

*University of Michigan
University Audits*



**Intercollegiate Athletics
NCAA Directed Review**

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#2009-401

INTRODUCTION

As a member of the National Collegiate Athletic Association (NCAA), the University of Michigan is obligated to comply with NCAA rules and regulations. University Audits performed a directed review of key NCAA compliance areas to help provide Athletics with assurances that existing procedures to monitor compliance are adequate. The Athletics Compliance Services Office (CSO) advised University Audits which compliance areas and specific procedures should be included in the review. University Audits did not perform a complete risk assessment of the compliance areas and the procedures performed may not address all NCAA requirements in the respective areas.

University Audits and CSO agreed upon the goal of performing this directed review annually and to include all sports over a five-year cycle. Procedures include a review of select external camps and booster clubs to confirm an adequate system for tracking financial activity.

This review included the following:

| Targeted Sports | External Camps | Booster Clubs |
|--------------------|---------------------------------|-----------------------------|
| Football | Michigan Baseball Camp | U-M Club of Grand Rapids |
| Men's Basketball | Wolverine Distance Camp | U-M Club of Greater Chicago |
| Ice Hockey | Women's Gymnastics Camp | M-Women |
| Men's Gymnastics | Wolverine Swim Camp | |
| Women's Gymnastics | <i>(financial review only)</i> | |
| Women's Golf | Field Hockey | |
| Wrestling | <i>(compliance review only)</i> | |

University Audits did not observe any areas of non-compliance with NCAA rules. Overall, the booster clubs reviewed have an adequate system for tracking and maintaining financial records. In general, the external camp revenues and expenses appear to be reasonable and related to camp operations. However, in some cases University Audits was unable to reconcile registration revenue records. A separate memorandum was shared with each camp director and Athletics management highlighting recommended business practice improvements.

DIRECTED REVIEW PROCEDURES

This section outlines detailed procedures performed for each compliance area. Unless specifically noted otherwise, procedures are for the 2008/2009 academic year.

Rules Education

- Reviewed CSO rules education packets for the coaches' meetings held during fall 2008 and winter 2009 to ensure coverage of key NCAA rules and regulations.
- Confirmed that the master schedule for rules education meetings include coaches, other Athletics staff members, other U-M non-Athletics department staff members, student-athletes, and representatives of the University's athletic interests.

Playing and Practice Seasons

For the targeted sports:

- Reviewed the practice logs for one week during the playing season for designated day off and weekly/daily hour limits for countable athletically related activities.
- Reviewed the practice logs for one week during the off-season for designated two days off and weekly hour limits for countable practice activities.
- Reviewed the declaration of playing season forms to verify compliance with first practice and competition dates, as well as the length of the playing season as applicable.

Auditor's Note: Compliance with NCAA regulations regarding limits on Countable Athletically Related Activities (CARA) could not be verified for the football team. Athletics requires coaches to submit their practice logs monthly. At the time of the review, which was after the 2008/2009 season, no logs had been submitted by football coaches. Football out-of season forms were submitted after the audit was completed and were therefore not reviewed by University Audits. Football regular season CARA forms still have not been submitted.

The practice logs help document compliance with NCAA mandated limits on countable athletically related activities. Athletics and CSO management are aware of this issue and are following up with the football program. A separate memo regarding this observation was issued to the Head Football Coach, the Director of Football Operations, and the Assistant Director of Football Operations.

Coaching Staff Limits

For the targeted sports:

- Confirmed the number of coaches in each category that were reported on the coaching staff lists is within NCAA limits.

Financial Aid

Individual Limits

For the entire student-athlete population:

- Verified that total financial aid and athletic-based financial aid reported in the University's system for the fall 2008 and winter 2009 terms was within NCAA limits.
- Confirmed the financial aid amounts in the University's system were not greater than the amounts actually reported to the Big Ten on the squad lists.

Team Limits

- Verified compliance with NCAA team limits for the targeted sports.

Eligibility

For the targeted sports (terms: fall 2008 and winter 2009):

Initial Eligibility

For a sample of student-athletes entering U-M during the 2008/2009 academic year:

- Verified initial eligibility report was obtained from the NCAA Eligibility Center and certification was completed within NCAA required timeframes.
- Confirmed enrollment in a full-time program leading to a degree.

Continuing Eligibility

For a sample of student-athletes who entered the U-M prior to fall 2008:

- Verified enrollment in a full-time program leading to a degree.
- Confirmed student-athletes were within the NCAA prescribed number of seasons of eligibility.
- Verified student-athletes had an Attestation of Eligibility form on file and met NCAA and Big Ten progress toward degree and minimum grade point average requirements.

Transfer Eligibility

For a sample of student-athletes who transferred to the U-M during the 2008/2009 academic year
(Note: The targeted sports did not have any transfers, therefore sample was selected from the entire population of transfers during the 2008/2009 academic year)

- Reviewed transcripts and other supporting documentation for a sample of transfer student-athletes to confirm the eligibility determination, including the one-year residency requirement, where applicable.

Camps

For selected camps, 2008 camp sessions:

- Reviewed compensation documentation submitted to Athletics to confirm that compensation for coaches and student-athletes is reasonably consistent with other counselors of like teaching ability and camp experience.
- Confirmed that free or reduced admissions were recorded on appropriate CSO forms and compliant with NCAA regulations.
- Reviewed bank statements and supporting documentation to ensure transactions are reasonable, have a clear business purpose, and appear to be related to the operation of the camp.
- Confirmed reasonableness of amounts reported on the Athletics Financial Disclosure form, based on documentation provided.

Boosters

For selected booster clubs, fiscal year 2008:

- Reviewed bank statements and supporting documentation to ensure transactions are reasonable, have a clear business purpose, and appear to be related to the operation of the booster club.
- Confirmed the amounts reported on the Athletics Statement of Disclosure form, based on documentation provided.

Complimentary Tickets

For one football, men's basketball, and ice hockey game during 2008/2009 academic year:

- Selected a sample of complimentary tickets for guests of student-athletes, non-U-M coaches, and prospects. Reviewed supporting documentation to confirm:
 - Recipients were clearly identified and authorized on the pass list.
 - Number of complimentary tickets were within NCAA limits.
 - Complimentary admissions were supported by properly executed documentation.

For one 2008/2009 men's basketball post-season game:

- Selected a sample of complimentary tickets for guests of student-athletes. Reviewed supporting documentation to confirm compliance with regulations bulleted above.

Recruiting

For a sample of prospects selected from the lists of prospects that made an official visit for each of the targeted sports:

- Reviewed the coaches' logs to confirm that off-campus contacts and evaluations were made during the appropriate periods and did not exceed NCAA limits.
- Reviewed the official visit form and related expense receipts to confirm:
 - Official visit took place after the first day of classes of the prospect's senior year
 - Prospect's file contains academic documentation used by the CSO for granting prior approval of the visit
 - Visit lasted no longer than 48 hours
 - Lodging, meals, and entertainment were consistent with NCAA regulations

University Audits and the CSO are working to improve the process for monitoring recruiting telephone calls for compliance with NCAA limits by establishing a continuous monitoring procedure. The continuous monitoring project is not yet complete and not all cell phone data was available; therefore, the review was performed on a sample basis.

The following table provides a summary of the 2008 review of recruiting telephone calls compared to the 2009 review:

| Year | # PSAs in Sample | # of Sports in Sample | Review Process | Data Included |
|-------------|------------------|-----------------------|---|---|
| 2008 Review | 16 | 7 | Manual review of coaches' phone logs | Available logs from August 2007 – January 2008 |
| 2009 Review | 74 | 23 | Automated review of telephone bills using analytical software | October 2008 and April 2009 cell phone bills; office phone bills from September 2008 through April 2009 |

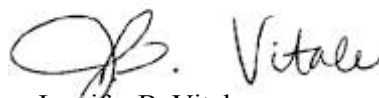
The new continuous monitoring process will provide for an automated review of the office and cell phone bills for all prospective student-athletes' (PSAs) telephone numbers provided by each of the sport administrative assistants. All the necessary data will be forwarded by the CSO to University Audits on a monthly basis starting in fiscal year 2010, where analytical software will be used to automatically generate potential exceptions. These potential exceptions will be forwarded to the CSO for further investigation.

SUMMARY

Based on the specific testing performed, University Audits did not observe any issues of non-compliance with NCAA rules and regulations relative to rules education, playing and practice seasons, coaching and staff limits, financial aid, eligibility, recruiting, sports camps, boosters, and complimentary tickets. Overall, the booster clubs reviewed have an adequate system for tracking and maintaining financial records. In general, the external camp revenues and expenses appear to be reasonable and related to camp operations; however, registration revenue records could not be reconciled in some cases. University Audits will meet with the CSO during the second quarter of fiscal year 2010 to discuss the directed review procedures for the next year.



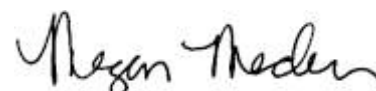
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