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## SECTION III FISCAL INTEGRITY

### Previous Certification Self-Study

- 1. List all “corrective actions,” “conditions for certification” or “strategies for improvement” imposed by the NCAA Division I Committee on Athletics in its first-cycle certification decision (if any) as they relate to fiscal integrity issues. In each case, provide: (a) the original “corrective action,” “condition,” or “strategy” imposed; (b) the action(s) taken by the institution and the date(s) of those action(s); and (c) an explanation for any partial or non completion of such required actions. Please note, the institution is not required to respond to recommendations for required actions developed by the peer-review team unless those same recommendations were adopted by the Committee on Athletics Certification.**

Mercer University was found to be in compliance during its 1994 first-cycle certification process and during its interim-report process. No "corrective actions," "conditions for certification" or "strategies for improvement" were imposed by the NCAA Division I Committee on Athletics Certification. Therefore, Mercer has no follow-up items to report.

- 2. List all actions the institution has completed or progress it has made regarding all plans for improvement/recommendations developed by the institution during its first-cycle certification process in the fiscal integrity area. Specifically, include: (a) the original plan; (b) the actions(s) taken by the institution; (c) the date(s) of the action(s); (d) actions not taken or not completed; and (e) explanations for partial completion. Please note, the institution will not be required to fulfill an element of a first-cycle plan if the element does not affect conformity with an operating principle.**

No plans for improvement/recommendations were developed by the institution during the first-cycle certification process in the fiscal integrity area.

- 3. Describe any additional plans for improvement/recommendations in the area of fiscal integrity developed by the institution since the first-cycle certification decision was rendered by the Committee on Athletics Certification.**

No additional plans for improvement/recommendations were developed by the institution since the first-cycle certification decision in the fiscal integrity area.

- 4. List all actions the institution has completed or progress it has made regarding required actions identified by the NCAA Committee on Athletics Certification during the institution’s interim report process (if applicable) as they relate to fiscal integrity issues. Specifically, include for each: (a) the required action, (b) the action(s) taken by the**

**institution, (c) the date(s) of these actions(s), (d) action(s) not taken or completed, and (e) explanation(s) for partial completion.**

There were no required actions identified by the NCAA Committee on Athletics Certification during the institution's interim report process.

## **Operating Principle**

- 3.1. Financial Practices. The Association's principles include the responsibility of the institution's chief executive officer for approval of the athletics budget and audit of all athletics expenditures. In fulfilling this principle, the institution shall demonstrate that:**
- a.) Funds raised for and expended on athletics are subject to institutionally defined practices of documentation, review and oversight.**
  - b) All expenditures from any source for athletics are approved by the institution.**
  - c) Budget and audit procedures for athletics are consistent with those followed by the institution generally and with the provisions of NCAA Constitution 6.2:**
    - 1. The institution's annual budget for athletics is approved by the institution's chief executive officer or designee from outside the athletics department.**
    - 2. Annual financial audit is performed by a qualified auditor who is not a staff member of the institution and who is selected by the chief executive officer or designee from outside the athletics department.**

## **Self-Study Items**

- 1. Prepare a list of all revenue sources for intercollegiate athletics that are under the clear accounting and financial control of the institution. Also, prepare a list of all other sources (i.e., those not under the accounting and financial control of the institution) generating revenue on behalf of the institution's intercollegiate athletics program, including outside foundations.**

All sources of revenue for intercollegiate athletics are under the accounting and financial control of Mercer University. A complete list of all revenue sources for intercollegiate athletics includes:

- General unrestricted revenue allocated to intercollegiate athletics
- Athletic gate receipts
- Athletic guarantees
- Season ticket sales
- NCAA tournament receipts
- NCAA Academic Enhancement Funds
- A-Sun tournament/ESPN revenues
- University Development Office fund-raising activities

- Fund-raising activities by and contributions to the Mercer BearBackers booster organization
- Private gifts or bequests
- Other fundraisers (e.g., Big Dance)

**2. Describe the step-by-step process for budget development and approval, and highlight any areas that may differ from the institution's standard or normal budgeting procedures. Prepare a separate description for those sources of revenue under the institution's direct control and another for revenue sources not under the institution's direct control.**

All sources of revenue for intercollegiate athletics are under the direct accounting and financial control of Mercer University and the Department of Intercollegiate Athletics is, without exception, subject to Mercer University's standard budgeting policies and procedures.

The budget development process begins with revenue estimates, including tuition estimates made by the Office of Planning, Budgeting and Institutional Research in conjunction with the deans of the schools and colleges. Along with enrollment targets, scholarship requirements are calculated. The appropriate University officer estimates other revenue sources, with final responsibility resting with the Senior Vice President for Finance and Administration. The consolidated estimates provide the revenue basis for the annual budget.

Next, the President establishes written budgetary guidelines and objectives to direct the schools, colleges, and departments in formulation of their budget requests. The Associate Vice President for Planning, Budgeting and Institutional Research "pre-loads" Mercer's web-based budgeting system with current salaries, fringe benefit rates for the new fiscal year, prior year actual expenditures, current year original and adjusted budget, and current year expenditures to date.

The colleges and departments prepare their budget requests in the Mercer Budgeting System. A Budget Committee, comprising the Executive Vice President, the Senior Vice President for Finance and Administration, the Senior Vice President for Advancement, the Provost, and the Treasurer/Associate Vice President for Finance, review the college and departmental requests and conduct budget hearings with each dean and the heads of major departments, intercollegiate athletics included. Funding priorities and adjustments required to assure a balanced budget are discussed with the budget heads.

The Budget Committee presents a balanced budget to the President for his review. The President presents the budget, with his changes incorporated, to the Board of Trustees for final approval.

**3. Attach documentation (e.g., management letters, executive summaries) from the institution's three most recent external audits that verifies the institution is in compliance with Constitution 6.2.3 (annual independent financial audit requirement).**

**Also describe the process used in selecting the independent auditor for the institution's external financial audit for intercollegiate athletics, including any methods used to ensure the independent nature of the auditor, as well as a description of the institution's efforts to ensure the audit meets the standards of the NCAA Financial Audit Guidelines.**

For the period covered by this self-study, KPMG has served as the external auditor for the University. As part of annual audit, KPMG specifically undertakes to provide a financial audit of the intercollegiate athletics program. Audits of the intercollegiate athletics program are performed according to NCAA financial audit guidelines. See Appendix III-A.

Mercer University follows the steps below in selecting an external auditor:

- a) The Audit Committee of the Board of Trustees approves the proposal format.
- b) Proposals are solicited from reputable certified public accounting firms. All such firms are independent of the institution.
- c) Completed proposals are submitted to the Audit Committee for review.
- d) Oral presentations are made to the Audit Committee.
- e) The Audit Committee makes its selection.
- f) The Audit Committee recommends its selection to the Board of Trustees, which then must be approved by the full Board.

An external auditor may, at the discretion of the Board of Trustees, be reappointed by action of the Board without a new selection process.

**4. Describe relevant corrective actions planned or implemented from the three most recent external financial audits.**

All three most recent financial examinations received unqualified opinions; no concerns were noted relative to the intercollegiate athletics program and hence no corrective actions were recommended and no corrective actions were necessary.

**5. Describe the ways in which your institution approves expenditures for intercollegiate athletics, including a description of different procedures based on various sources of funding (e.g., booster and support group funds, state funds vs. restricted/foundation funds).**

All expenditures for intercollegiate athletics, regardless of source, are approved through the University budgetary process. An annual budget request for the Department of Intercollegiate Athletics is prepared by the Director of Intercollegiate Athletics. After review and approval of the budget by the President, the Department of Intercollegiate Athletics budget is submitted to the Board of Trustees as a part of the overall University budget for its approval. Revisions to the approved budget follow established policies and procedures.

The major source of funds for intercollegiate athletic programs is general revenues. Approximately \$300,000 is generated by the intercollegiate athletic program through fund

raising, guarantee games, and NCAA and A-Sun revenues. All revenue sources are budgeted through the process outlined above.

Staff expansion and approval of new positions must adhere to, and be approved in conjunction with, the normal budgetary process outlined above. All personnel actions, including hiring, are processed through the University Human Resources Office, which monitors compliance with University policies and procedures.

## Operating Principle

- 3.2. Fiscal Management and Stability.** The Association's principles require each institution to administer its intercollegiate athletics program in keeping with prudent management and fiscal practices. To demonstrate fulfillment of this requirement, the institution shall provide evidence that the management and fiscal practices of the institution assure the financial stability necessary for providing all student-athletes with relatively full and stable opportunities for athletics participation.

## Self-Study Items

- 1. Explain the institution's philosophy with respect to the funding of the athletics program.**

Mercer University's philosophy is to provide sufficient funding to athletic programs to be competitive in the conference and to provide student-athletes with relatively full and stable opportunities for athletic participation. The University considers the athletics program to be an important component of the University's educational mission. The Director of Intercollegiate Athletics has developed a series of five-year plans to ensure the continued financial stability and overall improvement of the athletics program. These plans are submitted to the President and taken into account in the University budgetary process.

All funding for the Department of Intercollegiate Athletics is considered the property and responsibility of Mercer University and, as such, falls under strict University control, including supervision by the Senior Vice President for Finance and Administration, administration by the University Finance Office, periodic review by the University's Internal Auditor, and annual audit by an independent external auditor. Such oversight extends to those monies raised through fund-raising projects by the University Development Office and by the Mercer BearBackers, the official booster organization for the Department of Intercollegiate Athletics.

All institutional scholarship funds are allocated through the University budgetary process (see response to 3.1.2). Allocations of University scholarships for student-athletes are made in compliance with NCAA Division I requirements.

2. **Using the institution's established budgetary format, prepare a list of both projected and actual athletics revenues (by source) and expenditures (by budget category) for the three most recently completed fiscal years. In doing so, make sure that all athletics administrative costs are included. Provide any revenues and expenditures on a sport-by-sport basis.**

See Appendix III-B.

3. **Describe the institutional procedures that are in place to address any deficit in the intercollegiate athletics budget incurred during any fiscal year(s).**

Approved budgets for intercollegiate athletic programs reflect, in aggregate, an authorized subsidy from General University funds. If an unforeseen circumstance requires additional budgetary authority, the normal University policies and procedures governing budget adjustments must be followed. The Department of Intercollegiate Athletics is not allowed to incur a deficit.

4. **Outline the sources, uses and amounts of funds received by the intercollegiate athletics program from nonathletics department and/or noninstitutional sources.**

Sources of funds:

- Outside Contributions
- Fundraisers (e.g., The Big Dance, Grand Slam Auction, etc.)
- BearBacker Contributions

Uses of funds:

Funds are used to support Athletics Program expenditures. Unless specifically designated, funds go toward general program expenses.

Amounts Received:

1999-2000	\$135,611
2000-2001	\$139,500
2001-2002	\$121,500

5. **Identify the sources, uses and amounts of athletics department surplus and/or reserve funds.**

There are no surplus and/or reserve funds.

6. **Describe how the university will accommodate future financing needs of the intercollegiate athletics program or plans to respond to changing conditions based upon the institution's future financing projections.**

Mercer addresses the budgetary requirements for intercollegiate athletics annually during the University's budget process. The Director of Intercollegiate Athletics identifies future

funding requirements as part of his ongoing planning activities, to include formulation of a five-year financial plan for the program.

7. **Using the institution's Equity in Athletics Disclosure Act survey forms, athletics department budget reports, and other appropriate documentation for the three most recent years for which the information is available, evaluate each of the following areas for every sport sponsored by the institution. On the basis of this review, state the institution's determination of its ability to provide relatively full and stable opportunities to student-athletes in each sport in the specific areas of:**
- (a) Coaching;**
  - (b) Scholarships;**
  - (c) Recruiting;**
  - (d) Operating expenses (e.g., travel, facilities, equipment); and**
  - (e) Percentage of the sport budget that has to be obtained via fund raising (i.e., by institutional entities, department, team and individual student-athletes).**

Mercer University sponsors fourteen sports in intercollegiate competitions. Based upon a review of the Equity in Athletics Disclosure Act survey forms for the period 1999-00 through 2001-02, results of a 2002-03 Atlantic Sun (A-Sun) surveys (see Appendix III-C), Department of Intercollegiate Athletics sport-by-sport summary of coaching staff, scholarship allocations, and recruiting and operating budgets (see Appendix III-D), and recent sports team records, Mercer concludes that it is able to provide full and stable opportunities to student-athletes in each of the sports. In general, in arriving at this conclusion, Mercer compared its athletic program to those of private institutions in the A-Sun conference, as evidenced by the sport-by-sport analysis that follows.

General comments:

All but one of Mercer's fourteen teams has a full-time head coach. The exception is air rifle, which is coached by a law enforcement officer on a part-time basis. Several sports have full-time assistant coaches. Others have part-time assistant coaches, graduate assistants and/or volunteer assistants. Coaching allocations and personnel have been stable over the period. The Department of Intercollegiate Athletics will add a full-time head golf coach position in 2003-04 and a full-time coaching position for the women's program in 2004-05.

The men's basketball and baseball teams have been, and continue to be, funded with the maximum scholarships allowed under NCAA rules. The women's basketball team has been funded consistently at the same level as the men's basketball program and is two scholarships below the NCAA limit. With the exception of men's basketball, women's basketball, baseball and air rifle, scholarship allocations in all sports have increased over the period and allocations for men's and women's teams have been identical. Mercer's goal is to fund athletic scholarships to a level at least 75% of NCAA men's maximums. As of 2002-2003 our goal has been met in the men's sports of baseball, basketball, golf, soccer and tennis. Mercer is also at 75% of NCAA women's maximums in women's basketball and soccer.

Recruiting budgets and operating budgets for all sports have been stable over the period. The budgets are low but similar to comparable private A-Sun institutions. The recruiting and operating budgets are reviewed annually and have been sufficient to accomplish the primary goal of attracting student-athletes who are competitive in the A-Sun. "Competitive" in this context means contributing to teams that produce balanced or winning records. Mercer's athletic teams are competitive within the A-Sun Conference. Men's soccer has been the most successful program over the last three years with two conference championships and two NCAA post-season appearances. Mercer has produced "all conference" performers in virtually all sports, and during the 2001-2002 academic year had the "men's soccer player of the year" and the "women's freshman volleyball player of the year." The men's basketball team won conference championship in 2002-03, and the head coach, Mark Slonaker, was the recipient of the first Jim Phelan National Coach of the Year award in 2002-03.

Because Mercer commits to fund athletic programs fully from general University revenues, no funds must be raised by other means. Nonetheless, the Athletic Department does raise a small amount of funds from outside sources each year. This past year the overall Department of Intercollegiate Athletics fund-raising goal was \$135,000, which is not individualized by sport.

Mercer is currently constructing a 230,000 square foot University Center, which will house the Intercollegiate Athletics program. Approximately half of the building is dedicated to athletics. The facility will house team dressing rooms, an athletic weight room and a training room, as well as office space for athletics administrators and coaches. The arena of the University Center will accommodate basketball, volleyball, and rifle practices and competitions. Mercer has also made major improvements in the baseball field, soccer field, softball field and the tennis center. A new softball facility is planned for summer 2004.

Sport-by-sport comments:

1. Baseball

- (a) Coaching. The baseball team has a head coach and two assistant coaches. The baseball head coach in 2002-03 had been in the position since 1978 and had the third highest salary of head coaches from the eight private institutions of the A-Sun. The first assistant coach had the highest salary for first assistants; the second assistant, the third highest. The head coach retired at the end of the 2003 season and was replaced by one of the assistant coaches who has been with the team for eight years.
- (b) Scholarships. Mercer, like several other A-Sun schools, has the maximum allowable scholarships for baseball with 11.7 full-scholarship equivalents. Scholarship allocations have been stable over the period at 11.7.
- (c) Recruiting. See general comments above.
- (d) Operating Expenses. See general comments above.

(e) Percentage of budget that has to be raised by fund raising. See general comments above.

## 2. Men's Basketball

(a) Coaching. The men's basketball team has a head coach, two assistant coaches, and one graduate assistant. The men's head coach, who has been in that position at Mercer since 1996, has the sixth highest salary of head coaches from the eight private institutions of the A-Sun. The first assistant coach has the seventh highest salary for first assistants. Rankings for second assistants are not available. Despite these relatively low salaries, the coaches were quite effective, leading the team to a conference championship in 2002-03, and the head coach, Mark Slonaker, was the recipient of the first Jim Phelan National Coach of the Year award in 2002-03.

(b) Scholarships. Mercer, like several other A-Sun schools, has the maximum allowable scholarships for men's basketball with 13 full-scholarship equivalents. Scholarship allocations have been stable over the period at 13.

(c) Recruiting. See general comments.

(d) Operating Expenses. See general comments above.

(e) Percentage of budget that has to be raised by fund raising. See general comments above.

## 3. Women's Basketball

(a) Coaching. The women's basketball team has a head coach, two assistant coaches, and one graduate assistant. There has been considerable turnover in the head coach position over the period. The current head coach named in 2002-03, has the sixth highest salary of head coaches from the eight private institutions of the A-Sun. The first assistant coach has the sixth highest salary for first assistants; the second assistant, the seventh highest. Despite these relatively low salaries, the coaches were effective, leading the team to a 10-6 record in the 2002-03 A-Sun conference season. In the 2001-2002 the head coach was named the A-Sun "coach of the year."

(b) Scholarships. Mercer ranks seventh among all schools and second among private schools in the A-Sun in women's basketball scholarships with 13 full-scholarship equivalents. Scholarship allocations have been stable over the period at 13.

(c) Recruiting. See general comments above.

(d) Operating Expenses. See general comments above.

(e) Percentage of budget that has to be raised by fund raising. See general comments above.

4. Men's Cross-Country

- (a) Coaching. The men's cross-country team has a head coach and one assistant coach. The coaches hold dual positions as coaches for the women's team. The head coach, named in 2002-03, has highest salary of head coaches from the private institutions of the A-Sun. Mercer is the only private A-Sun school with an assistant coach in men's cross country.
- (b) Scholarships. Mercer ranks third among all schools in the A-Sun and first among private schools in cross country scholarships, with 3 full-scholarship equivalents. Scholarship allocations have increased from 2.0 in 1999-00 to 3 in 2002-03.
- (c) Recruiting. See general comments above.
- (d) Operating Expenses. See general comments above.
- (e) Percentage of budget that has to be raised by fund raising. See general comments above.

5. Women's Cross-Country

- (a) Coaching. The women's cross-country team has a head coach and one assistant coach. The coaches hold dual positions as coaches for the men's team. The head coach, named in 2002-03, has highest salary of head coaches from the private institutions of the A-Sun. Mercer is the only private A-Sun school with an assistant coach in women's cross-country.
- (b) Scholarships. Mercer ranks first among all schools in the A-Sun and first among private schools in cross-country scholarships, with 3 full-scholarship equivalents. Scholarship allocations have increased from 2 in 1999-00 to 3 in 2002-03.
- (c) Recruiting. See general comments above.
- (d) Operating Expenses. See general comments above.
- (e) Percentage of budget that has to be raised by fund raising. See general comments above.

6. Men's Golf

- (a) Coaching. The men's golf team is assigned a head coach and one graduate assistant. In 2002-03, the head coach held a dual position as coach of the women's team. The head coach, who had been in that position at Mercer since 2000, had third highest salary of seven head coaches from the private institutions of the A-Sun. In August 2003, the head golf coach resigned and a new head coach was named for the men's team. In 2003-04 a second full-time head golf coach will be added; men's and women's golf will each have a full-time head coach.

- (b) Scholarships. Mercer ranks fifth among thirteen schools in the A-Sun and first among the eight private schools in golf scholarships, with 4 full-scholarship equivalents. Scholarship allocations have increased from 3.5 in 1999-00 to 4 in 2002-03.
- (c) Recruiting. See general comments above.
- (d) Operating Expenses. See general comments above.
- (e) Percentage of budget that has to be raised by fund raising. See general comments above.

#### 7. Women's Golf

- (a) Coaching. The women's golf team is assigned a head coach and one graduate assistant. In 2002-03, the head coach held a dual position as coach of the men's team. The head coach, who had been in that position at Mercer since 2000, had third highest salary of seven head coaches from the private institutions of the A-Sun. In August 2003, the head golf coach resigned and a new head coach was named for men's golf. In 2003-04 a second full-time head golf coach will be added; men's and women's golf will each have a full-time head coach.
- (b) Scholarships. Mercer ranks eighth among thirteen schools in the A-Sun and fourth among the eight private schools in golf scholarships, with 4 full-scholarship equivalents. Scholarship allocations have increased from 3.5 in 1999-00 to 4 in 2002-03.
- (c) Recruiting. See general comments above.
- (d) Operating Expenses. See general comments above.
- (e) Percentage of budget that has to be raised by fund raising. See general comments above.

#### 8. Air Rifle (co-ed)

- (a) Coaching. The air rifle team has a part-time head coach. Only one other A-Sun school has an air rifle team, a public school.
- (b) Scholarships. Mercer ranks second of two schools in the A-Sun, with a one-half tuition scholarship. Scholarship allocations have been stable at .5 over the period.
- (c) Recruiting. See general comments above.
- (d) Operating Expenses. See general comments above.
- (e) Percentage of budget that has to be raised by fund raising. See general comments above.

9. Men's Soccer

- (a) Coaching. The men's soccer team has a head coach and a graduate assistant. The head coach, who has been in that position at Mercer since 1995, has the fifth highest salary among ten A-Sun schools and the third highest salary of seven head coaches from the private schools.
- (b) Scholarships. Mercer ranks fifth among ten schools in the A-Sun and fourth among the seven private schools in soccer scholarships, with 9 full-scholarship equivalents. Scholarship allocations have increased from 7.25 in 1999-00 to 9 in 2002-03.
- (c) Recruiting. See general comments above.
- (d) Operating Expenses. See general comments above.
- (e) Percentage of budget that has to be raised by fund raising. See general comments above.

10. Women's Soccer

- (a) Coaching. The women's soccer team has a head coach and a graduate assistant. The head coach, who has been in that position at Mercer since 2002, has the ninth highest salary among thirteen A-Sun schools and the fifth highest salary of eight head coaches from the private schools.
- (b) Scholarships. Mercer ranks tenth among all thirteen schools in the A-Sun and fifth among the eight private schools in soccer scholarships, with 9 full-scholarship equivalents. Scholarship allocations have increased from 7.25 in 1999-00 to 9 in 2002-03.
- (c) Recruiting. See general comments above.
- (d) Operating Expenses. See general comments above.
- (e) Percentage of budget that has to be raised by fund raising. See general comments above.

11. Softball

- (a) Coaching. The softball team has a head coach and a graduate assistant. The head coach, who has been in that position at Mercer since 2000, has the seventh highest salary among eight private A-Sun schools.
- (b) Scholarships. Mercer ranks eighth among all thirteen schools in the A-Sun and third among the eight private schools in soccer scholarships, with 8.25 full-scholarship equivalents. Scholarship allocations have increased from 6 in 1999-00 to 8.25 in 2002-03.

- (c) Recruiting. See general comments above.
- (d) Operating Expenses. See general comments above.
- (e) Percentage of budget that has to be raised by fund raising. See general comments above.

#### 12. Men's Tennis

- (a) Coaching. The men's tennis team has a head coach and a graduate assistant. The head coach holds a dual position as head of the women's team. The head coach, who has been in that position at Mercer since 2000, has the fifth highest salary among eight private A-Sun schools.
- (b) Scholarships. Mercer ranks fifth among thirteen schools in the A-Sun and third among the eight private schools in men's tennis scholarships, with 4 full-scholarship equivalents. Scholarship allocations have increased from 3.5 in 1999-00 to 4 in 2002-03.
- (c) Recruiting. See general comments above.
- (d) Operating Expenses. See general comments above.
- (e) Percentage of budget that has to be raised by fund raising. See general comments above.

#### 13. Women's Tennis

- (a) Coaching. The women's tennis team has a head coach and a graduate assistant. The head coach holds a dual position as head of the men's team. The head coach, who has been in that position at Mercer since 2000, has the sixth highest salary among eight private A-Sun schools.
- (b) Scholarships. Mercer ranks tenth among thirteen schools in the A-Sun and fifth among the eight private schools in women's tennis scholarships, with 4 full-scholarship equivalent. Scholarship allocations have increased from 3.5 in 1999-00 to 4 in 2002-03.
- (c) Recruiting. See general comments above.
- (d) Operating Expenses. See general comments above.
- (e) Percentage of budget that has to be raised by fund raising. See general comments above.

#### 14. Volleyball

- (a) Coaching. The volleyball team has a head coach and a graduate assistant. The head coach, who has been in that position at Mercer since 2000, has the fifth highest salary among eight private A-Sun schools.

- (b) Scholarships. Mercer ranks eighth among thirteen schools in the A-Sun and third among the eight private schools in volleyball scholarships, with 8.25 full-scholarship equivalents. Scholarship allocations have increased from 6 in 1999-00 to 8.25 in 2002-03.
- (c) Recruiting. See general comments above.
- (d) Operating Expenses. See general comments above.
- (e) Percentage of budget that has to be raised by fund raising. See general comments above.

**8. Please attach a copy of the institution's NCAA Sports Sponsorship Report for the three most recent academic years.**

See Appendix III-E.

## **Operating Principle**

- 3.3. Established Fiscal Policies and Procedures. Membership in the Association places responsibility on each institution to monitor its programs to assure compliance with all applicable rules and regulations of the Association. Consistent with this responsibility, the institution shall demonstrate that it has in place fiscal policies and standard operating procedures to ensure that:**
- a. Prospective student-athletes are not provided with impermissible recruiting inducements.**
  - b. Enrolled student-athletes are not provided with benefits that are expressly prohibited by NCAA legislation.**
  - c. All expenditures for athletics are handled consistently in accordance with NCAA, conference and institutional rules.**

## **Self-Study Items**

- 1. Describe the policies and standard operating procedures that help to ensure that all expenditures for athletics are handled in accordance with NCAA, conference and institutional rules including:**
- (a) Identification of person(s) responsible for these areas; and**
  - (b) Means of monitoring compliance with these rules.**

The disposition of operating budgets is described in the *Athletics Department Policy Manual*, section 4 (Appendix III-F). All purchase orders are approved by the Director of Intercollegiate Athletics and are forwarded to the Director of Purchasing, General Counsel, and/or Senior Vice President for Finance and Administration (depending on the nature of the agreement) for University approval. Compliance with the approved budget is monitored by the Treasurer, the Associate Vice President for Planning, Budgeting and Institutional

Research, and the Internal Auditor. The external auditor, currently KPMG (Peat Marwick) conducts an annual NCAA audit.

Athletic scholarship awards are administered by the Office of Financial Planning (OFP). The Department of Intercollegiate Athletics first recommends scholarship awards consistent with the athletics scholarship budget established by the President. The Department of Intercollegiate forwards its recommendations on individual student scholarship awards to the Senior Associate Director of OFP, who then reviews each award as part of the student-athlete's total financial assistance package. The Senior Associate Director of OFP serves as liaison with the Department of Intercollegiate Athletics and ensures that all awards comply with federal, state, and NCAA regulations. Scholarship award letters are signed by both the Director of Intercollegiate Athletics and the Senior Associate Director of OFP. Once student-athletes enroll, OFP credits their accounts with the scholarship awards as a discount toward tuition.

- 2. Describe or attach a copy of the university's policies and standard operating procedures for ensuring that prospects do not receive recruiting inducements (e.g., official visit procedures, policies regarding staff travel advances for recruiting trips/expenses, etc.) and enrolled student-athletes do not receive extra benefits (e.g., per diem policies, student-host reimbursement procedures, financial aid review policies, equipment checkout/retrieval procedures, etc.) contrary to NCAA, conference and institutional rules, including:**
- (a) identification of person(s) responsible for these areas;**
  - (b) means of monitoring compliance with these rules; and**
  - (c) means of ensuring that only institutional or athletics department funds are expended in these areas.**

The University follows policies contained in the *Athletics Department Policy Manual*, the current version of which was most recently revised in August 2003. It describes and requires application of NCAA policies controlling recruitment of athletes and benefits for enrolled student-athletes. A copy the policy manual is attached as Appendix III-F. NCAA rules on illegal benefits are also outlined in the *Student-Athlete Handbook*.

The Director of Intercollegiate Athletics, coaches, Compliance Coordinator, other athletics staff, and the Faculty Athletic Representative are responsible for ensuring that prospects do not receive recruiting inducements and enrolled student-athletes do not receive extra benefits. Specific policies are in place to ensure and monitor compliance. For example, letters for official visits are sent to prospective student-athletes then copied to the Compliance Coordinator for review. All per diem monies are approved by the Director of Intercollegiate Athletics and the coach must submit the appropriate form for approval of funds. All travel advances must be approved in writing by the Director of Intercollegiate Athletics, subject to review by the Compliance Coordinator. A financial review of all awarded aid is completed by the Eligibility Coordinator, subject to review by the Compliance Coordinator.

Oversight of all NCAA and A-Sun recruiting and student-athlete policies is conducted by the Mercer University principal NCAA and A-Sun Compliance Coordinator. The policy manual job description states that the Compliance Coordinator “is appointed by and reports to the Athletic Director with direct access to the President.” The Compliance Coordinator position was upgraded to a full-time position in 2003-04. Among other duties, the Compliance Coordinator (1) assists the Director of Intercollegiate Athletics and other department personnel in rules education of coaches, staff and athletes; (2) implements and monitors NCAA compliance matters; (3) researches and rules on compliance questions submitted by coaches and staff; (4) confers with NCAA and A-Sun staff for advice and rulings.

Monitoring compliance with NCAA, A-Sun and departmental rules, as suggested, falls principally to the Compliance Coordinator, with significant, direct oversight roles for the Director of Intercollegiate Athletics, coaches, and staff. In addition, the Faculty Athletic Representative also plays a significant role. As stated in the policy manual, the Faculty Athletic Representative is the direct representative of the President in faculty athletic matters and is responsible to consult with the President and to keep the President fully informed relative to matters of significance pertaining to the athletic program. Among other duties, the Faculty Athletic Representative monitors the system by which the Director of Intercollegiate Athletics communicates to the athletic staff and student-athletes applicable rules and regulations of the A-Sun and NCAA, and approves the system for administration of such forms or documents as may be required to certify adherence to these rules and regulations. The Faculty Athletic Representative also advises the President, the Director of Intercollegiate Athletics, the faculty and students of the general status of intercollegiate athletics, and insures that procedures are in place to promote timely and accurate reporting of academic data pertaining to student-athletes to the NCAA and A-Sun, such as admissions and initial eligibility, satisfactory progress, declaration of major and degree, etc.

**Evaluation**

**3.1. Financial Practices.**

	<b>Currently Yes</b>	<b>Found of Page(s)</b>	<b>Currently No</b>	<b>If Currently No, if deficiencies exist, or if an enhancement has been identified, indicate Plan for Improvement Number</b>
Does the institution demonstrate that:				
a. All funds raised for and expended on athletics are subject to institutionally defined practices of documentation, review and oversight?	X	III-2		
b. All expenditures from any source for athletics are approved by the institution?	X	III 4-5		
c. Budget and audit procedures for athletics are consistent with those followed by the institution generally and with the provisions of NCAA Constitution 6.2?	X	III 3-4		
1. The institution's annual budget for athletics is approved by the institution's chief executive officer or designee from outside the athletics department?	X	III 3-4		
2. An annual financial audit is performed by a qualified auditor who is not a staff member of the institution and who is selected by the chief executive officer or designee from outside the athletics department?	X	III-4		

On the basis of the yes/no answers above, is the institution in substantial conformity with Operating Principle 3.1 (Financial Practices)?  X  Yes       No

### 3.2. Fiscal Management and Stability

	Currently Yes	Found of Page(s)	Currently No	If Currently No, if deficiencies exist, or if an enhancement has been identified, indicate Plan for Improvement Number
Does the institution provide evidence that the management and fiscal practices of the institution assure the financial stability necessary for providing all student-athletes with relatively full and stable opportunities for athletics participation?	X	III 5-14		

On the basis of the yes/no answers above, is the institution in substantial conformity with Operating Principle 3.2 (Fiscal Management and Stability)?  X  Yes       No

### 3.3. Established Fiscal Policies and Procedures

	Currently Yes	Found of Page(s)	Currently No	If Currently No, if deficiencies exist, or if an enhancement has been identified, indicate Plan for Improvement Number
Does the institution demonstrate that it has in place fiscal policies and standard operating procedures to ensure that:				
a. Prospective student-athletes are not provided with impermissible recruiting inducements	X	III 15-16		
b. Enrolled student-athletes are not provided with benefits that are expressly prohibited by NCAA legislation?	X	III 15-16		
c. All expenditures for athletes are handled consistently in accordance with NCAA, conference and institutional rules?	X	III 14-15		

On the basis of the yes/no answers above, is the institution in substantial conformity with Operating Principle 3.3 (Established Fiscal Policies and Procedures)?  X  Yes       No