



NCAA INTERNAL AUDIT BEST PRACTICES

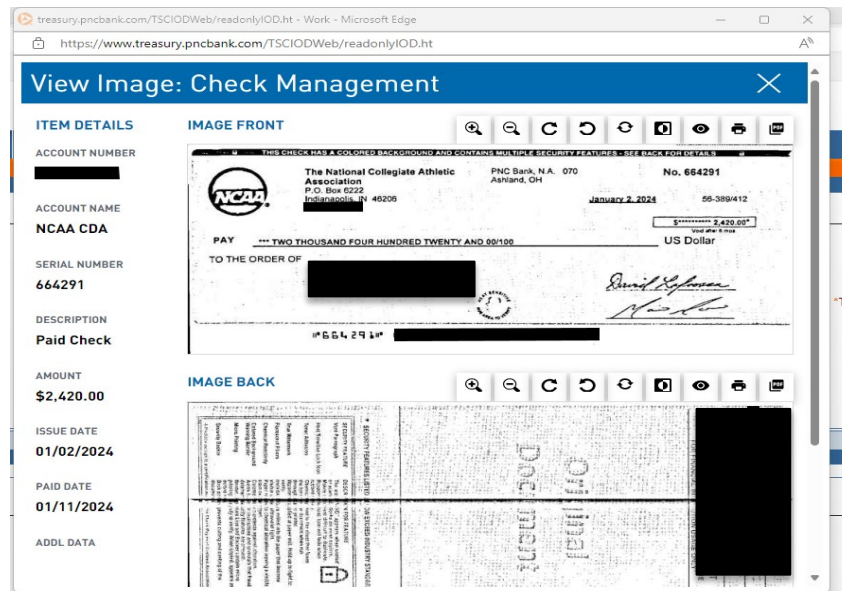
The NCAA internal audit department is tasked with auditing a sample of conferences each year, which are selected by membership-led committees. The audit is a process to independently examine reporting to ensure amounts reported occurred, are reported accurately, and follow committee expectations for permissible grant uses. The audit is also intended to be an educational process to assist conferences with improving their grant management processes and internal controls.

Internal audit has created best practices to share with the intention of assisting conferences in streamlining the audit process if they are selected for audit:

Conference Grant Supporting Documentation

Conferences should ensure they are retaining supporting documentation (e.g., vendor invoices, receipts, etc.) as well as proof of payment (e.g., canceled checks, bank statements¹) for any grant-related expenditures they intend to report over \$25.

A canceled or paid check is one that has been cleared by the payee cashing or depositing it, rendering the check null and void for further transactions. They can often be accessed and saved through online banking systems. Below is an example:



Sub-Grant Management

In circumstances where conference grant monies are re-distributed to the conference's member institutions, the following represent best practices in administering that process:

¹ For bank statements to be relied upon in the audit process, they will need to show detailed information including the payee, amount and date paid. Copies of checks do not represent proof of payment because they do not show a payment actually occurred.

- Conferences should have a planning process for their academic years to communicate to their member institutions sub-grant monies available, the requirements around the process, and seek confirmation from their institutions on monies they intend, and ultimately do, use.
- Conferences should establish a process and use a form that institutions must complete if they seek reimbursement for grant-related expenses which detail the transaction(s), grant-related outcomes and provide supporting documentation (e.g. vendor invoices, receipts, etc.) as well as proof of payment (e.g. canceled checks, zero balance purchase order, etc.). It is reasonable to set a materiality level for required support at an amount such as \$25 and above.
 - Many conferences have automated this process so that a shared drive such as Google Drive, Dropbox, Box.com, OneDrive, etc. is utilized to submit the form and supporting documentation.
- Conferences should limit circumstances where they advance pay grant monies to institutions prior to transactions occurring. In those situations where advance monies are provided, there should still be an expectation of providing support for those transactions prior to NCAA grant reporting.
- Conferences should save canceled checks or monthly bank statements to document proof of payment of sub-grant monies to their member institutions.

Grant Reporting Process

Regardless of the level of specificity of the grant reporting provided to the NCAA annually, the conference should keep a detailed accounting of the specific transactions that support amounts reported to the NCAA. This should include referencing which transactions and supporting documentation relate to which reporting category.

Record Retention

While some conferences or institution's internal accounting practices might require longer terms of retention, for NCAA purposes, conference and member institutions should retain grant-related documentation for at least five years.

Timeline of Audit

Conferences should expect to be notified they are selected for audit in the late September/early October timeframe. The audit process will commence in early November. The length of time of the audit largely depends on the preparedness and collaboration of the conference office. The goal of the process will be to have it concluded by the end of January when the NCAA internal audit team provides a memo and a meeting to discuss the results.