

University of Michigan Statement

11/16/09

To ensure the integrity of an investigation currently under way by the NCAA and the U-M, we are limited in what we are able to state publicly about the July 24, 2009 University audit report released today, Nov. 16. U-M shared the content of the audit report and the management memo with the NCAA at the outset of the investigation. More information on the process and follow up is provided below:

As a normal course of business, the University of Michigan conducts periodic, internal audits of University units to meet its commitment to maintaining an ethical environment that complies with all policies, regulations and laws under which we operate.

These proactive, internal audits allow the University to assess processes that affect University operations or performance. With this early warning system, U-M can identify potential concerns more quickly, develop and implement a corrective action and then track its effectiveness.

To help ensure compliance with NCAA rules and regulations, University Audits works in partnership with the Athletics Compliance Services Office to review core areas of athletics compliance systems over a five-year cycle. This includes annual reviews of the football program, the largest athletic sports operation.

During a May 2009 audit a concern was identified regarding an internal process for tracking athletic activities logged by the U-M football team. The compliance office did not receive the football team's Countable Athletically Related Activities (CARA) forms for the 2008-2009 school year. The CARA form is an internal mechanism developed by the University to help track the total time players spend in required practice and is standard across all U-M sports.

When detail on a concern identified in an audit needs to be provided to a department, a memorandum is sent so the issue can be addressed. In this instance, the audit and a memo went to the athletic department on July 24, 2009. The forms are now turned in on a timely basis. The audit does not identify where the system broke down and it did not identify any other areas of concern with respect to the football program.

A summary of all audits completed by University Audits is reported to the Board of Regents on a periodic basis. The executive director of University Audits is scheduled to present to the Board's Finance, Audit and Investment Committee six times a year – this year, the schedule is February, March, May, July, October and December. The executive director presented the July 24, 2009 audit findings to the FAI committee in October – the first scheduled meeting with University Audits after the completion of the report. In keeping with protocol, the report is then submitted to the full board and made public the following month – in this case, November.

University Audits conducts follow-up procedures six to 12 months out, to ensure corrective measures have been implemented in a timely and effective manner. A summary of all follow-up completed by University Audits is reported to the Board of Regents as well.

CARA forms were created by the U-M athletic compliance office and are one tool U-M uses to track athletic activities undertaken by student-athletes and ensure compliance to our own and NCAA rules and regulations. Other tools include regular monitoring and extensive educational programming for athletes, coaches and other personnel affiliated with the program.

STATEMENT FROM THE PRESIDENT AND BOARD OF REGENTS

The President and the Board take very seriously all audits conducted at the University. We will take all necessary steps to insure the integrity of all of the University's programs.

QUESTIONS AND ANSWERS

Q: What is a CARA form? Is it the same for all athletic programs at U-M?

A: The forms track various athletic activities in which a student-athlete participates, including the hours spent on each. The forms list the activities and are signed by the student and a coach. U-M developed the CARA form and uses it to help meet compliance with NCAA rules regarding Countable Athletically Related Activities. The forms are standard across all U-M varsity programs.

Q: Why are there “targeted” sports noted in the audit?

A: All varsity sports undergo regular audits to assure compliance with NCAA regulations, on a rotating basis. “Targeted” simply means “selected” in this case.

Q: How is it possible for the audit report to state that there were no issues of non-compliance found when the compliance office did not receive practice logs?

A: The audit report acknowledged that the practice logs were not available at the time of the audit and that they therefore could not be reviewed. The report found no issues of non-compliance in the areas that could be audited. The report also noted that this was an area of concern and University Audits sent a memo to the athletic department to correct it – which they did.

Q: Why does the management memo state that “there will be no follow-up review for this issue and your response is not required.”

A: Response to the memo itself was not required; however, response to the issue was required and did occur. The forms are now turned in on a timely basis. University Audits conducts follow-up procedures six to 12 months out, to ensure corrective measures have been implemented in a timely and effective manner. Reviews occur annually in the football program.

Q: Does the Board of Regents see audit reports?

A: Yes. A summary of all audits completed by University Audits is reported to the Board of Regents on a periodic basis. University Audits conducts follow-up procedures six to 12 months out, to ensure corrective measures have been implemented in a timely and effective manner. A summary of all follow-up completed by University Audits is reported to the Board of Regents as well.

Q: To whom does University Audits report?

A: It is a dual reporting relationship to the President of the University and the Board of Regents.

Q: Why did this report go to the Regents in November?

A: The audit report was completed July 24, 2009. The executive director of University Audits is scheduled to present to the Board's Finance, Audit and Investment Committee six times a year – this year, the schedule is February, March, May, July, October and December. The executive director presented the July 24, 2009 audit findings to the FAI committee in October – the first scheduled meeting with University Audits after the completion of the report. In keeping with protocol, the report is then submitted to the full board and made public the following month – in this case, November.

Q: Why was it noted that University Audits and CSO are working to improve the process for monitoring recruiting telephone calls, which was also noted in the audit?

A: This is a proactive effort to enhance and automate a process that is now handled manually. The change will hasten the process dramatically, and allow the University to track in an even more comprehensive manner.