

AUDIT AND COMPLIANCE COMMITTEE
Tuesday, February 1, 2022

SUBJECT: FINAL FOLLOW-UP AUDIT ON NCAA COMPLIANCE – FINANCIAL AID (REPORT #FY22-A-02). THE ORIGINAL REPORT (#FAU18/19-3) WAS ISSUED ON JULY 12, 2019

PROPOSED COMMITTEE ACTION

Information Only.

BACKGROUND INFORMATION

The primary purpose of this **final** follow-up audit is to report on the status of efforts made by management to satisfactorily resolve and implement the recommendations in the original audit report issued in 2019. As a result of the audit, we noted that the Offices of Athletics Compliance (AC) and Student Financial Aid (SFA) have successfully completed and resolved all three action plan steps.

IMPLEMENTATION PLAN/DATE

Not Applicable.

FISCAL IMPLICATIONS

Not Applicable.

Supporting Documentation:

Audit Report FY22-A-02


Presented by – Mr. Reuben Iyamu, Inspector General

Phone: 561-297-6493



MEMORANDUM

TO: FAU BOT Audit and Compliance Committee
Dr. John Kelly, President

FROM: Reuben Christian Iyamu, Inspector General 

DATE: January 11, 2022

SUBJECT: **Follow-up Audit – NCAA Compliance Financial Aid, Report No. FY22-A-02**

We have completed a final follow-up audit on actions taken by the management of the Offices of Athletics Compliance and Student Financial Aid to resolve the findings and recommendations from our audit of NCAA Compliance – Financial Aid (Report #FAU18/19-3) issued July 12, 2019. This report contains a summary of the original audit recommendations, management action plans, and the current status. The result of our audit showed that the three action plans established by management to address our audit recommendations have been successfully completed and resolved. The responses from management are also included in this report.

We appreciate the cooperation and assistance provided by the Offices of Athletics Compliance and Student Financial Aid during this follow-up process.

Respectively Submitted,

Reuben C. Iyamu
Inspector General

cc: University Provost
Vice Presidents
Florida Auditor General
Tracy Boulukos, Assistant VP for Financial Aid & New Student Initiatives
John Stephenson, Associate Athletics Director for Compliance



**Final Follow-Up Audit Report (#FY22-A-02)
NCAA Compliance – Financial Aid
(Original Report #FAU 18/19--3 issued July 12, 2019)**

SUMMARY OF THE ORIGINAL AUDIT REPORT

The purpose of the original audit was to determine whether the University had policies and procedures in place to monitor financial aid (scholarships, fee waivers, and other financial resources) for student-athletes in accordance with National Collegiate Athletic Association (NCAA) regulations, and to evaluate the effectiveness of the policies and procedures. Based on the audit work performed, we noted that the evaluated financial aid awards function was being conducted in general compliance with applicable NCAA regulations, relevant University policies and procedures, and sound business practices. We did, however, identify opportunities to improve the overall accuracy and efficiency in the student-athlete scholarship disbursement process, including procedural documentation, which will serve to enhance the monitoring of financial aid awards in accordance with applicable NCAA regulations. Three action plan steps were developed by management to address the audit recommendations.

FOLLOW-UP OBJECTIVE, SCOPE, AND METHODOLOGY

The purpose of this final follow-up audit is to report on the status of efforts made by management to satisfactorily resolve and implement the recommendations from our initial audit as of September 30, 2021. To achieve our follow-up objectives, we made inquiries to management and reviewed the policies and procedures, and applicable documentation provided to us.

PREVIOUS AND CURRENT CONDITION OF ACTION PLAN STEPS

This is our final follow-up on actions taken by management of the Offices of Athletics Compliance (AC) and Student Financial Aid (SFA) to address the findings and recommendations. In response to our previous follow-up efforts, management indicated actions were initiated but not completed in addressing the audit recommendations. The table below provides a description of the original audit findings, recommendations, management action plans, and the status as of September 30, 2021. As shown in the table below, the Offices of AC and SFA have successfully completed and resolved all three action plan steps.

We appreciate the cooperation and assistance provided by the Offices of AC and SFA during this follow-up audit.

We conducted this follow-up audit in accordance with the *International Standards for the Professional Practice of Internal Auditing* and with *Principles and Standards for Offices of Inspectors General*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

MANAGEMENT ACTION PLAN STATUS

Audit Finding #1: Documentation Deficiencies and Incomplete Athletic Financial Aid Award Procedures

Recommendation #1: In order to improve the athletic financial aid scholarship disbursement process, we recommend both offices (AC and SFA) develop and/or revise their policies and procedures to be comprehensive by including documentation of the detailed steps undertaken by both offices in their determination, review and approval of student-athlete scholarship award payments, including use of the FLATHDTx reports. Such steps should address any situations of awards disbursed that are exceptions to established University Financial Aid policies. For audit purposes, the FLATHDTx reports supporting the award calculations, any adjustments, and evidence of the joint review and approval processes should be maintained on file. We noted The Compliance Group had a similar recommendation for FAU's Athletics compliance program in their 2017 report. Established procedures should be periodically reviewed, revised as necessary, and used as a training tool for staff personnel.

Management Action Plan

Status as of September 30, 2021

The AC and SFA Offices have revised and/or will continue to revise policies and procedures to be fully comprehensive by including documentation of the detailed steps that will be undertaken in determination, review, and approval of student-athlete scholarship award payments, including use of the FLATHDTx reports. Adjustments created by changes in circumstances that develop after a student-athlete accepts a scholarship will be approved and documented properly per the updated Athletics Financial Aid policy. At the same time, documented approval by the AC Office will be required prior to any refund being issued to a student-athlete by the Tuition/Billing Office. The AC Office is now fully staffed with a new Senior Associate Athletics Director, an Assistant Athletics Director, and two other full-time positions and/or graduate assistants. Moving forward, the ACSFA Offices will retain the FLATHDTx reports supporting the award calculations, any adjustments, and evidence of the joint review and approval processes. Moreover, the updated policies regarding financial aid address the concerns regarding the documentation and processing steps for a joint review. Established procedures will be periodically reviewed, revised as necessary, and used as a training tool for staff personnel.

Completed (Resolved) – The AC and the SFA Offices have now revised their existing policies and procedures that provide detailed steps undertaken by both offices in the determination, review, and approval of student-athlete scholarship award payments, including use of FLATHDTx reports. The FLATHDTx reports were jointly reviewed and approved by the Athletics Compliance and Student Financial Aid offices for the Summer 2021 term. In addition, we noted that the NCAA Eligibility Center determines the initial academic eligibility and amateur status for all NCAA Division I and Division II prospective student-athletes. Therefore, we consider this step completed and resolved.

Audit Finding #2: Incomplete Record Keeping for Student-Athletes

Recommendation #2: We recommend that both the Office of Student Financial Aid and the Athletics Compliance Department develop and implement effective procedures to ensure the following: 1) Squad lists are approved by management; 2) Athletic Grant-In-Aid forms are signed by the student-athletes benefiting from the award; and 3) Financial aid renewal letters are sent to applicable student-athletes with copies retained on file.

Management Action Plan	Status as of September 30, 2021
<p>The Athletics Compliance office has been restructured so that one individual on the staff focuses specifically on financial aid. This shift will allow one person to spend the appropriate time on financial aid to reduce and eliminate documentation deficiencies in this area. The Office of Student Financial Aid will develop and implement effective procedures to ensure squad lists approved by Athletic Management are retained, Athletic Grant-In-Aid forms are signed by the student-athletes benefiting from the award; and Financial Aid renewal letters are sent to applicable student-athletes with copies retained on file. In addition, Financial Aid Compliance Manager and Director, Student Affairs (SA) Finance & Administration will conduct an internal review on a semester basis.</p>	<p>Completed (Resolved) – The Athletics Compliance Office and the Office of Student Financial Aid have now developed and implemented new policies and procedures which ensures: 1) Squad lists are approved by management; 2) Athletic Grant-In-Aid forms are signed by the student-athletes benefiting from the award; and 3) Financial aid renewal letters are sent to applicable student-athletes with copies retained on file. In addition, an internal review was performed for the Spring 2021 semester by the Financial Aid Compliance Manager and Director, SA Finance & Administration to determine whether processes are working as intended. Therefore, we consider this step completed and resolved.</p>

Audit Finding #3: Athletic Squad Lists – Monitoring Deficiencies

Recommendation #3: In order to ensure athletic grant amounts, as noted in Athletic Compliance records, are in agreement with the scholarships disbursed by the Office of Student Financial Aid, we recommend the following: 1) Athletics Compliance develop and implement procedures to ensure each team squad list properly reflects the athletic grant amounts awarded for each student-athlete; and, 2) The Office of Student Financial Aid enhance their procedures to evidence their monitoring and verification of athletic grant amounts disbursed and recorded in Student Banner, with Athletics Compliance records (squad lists for each team sport).

Management Action Plan	Status as of September 30, 2021
<p>The Athletics Compliance Office already has procedures in place where each team squad list properly reflects the athletics grant amounts awarded for each student-athlete. Due to a variety of circumstances (e.g., roster additions, scholarship increases, etc.) this process is not complete until later in the spring semester of the academic year. NCAA Bylaws 15.5.11.2 and 15.5.11.2.1 requires that all squad lists must be signed by the head coach and the Athletics Director (or his designee), and filed, before a team’s first date of competition. The purpose of this signed squad list is to ensure that everyone who is on the team’s roster is included on the squad list. Squad lists are generally signed before the financial aid information has been placed into NCAA Compliance Assistant, which is the software that generates NCAA Squad Lists. Later in the semester, a file transfer from Banner to NCAA Compliance Assistant will download all student-athlete’s account information at one time. Once the transfer occurs, and the scholarship amounts are verified, final versions of the squad lists with athletics grant amounts are saved on the Athletics Compliance drive annually. The Office of Student Financial Aid will enhance procedures to evidence monitoring and verification of athletic grant amounts disbursed and recorded in Student Banner, with Athletics Compliance records. In addition, Financial Aid Compliance Manager and Director, SA Finance & Administration will conduct an internal audit on a semester basis.</p>	<p>Completed (Resolved) – The Athletics Compliance Office procedures indicate that each team squad list properly reflects the athletic grant amounts awarded for each student-athlete. The Office of Student Financial Aid has now enhanced their existing policies and procedures to evidence their monitoring and verification of athletic grant amounts disbursed and recorded in Student Banner, with Athletics Compliance records. In addition, the Financial Aid Compliance Manager and Director, SA Finance & Administration conducted an internal review for the spring 2021 semester to determine whether processes are working as intended. Therefore, we consider this step completed and resolved.</p>

MANAGEMENT (Tracy Boulukos, Assistant Vice President for Financial Aid and Elizabeth Rubin, Chief Compliance & Ethics Officer)'S RESPONSES

We agree that the Financial Aid Office has successfully completed and resolved all three action plan steps and that the implementation of these action plans has enhanced our overall processes. We would like to thank Ms. Vroman for her follow-up engagement.

We agree that the Athletics Compliance Office has successfully completed and resolved all three action plan steps and that the implementation of these action plans has improved our overall financial aid processes. We would like to thank Ms. Vroman for her follow-up engagement and attention to detail throughout this process. We hope to continue to work collaboratively with the FAU Financial Office to ensure that our written policies and procedures are reflective of our practices and that we continue to make our work more efficient and accurate in this area for years to come.

This Follow-up Engagement was Conducted by:
Allaire Vroman, Internal Auditor/Investigator

Supervised and Approved by:
Reuben Iyamu, MBA, CIA, CFE, CIGA, Inspector General

Please address inquiries regarding this report to the Inspector General at 561-297-6493 or
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