

June 2026 Finance & Audit Committee









Schedule









Wednesday, June 3, 2026 9:45 AM — 10:45 AM CDT

Organizer

Colton Cockrum

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1. Call to Order and Opening Remarks

Presented by David McKinney

2. Roll Call & Declaration of Quorum

Presented by David McKinney

3. Approval of Finance & Audit Committee Minutes from March 4, 2026

For Approval

Presented by David McKinney

University of Memphis Board of Trustees

Finance & Audit Committee

March 4, 2026

Meeting Minutes

Agenda Item 1: Call to Order and Opening Remarks

Trustee McKinney called the meeting to order and made opening remarks.

Agenda Item 2: Roll Call and Declaration of Quorum

Trustee McKinney recognized Board of Secretary, Colton Cockrum to call the roll. Secretary Cockrum called the roll. The following trustees were in attendance:

Trustee Bailey
Trustee Carter
Trustee Keeney
Trustee Marchetta
Trustee McKinney
Trustee Springfield

Secretary Cockrum announced the presence of a quorum.

Agenda Item 3: Approval of Finance & Audit Committee Meeting Minutes from December 3, 2025

Trustee McKinney called for a motion to approve the meeting minutes for the December 3, 2025, meeting. The motion was made by Trustee Springfield and properly seconded. Secretary Cockrum took a roll call vote, and the meeting minutes were approved.

Agenda Item 4: Summary of Internal Audit Reports Issued Follow-up

Trustee McKinney recognized Chief Internal Auditor, Angela Ross and made note that today's items are for information only. Ms. Ross explained that since December 3, 2025, the Internal Audit team has followed up on three audit issues: Fixed Asset, School of Music Financial Incompliance, and Lab Safety to ensure completion of action plans. All of those are currently in status of 'complete'.

Agenda Item 5: Summary of Internal Audit Investigations Closed

Ms. Ross explained that there were 3 investigations closed or remediated. One was completed by Human Resources, and two were completed by the Internal Audit organization. One action item was issued.

Agenda Items 6: Annual External Financial Audit Reports

Ms. Ross explained that the University of Memphis Foundation, University of Memphis Research Foundation, Memphis Athletic Foundation, and National Collegiate Athletic Association (NCAA) were audited by external agencies. There are no findings for the University of Memphis Foundation and University of Memphis Research Foundation. A corrective action plan was implemented for the Memphis Athletic Foundation. All required adjustments to the NCAA statement were completed.

Agenda Item 7: Internal Audit Client Survey Results

Ms. Ross explained that the results of the internal audit client survey spoke on how stakeholders viewed the internal audit team for calendar year 2025. The participation rate was 25%. About 97% of the responses indicated that the audit clients were satisfied with the University's internal audit services.

Agenda Item 8: Capital Budget Request

Trustee McKinney recognized Rene Bustamante, Executive Vice President and Chief Operating and Financial Officer. Mr. Bustamante recognized Tony Poteet, Chief Planning Officer. Mr. Poteet explained that the Capital Outlay requests for FY27-28 include a new addition to Fogelman College of Business and Economics, and demolition of Mitchell and Clement Halls replaced with one modern academic instructional facility. He further explained that the Capital Maintenance Requests for FY27-28 would include requests for roof replacements, HVAC replacements, and brick repairs and window replacements across Main and Lambuth campuses. The top 10 priorities for deferred maintenance and renewal total \$66.2M. He explained that the Disclosure Projects include the Wilson Facility Improvements, Energy Performance Contracting, and Liza Fletcher Wellford Soccer Facility.

Trustee McKinney called for a motion to approve the Capital Budget Request for FY27-28 as detailed in the meeting materials. The motion was made by Trustee Carter and properly seconded. Secretary Cockrum took a roll call vote, and the motion passed.

Agenda Item 9: Annual Financial Audit Report

Trustee McKinney recognized Rene Bustamante, Executive Vice President and Chief Operating and Financial Officer. Mr. Bustamante explained that The University's operations were audited by the Division of State Audit under the Office of the State Comptroller for FY25. The results

released February 26, 2026 are as follows: unmodified clean audit opinions for the University as well as UM Foundation, UM Research Foundation(UMRF), and Memphis Athletic Foundation (MAF) (formerly Auxiliary Services Foundation). The Herff Trust is now reported within the UM Foundation audit. There were no adjustments to the University’s financial statements as a result of audit. The university continued its process to transition its Enterprise Resource Planning System to Oracle for Finance and Human Resource Management.

Mr. Bustamante explained that the financial standing of the foundations are as follows:

- UM Foundation- Net Assets increased by \$91.2M due to increases in value of investments and transfer of reporting of Herff Trust
- MAF- Net Assets increased by \$249.8M due to transfer of ownership of Simmons Bank Liberty Stadium
- UMRF Net Position increased slightly due to decrease in current liabilities.
- Net composite of the Foundations increased by \$341.5M.

Mr. Bustamante explained the UofM Comparative Financial Statement Summaries between FY24 and FY25.

Change in Net Position (in thousands): FY 24- \$932,228	FY 25- \$895, 897
*Decrease due to asset merger of Herff Trust and adoption of compensated absences	
Composition of Assets (in thousands): FY24- \$1,225,900	FY25- \$1,201,509
*Decrease due to asset merger of Herff Trust	
Composition of Liabilities (in thousands): FY24- \$305,612	FY25- \$293,671
*Decrease of bonds payables offset by increased in compensated absences mentioned above	
Sources of Revenue (in thousands): FY24- \$582,717	FY25- \$615,279
*Decrease in tuition revenue, increase in gifts, grants, and contracts	
Operating Expenses (in thousands): FY24- \$547,236	FY25- \$599,703
*Increase due to salaries, benefits, scholarships, and fellowships	

Mr. Bustamante explained that the Composite Financial Index is trending upwards with a score of 7.14 in FY25, up from 6.43 in FY24 showing that the University is in a relatively strong financial position.

Agenda Item 10: Annual Risk Assessment Process

Mr. Bustamante recognized Executive Director, Safety, Business Continuity and Risk Management, Mark Heath.

Mr. Heath explained that there were 3 primary risk assessment objectives for 2026

- Collaboration with Internal Audit to instill Best Practices approach with Process Owners to align with the University Strategic Plan
- Share Information on new “Onspring” platform to assist in process automation
- Provide Assurance to the State of TN Comptrollers Office and Department of Finance and Administration for Compliance with state laws.

Agenda Item 11: Additional Business

Trustee McKinney asked for additional business. There was none.

The next meeting is June 3, 2026.

Agenda Item 12: Adjournment

Trustee McKinney called for a motion and second to adjourn the meeting. The motion was made by Trustee Springfield and properly seconded. Secretary Cockrum called for a voice vote, and the meeting was adjourned.

4. Audit Issue Follow-up

Presentation

Presented by Angela Ross

Internal Audit Agenda Items

Finance and Audit Committee

Angela Ross
Chief Audit Executive

June 3, 2026
Lambuth Campus



THE UNIVERSITY OF
MEMPHIS

June 2026 Finance & Audit Committee

Board of Trustees

4. Audit Issue Follow-up

Page 1 of 75

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 April 30, 2026)
4/1/2026	Graduate School Financial & Compliance	9/12/2025	Effective with the Opportunity for Improvement	Grad School 3.b	Annual Financial Responsibility Certification Completion	Minor = Effective with the Opportunity for Improvement	Shirley Ford, Assistant Vice President of Financial Accounting and Reporting & Crystal Givens, University Controller	Completed
4/16/2026	Graduate School Financial & Compliance	9/12/2025	Effective with the Opportunity for Improvement	Grad School 5.b	Business Continuity Plan Review	Minor = Effective with the Opportunity for Improvement	Mark Heath, Executive Director, Business Continuity and Risk Management	Management Action Plan Date Extended to 8/31/2026

Presentation: Summary of Investigations Closed

Allegation Received by	Date Allegation Received	Description of Allegation	Date Assigned by Complaint Triage Team	Internal Audit Investigation Number	Investigation Status	Investigation Outcome	Date of Final Action
Anonymous Fraud, Waste, or Abuse Report	10/29/2024 and 7/20/2025	College of Engineering Research Incentive Pay and Effort Certification	8/19/2025	INV 25-005 and INV 26-001	Investigation Complete, Internal Audit Memo, and Management Report Issued	No Improper Faculty Buyouts, Incentive Pay, Salary Recovery, or Effort Reporting Identified	3/24/2026
Anonymous Fraud, Waste, or Abuse Report	6/11/2025	Outside Employment and Conflict of Interest Concerns	7/11/2025	INV-25-007 and ANTS 26-12022	Investigation Complete, Internal Audit Memo, and Management Report Issued	Employee No Longer With University Since January 2026	5/04/2026
UofM Legal Counsel	10/16/2025	Employee Direct Deposit Concerns	N/A	INV-26-010 and ANTS 26-13422	Investigation Complete, Internal Audit Memo, and Management Report Issued	No Evidence of Fraud identified in the Direct Deposit Bank Information Change Process	4/30/2026

Report: Review and Approval of Office of Internal Audit & Consulting Charter

According to the UofM Finance and Audit Committee Charter, the Finance and Audit Committee must “review, approve, and update the Internal Audit charter annually or more frequent if necessary.”

The Internal Audit Charter establishes the following:

- The purpose, authority, and responsibility of the internal audit activity;
- The internal audit activity’s position within the University;
- The scope of internal audit activities; and
- Ensures access to records, personnel, and properties to complete engagements is provided.

The UofM Office of Internal Audit and Consulting Charter was last reviewed and approved at the June 4, 2025, Board meeting. Additional revisions are being proposed this year to incorporate safeguards related to the Chief Audit Executive’s Internal Audit and Compliance responsibilities.

Updated Language

Independence, Organization Position, and Reporting Relationships

When the Chief Audit Executive (CAE) has additional responsibilities, including oversight of compliance functions, safeguards will be implemented as such responsibilities may create an actual or perceived impairment to independence. To preserve independence, the CAE will not perform or supervise assurance or investigative engagements over compliance areas under the CAE's direct management. Such engagements will be conducted by external auditors or internal audit staff reporting directly to the Finance and Audit Committee for that engagement.

Internal Audit Services

Internal Audit will not conduct assurance or investigative engagements over compliance functions that report directly to the CAE. These engagements will be conducted by independent external parties or by internal audit staff, for the purpose of the engagement, report directly to the Finance and Audit Committee. The CAE will recuse from investigations or reviews involving direct reporting areas when such involvement could impair actual or perceived independence.

Report: Review and Approval of FY2027 Internal Audit Plan

Audit universe is normally categorized by these functional areas that include 32 audit entities.

Academic	Administrative	Other
<ul style="list-style-type: none"> •Academic Affairs/Office of the Provost •College of Arts & Sciences •College of Business & Economics •College of Communication & Fine Arts •College of Education •College of Engineering •College of Health Sciences •College of Nursing •College of Professional & Liberal Studies •Enrollment Management •Graduate School •Honors College •International Affairs •School of Communication Sciences and Disorders •School of Hospitality & Resort Management •School of Law •School of Public Health •Student Affairs •University Libraries •University School District 	<ul style="list-style-type: none"> •Advancement •Athletics •Business & Finance •Marketing and Communication •Government & Community Affairs •Information Technology Services •Office of the President •Operations & Facilities •Research & Innovation 	<ul style="list-style-type: none"> •University of Memphis Foundation (including Herff Trust) •University of Memphis Research Foundation (including the wholly-owned subsidiary, UMRF Ventures Inc.) •University of Memphis Athletics Foundation

4. Audit Issue Follow-up

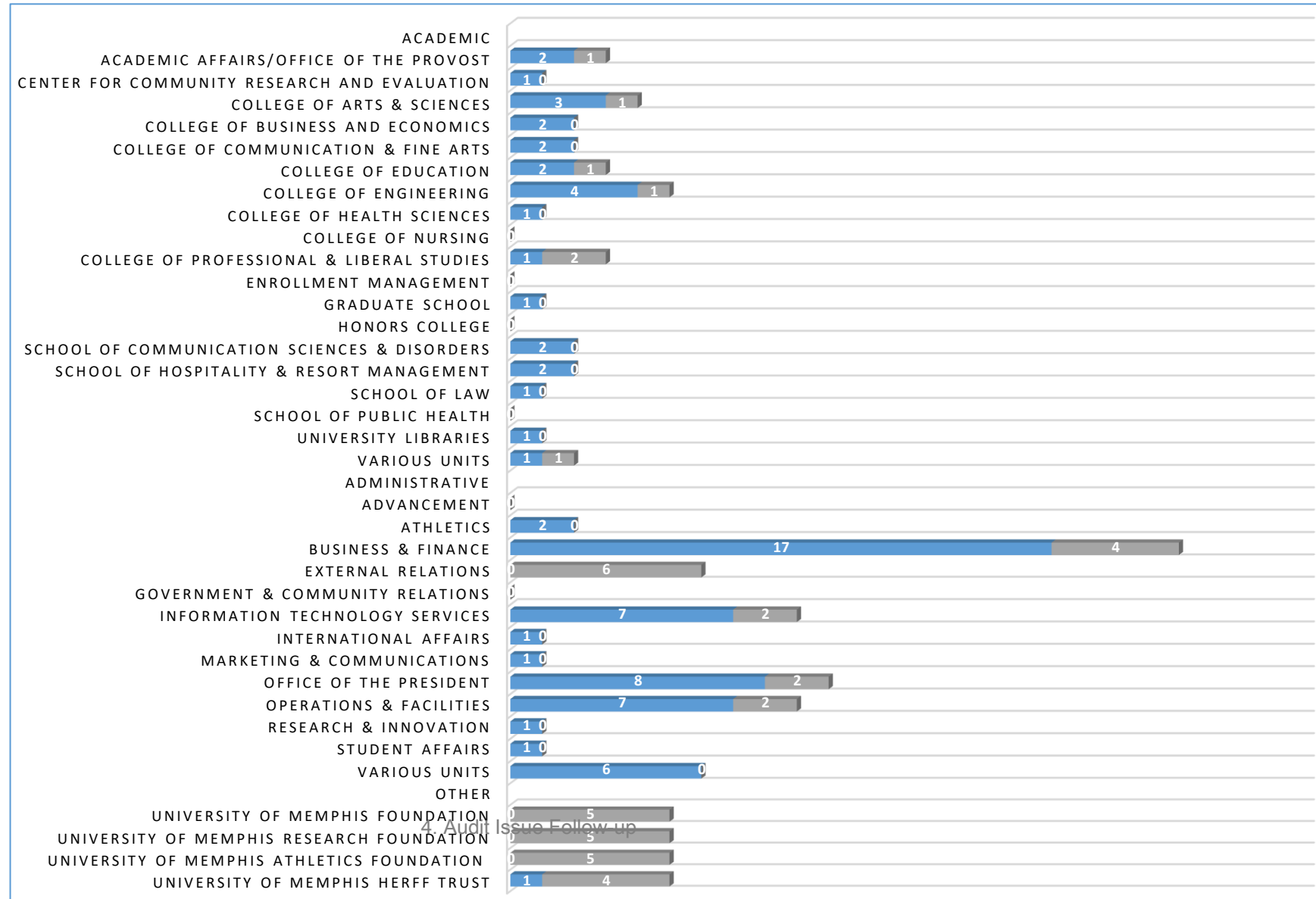
Other Entities

Besides the University of Memphis Office of Internal Audit and Consulting, the following entities perform audits, investigations, reviews, agreed-upon procedures, or assessments at the UofM.

TN Comptroller of the Treasury Division of State Audit	Various Federal Agencies for Sponsored Program Review
TN Comptroller of the Treasury Division of Investigations	Internal Revenue Service
TN Comptroller of the Treasury Information Systems Audits	External Legal Experts
TN Comptroller of the Treasury Performance Audits	External Certified Public Accounting Firms
Various State of TN Departments and Agencies	External Environmental Auditors
Various State of TN Departments for Sponsored Program Review	External Subject Matter Experts

AUDIT PROJECTS BY FUNCTIONAL AREA FOR LAST 5 YEARS

■ Internal Audit Projects ■ External Audit Projects



Audit projects performed by Internal Audit or an outside entity over the last 5 years.

In Tennessee governmental entities, internal audit plans are comprised of risk-based audits, required audits, special requests, and investigations. The risk-based portion of the FY2027 Proposed Audit Plan (about 68%) is in part derived from current higher education risk and audit guidance, consideration of the University’s goals, vision, and mission, and Internal Audit’s risk evaluation.

Budgeted Allocation of Internal Audit Resources	FY2025	FY2026	FY2027
Audits	54%	50%	51%
Follow Up of Audit Issues	6%	8%	6%
Investigations	20%	25%	17%
Audit Software Implementation & Oracle Reports	0%	0%	10%
Consulting/Advisory Role	10%	12%	11%
Audit Committee Projects & Administration	10%	5%	5%
Total	100%	100%	100%

University of Memphis
Audit Plan & Allocation of Audit Resources - FY 2027

PROPOSED

For Your Approval:
University of Memphis
Proposed Audit Plan &
Allocation of Audit
Resources – FY2027

51%	<p>Audits</p> <p><u>Risk Based Audits</u></p> <p>Procurement Controls Audit Athletics Financial and Compliance Audit Gift Processing Audit</p> <p><u>Risk Based Information Technology Projects</u></p> <p>IT Governance Review</p> <p><u>Audits Required by Statutes</u></p> <p>Annual Audit of President's Expenses Annual Quality Assurance Improvement Program assessment</p> <p><u>Prior Year Audit Project Completion</u></p> <p>FY2026 NACHA - WEB Transactions Data Security Audit</p> <p><u>Audits Requested by Management</u></p> <p>NACHA - WEB Transactions Data Security Audit State Audit FY2026 Year End Work (cash and inventory work for State Auditor's external audit per Management request)</p>
10%	<p>Audit Software Implementation & Reports</p> <p>Development of Oracle Reports for Auditors Onspring - Audit Management Tool Implementation and Training</p>
6%	<p>Follow-up of Past Audit Issues</p> <p>Internal Audit issues identified in past audits and as required by state statute</p>
17%	<p>Investigations/Participation on Complaint Triage Team</p>
11%	<p>Consulting and Advisory Role</p> <p>Special Audit Requests, Consulting Projects, Assistance to Legal Counsel, Attorney Client Projects (as requested by Management) Advisory Role (advisory role on various committees and miscellaneous inquiries for assistance during the year)</p>
5%	<p>Audit Committee Projects & Administration</p>
100%	<p>4. Audit Issue Follow-up</p>

The University of Memphis Board of Trustees

Presentation
For Information

Date: June 3, 2026

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 April 30, 2026)
4/1/2026	Graduate School Financial & Compliance	9/12/2025	Effective with the Opportunity for Improvement	Grad School 3.b	Annual Financial Responsibility Certification Completion	Minor = Effective with the Opportunity for Improvement	Shirley Ford, Assistant Vice President of Financial Accounting and Reporting & Crystal Givens, University Controller	Completed
4/16/2026	Graduate School Financial & Compliance	9/12/2025	Effective with the Opportunity for Improvement	Grad School 5.b	Business Continuity Plan Review	Minor = Effective with the Opportunity for Improvement	Mark Heath, Executive Director, Business Continuity and Risk Management	Management Action Plan Date Extended to 8/31/2026

5. Summary of Investigations Resolved

Presentation

Presented by Angela Ross

The University of Memphis Board of Trustees

Presentation
For Information

Date: June 3, 2026

Committee: Finance and Audit Committee

Presentation: Summary of Investigations Closed

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

Background:

Reports were issued for three closed investigations since the last meeting. Summarized information is included in the attached table.

Allegation Received by	Date Allegation Received	Description of Allegation	Date Assigned by Complaint Triage Team	Internal Audit Investigation Number	Investigation Status	Investigation Outcome	Date of Final Action
Anonymous Fraud, Waste, or Abuse Report	10/29/2024 and 7/20/2025	College of Engineering Research Incentive Pay and Effort Certification	8/19/2025	INV 25-005 and INV 26-001	Investigation Complete, Internal Audit Memo, and Management Report Issued	No Improper Faculty Buyouts, Incentive Pay, Salary Recovery, or Effort Reporting Identified	3/24/2026
Anonymous Fraud, Waste, or Abuse Report	6/11/2025	Outside Employment and Conflict of Interest Concerns	7/11/2025	INV-25-007 and ANTS 26-12022	Investigation Complete, Internal Audit Memo, and Management Report Issued	Employee No Longer With University Since January 2026	5/4/2026
UofM Legal Counsel	10/16/2025	Employee Direct Deposit Concerns	N/A	INV-26-010 and ANTS 26-13422	Investigation Complete, Internal Audit Memo, and Management Report Issued	No Evidence of Fraud identified in the Direct Deposit Bank Information Change Process	4/30/2026

6. Internal Audit Charter

For Approval

Presented by Angela Ross

The University of Memphis Board of Trustees

Report For Approval

Date: June 3, 2026

Committee: Finance and Audit Committee

Presentation: Review and Approval of Office of Internal Audit and Consulting Charter

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

Background:

The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Global Internal Audit Standards (*Standards*). The Internal Audit charter establishes the internal audit activity's position within the organization, including the nature of the chief audit executive's functional reporting relationship with the board; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

According to the University of Memphis Audit Committee Charter, the Audit Committee must "review, approve, and update the Internal Audit charter annually or more frequent if necessary." The University of Memphis Office of Internal Audit and Consulting Charter was last reviewed and approved at the June 4, 2025, Board of Trustees meeting. Additional recommended changes are proposed this year to implement safeguards related to the chief audit executive's dual role overseeing Internal Audit and Compliance.

Motion to be Made: The Finance and Audit Committee recommends a motion to approve the Office of Internal Audit and Consulting Charter, as outlined in the meeting materials.



University of Memphis
Office of Internal Audit & Consulting Charter
Last Revision Date: June 3, 2026

Purpose

The Office of Internal Audit & Consulting function is to strengthen the university's ability to create, protect, and sustain value by providing the Board of Trustees (Board) and management with independent, risk-based, and objective assurance, advisory, and investigation services. Internal Audit helps the University accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

The University of Memphis management has responsibility for governance, risk management, control processes, and for establishing and maintaining a sufficient system of internal controls. Internal Audit serves in an advisory role and assists University management in the effective discharge of their duties and responsibilities by evaluating activities, recommending improvements, and providing other information designed to promote effective controls. Internal Audit must not be assigned duties or be involved in activities that are the responsibility of University management or engage in activities that auditors normally review or evaluate as part of the internal audit function. Additionally, Internal Audit's review does not relieve others of their responsibilities.

Mandate

In accordance with the Higher Education Accountability Act of 2004 (Tenn. Code Ann. § 49-14-101) and the Audit Committee Act of 2005 (Tenn. Code Ann. § 4-35-102), the Finance and Audit Committee (FAC), a standing committee of the Board, governs internal audit. Audit activities are conducted in accordance with and governed by all applicable internal audit and audit committee state statutes and the Institute of Internal Auditors' International Professional Practices Framework, which comprise Global Internal Audit Standards (the Standards) and Topical Requirements.

Independence, Organization Position, and Reporting Relationships

Internal Audit reports functionally to the FAC and administratively to the University President for day-to-day operations. This positioning supports Internal Audit's independence and ensures compliance with state statutes and the requirements of the Tennessee Comptroller of the Treasury. Internal Audit maintains the organizational authority and status necessary to bring matters directly to senior management and, when appropriate, escalate issues to the Board without interference or undue influence. This positioning also reinforces the function's ability to remain objective in all assurance and advisory activities.

When the Chief Audit Executive (CAE) has additional responsibilities, including oversight of compliance functions, safeguards will be implemented as such responsibilities may create an actual or perceived impairment to independence. To preserve independence, the CAE will not perform or supervise assurance or investigative engagements over compliance areas under the CAE's direct management. Such engagements will be conducted by external auditors or internal audit staff reporting directly to the FAC for that engagement.

The Internal Audit function budget is incorporated into the University's overall budget, which is dependent on the State of Tennessee budget and is approved by senior management in conjunction with the Board.

The FAC engages with the CAE and senior management to review and confirm the appropriate authority, role, responsibilities, scope, and services of the Internal Audit function and ensures the function has adequate resources to fulfill its mandate and accomplish its audit plan.

Authority

Internal Audit's performance of assurance, advisory and investigation services may include the examination and evaluation of the effectiveness of all aspects of University operations. Internal Audit function's authority established by its organizational position and reporting relationships allows for full and unrestricted access to all University data, records (electronic and manual), physical property and personnel relevant to their performance of duties and responsibilities. All documents and information obtained by Internal Audit will be treated in a confidential manner to comply with all policies, laws, and regulations regarding protection of University information.

Additionally, Internal Audit is not independent for the purpose of issuing an opinion on the University's annual financial statements per the requirements for an external auditor under Tennessee Board of Accountancy regulations. The Tennessee Comptroller of the Treasury's Division of State Audit serves as the external auditors for the University based upon state statutes.

Internal Audit Plan

Annually, the CAE develops a primarily risk-based internal audit plan that is based on state statute requirements, emerging trends, higher education risk and audit guidance, past audit projects at the University, and input from University management. A draft plan is shared with senior management, and the final plan is submitted to the FAC for review and approval. The CAE reviews and adjusts the plan as necessary in response to changes in Internal Audit's resource levels or changes to the University's risks, operations, programs, systems, and controls. Any significant deviation from the approved internal audit plan is communicated to and approved by the FAC.

Internal Audit Services

Internal Audit 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 CAE ensures the audit function remains free from all conditions that threaten the ability of internal auditors to perform their responsibilities in an unbiased manner. Also, the CAE ensures that auditors conform with ethics and professionalism principles in exercising their roles and responsibilities. Internal Audit will not conduct assurance or investigative engagements over compliance functions that report directly to the CAE. These engagements will be conducted by independent external parties or by internal audit staff, for the purpose of the engagement, report directly to the FAC. The CAE will recuse from investigations or reviews involving direct reporting areas when such involvement could impair actual or perceived independence.

The nature and scope of assurance engagements are determined based on the audit business plan and audit resources. There are generally three parties involved in assurance services: (1) the person or group directly involved with the entity, operation, function, system, or other subject matter (process owner), (2) the person or group making the assessment (Internal Audit), and (3) the person or group using the assessment (user).

Advisory services are usually performed at the specific request of an engagement client. The nature and scope of the engagement is subject to agreement with the engagement client. Advisory services involve two parties generally: (1) the person or group offering the advice (Internal Audit), and (2) the person or group seeking and receiving the advice (engagement client). When performing advisory services, the Internal Auditor should maintain objectivity and not assume management responsibility.

Investigations are conducted under the authority of the FAC, who through the State of Tennessee Audit Committee Act and the University of Memphis FAC Charter, has the authority to conduct or authorize

investigations into any matter within its scope of responsibility. Internal auditors perform administrative investigations to provide information regarding allegations of illegal, improper, wasteful, or fraudulent activity to the FAC, the Board, University management, and state and federal agencies as required. Internal auditors do not have statutory authority in Tennessee state government to perform criminal investigations.

Reporting and Monitoring

The CAE reports to the FAC and senior management, at least annually, the audit function's mandate, audit plan, performance relative to the plan, and required resources. Audit work is summarized in written reports distributed to University management to ensure that significant issues noted in audits and other projects are properly addressed by University management. In addition, summaries of all internal audit activities are distributed to the FAC, and all significant issues are emphasized to the FAC. Internal Audit will answer questions and provide additional details for any internal audit activity when requested by the FAC. Internal Audit is responsible for following up on issues noted in audits or other projects conducted by Internal Audit to ensure issues are addressed by University management. Any issues not properly addressed by University management or management's acceptance of identified risk will be reported to the FAC.

All Internal Audit reports are provided to the Tennessee Comptroller of the Treasury's Division of State Audit and investigation reports are provided to Comptroller state auditor and the Division of Investigations.

Quality Assurance and Improvement (QAIP)

The CAE establishes and maintains a QAIP that covers all aspects of the Internal Audit function to promote conformance with the Standards and continuous improvement, as well as measure progress toward achieving its objectives. Internal assessments will be conducted periodically and external assessments at least once every five years by a qualified, independent assessor or assessment team from outside the University of Memphis; qualifications must include at least one assessor holding an active Certified Internal Auditor credential. Public sector competencies and knowledge as well as knowledge of Standards are considered when selecting external assessors. Results of quality assurance and plans to address the Internal Audit function's deficiencies and opportunities for improvement will be reported to the FAC.

Periodic Review of Internal Audit Charter

The CAE will periodically assess this charter to determine whether the purpose, authority, and responsibilities defined in this charter are adequate to enable Internal Audit to accomplish objectives under the Standards and state statutes. The results of the periodic assessment of this charter will be communicated to University management and the FAC.

Changes to the Mandate and Charter

Circumstances may justify a follow-up discussion between the CAE, FAC, and senior management on the internal audit mandate or other aspects of the internal audit charter. Such circumstances may include but are not limited to:

- A significant change in the Global Internal Audit Standards.
- A significant acquisition or reorganization within the institution.
- Significant changes in the Chief Audit Executive, Board, and/or senior management.
- Significant changes to the organization's strategies, objectives, risk profile, or the environment in which the organization operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.

7. Internal Audit Plan FY2027

For Approval

Presented by Angela Ross

The University of Memphis Board of Trustees

Report For Approval

Date: June 3, 2026
Committee: Finance and Audit Committee
Report Title: Review and Approval of Proposed FY2027 Internal Audit Plan
Presented by: Angela Ross, Associate Vice President and Chief Audit Executive

Background:

The Proposed FY2027 Internal Audit Plan for the University is presented for review and approval by the Finance and Audit Committee. Finance and Audit Committee approval of the Internal Audit Plan is required by the State of Tennessee Audit Committee Act of 2005 (Tenn. Code Ann. §§ 4-35-101–108), the University of Memphis Finance and Audit Committee Charter, and the University of Memphis Office of Internal Audit & Consulting Charter.

Motion to be Made:

The Finance & Audit Committee recommends a motion to approve the FY27 Internal Audit Plan as reflected in the meeting materials.

51%	<p>Audits</p> <p><u>Risk Based Audits</u></p> <p>Procurement Controls Audit Athletics Financial and Compliance Audit Gift Processing Audit</p> <p><u>Risk Based Information Technology Projects</u></p> <p>IT Governance Review</p> <p><u>Audits Required by Statutes</u></p> <p>Annual Audit of President's Expenses Annual Quality Assurance Improvement Program assessment</p> <p><u>Prior Year Audit Project Completion</u></p> <p>FY2026 NACHA - WEB Transactions Data Security Audit</p> <p><u>Audits Requested by Management</u></p> <p>NACHA - WEB Transactions Data Security Audit State Audit FY2026 Year End Work (cash and inventory work for State Auditor's external audit per Management request)</p>
10%	<p><u>Audit Software Implementation & Reports</u></p> <p>Development of Oracle Reports for Auditors Onspring - Audit Management Tool Implementation and Training</p>
6%	<p><u>Follow-up of Past Audit Issues</u></p> <p>Internal Audit issues identified in past audits and as required by state statute</p>
17%	<p><u>Investigations/Participation on Complaint Triage Team</u></p>
11%	<p><u>Consulting and Advisory Role</u></p> <p>Special Audit Requests, Consulting Projects, Assistance to Legal Counsel, Attorney Client Projects (as requested by Management) Advisory Role (advisory role on various committees and miscellaneous inquiries for assistance during the year)</p>
5%	<p><u>Audit Committee Projects & Administration</u></p>
100%	

8. FY27 Budget Update

For Approval

Presented by Rene Bustamante

Final Operating Budget for Fiscal Year 2026 Proposed Operating Budget for Fiscal Year 2027

Finance & Audit Committee

Rene Bustamante
Executive Vice-President, Chief Operating & Financial Officer

June 3, 2026
University of Memphis Lambuth Campus

- Budget Overview
- FY27 Proposed Budget
- FY26 Estimated (Final) Budget
- FY27 Compensation Strategy



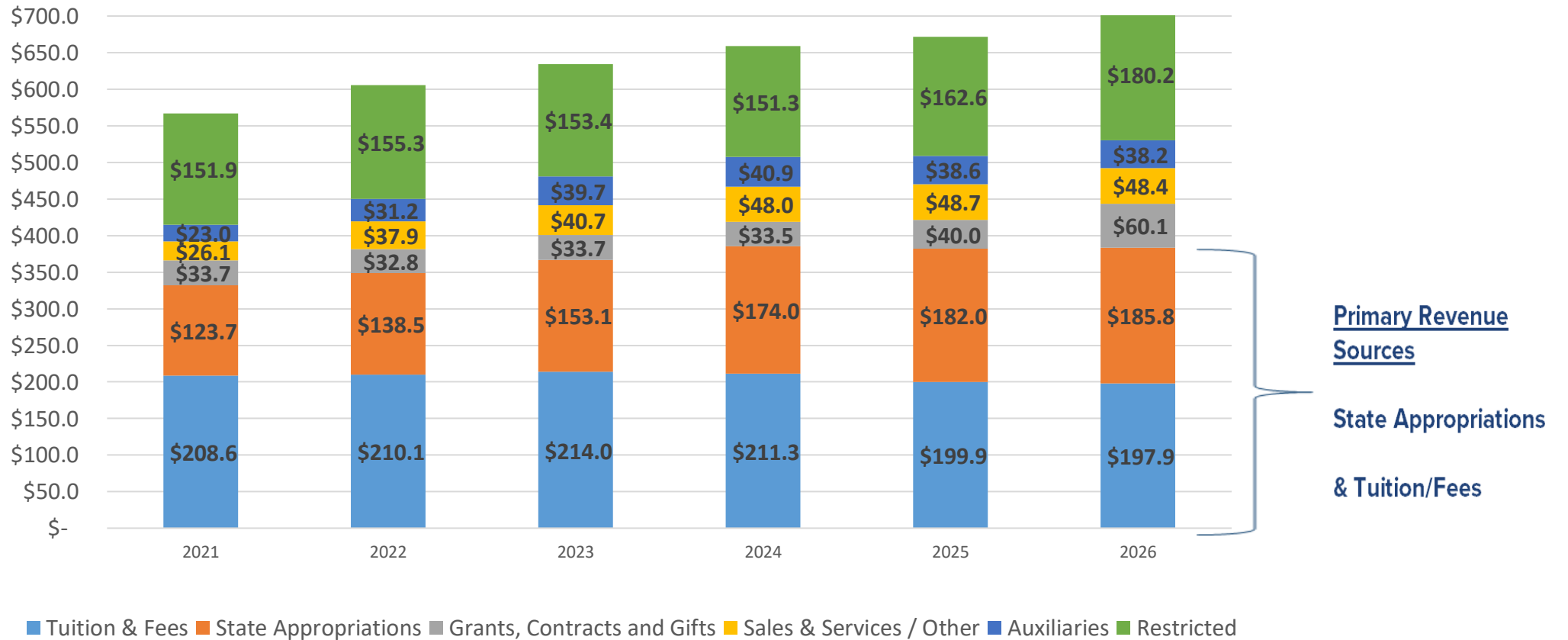
Revenue Budget Components

- State Appropriations

- Tuition Revenues
 - Enrollment changes
 - Tuition Rate (THEC FY27 Binding Range 0% - 4.5%)

University Revenue Growth

Total University Revenues by Type (In Millions)



FY27 State Appropriations



FY27 Governor’s Budget Recurring State Appropriations	
State Appropriation – Operating Increase	\$1,781,200
Salary Increase Pool ¹	2,550,800
Health Insurance & Retirement Increases	2,504,500
Outcomes Formula Adjustment	(1,095,400)
Net Recurring State Appropriations	\$5,741,100

FY27 Anticipated Expenses	
Salary Increase Cost – 1.5%	\$4,331,000
Health Insurance & Retirement Increases	2,504,500
Total Anticipated Expenses	\$6,835,500

Funding needed from other sources (\$1,094,400)

FY27 Governor’s Budget Capital Maintenance – One Time State Appropriations	
Roof Replacement Five Buildings	\$5,740,000
Net Capital Maintenance State Appropriations	\$5,740,000

FY27 Governor’s Budget Capital Projects – One Time State Appropriations	
Business and Economics Addition ²	\$30,000,000
Net Capital Projects State Appropriations	\$30,000,000

1 Salary pool funding represents the State portion of the Salary increase cost or roughly 60% of the cost; the University funds approximately 40% of the salary pool

2 Total Funding for the Business and Economics Addition project is \$30M of which \$30M will come from the state and \$30M will be funded using University resources

THEC Binding Tuition Ranges

- The Focus Act (TCA 49.7.1601) requires Tennessee Higher Education Commission (THEC) make student fee and state appropriation recommendations concurrently.
- Numerous factors impact the tuition recommendation, including student affordability and financial aid, institutional revenues and cost inflation factors.
- Efforts to mitigate the financial effect on students: UofM has implemented multiple tuition & fee structure changes to keep the overall cost of education as low as possible for our Tennessee resident students while remaining competitive with our national peers
- UofM has funded tuition & fee restructures with FY22 and FY20 Tuition increases, no new revenues to allocate
- Implemented Campus wide budget reductions in FY21, FY24, and FY25

Fiscal Year	THEC Binding Range	UofM Increase (Tuition & Mandatory Fees)
FY27 (Proposed)	0.0% - 4.5%	4.48%
FY26	0.0% - 6.5%	4.92%
FY25	0.0% - 5.5%	3.71%
FY24	0.0% - 3.0%	2.86%
FY23	0%	-
FY22	0.0% - 2.0%	1.45%
FY21	0.0% - 2.0%	-
FY20	0.0% - 2.5%	2.18%
FY19	0.0% - 3.0%	-

FY27 Proposed Budget

The FY27 Proposed budget was developed with the following assumptions:

- State Appropriation changes from the Governor's Budget (\$5.7M)
- 0% tuition increase (Any approved tuition increases will be incorporated in the FY27 October Budget)
- Expected enrollment fluctuations
- 1.5% Salary pool & benefit increases
 - Distributed by function and salary classification in the general orgs
 - Salary Pool to be updated and distributed Campus wide once approved

Proposed (Recurring) Budget Comparison



FY2027 Proposed Budget total \$679.8 million. This total reflects revenue increases of \$33.6 million from the FY2026 Proposed Budget of \$646.2 million.

Revenues	Proposed FY2026	% of Total	Proposed FY2027	% of Total	Variance
Educational & General					
Tuition & Fees	\$ 195,238,000	30.2%	\$ 195,205,200	28.7%	\$ (32,800)
State Appropriations	185,837,600	28.8%	191,318,000	28.1%	5,480,400
Grants, Contracts and Gifts	35,100,600	5.4%	37,273,800	5.5%	2,173,200
Sales & Services	34,564,500	5.3%	34,956,200	5.1%	391,700
Other Revenues	5,100,000	0.8%	5,400,000	0.8%	300,000
Total Educational & General	\$ 455,840,700		\$ 464,153,200		\$ 8,312,500
Auxiliary	37,924,200	5.9%	42,042,400	6.2%	4,118,200
Restricted	152,472,200	23.6%	173,571,800	25.6%	21,099,600
Total Revenues	\$ 646,237,100		\$ 679,767,400		\$ 33,530,300

Proposed (Recurring) Budget Comparison



Expenditures and Transfers	Proposed FY2026	Proposed FY2027	Variance
Educational & General			
Instruction	\$ 151,707,500	\$ 152,994,800	\$ 1,287,300
Research	57,296,300	55,822,100	(1,474,200)
Public Service	4,238,400	4,189,700	(48,700)
Academic Support	46,334,800	50,380,900	4,046,100
Student Services	67,776,700	69,107,800	1,331,100
Institutional Support	38,068,500	39,131,300	1,062,800
Operation & Maintenance	44,663,700	47,546,700	2,883,000
Scholarships and Fellowships	31,089,200	30,839,300	(249,900)
Transfers	14,665,600	14,140,600	(525,000)
Total Educational & General	\$ 455,840,700	\$ 464,153,200	\$ 8,312,500
Auxiliary	37,924,200	42,042,400	4,118,200
Restricted	152,472,200	173,571,800	21,099,600
Total Expenditures and Transfers	\$ 646,237,100	\$ 679,767,400	\$ 33,530,300

FY26 Estimated Budget

Revised to Estimated Budget Comparison



FY2026 Estimated Budget total \$710.6 million. This total reflects revenue increases of \$7.1 million from the FY2026 Revised Budget of \$703.5 million.

	Revised FY2026	% of Total	Estimated FY2026	% of Total	Variance
Educational & General					
Tuition & Fees	\$ 198,736,200	28.3%	\$ 197,936,300	27.9%	\$ (799,900)
State Appropriations	185,763,000	26.4%	185,763,000	26.1%	-
Grants, Contracts and Gifts	57,669,500	8.2%	60,073,000	8.5%	2,403,500
Sales & Services	37,304,400	5.3%	39,252,600	5.5%	1,948,200
Other Revenues	5,100,000	0.7%	9,200,000	1.3%	4,100,000
Total Educational & General	\$ 484,573,100		\$ 492,224,900		\$ 7,651,800
Auxiliary	37,724,200	5.4%	38,166,500	5.4%	442,300
Restricted	181,161,400	25.8%	180,161,400	25.3%	(1,000,000)
Total Revenues	\$ 703,458,700		\$ 710,552,800		\$ 7,094,100

Revised to Estimated Budget Comparison



Expenditures and Transfers	Revised FY2026	Estimated FY2026	Variance
Educational & General			
Instruction	\$ 171,520,000	\$ 165,984,800	\$ (5,535,200)
Research	81,691,000	84,345,400	2,654,400
Public Service	6,307,600	7,234,000	926,400
Academic Support	57,038,400	58,900,800	1,862,400
Student Services	102,756,300	113,145,300	10,389,000
Institutional Support	42,207,800	43,204,600	996,800
Operation & Maintenance	48,273,500	51,759,200	3,485,700
Scholarships and Fellowships	31,985,400	31,985,600	200
Transfers	19,261,700	19,389,200	127,500
Total Educational & General	\$ 561,041,700	\$ 575,948,900	\$ 14,907,200
Auxiliary	37,724,200	46,719,500	8,995,300
Restricted	181,161,400	180,161,400	(1,000,000)
Total Expenditures and Transfers	\$ 779,927,300	\$ 802,829,800	\$ 22,902,500

FY 2027

Compensation Strategy

- 1.5% salary pool was approved by the Legislature and partially funded by State Appropriations
- Effective July 1, 2026
- For Higher Education, the salary pool is to be distributed at the discretion of each institution

Salary Pool Recommendation

Governor's Budget

Cost of 1.5% Salary Pool	State Funding *	Additional funding needed
\$4,331,000	\$2,550,800	\$1,780,200

* Traditionally, the State funds approximately 60% of the funding required for a salary increase. The remaining 40% needs to be funded through other University resources (i.e., Tuition Increase, Reallocation of Recurring Budget, State Appropriations)

University's Recommendation

Cost of 1.5% Salary Pool	State Funding *	Additional funding needed
\$4,331,000	\$2,550,800	\$1,780,200

- **FY26 Final Estimated Budget**
- **FY27 Proposed Operating Budget**

Questions

The University of Memphis Board of Trustees

Recommendation

For Approval

Date: June 3, 2026

Committee: Finance and Audit Committee

Presentation: FY2026-27 Proposed Budget and FY2025-26 Estimated Budget

Presented by: Rene Bustamante, Executive Vice-President, Chief Operating & Financial Officer

Background:

Budget Control Policy (UM 1768) recognizes budgeting as the process whereby the plans of an institution are translated into an itemized, authorized, and systematic plan of operation, expressed in dollars, for a given period. This policy also recognizes that a budget is a plan, and circumstances may necessitate revisions or changes from time to time. In view of this, we will submit budgets for approval three times each fiscal year. At this time, both the FY2026-27 Proposed budget and FY2025-26 Estimated budget are presented for consideration.

The **Proposed Budget** is prepared in the spring for implementation each fiscal year on July 1. This budget is based on the level of state funds recommended in the Governor's proposed budget as well as early estimates of factors such as enrollment projections, proposed revenue changes and research activities. The **Proposed Budget** is submitted to the Board for approval prior to the start of the subsequent fiscal year which includes the FY2027 Compensation Plans.

The final budget submitted for each fiscal year is the **Estimated Budget**. This budget includes carryforward balances from prior years that represent available resources at the departmental level. Although these funds are available, we do not anticipate that all resources will be spent in the current fiscal year. The **Estimated Budget** also includes final adjustments to the current year budget and is the budget against which final year-end actual amounts are compared. It is prepared, submitted, and considered by the Board at the same time as the **Proposed Budget** for the upcoming fiscal year.

Motion to be Made:

The Finance and Audit Committee recommends approval of the FY2025-26 Estimated Budget and the FY2026-27 Proposed Budget and assumptions as presented in the meeting materials.

FY2026-27 Proposed Budget and FY2025-26 Estimated Budget

Executive Summary

The **Proposed Budget** is prepared in the spring for implementation each fiscal year on July 1. This budget is based on the level of state funds recommended in the Governor’s proposed budget, as well as early estimates of factors such as enrollment projections, proposed tuition increases and research activities. This budget is considered the University’s base (recurring) budget and is a balanced budget (revenues = expenditures). The **Proposed Budget** is submitted to the Board for approval prior to the start of the subsequent fiscal year.

The FY27 Proposed Budget was prepared with the following assumptions:

- State Appropriations as recommended in the Governor’s Budget passed in May.
- Zero Tuition Increases (Any approved FY27 Tuition increases will be incorporated into the FY27 October Budget).
- Expected enrollment fluctuations.
- FY27 salary pool & benefit increases distributed by function and classification in the general orgs for distribution once approved.

The University of Memphis FY2027 proposed budget revenues total \$679.8M. This total reflects revenue increases of \$33.6M from the FY2026 proposed budget approved June 2025.

FY2027 v FY2026 Proposed Budget Total Revenues by Fund Type (\$ Millions)				
Fund Type	2026	2027	Variance	
			\$	%
Educational & General (E&G)	\$ 455.8	\$ 464.2	\$ 8.4	1.8%
Auxiliary Units	37.9	42.0	4.1	10.9%
Total Unrestricted	\$ 493.7	\$ 506.2	\$ 12.5	2.5%
Restricted (Gifts, Grants, and Contracts)	152.5	173.6	21.1	13.8%
Total Unrestricted and Restricted	\$ 646.2	\$ 679.8	\$ 33.6	5.2%

Unrestricted E&G Revenues

Unrestricted Education and General funds (E&G) support the core operations of the university: instruction, research, public service, academic support, student services, institutional support, facilities operations, maintenance, scholarships, and fellowships. These operations are funded primarily through tuition, student fees, state appropriations, and other sources including gifts, grants/contracts, sales and services, and other miscellaneous revenues.

The E&G revenue increases from FY26 Proposed Budget to FY27 Proposed Budget is a result of:

- \$5.5M in State appropriation increases due to \$5.7M increase to FY27 State funding offset by the decreased OPEB funding recorded in Oct Revised Budget
- \$2.8M Increase due to increases in University Campus Schools revenues

Auxiliaries & Restricted

Auxiliaries are self-supporting enterprises, which furnish services to students, faculty, and staff, such as housing, bookstore, parking, and food services. The increase in Auxiliary revenues was a result of FY27 housing rate increases and the new housing facility coming online in Fall 2026.

Restricted funds must be used in accordance with purposes established by an external party, primarily grants, contracts, gift funds and endowments. Restricted revenues have increased based on estimated FY27 activity.

Estimated (Final) Budget

The final budget submitted for each fiscal year is the **Estimated Budget**. This budget includes carryforward balances from prior years that represents available resources at the departmental level. Although these funds are available, we do not anticipate that all resources will be spent in the current fiscal year. The Estimated budget also includes final adjustments to the current year budget and is the budget against which final year-end actual amounts are compared. It is prepared, submitted, and considered by the Board of Trustees at the same time as the **Proposed Budget** for the upcoming fiscal year.

The FY2026 estimated operating budget reflects changes that have occurred since the revised budget was finalized in Fall 2025. Estimated total revenues are \$710.6M, an overall 1.0% increase over the revised budget.

FY2026 Revised v Estimated Budget Total Revenues by Fund Type (\$ Millions)				
Fund Type	Revised	Estimated	Variance	
			\$	%
Educational & General (E&G)	\$ 484.6	\$ 492.2	\$ 7.6	1.6%
Auxiliary Units	37.7	38.2	0.5	1.2%
Total Unrestricted	\$ 522.3	\$ 530.4	\$ 8.1	1.5%
Restricted (Gifts, Grants, and Contracts)	181.2	180.2	(1.0)	(0.6%)
Total Unrestricted and Restricted	\$ 703.5	\$ 710.6	\$ 7.1	1.0%

- Educational and General (E&G) revenue increases of \$7.6M is primarily a result of increased earnings on University Investments and increases to Departmental UofM Foundation gift revenues
- Auxiliary revenues decreased by \$0.5M as a result of adjustments for Meal Plans, Housing & University Service Court revenues to reflect actuals
- Restricted revenues reflect FY26 actual grant activity

Proposed 2026-27 Operating Budget

University of Memphis
FY26 & FY27 Proposed Revenue & Expenditure Budget

	Proposed FY 2026	Proposed FY 2027	Variance	
Revenues				
Educational & General				
Tuition and Fees	\$ 195,238,000	\$ 195,205,200	\$ (32,800)	0.0%
State Appropriations	185,837,600	191,318,000	5,480,400	2.9%
Unrestricted Grants, Contracts, & Gifts	35,100,600	37,273,800	2,173,200	6.2%
Sales and Services	34,564,500	34,956,200	391,700	1.1%
Other	5,100,000	5,400,000	300,000	5.9%
Total Educational & General	455,840,700	464,153,200	8,312,500	1.8%
Auxiliary	37,924,200	42,042,400	4,118,200	10.9%
Restricted	152,472,200	173,571,800	21,099,600	13.8%
Total Revenues	\$ 646,237,100	\$ 679,767,400	\$ 33,530,300	5.2%
Expenditures				
Educational & General				
Instruction	\$ 151,707,500	\$ 152,994,800	\$ 1,287,300	0.8%
Research	57,296,300	55,822,100	(1,474,200)	-2.6%
Public Services	4,238,400	4,189,700	(48,700)	-1.1%
Academic Support	46,334,800	50,380,900	4,046,100	8.7%
Student Services	67,776,700	69,107,800	1,331,100	2.0%
Institutional Support	38,068,500	39,131,300	1,062,800	2.8%
Operation & Maintenance	44,663,700	47,546,700	2,883,000	6.5%
Scholarships & Fellowships	31,089,200	30,839,300	(249,900)	-0.8%
Transfers	14,665,600	14,140,600	(525,000)	-3.6%
Total Educational & General	455,840,700	464,153,200	8,312,500	1.8%
Auxiliary	37,924,200	42,042,400	4,118,200	10.9%
Restricted	152,472,200	173,571,800	21,099,600	13.8%
Total Expenditures and Transfers	\$ 646,237,100	\$ 679,767,400	\$ 33,530,300	5.2%

The FY27 Proposed Budget is balanced and within available resources.

University of Memphis
Recap of FY26 Proposed to FY27 Proposed Revenue & Expenditure Changes

Revenue Changes from FY26 Proposed Budget to FY27 Proposed Budget

Tuition & Fees	\$ (32,800)	Decrease is net of approved FY26 tuition increases and FY26 enrollment declines and projected FY27 enrollment declines
State Appropriations	5,480,400	Net impact of FY27 State appropriations increases to include Outcomes funding, Salary pool, and Health Insurance increases
Unrestricted Grants, Contracts, & Gifts	2,173,200	Increase is due to increased University Campus Schools revenues
Sales & Services	391,700	Increase is due to increased Athletics revenues
Other Revenues	300,000	Increase is due to increased investment income
Auxiliary	4,118,200	Increase is net of FY27 housing rate increase and a new housing facility coming online Fall 2026
Restricted	21,099,600	Increase is based on FY27 estimated grants/restricted activity
Total Revenue Change	\$ 33,530,300	

Expenditure Changes from FY26 Proposed Budget to FY27 Proposed Budget

Instruction	\$ 1,287,300	Increase is net of distribution of the planned FY27 Salary Pool, associated benefit increases, FY26 budget reductions, FY26 central budget allocations, shifts from Instruction to Research/Public Service for Faculty Salary Splits, GA stipends/waivers, travel, operating, as well as benefit shifts due to staffing levels
Research	(1,474,200)	Decrease is net of distribution of the planned FY27 Salary Pool, associated benefit increases, FY26 budget reductions, FY26 central budget allocations, shifts from Instruction to Research/Public Service for Faculty Salary Splits, GA stipends/waivers, travel, operating, as well as benefit shifts due to staffing levels
Public Service	(48,700)	Decrease is net of distribution for the planned FY27 Salary Pool, associated benefit increases, FY26 central budget allocations and benefit shifts due to staffing levels
Academic Support	4,046,100	Increase is due to the planned FY27 Salary Pool, associated benefit increases, FY26 central budget allocations, and benefit shifts due to staffing levels
Student Services	1,331,100	Increase is net of the planned FY27 Salary Pool, associated benefit increases, FY26 central budget allocations, and benefit shifts due to staffing levels
Institutional Support	1,062,800	Increase is net of the planned FY27 Salary Pool, associated benefit increases, FY26 central budget allocations, and benefit shifts due to staffing levels
Operation & Maintenance	2,883,000	Increase is net of the planned FY27 Salary Pool, associated benefit increases, FY26 central budget allocations, and benefit shifts due to staffing levels
Scholarships and Fellowships	(249,900)	Decrease is net of adjustments due to enrollment declines and scholarship increases related to FY26 tuition increase
Transfers	(525,000)	Transfer to R&R
Auxiliary	4,118,200	Increase is net of FY27 housing rate increase and a new housing facility coming online Fall 2026
Restricted	21,099,600	Increase is based on FY27 estimated grants/restricted activity
Total Expenditure Change	\$ 33,530,300	

Estimated (Final) 2025-26 Operating Budget

University of Memphis
Revised FY26 & Estimated FY26 Revenue & Expenditure Budget

	Revised FY 2026	Estimated FY 2026	Variance	
Revenues				
Educational & General				
Tuition and Fees	\$ 198,736,200	\$ 197,936,300	\$ (799,900)	-0.4%
State Appropriations	185,763,000	185,763,000	-	0.0%
Unrestricted Grants, Contracts, & Gifts	57,669,500	60,073,000	2,403,500	4.2%
Sales and Services	37,304,400	39,252,600	1,948,200	5.2%
Other	5,100,000	9,200,000	4,100,000	80.4%
Total Educational & General	484,573,100	492,224,900	7,651,800	1.6%
Auxiliary	37,724,200	38,166,500	442,300	1.2%
Restricted	181,161,400	180,161,400	(1,000,000)	-0.6%
Total Revenues	\$ 703,458,700	\$ 710,552,800	\$ 7,094,100	1.0%
Expenditures				
Educational & General				
Instruction	\$ 171,520,000	\$ 165,984,800	\$ (5,535,200)	-3.2%
Research	81,691,000	84,345,400	2,654,400	3.2%
Public Services	6,307,600	7,234,000	926,400	14.7%
Academic Support	57,038,400	58,900,800	1,862,400	3.3%
Student Services	102,756,300	113,145,300	10,389,000	10.1%
Institutional Support	42,207,800	43,204,600	996,800	2.4%
Operation & Maintenance	48,273,500	51,759,200	3,485,700	7.2%
Scholarships & Fellowships	31,985,400	31,985,600	200	0.0%
Transfers	19,261,700	19,389,200	127,500	0.7%
Total Educational & General	561,041,700	575,948,900	14,907,200	2.7%
Auxiliary	37,724,200	46,719,500	8,995,300	23.8%
Restricted	181,161,400	180,161,400	(1,000,000)	-0.6%
Total Expenditures and Transfers	\$ 779,927,300	\$ 802,829,800	\$ 22,902,500	2.9%

*The Revised and Estimated Expenditure Budgets include all unrestricted resources available including current year revenues as well as one-time activities and resources available from prior year operations.

The FY26 Estimated budget is within available resources and complies with all applicable policies and guidelines.

University of Memphis
Recap of FY26 Revised to FY26 Estimated Revenue & Expenditure Changes

Revenue Changes from FY26 Revised Budget to FY26 Estimated Budget

Tuition & Fees	\$ (799,900)	Decrease is due to Tuition & Fee adjustments for Spring enrollment
State Appropriations	-	No change
Unrestricted Grants, Contracts, & Gifts	2,403,500	Increase is due to Departmental UofM Foundation Gift revenues processed after the October budget
Sales & Services	1,948,200	Increase due to Departmental revenue adjustments
Other Revenues	4,100,000	Adjusted investment income revenue for anticipated FY26 activity
Auxiliary	442,300	Adjustments for Meal Plans, Housing & University Services Court to reflect actuals
Restricted	(1,000,000)	Revenue adjustments to reflect current year Scholarship & Grant activities
Total Revenue Change	\$ 7,094,100	

Expenditure Changes from FY26 Revised Budget to FY26 Estimated Budget

Instruction	\$ (5,535,200)	Net of budget allocations distributed after October Budget; Faculty Research Effort Change adjustments; Faculty salary splits to grants & research, UM Foundation support for departmental operations & benefit reallocations based on staffing levels
Research	2,654,400	Faculty salary splits from instruction, one-time cost shares / startup funds, UM Foundation support for departmental operations and benefit reallocations based on staffing levels
Public Service	926,400	Net of budget allocations processed after October budget and benefit reallocations based on staffing levels
Academic Support	1,862,400	Increase in budget allocations for GA expenditures, computer allocations, UM Foundation support for departmental operations and benefit reallocation based on staffing levels
Student Services	10,389,000	Net of prior year carryforward funds, budget allocations processed after the October budget, UM Foundation support for departmental operations, Salary lapse sweeps and benefit reallocations based on staffing levels
Institutional Support	996,800	Net of budget allocations processed after October budget, salary lapse sweeps and benefit reallocations based on staffing levels
Operation & Maintenance	3,485,700	Net of budget allocations processed after October budget, salary lapse sweeps and benefit reallocations based on staffing levels
Scholarships and Fellowships	200	Adjusted budgets to FY26 projected award levels.
Transfers	127,500	Increase in transfer to Unexpended Plant for improvement project
Auxiliary	8,995,300	Net of transfer to R&R, adjustments for Meal Plans, Housing & University Services Court to reflect actuals
Restricted	(1,000,000)	Revenue adjustments to reflect current year Scholarship & Grant activities
Total Expenditure Change	\$ 22,902,500	

9. FY27 Tuition & Fees Recommendation

For Approval

Presented by Rene Bustamante

FY27 Tuition Recommendation

Finance & Audit Committee

Rene Bustamante

Executive Vice-President, Chief Operating & Financial Officer

June 3, 2026

University of Memphis Lambuth Campus



THE UNIVERSITY OF
MEMPHIS

June 2026 Finance & Audit Committee

Board of Trustees

9. FY27 Tuition & Fees Recommendation

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- **FY27 State Appropriations – limited new funding**
- **FY27 Enrollment Assumptions**
- **FY27 Tuition/USF Increase Options (THEC Binding Range 0% - 4.5%)**

THEC Binding Tuition Ranges

- The Focus Act (TCA 49.7.1601) requires Tennessee Higher Education Commission (THEC) make student fee and state appropriation recommendations concurrently.
- Numerous factors impact the tuition recommendation, including student affordability and financial aid, institutional revenues and cost inflation.
- Efforts to mitigate the financial effect on students: UofM has implemented multiple tuition & fee structure changes to keep overall cost of education as low as possible for our Tennessee resident students while remaining competitive with our national peers.
- UofM has funded tuition & fee restructures with FY22 and FY20 Tuition increases, no new revenues to allocate.

Fiscal Year	THEC Binding Range	UofM Increase (Tuition & Mandatory Fees)
FY27 (Proposed)	0.0% - 4.5%	4.48%
FY26	0.0% - 6.5%	4.92%
FY25	0.0% - 5.5%	3.71%
FY24	0.0% - 3.0%	2.86%
FY23	0%	-
FY22	0.0% - 2.0%	1.45%
FY21	0.0% - 2.0%	-
FY20	0.0% - 2.5%	2.18%
FY19	0.0% - 3.0%	-

Statewide Instate Tuition Rates & Increases



Total Undergraduate In State Tuition and Mandatory Fees													
		<i>AY20-21</i>	<i>% Incr</i>	<i>AY21-22</i>	<i>% Incr</i>	<i>AY22-23</i>	<i>% Incr</i>	<i>AY23-24</i>	<i>% Incr</i>	<i>AY24-25</i>	<i>% Incr</i>	<i>AY25-26</i>	<i>% Incr</i>
Austin Peay State University	APSU	8,627	0.0%	8,761	1.6%	8,761	0.0%	9,023	3.0%	9,384	4.0%	9,852	5.0%
East Tennessee State University	ETSU	9,491	0.0%	9,674	1.9%	9,674	0.0%	9,950	2.9%	10,472	5.2%	10,994	5.0%
Middle Tennessee State University	MTSU	9,424	0.0%	9,592	1.8%	9,592	0.0%	9,878	3.0%	10,396	5.2%	11,071	6.5%
Tennessee State University	TSU	8,183	0.0%	8,335	1.9%	8,335	0.0%	8,571	2.8%	8,981	4.8%	9,438	5.1%
Tennessee Technological University	TN Tech	10,338	10.9%	10,522	1.8%	10,522	0.0%	10,830	2.9%	11,376	5.0%	11,926	4.8%
University of Memphis	UofM	9,912	0.0%	10,056	1.5%	10,056	0.0%	10,344	2.9%	10,728	3.7%	11,256	4.9%
University of Tennessee-Chattanooga	UTC	9,656	0.0%	9,848	2.0%	9,848	0.0%	10,144	3.0%	10,462	3.1%	10,762	2.9%
University of Tennessee-Knoxville	UTK	13,264	0.0%	13,244	-0.2%	13,244	0.0%	13,484	1.8%	13,812	2.4%	13,876	0.5%
University of Tennessee-Martin	UTM	9,748	0.0%	9,912	1.7%	9,912	0.0%	10,208	3.0%	10,566	3.5%	10,824	2.4%
University of Tennessee-Southern	UTS			10,200		10,200	0.0%	10,506	3.0%	10,924	4.0%	11,264	3.1%
Univ. Avg		9,849		10,014		10,014		10,294		10,710		11,126	

Proposed Tuition & Mandatory Fee Increase	Annual Increase		
	Instate	OOS	Int'l
Undergraduate Tuition	4.48% \$504	4.35% \$846	4.05% \$1,026
Graduate Tuition	2.80% \$380	3.17% \$580	3.39% \$780
Law Tuition	2.62% \$550	3.05% \$814	3.30% \$1,034

Note:

Undergraduate based on 15 CH/semester

Graduate based on 10 CH/semester

Law based on 11 CH/semester

- Resulting net tuition and fees revenue is projected to be \$6.9M (\$5.6M from tuition and \$1.3M from mandatory fees)
- The tuition increase has a corresponding expense increase to scholarships of \$100K
- The result is a net impact of \$6.8M
- Mandatory fees support areas are reliant on fee revenues to continue providing excellent student services in a time of rising costs
- The proposed tuition & fee increase will be used to fund inflationary cost increases for software and operations, utilities and insurance, infrastructure for new buildings, technology infrastructure, and scholarships

- Proposed 2026-27 Tuition and Mandatory Fee rates

Questions?

The University of Memphis Board of Trustees

Recommendation

For Approval

Date: June 3, 2026

Committee: Finance and Audit Committee

Presentation: FY27 Tuition and Mandatory Fee Increases

Presented by: Rene Bustamante, Executive Vice-President, Chief Operating & Financial Officer

Background:

The University must evaluate certain criteria when considering an increase in tuition and mandatory fees. Those criteria include:

- Level of state support.
- Tennessee Higher Education Commission (THEC) binding tuition & mandatory fee ranges
- Total cost of attendance.
- Efforts to mitigate the financial effect on students.
- Other factors affecting the university's financial stability such as projected student enrollment, university enrollment goals, and critical priorities & values as defined in the University strategic plan

The binding range for undergraduate in-state tuition and mandatory fees for fiscal year 2026-27 is zero to four and a half percent as enacted at the Spring THEC meeting.

UofM is proposing the following tuition and mandatory fee increases listed below:

Proposed Tuition & Mandatory Fee Increase	Annual Increase		
	Instate	OOS	Int'l
Undergraduate Tuition	4.48% \$504	4.35% \$846	4.05% \$1,026
Graduate Tuition	2.80% \$380	3.17% \$580	3.39% \$780
Law Tuition	2.62% \$550	3.05% \$814	3.30% \$1,034

A five-year history of UofM’s in-state undergraduate student tuition/maintenance and mandatory fees is presented below in comparison to Tennessee Locally Governed Institutions (LGIs) and the University of Tennessee System:

Total Undergraduate In State Tuition and Mandatory Fees											
		<i>AY21-22</i>	<i>% Incr</i>	<i>AY22-23</i>	<i>% Incr</i>	<i>AY23-24</i>	<i>% Incr</i>	<i>AY24-25</i>	<i>% Incr</i>	<i>AY25-26</i>	<i>% Incr</i>
Austin Peay State University	APSU	8,761	1.6%	8,761	0.0%	9,023	3.0%	9,384	4.0%	9,852	5.0%
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University of Tennessee-Southern	UTS	10,200		10,200	0.0%	10,506	3.0%	10,924	4.0%	11,264	3.1%
Univ. Avg		10,014		10,014		10,294		10,710		11,126	

Motion to be Made:

For FY27, the Finance and Audit Committee recommends approval for the proposed tuition and mandatory fee increases as presented in the meeting materials.

10. President's Review & Evaluation

For Approval

Presented by Robert Carter

The University of Memphis Board of Trustees

Recommendation for Approval

Date: June 3, 2026

Committee: Finance & Audit Committee

Presentation: President's Review and Evaluation

Presented by: Chairman Rob Carter

Background: According to the Presidential Review and Evaluation Policy, the Board of Trustees will evaluate the University President on an annual basis. The evaluation period will be April through March, and the results will be presented during the June Board meeting. The Board Chair will provide a recommendation on the overall performance of the President, as well as any compensation adjustments and/or other necessary terms of employment to the Finance & Audit Committee. The Finance & Audit Committee shall approve or modify the Chair's assessment of the President's performance, the President's proposed goals for the next evaluation cycle, and 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.

Motion to be Made: The Finance & Audit Committee recommends a motion to approve the Chairman's review and evaluation of the President.

11. Additional Business

Presented by David McKinney

12. Adjournment

Presented by David McKinney