IT'S GETTING LATE IN THE ACADEMIC YEAR –
DO YOU KNOW WHAT YOUR INSTITUTIONAL ACCOUNTS ARE DOING?

By: Chuck Smrt

Parents are responsible for the actions of their children until a certain age. As a result, while not monitoring every action of their children, parents realize that they must have an understanding of where their child is on a particular evening and what the child generally is doing. Similarly, a compliance coordinator understands that he/she must have a general understanding of the existence and operation of certain financial accounts within or outside of university control since the institution is responsible for any improprieties resulting from transactions from these accounts. The compliance coordinator will not monitor every transaction from that account but will have an understanding of its purpose and that a process exists to monitor income and expenditures from that account.

While a lively debate can occur whether certain accounts are institutional (e.g., an account established by the head coach to be used for his/her summer camps which does not use the institution's name and the coach is the only signatory), no doubt exists that the institution is responsible for income or expenditures from these accounts that are contrary to NCAA legislation. These accounts per se are not contrary to NCAA legislation; however, the uses of the accounts may be, even though the institution may have no direct control over the accounts.

Below is a listing of several common types of accounts:

1. **Athletics Department Accounts** – These are accounts held by the athletics department and could include booster clubs, camps, etc.
2. **Foundation Accounts** – Most foundation accounts are under the control of a university group outside of the athletics department. These are relevant only to the extent that certain foundation accounts contain funds earmarked for the athletics department, but no athletics department personnel generally are monitoring income in or expenditures from this account.
3. **Individual Club Accounts** – These accounts are separate from the institution and probably located at an area bank.
4. **Individual Coaches Accounts** – These accounts often contain income from the head coach's radio and television appearances, camps, personal appearances, etc.
5. **Camp Accounts** – These accounts will contain only camp monies and may be within or outside of university control.

How does the compliance coordinator prevent (or reduce the impact of) violations from these accounts? As mentioned above, it is necessary to: (i) understand the existence and purpose of these accounts; and (ii) undertake some monitoring, including the ability to at least generally review income into and expenditures from these accounts. Figure 1 details types of questions that are the very minimum that should be asked. The more "institutional" the account appears to be, a higher level of monitoring is expected.

As expected, in its review of booster accounts for its clients, TCG has found that the number and structure of these accounts and their types and level of monitoring will vary by institution. Further, the ability to review information from some of these accounts (i.e., the coaches outside income account) may be limited. As a result, no standard compliance template can be used. Rather, each institution needs to develop a system to meet its needs and monitoring responsibilities. This may include "negotiations" with some account signatories on the amount of information submitted to the institution. The NCAA Enforcement Staff and Committee on Infractions will utilize the standard of whether the institution undertook "responsible" actions to identify and monitor the accounts. While "responsible" is ambiguous, no action is definable so some review is imperative. Further, it is important for the institution to detail annually the actions it took to monitor these accounts in the event subsequent issues arise and the enforcement staff begins an inquiry.

Similarly to monitoring a child's activities, an institution needs to have an understanding of what is occurring with the accounts and that adequate supervision or monitoring exists. As a compliance coordinator, you can assist the institution in meeting its responsibilities.