES . . . . .	1
BACKGROUND . . . . .	2
COMMENTS AND RECOMMENDATIONS . . . . .	3
CONCLUSION . . . . .	7



**FAU**  
**OFFICE OF INSPECTOR GENERAL**  
*Florida Atlantic University*

MEMORANDUM

TO: Frank T. Brogan  
President

FROM: Morley Barnett   
Inspector General

DATE: April 16, 2007

SUBJ: NCAA COMPLIANCE – RECRUITING

In accordance with the University's Internal Audit Plan for fiscal year 2006-07, we have conducted an audit of the NCAA Compliance – Recruiting function at Florida Atlantic University. The report contained herein presents our scope and objectives and provides comments and conclusions resulting from procedures performed.

We have made four recommendations to address our findings. We concur with the responses of the auditee which have been incorporated into the report.

Please call me if you have any questions.

cc: University Provost  
Vice Presidents  
Craig Angelos, Director of Athletics  
Ed Hayward, Associate Athletic Director of Compliance  
FAU BOT Audit and Finance Committee  
Chancellor, State University System of Florida  
Florida Auditor General

## EXECUTIVE SUMMARY

In accordance with the University's Internal Audit Plan for fiscal year 2006-07, we have conducted an audit of student-athlete recruiting for the 2006/07 academic year. The primary objective of our audit was to determine the effectiveness of established policies, procedures, and practices used to administer and monitor recruiting of student-athletes in accordance with regulations of the National Collegiate Athletic Association (NCAA). A secondary objective of the audit was to evaluate the adequacy of controls exercised over the representatives of the University's athletics interests (boosters) as it relates to recruiting prospective athletes.

Audit procedures included, but were not limited to, the evaluation of internal controls as those controls relate to the accomplishment of the foregoing audit objectives, as well as performance of compliance testing on samples of recruited student-athletes.

Based upon the audit work performed, we have concluded that improvement is needed in managing the student-athlete recruiting process to ensure that there is an organized, systematic approach which will result in compliance with applicable NCAA regulations and University policies and procedures. For example, travel records, coaches' recruiting logs, and records of all official and unofficial visits by recruits were not readily available for our audit, and as a result were not provided to us in a timely manner. This situation points to a basic inefficiency in the overall management of monitoring compliance with NCAA recruiting regulations. Given our observations, we believe the Athletics Department will make significant progress in monitoring compliance with NCAA regulations for recruiting by:

- Following formal procedures documented in its compliance handbook; and,
- Enhancing recordkeeping for the student-athlete recruiting process by utilizing the NCAA Compliance Assistant System or other acceptable applications to ensure consistent and efficient monitoring for all sport teams.

With respect to representatives of the University's athletics interests, procedures should be improved to strengthen institutional control over the Athletics program by:

- Taking steps to ensure that NCAA regulations regarding booster restrictions are effectively communicated to all individuals that make a financial contribution to the University's athletics programs.

The details of our findings, as well as suggestions for corrective action, are found in the Comments and Recommendations section of this report.

**FAU**  
**OFFICE OF INSPECTOR GENERAL**  
Florida Atlantic University

April 16, 2007

Frank T. Brogan  
President  
Florida Atlantic University  
Boca Raton, Florida

Dear President Brogan:

SCOPE AND OBJECTIVES

In accordance with the University's Internal Audit Plan for fiscal year 2006-07, we have conducted an audit of student-athlete recruiting for the 2006/07 academic year. The primary objective of our audit was to determine the effectiveness of established policies, procedures, and practices used to administer and monitor recruiting of student-athletes in accordance with regulations of the National Collegiate Athletic Association (NCAA). A secondary objective of the audit was to evaluate the adequacy of controls exercised over the representatives of the University's athletic interests (booster) as it relates to recruiting prospective athletes. Audit procedures included, but were not limited to, the evaluation of internal controls as those controls relate to the accomplishment of the foregoing audit objectives, as well as the performance of compliance testing on samples of student-athletes recruited. This recruiting compliance audit is the third of a series of audits requested by the Athletics Department to evaluate controls over compliance with major NCAA rules and regulations.

We obtained an understanding of student-athlete recruiting issues by reviewing the NCAA Division I Manual, and the University's 2005 NCAA Intercollegiate Athletics Self-Study, interviewing key Athletics Department personnel, as well as evaluating established practices and key internal controls. Our assessment of student-athlete recruiting compliance was based primarily on reviews of pertinent supporting documentation for samples of student-athletes - recruited on and off-campus - maintained by Athletics. Populations, sample sizes, and selection methods were determined based on our evaluation of internal controls, our assessment of audit risk, the availability of pertinent University records, and other factors including auditor judgment.

We conducted our audit in accordance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.

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## BACKGROUND

The NCAA is the organization through which colleges and universities speak and act on athletics matters at the national level. It is a voluntary association of approximately 1,200 institutions, conferences, and organizations devoted to the sound administration of intercollegiate athletics. The Association strives to maintain intercollegiate athletics as an integral part of the educational program and encourages student-athletes as a valued constituent of the student body. The NCAA also supports good conduct in intercollegiate athletics by serving as the national athletics accrediting agency for colleges and universities. At the beginning of the 2006 fall semester, Florida Atlantic University had approximately 450 student-athletes participating in 18 Division I team sports.

The Athletics Compliance Office is responsible for administering and monitoring the student-athlete recruiting process in accordance with Operating Bylaw, Article 13, of the NCAA Division I Manual. The office is staffed by an Associate Athletic Director of Compliance, a Compliance Coordinator, and a graduate assistant. The Compliance Office conducts NCAA rules workshops throughout the year with all team coaches; and, is responsible for self-reporting any known violations of NCAA or Sun Belt Conference rules. Each year eligible coaches must pass the computerized NCAA Recruiting Rules examination before being involved in the recruitment process. Recruitment activities may take the form of written correspondence, telephone calls or face to face contacts on or off-campus. Each coaching staff member is required to keep a comprehensive written record of all telephone conversations, evaluations, or off-campus contacts with prospective student-athletes. Additionally, records for all unofficial and paid official visits are to be maintained. Boosters, also known as representatives of athletics interests, are not allowed to recruit, but may inform coaches of prospective athletes. According to Compliance Office personnel, approximately 1,000 prospective student-athletes were contacted for the 2006 fall semester. At present there are 55 athletics coaches, including 13 head coaches.

Athletics Department procedures require recruiting coaches to complete on and off-campus contact and evaluation logs for prospective student-athletes and submit any required documents such as Official Visit Request Forms and transcripts to the Compliance Office for any additional processing, review, and final approval. The Compliance Assistant internet program, developed by the NCAA, is the basic computer application recommended by compliance personnel for required NCAA recordkeeping. Managers for men's baseball and football have opted to use Scoutware and Golden Flyer, respectively, to assist with NCAA compliance.

## COMMENTS AND RECOMMENDATIONS

### Current Findings and Recommendations

#### *Lack of an Effective Recruiting Monitoring System*

A primary objective of our audit was to determine the level of effectiveness and efficiency of the procedures, methods, and controls used by the Athletics Department to monitor adherence to NCAA recruiting regulations. Based on discussions with Compliance Office personnel and several coaches, and observation of practices in place, we believe that the recruiting monitoring process was not organized in a systematic and formal manner that would ensure substantial compliance with NCAA Article 13- *Recruiting*. We believe the following factors complicate maintenance of an acceptable monitoring system, and could possibly impede the department's ability to detect and timely self-report NCAA violations:

- Although there was comprehensive coverage of student-athlete recruiting in the Athletics Compliance Manual, we were not provided with any evidence to indicate that the Compliance Office had a planned, systematic process in place to ensure adherence to NCAA recruiting regulations;
- Coaches that were expected to use the recruiting module of the NCAA Compliance Assistant (DataBase), were either not aware of how to use the system, or had not been consistently using the application as intended; and,
- Manually-prepared documents supporting the coaches recruiting efforts, such as required recruiting logs (i.e., comprehensive written records of all telephone conversations, evaluations, or off-campus contacts with prospective student athletes), travel records, etc., were not organized in a manner which would assist with effective compliance monitoring.

#### Recommendation No. 1

We recommend that the Athletics Department develop and implement an effective recruitment monitoring program to ensure that recruiting activities are consistent with NCAA regulations. At a minimum, the program should include periodic, documented evaluations by the Compliance Office to ensure the acceptable use of recruiting software applications, proper completion of forms, logs, and other required records, as well as overall adherence to established departmental policies and procedures.

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### Management-s Response

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#### Action Plan:

This recommendation will remain a consistent and longstanding goal of the compliance staff. Spot checks (evaluations) will be devoted to recruiting on a quarterly basis (reconciliation) on a sample of our sports (all sports will be reviewed on an annual basis). These checks will be to verify that



coaching staff members are using the Compliance Assistant (CAi) for their recruiting logs regarding phone calls, contacts and evaluations and other required records. Checks will also be done to make sure the official visits packets are complete.

The revised policy and procedure manual (upon completion) will help with this task greatly. The manual will be in printed form and disseminated to all staff members. It will include detailed instructions for all forms and/or procedures, checklists, and packets for forms that should be kept together. In addition, this will also be available on line and all of the forms which the coaching staff primarily uses will be available via the compliance office. Our forms and software, when completed in a timely fashion, will effectively and systematically monitor the recruiting efforts of our institution. The key to this will be the grouping, location, and ease of all of the combined processes.

**Implementation Date:** September 4, 2007

**Responsible Auditee(s):** Ed Hayward, Associate Athletic Director of Compliance

*Recruiting Documentation Deficiencies*

In order to evaluate compliance with basic NCAA recruiting requirements, we selected the following six sports for review of basic documents referenced in NCAA Bylaw 13: women's basketball, softball and soccer, men's golf, baseball, and football. Records supporting recruitment of 10 student athletes in the aforementioned sports for the 2006/07 academic year were requested of Athletics personnel in order to test for compliance with applicable NCAA requirements and established departmental policies and procedures.

Based on our interaction with the Compliance Office staff, we learned that there were no recruiting documents for men's golf because recruiting had been conducted on an informal basis by the former coach. For the five other selected sports, several primary recruiting documents either remained unavailable or could not be readily located for our examination. For example, six of ten coaches' logs - listing contacts, evaluations and telephone calls - were not available for us to complete our review of off-campus recruiting. For our review of on-campus recruiting activities, official visit forms for prospective football recruits were not available for examination. Management explained that departmental records were not maintained centrally or by a method which would easily lead to compiling the information we had requested. As a result of deficiencies in recordkeeping, we were not able to fully perform all audit procedures for the sampled recruits as originally planned.

*Recommendation No. 2*

We recommend the Athletics Department develop and implement a formalized recruiting documentation filing system to ensure that all recruitment activities are adequately documented and readily available for internal and external reviews. Documentation supporting recruiting activities should be organized in a manner that allows for efficient workflow in all areas impacted by the process. To the greatest extent possible, recordkeeping for the recruiting process should be automated as much as allowed by established departmental policies and procedures in order to evidence institutional control.

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## **Management's Response**

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### **Action Plan:**

The recruiting documentation filing system after the audit is still being discussed; however, it will, at a minimum, contain the following. First, all sports will be required to use the CAi (compliance assistant) regardless of whatever recruiting software they are currently using. They may continue to use their chosen software but that duplication shall be their choice as departmentally we are using the CAi. This will allow one stop shopping (phone calls, contacts, evaluations, and correspondence including disclosure such as admission and graduation data), listing of all prospects and the recruiting coach. The CAi allows the compliance staff to monitor those aspects of recruiting at any time and ideally does not require a response from a staff member. Second, regarding official visits, the procedures will include step-by-step instructions and/or a checklist regarding the process of providing an official visit to a prospective student-athlete. All forms associated with an official visit (official visit packet) will be kept together filed by prospect per sport and kept in the compliance office. In addition, all travel for recruiting purposes completed by the coaches and assorted documentation associated with that travel will be duplicated and kept in both the compliance office and the business office. Finally, all recruiting documentation will either be on the CAi or in paper form and kept in the compliance office.

The goal for the revised filing system is to organize it in a way that any layman can follow any official visit provided by our institution from start to finish. Again the revised policy and procedure manual will help with this process. Also, the compliance staff will conduct exit interviews with all staff members upon their exit from the department for missing documentation. Notes can be kept and attached to certain sports files of documentation that may be missing. In addition, we are discussing some form of penalty, reprimand or admonishment for each staff member who either does not complete the forms or does not complete the forms in a timely manner. Again, all recruiting documentation will either be on the CAi or in paper form and kept in the compliance office.

**Implementation Date:** September 4, 2007

**Responsible Auditee(s):** Ed Hayward, Associate Athletic Director of Compliance

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### **Lack of Sufficient Compliance Personnel to Monitor the Recruiting Process**

The Compliance Office is currently staffed by an Associate Athletics Director, a Compliance Coordinator, and a graduate assistant. We believe that staff turnover during the past several years, coupled with the lack of a formal monitoring function as evidenced by this audit, has hindered the effectiveness of the office.

Recommendation No. 3

We recommend that the Athletics Department consider increasing staffing for the Compliance Office as a means of better ensuring compliance with NCAA regulations. As part of an analysis to optimize the staffing level for compliance personnel, management could use national benchmarks for athletic programs comparable to that of Florida Atlantic University.

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**Management's Response**

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**Action Plan:**

Our current staff, devoted solely to compliance, is comprised of two full-time employees and a graduate assistant or intern. This staffing level is adequate but not ideal. We agree that additional compliance staff, coupled with proper assignment of specific tasks, would improve the department's compliance efforts. Considering the current budget of the Athletics Department, the primary focus of new staff is being devoted to fundraising and ticket sales. When additional funds become available and all of our other pressing/emergency needs are met, then additional staffing for the compliance office may be addressed in regards to this recommendation.

**Implementation Date:**        May 1, 2008

**Responsible Auditee(s):**     Ed Hayward, Associate Athletic Director of Compliance

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*Disseminating Information on NCAA Requirements to Athletic Boosters*

All individuals who financially support the University's athletics programs are recognized by the NCAA as representatives of the University's athletic interests or boosters. Typically, booster donations are made to restricted and unrestricted funds managed by the FAU Foundation for which receipts are issued annually. Under NCAA recruiting regulations, being a booster carries restrictions on contacting, providing support, entertaining, and providing an automobile, among other things for prospective athletes. Currently, Athletics provides compliance information to its boosters through its website, and publication of a rules and regulations guidebook. According to management, there are periodic mailings by Athletics of "thank you" letters to select donors, and the Foundation provides a gift acknowledgement letter to all donors. During our audit, we were not provided with reasonable assurance that the guidebook was sent with the letters and we believe that Athletics should make appropriate arrangements to notify all boosters of their responsibilities under NCAA regulations.

Recommendation No. 4

Given that boosters of the University's athletics program are responsible for complying with NCAA recruiting regulations, we recommend that the Athletics Department work with the FAU Foundation to provide the most effective means of disseminating information on NCAA booster restrictions.

Alternatives that may warrant consideration are to refer all recipients of the Foundation's gift acknowledgement letter to the Athletics' website referencing booster compliance, or offer a separate mailing of the rules and regulations guidebook.

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### **Management's Response**

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#### **Action Plan:**

The athletics department wholeheartedly agrees with this recommendation. Although our guidebook is readily available for anyone to view on our departmental website, we have requested the foundation to include our link to the guidebook in their gift acknowledgement letters to those who have donated to the athletics department.

**Implementation Date:** September 4, 2007

**Responsible Auditee(s):** Ed Hayward, Associate Athletic Director of Compliance

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#### **Management Letter Comments**

In addition to the findings and recommendations presented above, we became aware of certain matters which, because of their character or relation to the scope of the audit, are not included herein. These audit comments have been communicated to management in a separate letter.

#### **Prior Audit Recommendations**

Our examination generally includes a follow-up on findings and recommendations of prior internal audits, where the subjects of such findings are applicable to the scope of the current audit being performed.

Within the past three years, we have not conducted any internal audits related exclusively to NCAA recruiting compliance.

### **CONCLUSION**

Based on the observations and tests performed, it is our conclusion that current practices used by the Athletics Department for monitoring compliance with on and off-campus NCAA recruiting regulations and applicable University policies and procedures need improvement. With respect to the University's boosters, procedures should be strengthened to help ensure compliance with pertinent provisions of NCAA recruiting regulations.

We wish to thank the Athletics Department staff for their assistance which contributed to the successful completion of this audit.



Morley Barnett, CPA, CFE  
Inspector General

Audit Performed By: Ben Robbins, CPA