

September 2025 Finance and Audit Committee

Schedule Wednesday, September 3, 2025 9:30 AM — 10:00 AM CDT
Organizer Colton Cockrum

Agenda

1. Call to Order and Opening Remarks Presented by David McKinney	1
2. Roll Call and Declaration of Quorum For Approval - Presented by Colton Cockrum	2
3. Approval of June 4, 2025 Finance & Audit Committee Meeting Minutes For Approval - Presented by Colton Cockrum	3
 F&A committee meeting minutes June 4, 2025.docx	4
4. Summary of Internal Audit Reports Issued Presentation - Presented by Angela Ross	10
 Sept 2025 PowerPoint Slides from Int Audit.pptx	11
 1. Agenda Item-Audit Reports.docx	22
 2. Summary of Audit Reports Issued.xlsx	23
5. Audit Issue Follow-up Presentation - Presented by Angela Ross	24
 1. Agenda Item-Audit Issue Follow Up.docx	25
 2 Audit Issue Follow Up List.xlsx	26
6. FY2025 Year-End Report Presentation - Presented by Angela Ross	27
 Agenda Item - Internal Audit FY2025 Year End Report.docx	28
 Internal Audit Year End Report FY2025.pdf	29

7. Financial Update	37
Presentation - Presented by Rene Bustamante and Shirley Ford	
 Agenda Item - Financial Update.docx	38
 Financial Performance Report FY25.pptx	39
8. Finalization of President's Review	48
For Approval - Presented by David McKinney	
 Agenda Item - Finalization of President's Review - Compensation.docx	49
9. Additional Business	50
Presented by David McKinney	
10. Adjournment	51
Presented by David McKinney	

1. Call to Order and Opening Remarks

Presented by David McKinney

2. Roll Call and Declaration of Quorum

For Approval

Presented by Colton Cockrum

3. Approval of June 4, 2025 Finance & Audit Committee Meeting Minutes

For Approval

Presented by Colton Cockrum

University of Memphis Board of Trustees

Finance & Audit Committee

June 4, 2025

Meeting Minutes

Agenda Item 1: Call to Order and Opening Remarks

Trustee McKinney called the meeting to order and welcomed everyone to the Finance and Audit Committee meeting.

Agenda Item 2: Roll Call and Declaration of Quorum/Meeting of Necessity

Trustee McKinney requested a roll call. Secretary Cockrum called the roll. Trustees Carter, Marchetta, McKinney, Springfield, and Roberts were in attendance in person. Secretary Cockrum recognized additional in person trustees- Chairman Johnson and Trustee Edwards. Trustee North joined virtually, and he stated that he was alone and could hear. Secretary Cockrum declared a quorum.

Agenda Item 3: Approval of Finance & Audit Committee Meeting Minutes from March 5, 2025, AND April 7, 2025, Special Called Meeting

Trustee McKinney called for a motion and a second to approve the meeting minutes from March 5, 2025, and the special called meeting on April 7, 2025. The motion was made by Trustee Carter and properly seconded. There was no discussion on the meeting minutes. A roll call was taken, and the meeting minutes were approved.

Agenda Item 4: Audit Issue Follow-Up

Trustee McKinney recognized Chief Internal Auditor, Angela Ross.

Ms. Ross explained that there were changes in leadership in the areas of Lab Safety and Fixed Asset that resulted in the Internal Audit team extending the action plan completion dates. She noted that completion and resolution dates are extended to August 31 and September 30, 2025.

Agenda Item 5: Summary Investigations Resolved

Ms. Ross explained that the allegation of billing irregularities and lack of payment support was investigated and resolved. The outcome found no evidence of billing irregularities. There were opportunities for supporting documentation as best practices.

Agenda Item 6: External Audit Report: NCAA Agreed Upon Procedures

Ms. Ross explained that in compliance with the National Collegiate Athletic Association (NCAA), an external audit by the Tennessee Comptroller of the Treasury's Division of State Audit was performed for year ending June 2024. No opinion or conclusion was expressed on the statement of revenues and expenses or compliance with NCAA requirements. Adjustments were made by the University management for any exceptions identified by the State at the time the report was issued in February 2025.

Agenda Item 7: Annual Review & Approval of Internal Audit Charter

Ms. Ross explained that the proposed recommended changes to the Audit charter would bring the university in alignment with today's professional global institute of auditor standards. Trustee McKinney called for a motion to approve the Office of Internal Audit and Consulting Charter as outlined in the meeting materials. The motion was made by Trustee Springfield and properly seconded. Secretary Cockrum called a roll call vote. The motion carried.

Agenda Item 8: Approval of Internal Audit Business Plan FY2026

Ms. Ross stated that the Audit universe was updated to include five new areas under the Academic category. She explained that there were changes made for the FY2026 Proposed Audit Plan in the Budget Allocation of Internal Audit Resources model. She noted that more resources would be dedicated to investigations and the consulting/advisory role of the internal audit team. Trustee McKinney took a moment to thank Chief Auditor Angela Ross and the university internal audit team for their work for their transparency and integrity. Trustee McKinney called for a motion to approve the proposed FY26 Internal Audit Plan as detailed in the meeting materials. The motion was made by Trustee Springfield and properly seconded. Trustee McKinney called for discussion. There was none. Secretary Cockrum called for a roll call vote. The motion carried.

Agenda Item 9: Human Resources Staff Grievance Report

Ms. Ross explained that she presents this non-voting agenda item from the Human Resources (HR) Organization at the university to make the board aware that the HR team will provide an Annual Report of Grievance Activity covering periods of July 1, 2024- June 30, 2025 in July 2025 to include grievances status and resolutions. The report will be presented to the Education Committee of the Senate and the Education Committee of the House of Representatives.

Agenda Item 10: FY2026 Budget Update and Approval

Trustee McKinney recognized Executive Vice President, Chief Operating and Financial Officer, Rene Bustamante.

Mr. Bustamante provided an overview of the FY26 proposed budget and the FY25(final) estimated budget along with the FY26 compensation strategy. He explained that there are two major components of revenue for the university: state appropriations (which have been steady over the years) and tuition revenue (which depends on enrollment changes) together

representing about 60% of the university's revenue. Mr. Bustamante explained that the university's revenue has held steady for the last three fiscal years. He pointed out that the university was the only LGI to receive a positive increase in the Outcomes Formula Adjustment throughout the state of TN due to an increase in the university's master's degrees. He explained that the net recurring state appropriations would be \$9.2M with FY26 anticipated expenses of \$7.8M with a remaining amount of \$1.4M after expenses. He explained that all LGIs and UT systems schools received \$50M in capital maintenance state appropriations, which the University of Memphis received \$5.9M to address some deferred maintenance issues. The university also received an additional \$5.4M for FY26 for Safety and Security for a third year. The university was also rewarded \$70.5M for Research Modernization. He noted that the total funding is \$75M; \$4.5M will come from the university's resources.

Mr. Bustamante explained that the university has implemented 4 tuition and fees increases in the last fiscal years ranging from 1.5% to 3.7%. He noted that there is a request to increase by 4.92% for FY26 due to rising inflations and in relation to other LGIs. He noted that there have been \$19M in budget reductions campuswide over three of the last five fiscal years. He explained that for FY26 there have been requests for budget reduction scenarios from administrative units at 1.5% with the academic units utilizing the RCM budget model to reallocate resources based on unit drivers depending on performance ranging from -3% to 5%.

Mr. Bustamante explained that the proposed budgets are prepared in the spring for each fiscal year beginning July 1. This is based on state funds as proposed in the governor's budget as well as early estimates of factors like enrollment projections, proposed revenue changes, and research activity. The budget is presented to the Board of Trustees in the June meeting as a balanced budget. He explained that the FY26 Proposed Budget was developed with the following assumptions: state appropriations of \$9.2M from the Governor's Budget set in May 2025; 0% tuition increase (noting that any approved tuition increase will be incorporated in the FY26 October budget); expected enrollment fluctuations (noting an estimated 3% decline among all student levels); 2.6% salary pool and benefit increases. He explained that the FY26 Proposed Budget total is \$646.2M, reflecting an increased revenue of \$1.6M from the FY25 Proposed Budget and a variance of -\$11M in the Education and General revenue.

Trustee McKinney recognized Trustee Roberts for comment. Trustee Roberts commented that significant changes have occurred due to tuition revenue decreases. She asked Mr. Bustamante or President Hardgrave to comment on visibility on graduate enrollment. President Hardgrave explained that undergraduate enrollment trends appear to be flat with increased quality in the student. The greater unknown is international student enrollment. He explained that applications and admissions are up with daily monitoring. Mr. Bustamante explained that when the numbers were generated- there was an anticipation of decreased domestic enrollment. He noted that the team built in reserves and contingencies that can soften the impact of significant decrease in international enrollment. He explained that he does feel encouraged by the enrollment management team. Trustee Roberts asked about the communication. President

Hardgrave assured that communication with any impacted international students is important and that the communication is constant and they continue to be in communication with the federal delegation with a contingency plan in place for worst case scenario.

Mr. Bustamante explained that the estimated budget is the final budget submitted for each fiscal year to include carry-forward balances from previous years that represent available resources at the department level. The estimated budget also includes final adjustments to the current year budget. It is prepared and submitted for review by the Board of Trustees at the same time as the proposed budget for the incoming fiscal year. Mr. Bustamante explained that the FY25 estimated budget includes changes that have occurred since the revised budget in Fall 2024. The Education and General revenue increased \$4.3M primarily due to the investments received from cash held in reserves; Auxiliary revenue decreased by \$0.6M due to adjustments to reflect actuals; Restricted was adjusted to reflect actual restricted activity for FY25.

Mr. Bustamante explained that the Governor's Budget recommended a 2.6% salary pool effective July 1, 2025, to be distributed. The university's recommendation is \$3.9M contribution from the state funding and additional funding of \$2.3M to be covered by the university's funding equating to the full 2.6% increase. He explained that the state funds 60% of the salary increases and the institution funds 40%.

Trustee McKinney thanked Trustee Roberts for her comments and questions regarding the negative variance in the FY25 proposed budget. He also noted that a slight decrease in enrollment was expected in the short term due to the increase in university qualifications. He commented that the trend of domestic enrollment being favorable to a flat number is positive. He thanked the finance team. Chairman Johnson also thanked President Hardgrave and Rene Bustamante for their communication and work regarding the TN Higher Education Commission (THEC) noting the high remarks made by the Executive Director of THEC.

Trustee McKinney called for a motion to approve the FY25 Estimated Budget and the FY26 Proposed Budget with assumptions as presented in the meeting materials. The motion was made by Trustee Roberts and properly seconded. Trustee McKinney called for further discussion. There was none. A roll call vote was taken. The motion carried.

Agenda Item 11: FY26 Tuition & Fees Recommendation

Trustee McKinney recognized Chief Financial Officer, Chief Operations Officer, Rene Bustamante.

Mr. Bustamante presented on the FY26 Tuition Recommendation. He explained that FY26 State Appropriations included \$9.2M in limited new funding. He explained that the team made assumptions of a 3% decline in enrollment. The FY26 THEC binding range is from 0%-6.5%. The university team is recommending a 4.92% increase in tuition and fees. He explained that in relation to other TN institutions, the University of Memphis cost for tuition and fees are ranked in the middle. The annual increase proposed for undergraduate students is 4.92% (inststate),

3.77% (out of state), 3.12% (international); graduate students is 4.95% (instate), 3.86% (out of state), 3.23% (international); law students is 2.45% (instate), 2.27% (out of state), and 2.45% (international). This would allow for the university to remain competitive with peer institutions. He explained that the revenue impacts would be as follows: Net impact of \$6M (\$6.8M projected in tuition and fees increase with a decrease of \$0.8M due to scholarships); support for student services; increase enrollment, create opportunities for student success, develop new academic programs and strengthen research initiatives; and fund inflationary cost increases for software and operations, scholarships, technology infrastructure, safety and security, and student success initiatives.

Trustee McKinney commended the university finance team on their hard work and fiscal discipline. Trustee Marchetta commented that although the decision may have been difficult for the team- the balance of the rate showed strategic thinking. Trustee Edwards mentioned that the conscious decision to increase the tuition and fees will pay off as we move forward with a call to action for quality enrollment. Trustee Carter commented that it is not without a lot of forethought that the recommendation is brought forward, thanking Mr. Bustamante for keeping the board informed.

Trustee McKinney called for a motion to approve the proposed tuition and mandatory fee increases as presented in the meeting materials. The motion was made by Trustee Carter and properly seconded. A roll call vote was taken and the motion carried.

Agenda Item 12: President's Review & Evaluation

Trustee McKinney recognized Chairman Johnson.

Chairman Johnson explained that President Hardgrave has made progress toward the goals outlined in the strategic plan with dates and metrics. He explained that President Hardgrave has provided a quality assessment of the university including achievements and accomplishments. Chairman Johnson noted that President Hardgrave communicates the challenges as well as the opportunities of the university laying out goals for the upcoming year. Chairman Johnson explained that President Hardgrave created a great team, helped increase federal funding, and received confirmation of a clean accreditation. Chairman Johnson commended President Hardgrave's leadership. Trustee Carter commented on the positive momentum of the university under President Hardgrave's leadership and team. Trustee Edwards thanked Trustee Roberts for her role in chairing the search committee that brought President Hardgrave. Trustee McKinney echoed the sentiments and commented on President Hardgrave's momentum also noting the increase in safety on the university's campus. He also mentioned the great team built under President Hardgrave. Trustee Springfield thanked President Hardgrave for his focus on student success. Trustee Marchetta thanked President Hardgrave for his optimism.

Trustee McKinney called for a motion to approve the Chairman's review and evaluation of the President. The motion was made by Trustee Roberts and properly seconded. A roll call vote was taken and the motion carried.

Agenda Item 13: Additional Business

Trustee McKinney asked for additional business. Seeing none, he reminded the committee that the next meeting will be on September 3, 2025.

Agenda Item 14: Adjournment

Trustee McKinney called for a motion and second to adjourn the meeting. The motion was made and properly seconded. The meeting was adjourned.

4. Summary of Internal Audit Reports Issued

Presentation

Presented by Angela Ross

Internal Audit Agenda Items

Finance and Audit Committee

Angela Ross

Associate Vice President and Chief Audit Executive

September 3, 2025

Maxine A. Smith University Center



**Board of
Trustees**

Presentation: Summary of Internal Audit Reports Issued



**Board of
Trustees**

Name of Audit Report	Date of Audit Report	Audit Engagement Report Opinion	Observations	Minor Issues Addressed Verbally	Minor Issues	Moderate Issues	Major Issues	Matters for Consideration by University Management	Actions Completed	Issues Outstanding from Prior Audit	Recommendations for Management
Cash Balances Audit	8/7/2025	Effective with the Opportunity for Improvement	0	1	1	0	0	0	1	0	1
Inventory Observation Audit	8/7/2025	Effective	0	0	0	0	0	0	0	0	0
Internal Audit Standards Gap Analysis	8/1/2025	No Opinion	1	0	0	0	0	0	0	0	1
Memphis Spirit Foundation Consulting Project	7/02/2025	Not Applicable	3	0	0	0	0	1	3	0	3

Presentation: Audit Issue Follow Up

Action Plan Estimated Completion Date	Name of Audit	Date of Audit Report	Audit Engagement Opinion	Issue #	Issue Description	Issue Rating	Party Responsible for Action Plan Completion	Current Status (as of July 2025)
12/31/2024	School of Music Financial and Compliance Audit	10/25/2024	Effective with the Opportunity for Improvement	Music 1	Travel Pre-Approval Authorization	Moderate = Opportunity for Improvement	Jacob Allen, Interim Director of Music	Completed
10/03/2024	School of Music Financial and Compliance Audit	10/25/2024	Effective with the Opportunity for Improvement	Music 2	Membership and Subscription Approvals	Minor = Effective with the Opportunity for Improvement	Jacob Allen, Interim Director of Music	Completed
11/30/2024	School of Music Financial and Compliance Audit	10/25/2024	Effective with the Opportunity for Improvement	Music 3a	Controls over Fixed Assets	Minor = Effective with the Opportunity for Improvement	Nathan Greene, Facilities Manager	Completed
4/30/2025	School of Music Financial and Compliance Audit	10/25/2024	Effective with the Opportunity for Improvement	Music 4	Annual Financial Responsibility Certification Completion	Minor = Effective with the Opportunity for Improvement	Jacob Allen, Interim Director of Music	Completed
4/30/2025	School of Music Financial and Compliance Audit	10/25/2024	Effective with the Opportunity for Improvement	Music 5	Building Access Controls	Minor = Effective with the Opportunity for Improvement	Nathan Greene, Facilities Manager	Completed

Presentation: Audit Issue Follow Up

Action Plan Estimated Completion Date	Name of Audit	Date of Audit Report	Audit Engagement Opinion	Issue #	Issue Description	Issue Rating	Party Responsible for Action Plan Completion	Current Status (as of July 2025)
8/1/2024	Cash Balances Audit	7/25/2024	Effective with the Opportunity for Improvement	1	Cash Loan from USBS	Minor = Effective with the Opportunity for Improvement	Jennifer Perry, Director, University and Student Business Services	Completed
5/1/2025	Cash Balances Audit	7/25/2024	Effective with the Opportunity for Improvement	2	Cash Handling Training	Minor = Effective with the Opportunity for Improvement	Jennifer Perry, Director, University and Student Business Services	Completed

Presentation: Internal Audit & Consulting FY2025 Year End Report

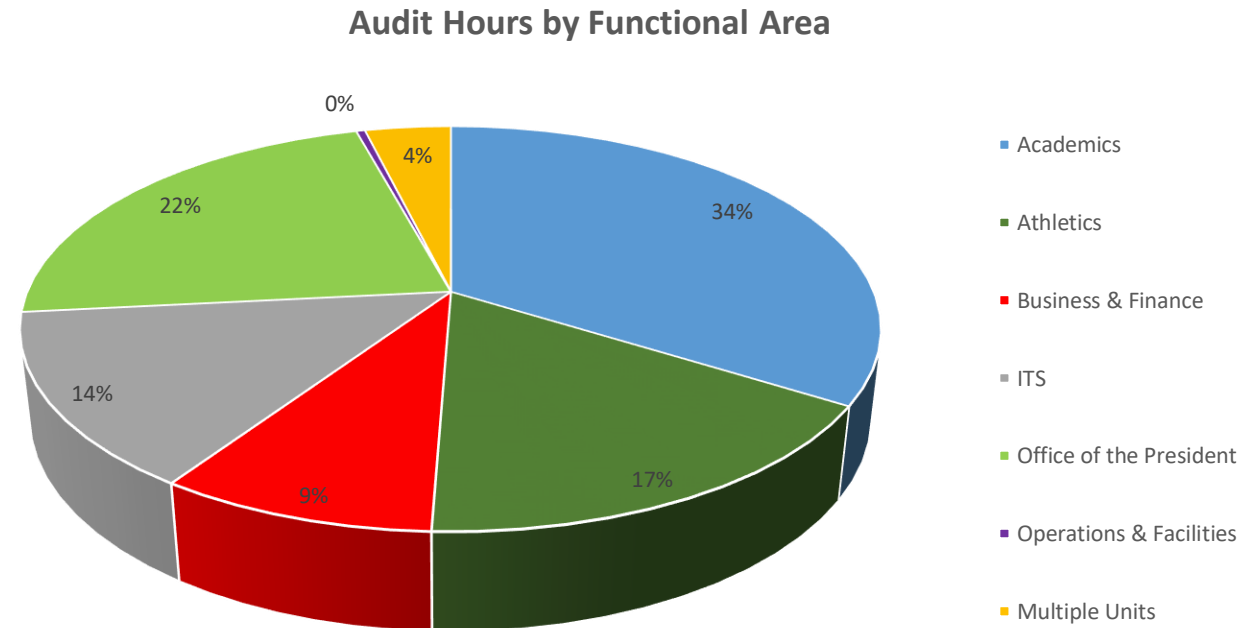


According to the Finance and Audit Committee Charter, the Committee must “review the result of the year’s work with the Chief Audit Executive.” FY2025 Year End Report explains Internal Audit’s purpose and the services provided and summarizes audit hours by functional area; audit issues and recommendations; fraud, waste, and abuse investigations; consulting and advisory work; and other projects completed during the year.

Internal Audit continues to participate on the following committees and boards:

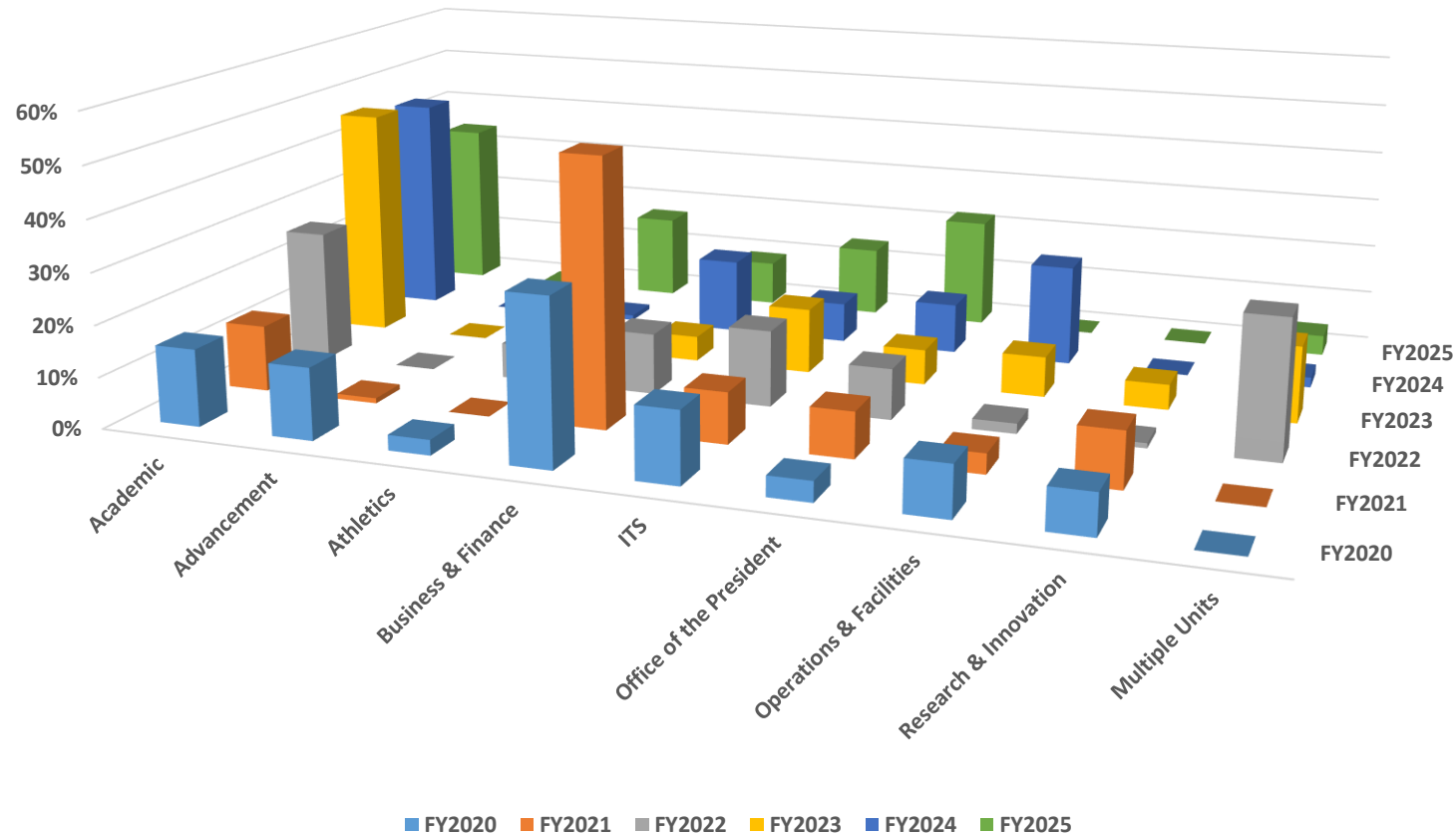
- Complaint Triage Team
- Conflict of Interest Committee
- Information Security Advisory Committee
- Payment Card Industry Data Security Standards (PCI DSS) Compliance Committee
- Policy Review Board

Presentation: Internal Audit & Consulting FY2025 Year End Report



Presentation: Internal Audit & Consulting FY2025 Year End Report

5 Year Comparison of Audit Hours by Functional Area



Presentation: Internal Audit & Consulting FY2025 Year End Report

AUDIT RECOMMENDTION SUMMARY

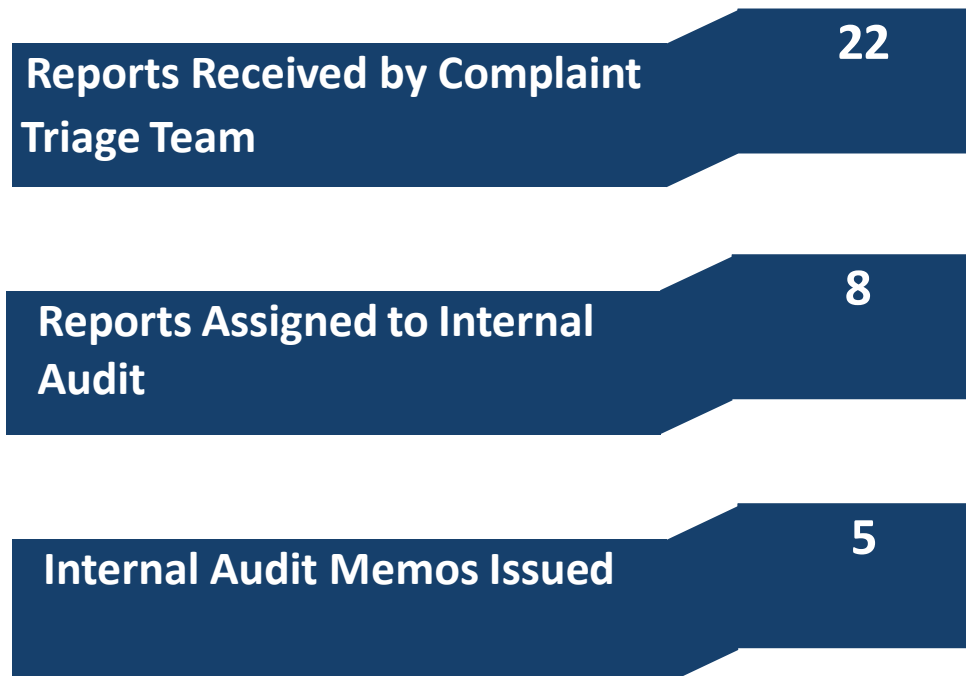


Presentation: Internal Audit & Consulting FY2025 Year End Report



Board of
Trustees

INVESTIGATION SUMMARY



Presentation: Internal Audit & Consulting FY2025 Year End Report



Challenges	Accomplishments
Completing the approved audit plan in the current environment	Completed the GAP Analysis and updated the internal audit policy manual, audit charter, and other internal documents
Hiring and maintaining qualified internal audit staff	Increased communications with UofM Stakeholders and the Finance and Audit Committee
Identifying new risks associated with changes occurring and remaining relevant, flexible, and agile while managing current priorities	Hired qualified Internal Audit Manager with Higher Education experience
Implementing the Internal Audit Strategic Plan	Supported TN Comptroller on Financial and Compliance Audit
Monitoring external audits and reviews of the University and affiliates	

Questions?

The University of Memphis Board of Trustees

Presentation
For Information

Date: September 3, 2025

Committee: Finance and Audit Committee

Presentation: Summary of Internal Audit Reports Issued

Presented by: Angela Ross, Associate Vice President and Chief Audit Executive

Background:

Three audit assurance reports and an advisory report were issued since the June 2025 BOT meeting. Summarized information is included in the attached table.

Name of Audit Report	Date of Audit Report	Audit Engagement Report Opinion	Observations	Minor Issues Addressed Verbally	Minor Issues	Moderate Issues	Major Issues	Matters for Consideration by University Management	Actions Completed	Issues Outstanding from Prior Audit	Recommendations for Management
Cash Balances Audit	8/7/2025	Effective with the Opportunity for Improvement	0	1	1	0	0	0	1	0	1
Inventory Observation Audit	8/7/2025	Effective	0	0	0	0	0	0	0	0	0
Internal Audit Standards Gap Analysis	8/1/2025	Generally Conforms	1	0	0	0	0	0	0	0	1
Memphis Spirit Squad Foundation Advisory	7/2/2025	Not Applicable	3	0	0	0	0	1	3	0	3

5. Audit Issue Follow-up

Presentation

Presented by Angela Ross

The University of Memphis Board of Trustees

Presentation
For Information

Date: September 3, 2025

Committee: Finance and Audit Committee

Presentation: Summary of Audit Issue Follow Up

Presented by: Angela Ross, Associate Vice President and Chief Audit Executive

Background:

Attached is a summarized list of audit issues with action plans that were evaluated for completion.

Action Plan Estimated Completion Date	Name of Audit	Date of Audit Report	Audit Engagement Opinion	Issue #	Issue Description	Issue Rating	Party Responsible for Action Plan Completion	Current Status (as of July 2025)
12/31/2024	School of Music Financial and Compliance Audit	10/25/2024	Effective with the Opportunity for Improvement	Music 1	Travel Pre-Approval Authorization	Moderate = Opportunity for Improvement	Jacob Allen, Interim Director of Music	Completed
10/3/2024	School of Music Financial and Compliance Audit	10/25/2024	Effective with the Opportunity for Improvement	Music 2	Membership and Subscription Approvals	Minor = Effective with the Opportunity for Improvement	Jacob Allen, Interim Director of Music	Completed
11/30/2024	School of Music Financial and Compliance Audit	10/25/2024	Effective with the Opportunity for Improvement	Music 3a	Controls over Fixed Assets	Minor = Effective with the Opportunity for Improvement	Nathan Greene, Facilities Manager	Completed
4/30/2025	School of Music Financial and Compliance Audit	10/25/2024	Effective with the Opportunity for Improvement	Music 4	Annual Financial Responsibility Certification Completion	Minor = Effective with the Opportunity for Improvement	Jacob Allen, Interim Director of Music	Completed
4/30/2025	School of Music Financial and Compliance Audit	10/25/2024	Effective with the Opportunity for Improvement	Music 5	Building Access Controls	Minor = Effective with the Opportunity for Improvement	Nathan Greene, Facilities Manager	Completed
8/1/2024	Cash Balances Audit	7/25/2024	Effective with the Opportunity for Improvement	1	Cash Loan from USBS	Minor = Effective with the Opportunity for Improvement	Jennifer Perry, Director, University and Student Business Services	Completed
5/1/2025	Cash Balances Audit	7/25/2024	Effective with the Opportunity for Improvement	2	Cash Handling Training	Minor = Effective with the Opportunity for Improvement	Jennifer Perry, Director, University and Student Business Services	Completed

6. FY2025 Year-End Report

Presentation

Presented by Angela Ross

The University of Memphis Board of Trustees

Presentation
For Information

Date: September 3, 2025
Committee: Finance and Audit Committee
Presentation: FY2025 Office of Internal Audit and Consulting Year End Report
Presented by: Angela Ross, Associate Vice President and Chief Audit Executive

Background:

According to the Finance and Audit Committee Charter, the Finance and Audit Committee must “review the result of the year’s work with the Chief Audit Executive.”

The Office of Internal Audit and Consulting FY2025 Year End Report explains Internal Audit’s purpose and the services provided and summarizes audit hours by functional area; audit issues and recommendations; fraud, waste, and abuse investigations; consulting and advisory work; and other projects completed during the year. Please see the attached University of Memphis Office of Internal Audit and Consulting Year End Report for the Fiscal Year Ended June 30, 2025.

UNIVERSITY OF MEMPHIS OFFICE OF INTERNAL AUDIT AND CONSULTING

Year End Report
For the Fiscal Year
Ended June 30, 2025



Office of Internal Audit & Consulting
271 Administration Building
Memphis, TN 38152



INTERNAL AUDIT PURPOSE AND SERVICES

Internal audit is an independent, objective assurance and advisory (consulting) activity designed to add value and improve the University of Memphis' (UofM) operations. Internal Audit (IA) helps the University accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

IA performs assurance services by assessing evidence to provide an independent opinion or conclusion regarding a University entity, operation, function, process, system, or other subject matter. The nature and scope of assurance engagements are determined by the approved internal audit plan and audit resources.

Consulting services are advisory in nature and are generally performed at the specific request of an engagement client. The nature and scope of the engagements are subject to agreement with the engagement client. When performing advisory services, IA strives to maintain objectivity and not assume management responsibilities.

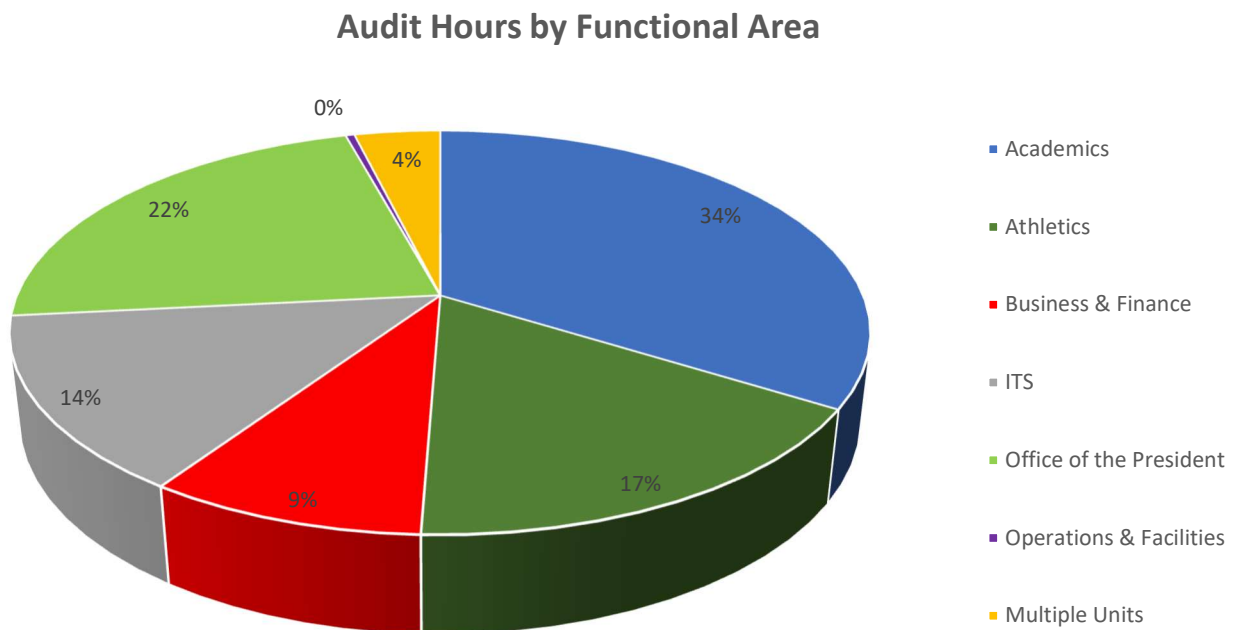
IA performs confidential investigations of allegation reports assigned by the Complaint Triage Team (CTT), a team created by the Finance and Audit Committee (FAC) and University management to evaluate allegation reports and complaints so that the appropriate office investigates and reviews allegations received.

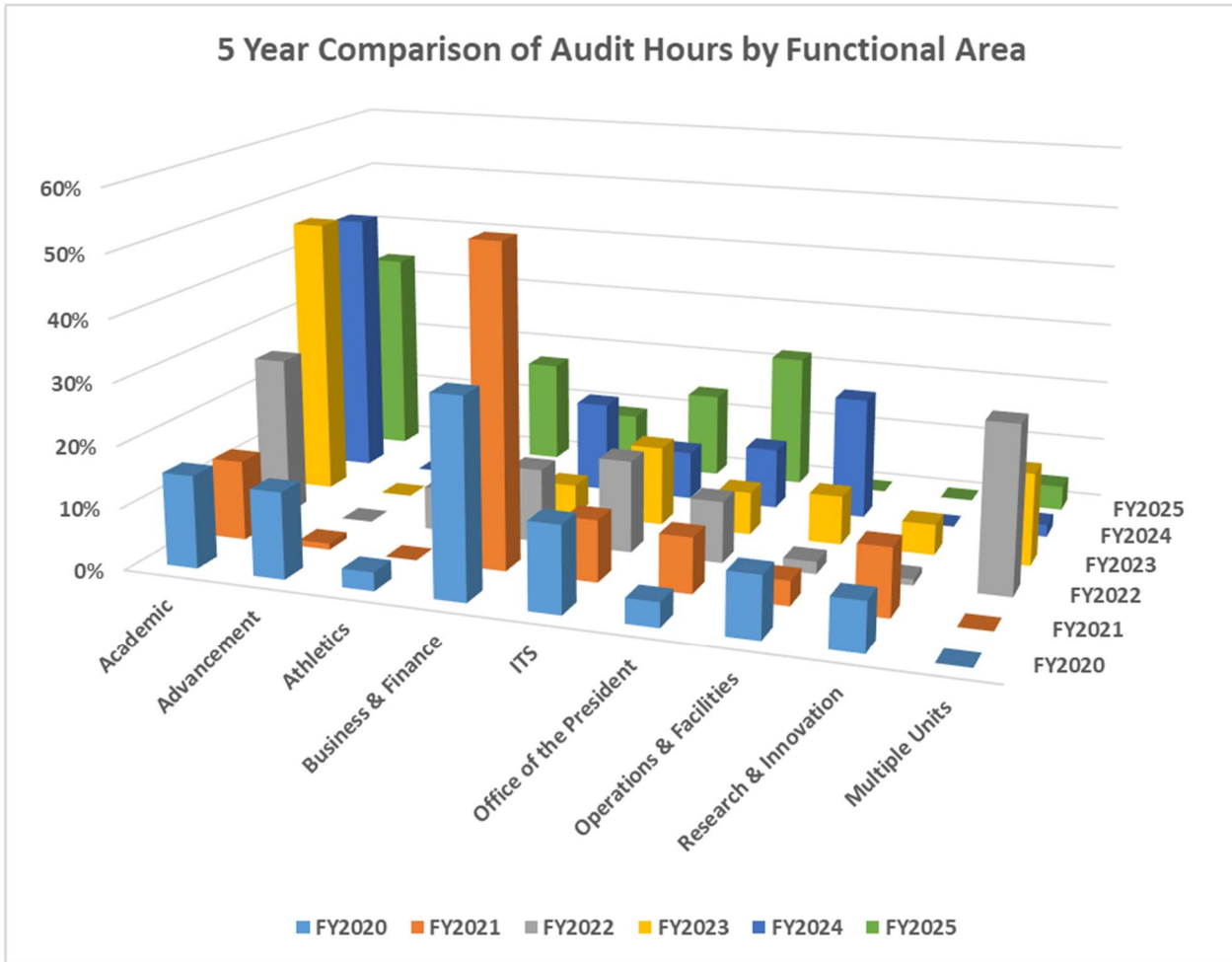
Results of all IA projects are communicated to the FAC, the Tennessee Comptroller of the Treasury, and UofM upper management.

DISTRIBUTION OF AUDIT HOURS

The Office of Internal Audit and Consulting classifies audits by functional area. This allows us to report to the Board of Trustees and University management the segments of the UofM community we are serving. Below is a chart showing the distribution of audit hours by functional area:

Audit Hours by Functional Area





AUDIT ISSUES TRACKED BY INTERNAL AUDIT

Audits and other projects performed by the Office of Internal Audit and Consulting often reveal opportunities for management to improve operations. Significant opportunities are generally included in the audit report as recommendations. Less significant opportunities may not be included in the audit report but discussed with the appropriate staff.

By University policy, the Office of Internal Audit and Consulting is also tasked with collecting audits, reviews, examinations, assessments, or investigations performed by an agency, company, consultant, or other organization or individual outside of the University for the purpose of assessing operational or financial effectiveness, legal or regulatory compliance, and/or conformance with contractual obligations. IA is then responsible for reporting this information to the FAC, Division of State Audit and others as the circumstances may dictate.

Audit Recommendation Summary for FY2025



INVESTIGATION INFORMATION

By Charter, the FAC has the authority to conduct or authorize investigations into any matter within its scope of responsibility. The FAC employs the Chief Audit Executive (CAE) to report directly to the Committee and to ensure there is a confidential process for receiving and investigating reports of illegal, improper, wasteful, or fraudulent activity at the University.

The FAC and UofM management created the CTT, which consist of the University Counsel, CAE, Director, Office of Institutional Equity, and Chief Human Resources Officer, to evaluate allegation reports and complaints received by IA and others so that the appropriate University office investigates and reviews allegations received. IA does not conduct criminal investigations, get involved in personnel complaints, personnel actions, matters related to tenure, or investigate reports of discrimination or sexual assault.

During FY2025, IA investigation reports were provided to the FAC, the Tennessee Comptroller of the Treasury, and UofM upper management. When useful, management letters related to the investigations were also distributed to provide recommendations and other matters for management’s consideration.

Investigation Summary for FY2025





One of the responsibilities of the CTT is to educate the campus community about fraud, waste, and abuse; illegal activities; conflicts of interest; noncompliance with policies, laws, or regulations; and how to report suspected cases of each. The education initiative also includes informing employees of their protections when reporting these types of activities.

Annually, the CTT sends a University wide email to all faculty and staff stressing the responsibility of all University employees to ensure our resources are properly managed and safeguarded against inappropriate use by reporting activities that could be fraud, waste, or abuse. The email is normally distributed at the beginning of each fall semester.

Additionally, a *Reporting Fraud, Waste and Abuse* brochure is posted on the IA website, which contains a page devoted to reporting fraud, waste, and abuse of University resources. A link to submit a report online is provided, as well as other reporting options. Also, Tennessee Comptroller of the Treasury fraud, waste, or abuse hotline posters are displayed in multiple locations across campus.

OTHER SIGNIFICANT ACCOMPLISHMENTS

Since the formation of the UofM Board of Trustees and the oversight and guidance of a local FAC, IA has worked to become more relevant and valuable to the University community. Some of our accomplishments are listed below.

- ✓ Assistance with the TN Comptroller's Financial and Compliance Audit
- ✓ Completion of the Internal Audit Standards Gap Analysis
- ✓ Identification of Opportunities for Management to Improve Operations
- ✓ Increasing Valuable Communications with Stakeholders and Finance and Audit Committee
- ✓ Promoting Fraud Awareness and Investigating Reported Fraud, Waste, or Abuse

Additionally, Internal Audit staff has performed consulting services by participating on the following committees and advisory boards.

- ✓ Complaint Triage Team
- ✓ Conflict of Interest Committee
- ✓ Information Security Advisory Committee
- ✓ Payment Card Industry Data Security Standards Compliance Committee
- ✓ Policy Review Board

OTHER CHALLENGES

Internal Audit faces the following challenges during FY2026:

- Completing the approved audit plan in the current environment
- Continuing to provide not only required but useful communications to the Finance and Audit Committee
- Hiring and maintaining competent, qualified staff
- Identifying current priorities while being relevant and flexible
- Identifying new risks associated with changes occurring each year
- Implementing the Internal Audit Strategic Plan
- Monitoring external audits and reviews of the University and affiliates

7. Financial Update

Presentation

Presented by Rene Bustamante and Shirley Ford

The University of Memphis Board of Trustees

Presentation

Date: September 3, 202

Committee: **Finance and Audit Committee**

Presentation: Fiscal Year 2025 Financial Performance Report (Preliminary)

Presented by: **Shirley Ford, AVP Accounting and Financial Reporting**

Background: **Review of preliminary fiscal year 2025 financial performance with year-over-year**
comparisons

Motion to be Made: None

Fiscal Year 2025 Financial Performance Report

Finance and Audit Committee

Shirley Ford
AVP Accounting and Financial Reporting

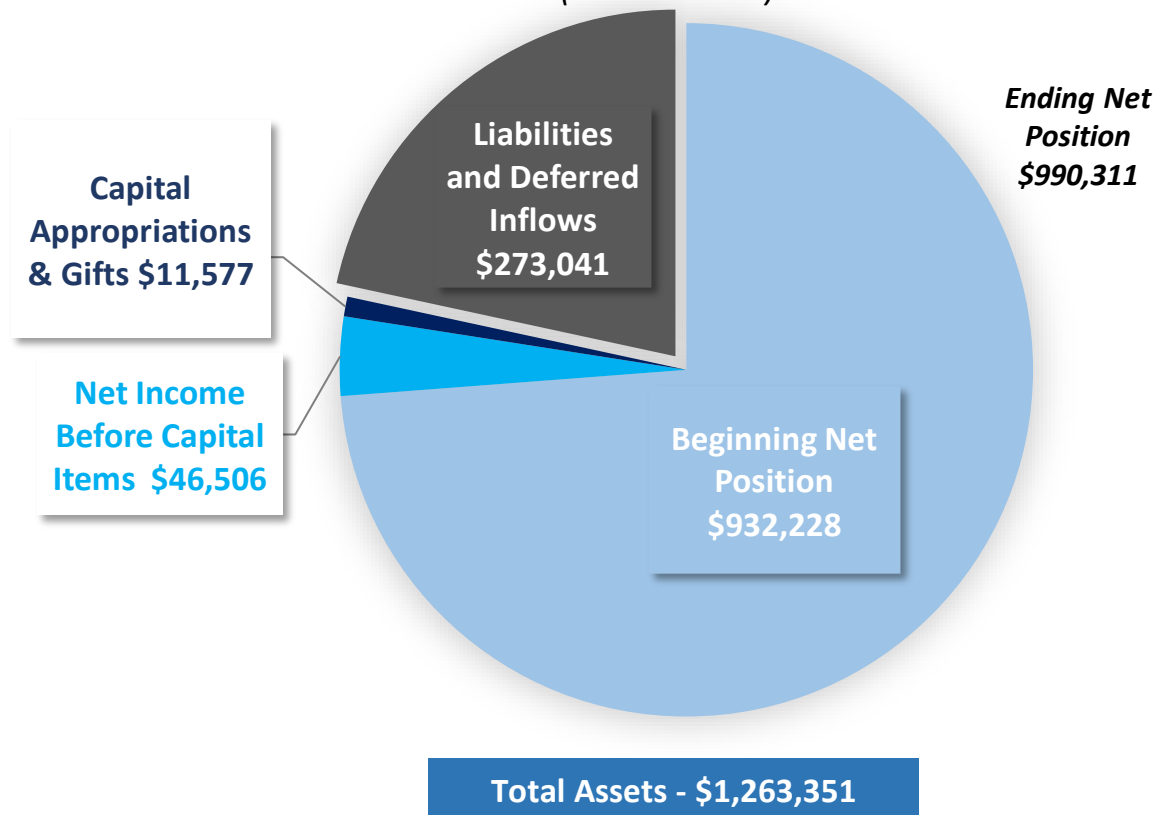
September 3, 2025
University Center, Bluff Room



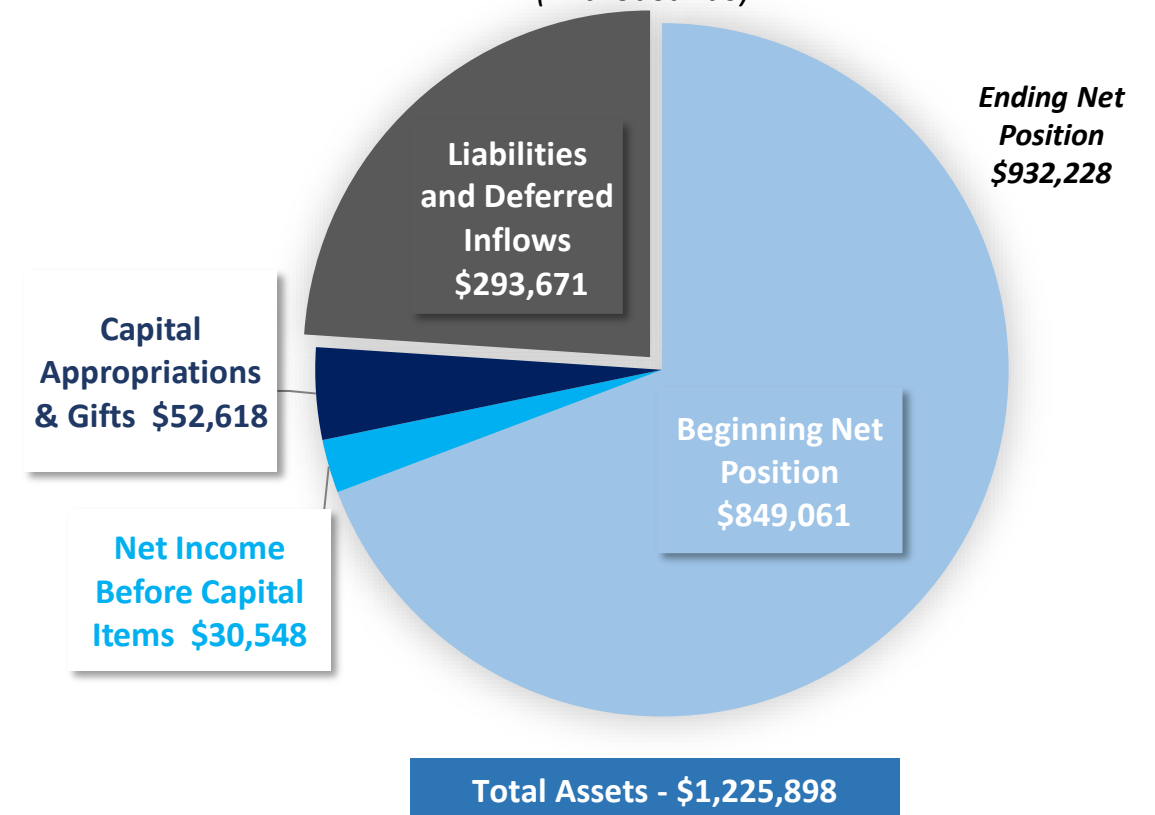
**Board of
Trustees**



Prelim FY25
(in thousands)



Audited FY24
(in thousands)

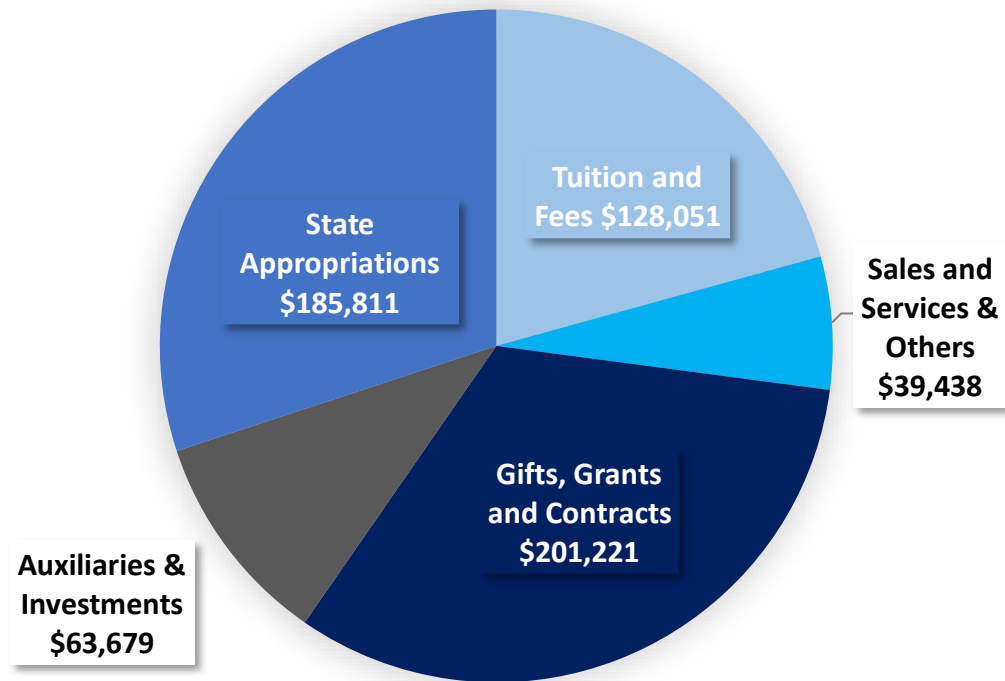


Sources of Revenue*

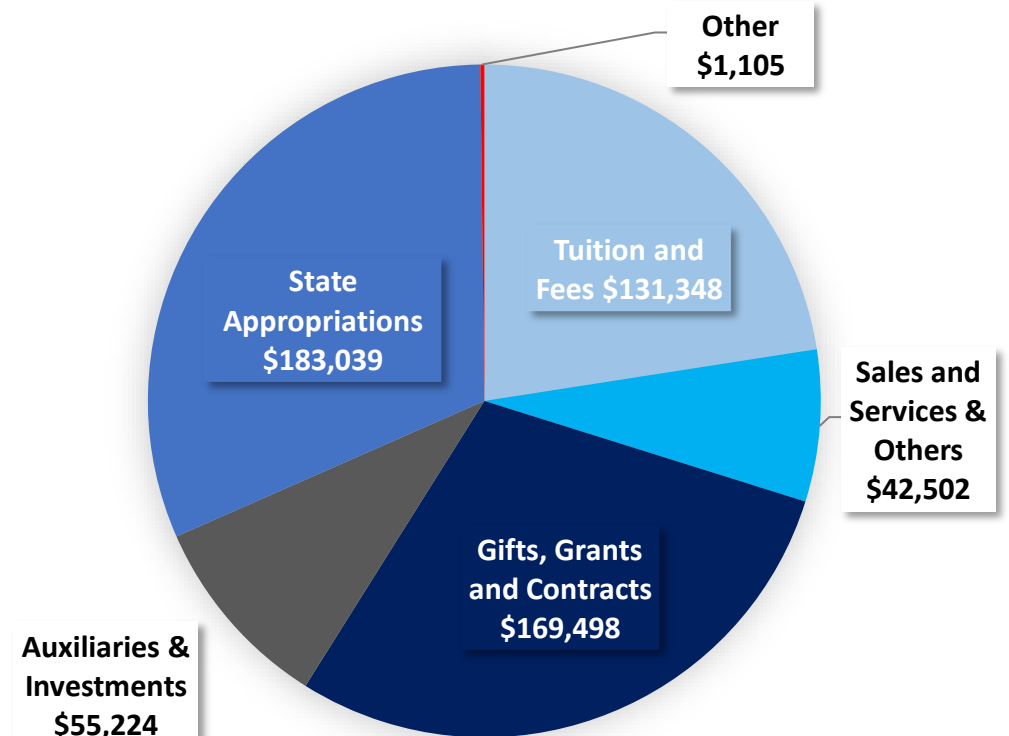
*Does not include Capital Gifts and Appropriations

Prelim FY25
(in thousands)

Audited FY24
(in thousands)

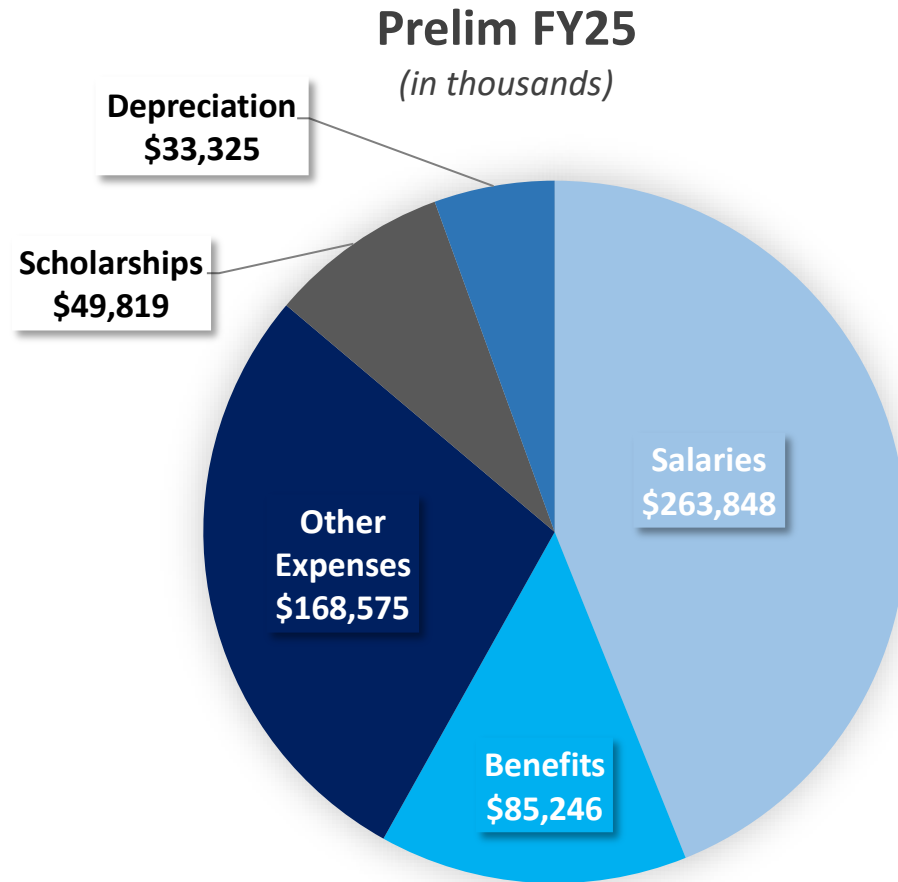


Total Revenues – \$618,200

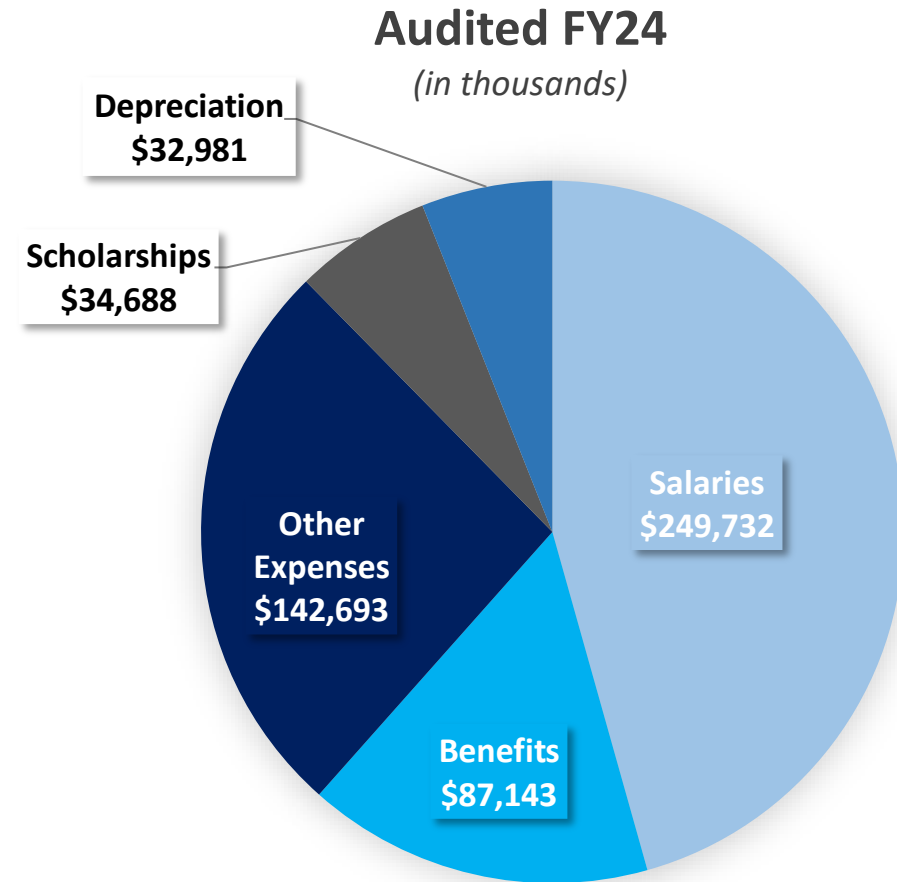


Total Revenues – \$582,716

Details of Expenses

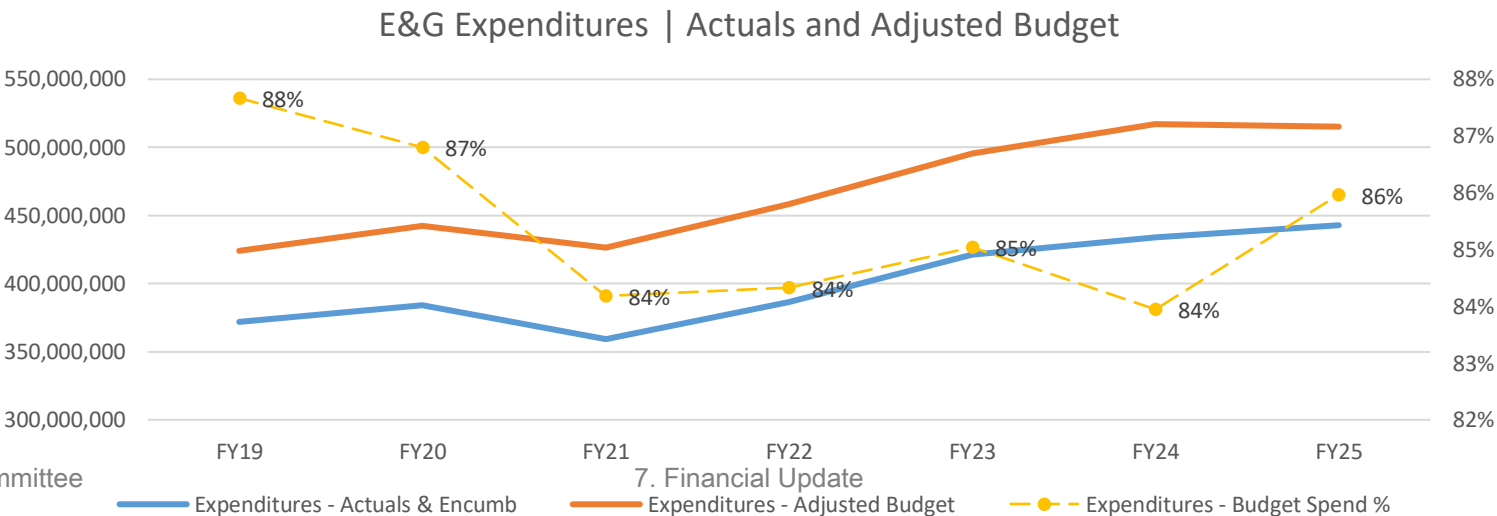
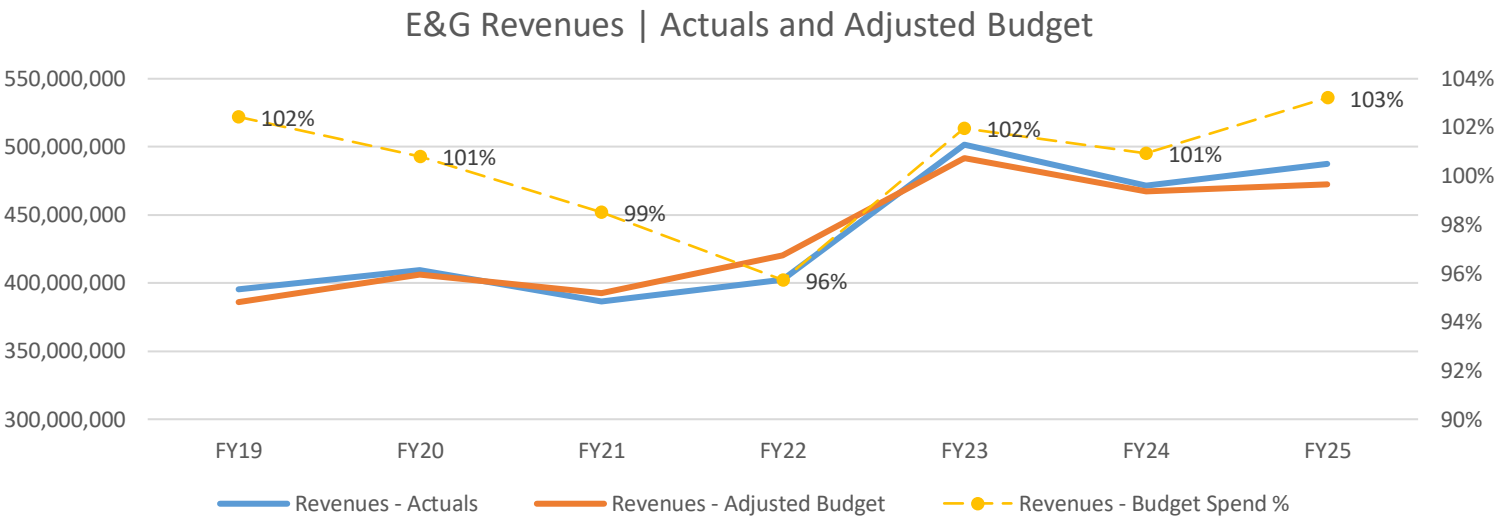


Total Expenses \$600,812

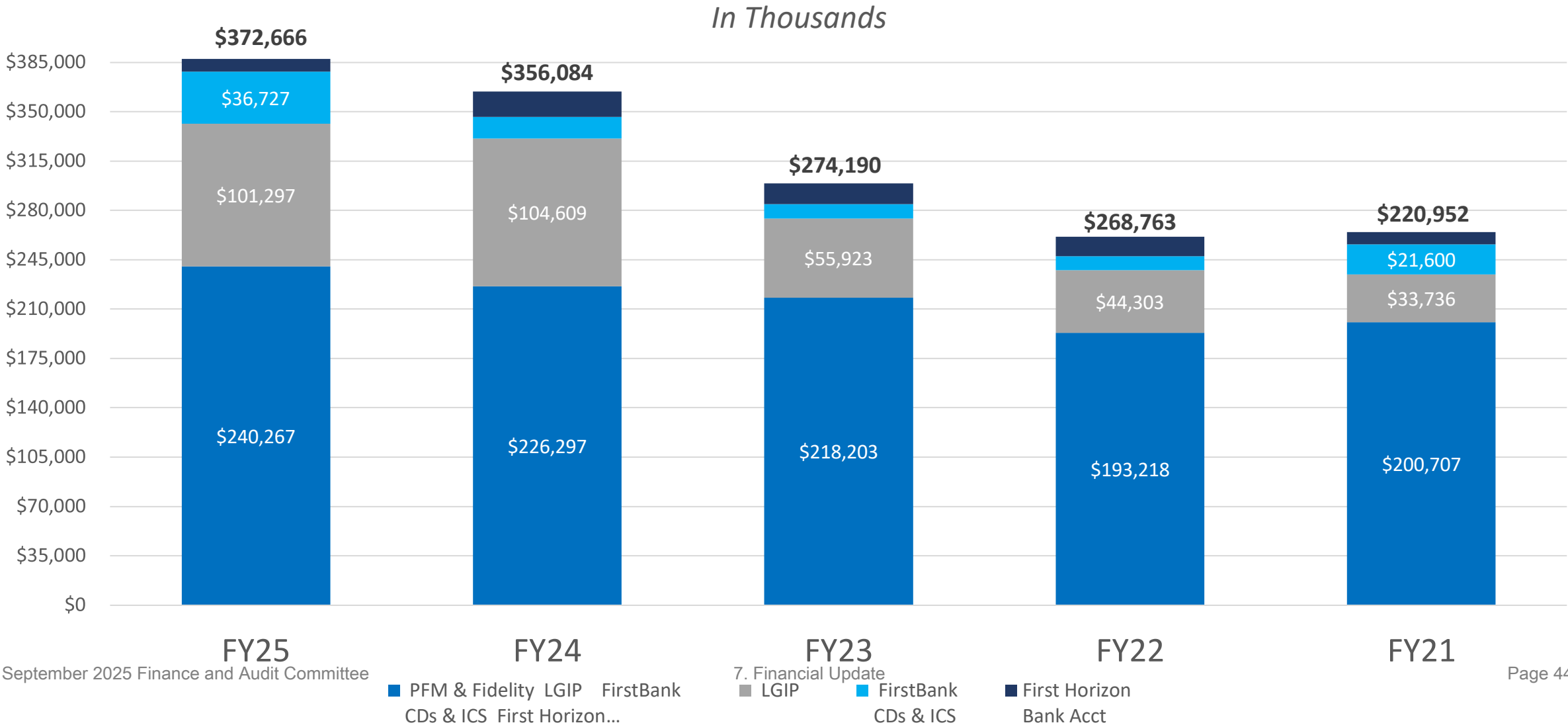


Total Expenses \$547,237

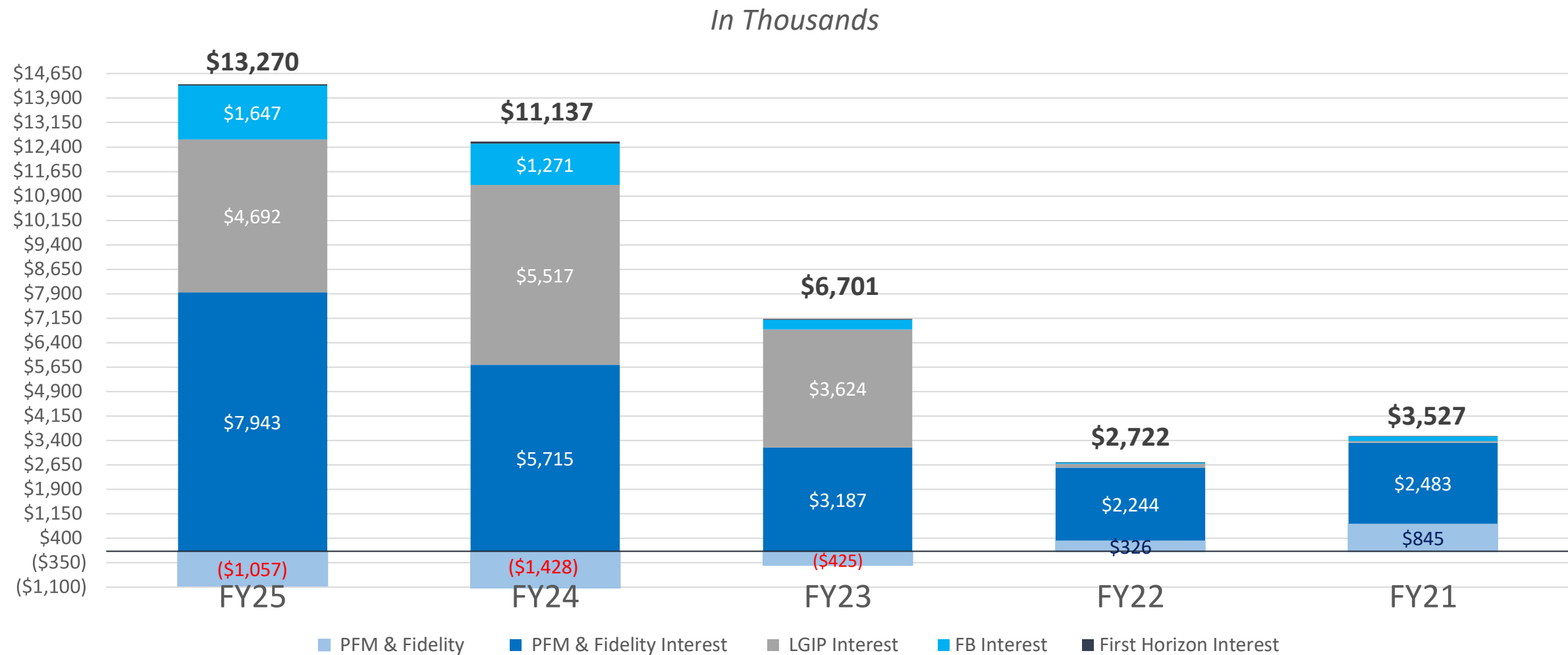
E&G Rev. & Exp. Vs. Budget



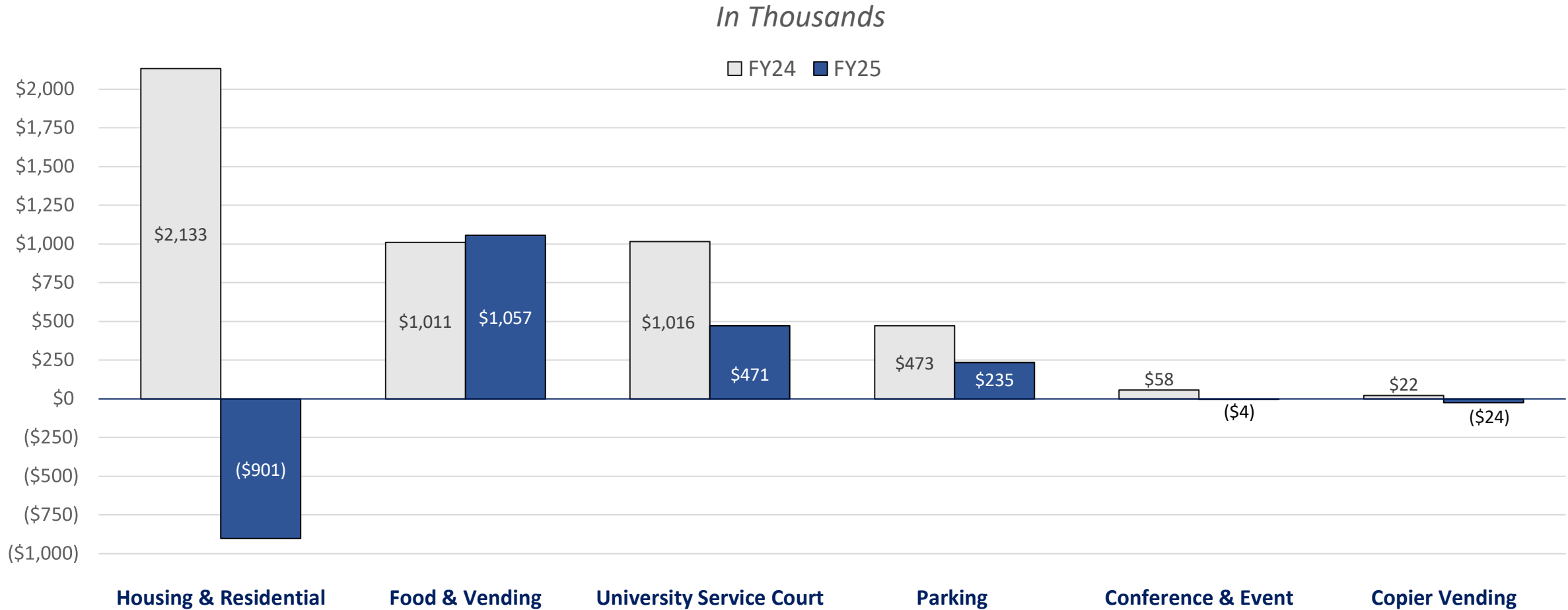
FY25 Total Investments & Cash



FY25 Investment Income



The University of Memphis Comparative Auxiliary Services Operating Results



Questions / Comments

8. Finalization of President's Review

For Approval

Presented by David McKinney

The University of Memphis Board of Trustees

Recommendation

For Approval

Date: September 3, 2025

Committee: Finance & Audit Committee

Presentation: Finalization of President's Review - Compensation

Presented by: David McKinney

Background: The Board of Trustees is responsible for the supervision of the President and pursuant to the Presidential Review and Evaluation (PRE) policy, the President is to be evaluated on an annual basis for an evaluative period of June through July. As part of the evaluative process, the "Finance and Audit Committee shall . . . take appropriate action on any recommendations regarding compensation or other terms of employment. The Committee's action will then be submitted to the full Board of Trustees for approval or modification."

The Finance and Audit Committee requests a motion to provide President Hardgrave with the amount of \$100,000 in the form of deferred compensation, based on the successful review and evaluation of his job performance.

9. Additional Business

Presented by David McKinney

10. Adjournment

Presented by David McKinney