

# June 2025 Finance & Audit Committee










**Schedule**














Wednesday, June 4, 2025 9:45 AM — 10:45 AM CDT

**Organizer**

Colton Cockrum

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## 14. Adjournment

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Presented by David McKinney

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# 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 March 5, 2025 Committee Meeting Minutes and April 7 Special Called Meeting Minutes

For Approval

Presented by David McKinney

**University of Memphis Board of Trustees**

**Finance & Audit Committee**

**March 5, 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 Khokhar, Springfield, Marchetta, Carter, and McKinney were in attendance in person. Trustee Roberts was in attendance virtually. She stated she was alone and could hear. 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 December 4, 2024**

Trustee McKinney called for a motion and a second to approve the meeting minutes from December 4, 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: Summary of Internal Audit Reports Issued**

Trustee McKinney recognized Chief Internal Auditor, Angela Ross.

Ms. Ross explained that two reports were issued. One was a consultant report with one recommendation made based on three observations found when looking at the School of Communication Science and Disorder. The second review was a data security review, NACHA-WEB with no issues to report.

**Agenda Item 5: Audit Issue Follow-Up**

Ms. Ross explained that there was a list of actions plans included in this follow up as it relates to Lab Safety. She noted that an extension was granted to three of the items due to a significant change in leadership that will be looked at again by the UofM Audit team in April 2025.

### **Agenda Item 6: Summary of Investigations Resolved**

Ms. Ross explained that two investigations were resolved since December 2024 led by the UofM HR organization with support of the UofM Audit Team.

### **Agenda Item 7: External Audit Reports**

Ms. Ross explained that as a part of the GE2016 External Audit and Review Policy there is a requirement to make the board aware when audits have been performed. She noted four that were conducted by independent external CPA firms. Regarding The Herff Trust, CBIZ CPA independent auditor's opinion stated that the financial statements presented fairly in all material respects and did not identify any deficiencies in internal control. Regarding The University of Memphis Foundation, Ms. Ross explained that CBIZ CPA independent auditor's opinion stated that the financial statements presented fairly in all material respects and did not identify any deficiencies in internal control. Regarding The University of Memphis Research Foundation, Watkins Uiberall, PLLC independent auditor's opinion stated that the financial statements presented fairly in all material respects and did not identify any deficiencies in internal control. Regarding Auxiliary Services Foundation (ASF), ATA, PLLC independent auditor's opinion stated that the financial statements presented fairly in all material respects but did identify certain deficiencies in internal control they consider to be material weaknesses. Ms. Ross explained that a recommendation was provided, and the foundation is working to resolve.

Trustee Marchetta commented that it might be worthwhile to discuss how ASF would not be in this same situation for the next audit. Chief Auditor Ross, recognized UofM COO/CFO, Rene Bustamante to comment. Mr. Bustamante explained that due to significant changes in leadership there may have been missteps but there is an action plan in place to mitigate and ensure all bases are covered for the next audit.

### **Agenda Item 8: Internal Audit and Consultant Client Satisfaction Survey 2024**

Ms. Ross explained that during February 2025, feedback was solicited via a Client Satisfaction Survey that was distributed to 112 faculty and staff-audit clients, employees involved in investigations, and others who worked with Internal Audit or received Internal Audit communications during 2024. There was a 91% overall satisfaction rate.

Trustee McKinney commented that the Audit team provides great transparency. He commended the committee on its urgent response to irregularities with responsive systems to move forward.

### **Agenda Item 9: FY2024 Annual Financial Audit Report**

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

Mr. Bustamante explained that the University's operations was audited by the Division of State Audit under the Office of the State Comptroller. The final audit was released February 25, 2025, with results of unmodified clean audit opinions for the University as well as UM Foundation, Auxiliary Services Foundation, UM Research Foundation, and Herff Trust.

Mr. Bustamante explained that the Composite Financial Index (CFI) Trend as of Fiscal Year 2024 represents that the University of Memphis is in a relatively strong financial position with a CFI score of 6.43 and continues to improve in measurements.

Trustee Springfield commented that the board appreciates the transparency associated with all of the entities that make up the University.

Trustee McKinney commented that to see the liability decrease and revenue and assets increase is testament to the leadership that the UofM Executive team provides.

### **Agenda Item 10: Annual Risk Assessment Process**

Trustee McKinney recognized Executive Director of Safety, Business Continuity and Risk Management, Mark Heath.

Mr. Heath summarized that overall, there were five key objectives for the 2025 Annual Assessment Process: (1) reaffirm with process owners that identified risks aligned with University Strategic Plan; (2) evaluate current risk trends; (3) identify potential threats; (4) review, update, or add evidence of controls for active response risks; (5) provide assurance to the State of TN on the effectiveness of how risk is managed which was done via the Financial Integrity Letter submitted in December 2024 by President Hardgrave.

Mr. Heath explained that the goal of risk management is not to only maintain to compliance with state law and other regulations, but to overall, strengthen risk management accountabilities by applying the 3-D line of reinforcement: Operational Management; Risk Management and Compliance Functions; Internal Audit being more proactive than reactive to manage overall effectiveness.

Trustee Springfield questioned if anyone could speak to the leadership team providing effective challenges to each other to improve risk management for the betterment of the organization. Mr. Heath explained the leadership team is proactive and transparent with each other to address potential issues and threats.



Trustee McKinney added that he is encouraged by the make up of the leadership team and their experiences that could allow for more transparency and candid discussion.

Trustee Marchetta added that the risk management team has matured and has introduced many best practices under Mr. Heath's leadership.

#### **Agenda Item 11: Capital Budget Request**

Trustee McKinney recognized Chief University Planning Officer, Tony Poteet.

Mr. Poteet explained that the University of Memphis submits annual requests to the State of TN through THEC and Finance Administration for major projects in Capital Outlay and Capital Maintenance.

He explained that Capital Outlay consists of a five-year Plan with the first priority project listed as Research Modernization for \$75mil with a 6% match as required that affects all STEM related facilities on campus. Mr. Poteet explained that projects 2 and 3 are requests for new buildings on campus. He explained that projects 4 and 5 are longer term research renovation projects to increase specialized research space.

President Hardgrave made a point of clarification that this capital outlay is essentially a 'wish list' except for project item 1 which has been budgeted in the State's budget as explained by Mr. Poteet.

Mr. Poteet further explained the Research Modernization that the project would modernize 115,000 square feet of space to support the sciences and improve labs and support space that will promote excellence in post-baccalaureate training, undergraduate education, and research.

Mr. Poteet explained the Capital Maintenance projects are funded with 13% of the State's Capital Maintenance budget due to THEC's calculations. Projects include HVAC replacement in various buildings on campus, roof replacement, brick repairs, and window replacements.

Trustee McKinney commented that this is a wish list for the university where needs are prioritized based on the economic realities.

Trustee McKinney opened the floor for discussion.

Trustee Marchetta commented that there is a value in having this list because it shows what is needed and what is in the future.

Trustee McKinney called for a motion and second to approve the Capital Budget Request for Fiscal Year 2026-27 as detailed in the meeting materials. The motion was made by Trustee Springfield and properly seconded.

Secretary Cockrum called for a vote. And the motion carried.

#### **Agenda Item 12: Additional Business**

There was no additional business. Trustee McKinney highlighted the next meeting taking place June 4, 2025.

#### **Agenda Item 13: Adjournment**

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

Chairman Johnson declared the conclusion of committee reports and move to executive session.

## **University of Memphis Board of Trustees**

### **Finance & Audit Committee**

**April 7, 2025**

### **Meeting Minutes**

#### **Agenda Item 1: Call to Order and Opening Remarks**

Trustee McKinney called the meeting to order.

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

Trustee McKinney requested a roll call. Secretary Cockrum called the roll. Trustees McKinney, Carter, Marchetta, and Khokhar were present virtually via Microsoft Teams. A quorum was declared. Additional trustees were recognized who were attending virtually as well. Those trustees included Trustee North and Chairman Johnson. All trustees stated that they could hear and were alone.

#### **Agenda Item 3: Kimball Property Acquisition**

Trustee McKinney explained that the next agenda item was the Kimball Property Acquisition. He stated that the University of Memphis is being gifted the property at 3749 Kimball Avenue for the purpose of utilizing the site as a University School. The property is in the Sherwood Forest Neighborhood 1.8 miles South of the Main UofM Campus, and 1 mile West of the South Campus. It currently functions as a private school campus for 132 students, with capacity for 228. The site is operational and is in very good condition, including a recent \$3 million facility upgrade. This acquisition has been added to the amended campus master plan and is aligned with the 10-year strategic expansion plan for University Schools. University Schools currently has a 2,000 student waitlist, and this property acquisition will allow for the district to address local need for the most highly sought after grade bands. Students matriculating from this campus would receive priority enrollment at University Middle School.

Trustee McKinney called for a motion and second to a motion to approve the property acquisition and amended campus master plan as detailed in the meeting materials.

Trustee Carter asked a question regarding the security of the new school location. Trustee McKinney yielded the floor to Dr. Parish to address this issue. Dr. Parish stated that they have been able to tour the facility with university police and that the property is fully fenced and gated. She stated that they felt confident in keeping the children and staff safe.

Trustee McKinney made a statement regarding capacity. He mentioned that the University Schools has a 2000 student waitlist. He mentioned that this school would help alleviate that waitlist and that students at the Campus School Kimball location would be given priority for the University Middle School.

Trustee Edwards asked Dr. Parish about existing faculty and her plans for staffing that facility. Dr. Parish has had the opportunity to meet with existing faculty and some of those faculty are interested in staying at that site. Dr. Parish also mentioned that they have interviewed outstanding educators. They are also launching a fellowship program where Campus School faculty can apply to come to the new site and implement the Campus School model.

Trustee McKinney asked for any further discussion. Trustee McKinney asked for a motion and second. The motion was made by Trustee Carter and properly seconded. Secretary Cockrum called a roll call vote. And the motion carried.

#### **Agenda Item 12: Additional Business**

There was no additional business. Trustee McKinney highlighted the next meeting taking place June 4, 2025.

#### **Agenda Item 13: Adjournment**

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

## 4. Audit Issue Follow-up

Report

Presented by Angela Ross

# *Internal Audit Agenda Items*

## *Finance and Audit Committee*

*Angela Ross*

Associate Vice President and Chief Audit Executive

June 4, 2025

Jack Morris Ballroom, Lambuth Campus



**Board of  
Trustees**

## Presentation: Summary of Investigations Resolved

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
Referral from Academics Fraud, Waste, or Abuse Report Received	5/6/2024	Billing irregularities and lack of payment support	5/8/2024	24-011 (TN Comp ANTS 24-9582)	Investigation Complete, Internal Audit Memo and Management Letter Issued	No Evidence of Billing Irregularities. Opportunities with documentation retention and contract monitoring.	4/25/2025



## 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 June 2025)
12/31/2024	Lab Safety Audit FY2024	5/8/2024	Effective with the Opportunity for Improvement	Lab Safety 1	Improvement Needed in Identification of New Labs	Moderate = Requires Improvement	Bobby Clark, Director, Environmental Health & Safety	Complete
12/31/2024	Lab Safety Audit FY2024	5/8/2024	Effective with the Opportunity for Improvement	Lab Safety 2	Improvement Needed in Lab Safety Training Processes	Moderate = Requires Improvement	Bobby Clark, Director, Environmental Health & Safety	Complete
10/31/2024	Lab Safety Audit FY2024	5/8/2024	Effective with the Opportunity for Improvement	Lab Safety 4	Opportunity to Improve Student Lab Safety	Minor = Effective with the Opportunity for Improvement	Bobby Clark, Director, Environmental Health & Safety	Not Complete, Action Plan Estimated Completion Date Extended to 9/30/2025
6/30/2024	Fixed Asset Audit FY2023	4/25/2023	Effective with the Opportunity for Improvement	Fixed Assets (FY2023) 1	Lost or Stolen Property Communications	Minor = Effective with the Opportunity for Improvement	Shirley Ford, Assistant Vice President of Financial Accounting and Reporting & University Controller	Not Complete, Action Plan Estimated Completion Date Extended to 8/31/2025
6/30/2024	Fixed Asset Audit FY2023	4/25/2023	Effective with the Opportunity for Improvement	Fixed Assets (FY2023) 2	Insufficient Controls over Fixed Assets	Minor = Effective with the Opportunity for Improvement	Shirley Ford, Assistant Vice President of Financial Accounting and Reporting & University Controller	Not Complete, Action Plan Estimated Completion Date Extended to 8/31/2025



## Presentation: External Audit Report - Independent Accountants' Report on the Application of Agreed-Upon Procedures: Intercollegiate Athletics Programs

The Agreed-Upon Procedures evaluated compliance with the National Collegiate Athletic Association (NCAA) Bylaw 20.2.4.17 for the year ended June 30, 2024, and was performed by the Tennessee Comptroller of the Treasury's Division of State Audit.

- No opinion or conclusion was expressed on the statement of revenues and expenses or compliance with NCAA requirements.
- Adjustments or corrections were made by the University management for any exceptions identified by the State.

## 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 5, 2024, Board meeting. There were no revisions to the charter at that time. There are proposed recommended changes for the charter this year to better align with the new professional internal audit standards.

# Report: FY2026 Internal Audit Plan for Review and Approval

Audit universe is normally categorized by the following functional areas that include 33 audit entities:

- Academic
- Administrative
- Other

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

4. Audit Issue Follow-up

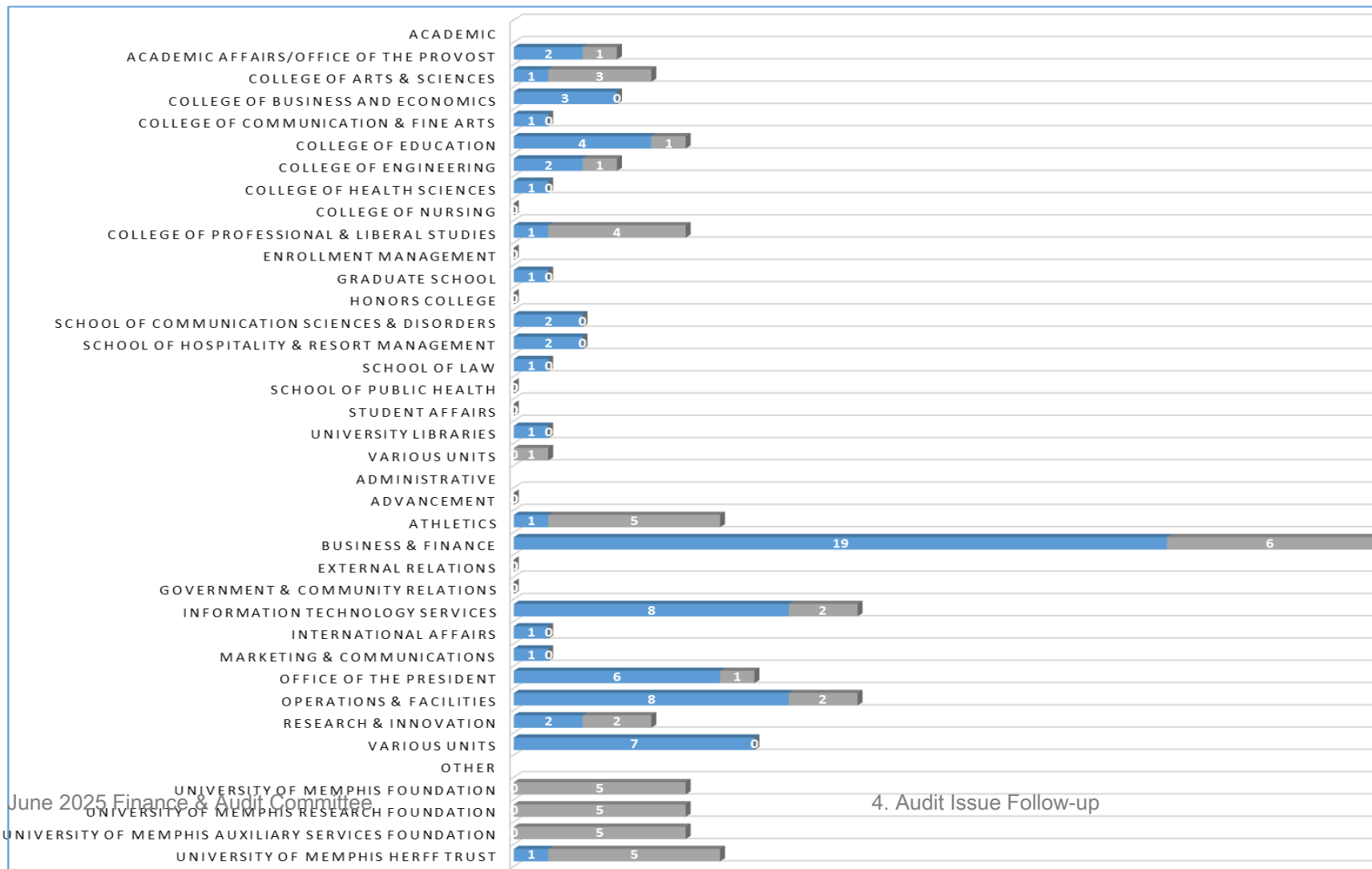
# Other Entities

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.

Other Entities Who Perform Audits and Reviews at the UofM	
TN Comptroller of the Treasury Division of State Audit	
TN Comptroller of the Treasury Division of Investigations	
TN Comptroller of the Treasury Information Systems Audits	
TN Comptroller of the Treasury Performance Audits	
Various State of TN Departments and Agencies	
Various State of TN Departments for Sponsored Program Review	
Various Federal Agencies for Sponsored Program Review	
Internal Revenue Service	
External Legal Experts	
External Certified Public Accounting Firms	
External Environmental Auditors	
External Subject Matter Experts	4. Audit Issue Follow-up

## 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 in the 33 UofM audit entities 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 FY2026 Proposed Audit Plan (about 62%) 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			
	FY2024	FY2025	FY2026
Audits	60%	54%	50%
Follow Up of Audit Issues	8%	6%	8%
Investigations	10%	20%	25%
Consulting/Advisory Role	10%	10%	12%
Audit Committee Projects & Administration	<u>12%</u>	<u>10%</u>	<u>5%</u>
Total	100%	100%	100%

# For Your Approval: University of Memphis Proposed Audit Plan & Allocation of Audit Resources – FY2026

University of Memphis

Audit Plan & Allocation of Audit Resources - FY 2026

PROPOSED

50%	<div>Audits</div> <div>Risk Based Audits</div> <div> <div>University Development Audit</div> <div>University Student Travel Expense Review</div> <div>Housing &amp; Residence Life Audit</div> <div>Contract Monitoring Controls Audit</div> </div> <div>Risk Based Information Technology Projects</div> <div> <div>IT Security Review - Department TBD</div> <div>Development of Oracle Reports for Auditors</div> </div> <div>Audits Required by Statutes</div> <div> <div>Annual audit of President's expenses</div> <div>Annual Quality Assurance Improvement Program assessment</div> </div> <div>Prior Year Audit Project Completion</div> <div> <div>Graduate School Financial and Compliance Audit</div> <div>IT Security Review - Department of Theatre and Dance</div> </div> <div>Audits Requested by Management</div> <div> <div>NACHA - WEB Transactions Data Security Audit</div> <div>State Audit FY2025 Year End Work (cash and inventory work for State Auditors at year end for external audit)</div> </div>
8%	<div>Follow-up of Past Audit Issues</div> <div>Internal Audit issues identified in past audits and as required by state statute</div>
25%	<div>Investigations/Participation on Complaint Triage Team</div>
12%	<div>Consulting and Advisory Role</div> <div> <div>Special Audit Requests, Consulting Projects, Assistance to Legal Counsel, Attorney Client Projects (as requested by Management)</div> <div>Advisory Role (advisory role on various committees and miscellaneous inquiries for assistance during the year)</div> </div>
5%	<div>Audit Committee Projects &amp; Administration</div>
4. Audit Issue Follow-up	
100%	



## Presentation: Annual Report of Grievance Activities – Support Staff Only

- The University is committed to providing a process for non-exempt support staff to seek prompt resolution to grievances without fear, restraint, interference, discrimination or reprisal. As required by TCA 49-8-117, we provide an annual report to the education committee of the senate and the education committee of the house of representatives summarizing grievance activities of the previous year.
- Grievance activity reports provided for review cover the periods of FY2023 (July 1, 2023 through June 30, 2024) as well as FY2025 to date (July 1, 2024 through May 1, 2025), and includes the grievances status and resolutions.



# Questions?

## **The University of Memphis Board of Trustees**

Presentation  
For Information

**Date:** June 4, 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. Date extensions were granted for three action plans at management's request.

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 June 2025)
12/31/2024	Lab Safety Audit FY2024	5/8/2024	Effective with the Opportunity for Improvement	Lab Safety 1	Improvement Needed in Identification of New Labs	Moderate = Requires Improvement	Bobby Clark, Director, Environmental Health & Safety	Complete
12/31/2024	Lab Safety Audit FY2024	5/8/2024	Effective with the Opportunity for Improvement	Lab Safety 2	Improvement Needed in Lab Safety Training Processes	Moderate = Requires Improvement	Bobby Clark, Director, Environmental Health & Safety	Complete
10/31/2024	Lab Safety Audit FY2024	5/8/2024	Effective with the Opportunity for Improvement	Lab Safety 4	Opportunity to Improve Student Lab Safety	Minor = Effective with the Opportunity for Improvement	Bobby Clark, Director, Environmental Health & Safety	Not Complete, Action Plan Estimated Completion Date Extended to 9/30/2025
6/30/2024	Fixed Asset Audit FY2023	4/25/2023	Effective with the Opportunity for Improvement	Fixed Assets (FY2023) 1	Lost or Stolen Property Communications	Minor = Effective with the Opportunity for Improvement	Shirley Ford, Assistant Vice President of Financial Accounting and Reporting & University Controller	Not Complete, Action Plan Estimated Completion Date Extended to 8/31/2025
6/30/2024	Fixed Asset Audit FY2023	4/25/2023	Effective with the Opportunity for Improvement	Fixed Assets (FY2023) 2	Insufficient Controls over Fixed Assets	Minor = Effective with the Opportunity for Improvement	Shirley Ford, Assistant Vice President of Financial Accounting and Reporting & University Controller	Not Complete, Action Plan Estimated Completion Date Extended to 8/31/2025



## 5. Summary Investigations Resolved

Report

Presented by Angela Ross

## The University of Memphis Board of Trustees

Presentation  
For Information

**Date:** June 4, 2025

**Committee:** Finance and Audit Committee

**Presentation:** Summary of Investigations Resolved

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

**Background:**

Reports were issued for one resolved 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
Referral from Academics Fraud, Waste, or Abuse Report Received	5/6/2024	Billing irregularities and inadequate payment support	5/8/2024	24-011 (TN Comp ANTS 24-9582)	Investigation Complete, Internal Audit Memo and Management Letter Issued	No Evidence of Billing Irregularities. Opportunities with documentation retention and contract monitoring.	4/25/2025





## 6. External Audit Report: NCAA Agreed Upon Procedures Report

Report  
Presented by Angela Ross

# The University of Memphis Board of Trustees

Presentation  
For Information

**Date:** June 4, 2025

**Committee:** Finance and Audit Committee

**Presentation Title:** External Audit Report - Report on the Application of Agreed-Upon Procedures to the University of Memphis' Intercollegiate Athletics Program Statement of Revenues and Expenses for the year ended June 30, 2024.

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

**Report Synopsis:**

The Report on the Application of Agreed-Upon Procedures to the University of Memphis' Intercollegiate Athletics Program Statement of Revenues and Expenses for the year ended June 30, 2024, is presented for your information according to the responsibilities for Internal Audit under UofM policy.

The Agreed-Upon Procedures evaluated compliance with the National Collegiate Athletic Association (NCAA) Bylaw 20.2.4.17 for the year ended June 30, 2024, and was performed by the Tennessee Comptroller of the Treasury's Division of State Audit. No opinion or conclusion was expressed on the statement of revenues and expenses or compliance with NCAA requirements. Adjustments or corrections were made by the University management for any exceptions identified by the State.



JASON E. MUMPOWER  
*Comptroller*

February 12, 2025

Dr. Bill Hardgrave, President  
The University of Memphis

Dear Dr. Hardgrave:

Transmitted herewith is the report on the results of certain agreed-upon procedures applied to the statement of revenues and expenses of the intercollegiate athletics programs at the University of Memphis.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Katherine J. Stickel'.

Katherine J. Stickel, CPA, CGFM, Director  
Division of State Audit

cc: Ms. Angela Ross  
Chief Audit Executive

Mr. Mike Batson  
Chief Audit Executive  
System-wide Internal Audit  
Tennessee Board of Regents



JASON E. MUMPOWER  
*Comptroller*

## Independent Accountants' Report on the Application of Agreed-upon Procedures

Dr. Bill Hardgrave, President  
The University of Memphis

We have performed the procedures enumerated below on the accompanying statement of revenues and expenses of the University of Memphis's Intercollegiate Athletics Programs for the year ended June 30, 2024. The institution's management is responsible for the statement of revenues and expenses (statement) and the statement's compliance with those requirements.

The University of Memphis's management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting you in evaluating the accompanying statement of revenues and expenses of the University of Memphis's Intercollegiate Athletics Program is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 20.2.4.17 for the year ended June 30, 2024. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Exceptions totaling no more than the lesser of \$25,000 or 10% of the line-item total to which an agreed-upon procedure has been applied are considered insignificant and have not been reported. The procedures that we performed, and our findings are as follows:

### Agreed-upon Procedures Related to the Statement of Revenues and Expenses

Procedure	Results
<ul style="list-style-type: none"><li>Obtain the summary of revenues and expenses for or on behalf of intercollegiate athletics programs for affiliated and outside organizations prepared by the institution. Recalculate the addition of the amounts on the summary and compare the summary information with the amounts on the statement.</li></ul>	Any significant differences found between the amounts reported and the amounts on the summary were corrected on the statement.

- Obtain the statement of revenues and expenses of the athletic programs and related notes for the year ended June 30, 2024, as prepared by management. Compare the amounts reported on the statement with the institution's general ledger.

We found significant differences (greater than \$25,000) between the amounts in the athletic accounts in the general ledger and the amounts on the statement. These were corrected on the attached statement.

### Revenues

- Compare and agree each operating revenue category reported in the statement during the reporting period to supporting schedules provided by the institution. If a specific reporting category is less than 4% of the total revenues, no other procedures were performed for that specific category.
- Compare and agree a sample of operating revenue receipts from the operating revenue supporting schedules to adequate supporting documentation.
- Compare each major revenue account over 10% of the total revenues to prior-period amounts and with budget estimates. Obtain and document management's explanation for any variations greater than 10%. Report the analysis as a supplement to the final Agreed-upon Procedures Report.
- Compare tickets sold during the reporting period, complimentary tickets provided during the reporting period, and unsold tickets to the related revenue reported by the institution in the statement and the related attendance figures and recalculate totals.
- Compare and agree student fees reported by the institution in the statement to student enrollments during the same reporting period and recalculate totals.

We found significant differences between the amounts in the athletic accounts in the general ledger and the amounts on the supporting schedules. These were corrected on the attached statement.

All line items requiring testwork were tested in other steps.

No exceptions noted. See the supplement to this report for this analysis.

No exceptions noted.

No exceptions noted.

- If the athletics department is reporting that an allocation of student fees should be countable as generated revenue, recalculate the totals of the department's methodology for supporting that it is able to count each sport. Agree the calculation to supporting documents such as seat manifests, ticket sales reports, and student fee totals.  
The institution does not report in this manner; therefore, this step was not performed.
- Compare direct state or other governmental support recorded by the institution during the reporting period with state appropriations, institutional authorizations, and/or other corroborative supporting documentation and recalculate totals.  
As the institution does not receive direct state or other governmental support, this step was not applicable.
- Compare the direct institutional support recorded by the institution during the reporting period with the institutional supporting budget transfers documentation and other corroborative supporting documentation and recalculate totals.  
No exceptions noted.
- Compare the transfers back to institution with permanent transfers back to institution from the athletics department and recalculate totals.  
No transfers back to institution were reported; therefore, this step was not performed.
- Compare the indirect institutional support recorded by the institution during the reporting period with expense payments, cost allocation detail, and other corroborative supporting documentation and recalculate totals.  
Any differences between indirect institutional support and related expense payments are due to expenses being paid directly with athletic funds instead of institutional funds. No exception was noted.
- Select a sample of settlement reports for away games during the reporting period and agree each selection to the institution's general ledger and/or the statement and recalculate totals.  
Revenues of this type did not exceed 4% of total revenues; therefore, this step was not performed.
- Select a sample of contractual agreements pertaining to revenues derived from guaranteed contests (including payments received due to game cancellations) during the reporting period and compare and agree each selection to the  
Revenues of this type did not exceed 4% of total revenues; therefore, this step was not performed.

institution's general ledger and/or the statement and recalculate totals.

- Any contributions of moneys, goods, or services received directly by an intercollegiate athletics program from any affiliated or outside organization, agency, or group of individuals (two or more) not included elsewhere (e.g., contributions by corporate sponsors) that constitutes 10% or more in aggregate for the reporting year of all contributions received for intercollegiate athletics during the reporting period shall be disclosed in the notes to the statement of athletics department revenue and expenses. Obtain and review supporting documentation for each contribution and recalculate totals.
- Compare the in-kind contributions recorded by the institution during the reporting period with a schedule of in-kind donations and recalculate the totals.
- Obtain and inspect agreements for the institution's total media rights as reported in the statement. Compare and agree the media rights revenues to a summary statement of all media rights identified, if applicable, and the institution's general ledger and recalculate the totals. Ledger totals may be different for total conference distributions if media rights are not broken out separately.
- Compare the amounts recorded in the revenue and expense reporting to general ledger detail for NCAA distributions and other corroborative supporting documents and recalculate totals.

No exceptions noted.

In-kind contributions were originally overstated by \$2,435,023.82 for contributions related to sponsorships. Once this was brought to management's attention, the statement was corrected and in-kind contributions no longer exceeded 4% of total revenues.

The institution did not report any revenues from media rights; therefore, this step was not applicable

No exceptions noted.

- Obtain and inspect agreements related to the institution's conference distributions and participation in revenues from tournaments during the reporting period. Compare and agree the related revenues to the institution's general ledger and/or statement and recalculate totals. No exceptions noted.
- Compare the amount recorded in the revenue reporting category to a general ledger detail of program sales, concessions, novelty sales, and parking as well as any other corroborative supporting documents and recalculate totals. Revenues of this type did not exceed 4% of total revenues; therefore, this step was not performed.
- Obtain and inspect agreements related to the institution's participation in revenues from royalties, licensing, advertisements, and sponsorships during the reporting period. Compare and agree the related revenues to the institution's general ledger and/or the statement and recalculate totals. Revenues from royalties, licensing, advertisements, and sponsorships were understated by \$2,435,023.82 for contributions originally reported as in-kind contributions. Once this was brought to management's attention, the statement was corrected.
- Inspect sports camp contract(s) between the institution and person(s) conducting institution sports camps or clinics during the reporting period. Obtain schedules of camp participants and select a sample of individual camp participant cash receipts from the schedule of sports camp participants. Agree each selection with the institution's general ledger and/or the statement and recalculate totals. The institution did not report any revenues for this line item; therefore, this step was not applicable.
- Obtain and inspect the institution's endowment agreements. Compare the classification and use of endowment and investment income reported in the statement during the reporting period to the uses of income defined within the related endowment agreement and recalculate totals. Revenues of this type did not exceed 4% of total revenues; therefore, this step was not performed.
- Obtain and inspect agreements related to the institution's revenues from post-season football bowl participation during the reporting period. Compare and agree the related revenues to the Revenues of this type did not exceed 4% of total revenues; therefore, this step was not performed.



institution's general ledger and/or the statement and recalculate totals.

### Expenses

- |   |   |
|---|---|
| <ul style="list-style-type: none"><li>• Compare and agree each operating expense category reported in the statement during the reporting period to supporting schedules provided by the institution. If a specific reporting category is less than 4% of the total expenses, no other procedures were performed for that specific category.</li></ul>   | No exceptions noted.  |
| <ul style="list-style-type: none"><li>• Compare and agree a sample of expenses from the operating expense supporting schedules to adequate supporting documentation.</li></ul>  | No exceptions noted.  |
| <ul style="list-style-type: none"><li>• Compare each major expense account over 10% of the total expense to prior-period amounts and with budget estimates. Obtain and document management's explanation for any variations greater than 10%. Report the analysis as a supplement to the final Agreed-upon Procedures Report.</li></ul>   | No exceptions noted. See the supplement to this report for this analysis. |
| <ul style="list-style-type: none"><li>• Select a sample of students from the listing of institutional student aid recipients during the reporting period. Data should be captured by the institution through the creation of a squad/eligibility list for each sponsored sport. Obtain individual student-account detail for each selection and reconcile the total athletic aid reported by the institution to the student-athlete's account detail in Compliance Assistance (CA) or the institution report that ties directly to the NCAA Membership Financial Reporting System. Confirm the information for each student selected was reported accurately in either the NCAA's CA software or entered directly into the NCAA Membership Financial Reporting System using the appropriate criteria. Recalculate totals.</li></ul> | No exceptions noted.  |

- Obtain and inspect visiting institution's away-game settlement reports received by the institution during the reporting period and agree related expenses to the institution's general ledger and/or the statement. Recalculate totals. Obtain and inspect contractual agreements pertaining to expenses recorded by the institution from guaranteed contests (including payments made due to game cancellations) during the reporting period. Compare and agree related amounts expensed by the institution during the reporting period to the institution's general ledger and/or statement. Recalculate totals.

Expenses of this type did not exceed 4% of total expenses; therefore, this step was not performed.

- Obtain and inspect a listing of coaches employed by the institution and related entities during the reporting period. Select a sample of coaches' contracts that must include football and men's and women's basketball from the listing. Compare and agree the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the institution and related entities in the statement during the reporting period. Obtain and inspect payroll summary registers for the reporting year for each selection. Compare and agree payroll summary registers from the reporting period to the related coaching salaries, benefits, and bonuses paid by the institution and related entities expense recorded by the institution in the statement during the reporting period. Compare and agree the totals recorded to any employment contracts executed for the sample selected and recalculate totals.

No exceptions noted.

- Obtain and inspect a listing of coaches employed by third parties during the reporting period. Select a sample of coaches' contracts that must include football and men's and women's basketball from the listing. Compare and agree the financial terms and conditions of each selection to the related coaching other

No coaches were employed by third parties during the reporting period; therefore, this step was not applicable.

compensation and benefits paid by a third party and recorded by the institution in the statement during the reporting period. Obtain and inspect reporting period payroll summary registers for each selection. Compare and agree related payroll summary register to the coaching other compensation and benefits paid by a third-party recorded by the institution in the statement during the reporting period. Recalculate totals.

- Select a sample of support staff/administrative personnel employed by the institution and related entities during the reporting period. Obtain and inspect reporting period summary payroll registers for each selection. Compare and agree related summary payroll register to the related support staff/administrative salaries, benefits and bonuses paid by the institution and related entities expense recorded by the institution in the statement during the reporting period. Recalculate totals.
- Select a sample of support staff/administrative personnel employed by third parties during the reporting period. Obtain and inspect reporting period payroll summary registers to the related support staff/administrative other compensation and benefits expense recorded by the institution in the statement during the reporting period. Recalculate totals.
- Select a sample of employees receiving severance payments by the institution during the reporting period and agree each severance payment to the related termination letter or employment contract and recalculate totals.
- Compare and agree the institution's recruiting policies to existing institutional- and NCAA-related policies. Obtain general ledger detail and compare to the total expenses reported and recalculate totals.

No exceptions noted.

No support staff/administrative personnel were employed by third parties during the reporting period; therefore, this step was not applicable.

No employees received severance payments during the reporting period; therefore, this step was not applicable.

Expenses of this type did not exceed 4% of total expenses; therefore, this step was not performed.

- Compare and agree the institution's team travel policies to existing institutional- and NCAA-related policies. Obtain general ledger detail and compare to the total expenses reported and recalculate totals.

No exceptions noted.

- Obtain a listing of debt service schedules, lease payments, and rental fees for athletics facilities for the reporting year. Compare a sample of facility payments including the top two highest facility payments to additional supporting documentation (e.g., debt financing agreements, leases, rental agreements). Compare amounts recorded to amounts listed in the general ledger detail and recalculate totals.

No exceptions noted.

#### **Additional agreed-upon procedures**

- Compare and agree the sports sponsored as reported in the NCAA Membership Financial Reporting System to the Calculation of Revenue Distribution Equivalencies Report from Compliance Assistance or other report that supports the equivalency calculations from the institution. Compare current year Grants-in-Aid revenue distribution equivalencies to prior year reported equivalencies per the Membership Financial Report submission.

Men's golf was reduced due to a student-athlete's removal mid-semester. Men's soccer and women's track added 5 new student athletes and three new student athletes, respectively. Men's track signed three student athletes who didn't attend school at the university. One student athlete transferred, thus reducing women's golf.

- Obtain the institution's Sports Sponsorship and Demographics Form submitted to the NCAA Research for the reporting year. Validate that the countable NCAA sports reported by the institution met the minimum requirement as set forth in the bylaws. Once the countable sports have been validated, ensure that the institution has properly reported these sports as countable for revenue distribution purposes within the NCAA Membership Financial Reporting System. Compare the current-year number of Sponsored Sports to the prior-year reported total.

No exceptions noted.

- For Pell grants, agree the total number of Division I student-athletes who, during the academic year, received a Pell grant award and the total value of these Pell grants reported in the NCAA Membership Financial Reporting System to a report, generated out of the institution's financial aid records, of all student-athlete Pell Grants. Compare the current-year Pell Grants total to the prior-year reported total per the Membership Financial Report submission.

No exceptions noted.

### Other reporting items

- Obtain general ledger detail and compare to the total expenses reported as excess transfers to institution or conference realignment expenses. Select a sample of transactions to validate the existence of the transaction and accuracy of recording. Recalculate totals.
- Obtain repayment schedules for all outstanding intercollegiate athletics debt during the reporting period. Recalculate annual maturities (consisting of principal and interest) provided in the schedules obtained. Agree the total annual maturities and total outstanding athletic debt to supporting documentation and the institution's general ledger, as applicable.
- Agree the total outstanding institutional debt to supporting documentation and the institution's audited financial statements (if available), or the institution's general ledger.
- Obtain a schedule of all athletics-dedicated endowments maintained by athletics, the institution, and affiliated organizations. Agree the fair value in the schedules to supporting documentation, the general ledger, and audited financial statements, if available.

The institution did not report any excess transfers to the institution or conference realignment expenses; therefore, this step was not applicable.

The amount on the statement, as originally reported, did not include the expenses related to SBITAs and, as a result, was understated by \$761,507.83. The statements were resubmitted by management and this error was corrected for our report

Total institutional debt as originally reported did not include leases or SBITAS, resulting in an understatement of \$11,675,266.38. The other reporting items were resubmitted by management, and this error was corrected for our report.

No exceptions noted.

- Agree the total fair value of institutional endowments to supporting documentation, the institution's general ledger, and/or audited financial statements, if available. An exception was noted because total institutional endowments, as originally reported, were overstated by \$5,179,121.07. Management resubmitted the other reporting items, and this error was corrected for our report.
- Obtain a schedule of athletics-related capital expenses made by athletics, the institution, and affiliated organizations during the reporting period. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate the existence of the transaction and accuracy of recording. Recalculate the totals. No exceptions noted.

We were engaged by the University of Memphis management to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accompanying statement of revenues and expenses of the University of Memphis's Intercollegiate Athletics Programs for the year ended June 30, 2024. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the University of Memphis and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the institution's management and is not intended to be and should not be used by anyone other than the institution's management.

Sincerely,



Katherine J. Stickel, CPA, CGFM, Director  
Division of State Audit  
February 12, 2025

University of Memphis  
Department of Intercollegiate Athletics  
Statement of Revenues and Expenses  
For the Year Ended June 30, 2024

	Football	Men's Basketball	Women's Basketball	Olympic Sports	Non-Program Specific	Total
<b>Revenues</b>						
Ticket sales	\$ 4,366,691.75	\$ 4,979,277.80	\$ 39,404.10	\$ 61,801.52	\$ 258,670.15	\$ 9,705,845.32
Student fees	-	-	-	-	7,186,560.71	7,186,560.71
Direct institutional support	-	-	-	-	17,580,486.72	17,580,486.72
Indirect institutional support	-	-	-	-	3,771,095.84	3,771,095.84
Indirect institutional support - athletic facilities	-	-	-	-	-	-
debt service, lease, and rental fees	-	-	-	-	269,917.46	269,917.46
Guarantees	653,030.00	-	20,000.00	-	-	681,530.00
Contributions	545,753.57	118,211.50	21,024.22	629,350.58	5,162,217.69	6,476,557.56
In-kind contributions	-	-	-	-	613,087.41	613,087.41
NCAA distributions	-	-	-	58,894.56	2,967,079.96	3,025,974.52
Conference distributions	-	-	-	-	7,756,957.23	7,756,957.23
Conference distributions of football bowl-generated revenues	650,000.00	-	-	-	-	650,000.00
Program, novelty, parking, and concession sales	1,069,215.07	485,224.05	1,560.00	-	-	1,555,999.12
Royalties, licensing, advertisements, and sponsorships	667,302.34	646,277.56	190,445.24	1,049,694.24	4,371,228.60	6,924,947.98
Athletics restricted endowment and investment income	9,343.00	65,998.00	-	37,474.67	1,253.00	114,068.67
Other operating revenues	583,541.67	-	-	57,868.66	69,849.22	711,259.55
Football bowl revenues	453,319.16	-	-	-	-	453,319.16
<b>Subtotal operating revenues</b>	<b>8,998,196.56</b>	<b>6,294,988.91</b>	<b>272,433.56</b>	<b>1,903,584.23</b>	<b>50,008,403.99</b>	<b>67,477,607.25</b>

University of Memphis Department of Intercollegiate Athletics Statement of Revenues and Expenses For the Year Ended June 30, 2024						
	Football	Men's Basketball	Women's Basketball	Olympic Sports	Non-Program Specific	Total
Expenses						
Athletic student aid	3,381,393.99	475,738.88	609,197.98	4,363,405.11	585,128.51	9,414,864.47
Guarantees	425,000.00	295,000.00	11,274.00	53,362.91	-	784,636.91
Coaching salaries, benefits, and bonuses paid by the university and related entities	5,962,648.45	3,459,584.03	753,390.81	3,428,524.03	-	13,604,147.32
Support staff/administrative compensation, benefits, and bonuses paid by the university and related entities	2,170,309.60	1,035,236.37	370,911.85	233,172.98	6,647,605.35	10,457,236.15
Recruiting	764,275.82	171,773.19	126,976.01	301,800.67	-	1,364,825.69
Team travel	1,241,759.97	1,784,175.01	1,387,740.34	1,950,877.05	-	6,364,552.37
Sports equipment, uniforms, and supplies	1,328,357.54	413,583.19	219,882.69	1,336,957.16	-	3,298,780.58
Game expenses	1,570,285.69	937,111.28	69,478.95	452,192.52	-	3,029,068.44
Fundraising, marketing, and promotion	-	88,301.33	-	-	666,294.19	754,595.52
Spirit groups	-	-	-	-	490,652.17	490,652.17
Athletic facilities debt service, leases, and rental fees	1,289,744.24	42,379.00	30,038.00	525,000.00	437,917.46	2,325,078.70
Direct overhead and administrative expenses	159,244.10	5,799.25	10,063.51	86,928.22	557,352.47	819,387.55
Indirect institutional support	-	-	-	-	3,771,095.84	3,771,095.84
Medical expenses and insurance	-	-	-	-	1,033,342.37	1,033,342.37
Membership and dues	9,925.63	767.26	4,710.00	9,064.49	20,456.76	44,924.14
Student-athlete meals (non-travel)	1,665,828.20	311,180.71	103,329.60	196,229.68	121,437.93	2,398,006.12
Other operating expenses	1,658,207.59	1,231,768.06	33,239.50	374,107.04	3,286,218.85	6,583,541.04
Football bowl expenses	541,857.99	-	-	-	-	541,857.99
Football bowl expenses - coaching compensation/bonuses	396,933.51	-	-	-	-	396,933.51
Subtotal operating expenses	22,565,772.32	10,252,397.56	3,730,233.24	13,311,621.86	17,617,501.90	67,477,526.88
Excess (deficiency) of revenues over (under) expenses	\$ (13,567,575.76)	\$ (3,957,408.65)	\$ (3,457,799.68)	\$ (11,408,037.63)	\$ 32,390,902.09	\$ 80.37
The accompanying notes are an integral part of this statement.						
Other Reporting Items:						
Total athletics-related debt						\$ 6,221,680.00
Total institutional debt						\$ 157,993,067.00
Value of athletics-dedicated endowments						\$ 3,813,322.00
Value of institutional endowments						\$ 258,648,471.75
Total athletics-related capital expenses						\$ 559,889.00



**THE UNIVERSITY OF MEMPHIS**  
**Department of Intercollegiate Athletics**  
**Notes to the Statement of Revenues and Expenses**  
**For the Year Ended June 30, 2024**

**Note 1. Contributions**

The University of Memphis Foundation (the UMF) office researched the donation records for donors to determine if any cumulatively gave 10% or more of all contributions to athletics. Nike, Inc. donated \$2,396,348.82 in apparel to athletics and Advertising/Sponsorships/Royalties revenue in the NCAA Statement of Revenues and Expenses. There were no other donors during the fiscal year ended June 30, 2024, which met the 10% disclosure requirement.

**Note 2. Foundation Revenues and Expenses**

Foundation funds are reported on the statement only to the extent these contributions were utilized by the athletic department in the current reporting period. For the year ended June 30, 2024, the UMF and the Auxiliary Services Foundation (ASF) transferred, disbursed, and/or recorded expense accruals for \$5,636,438 and \$1,168,502 (for a total of \$6,804,940), respectively, of athletic donations to the University of Memphis, various other vendors, and various athletic department employees to cover scholarships and other athletic department expenses.

The UMF and the ASF also recorded revenues and expenses in athletic accounts controlled by the foundations.

	Football	Men's Basketball	Women's Basketball	Other Sports	Non-program specific	Totals
Expenses						
Athletics student aid	\$ 3,386,434	\$ 475,739	\$ 609,063	\$ 154,366	\$ -	\$ 4,625,602
Other operating expenses	-	-	-	-	1,855,543	1,855,543
Capital expenses	-	-	-	177,183	146,612	323,795
Total expenses	\$ 3,386,434	\$ 475,739	\$ 609,063	\$ 331,549	\$ 2,002,155	\$ 6,804,940

Of the \$6,804,940 transferred by the UMF and the ASF, \$323,795 was for in-kind capital expenditures recorded in the university's unexpended plant funds and is therefore not included in the Statement of Revenues and Expenses; however, this amount is included in the Total Athletics-related Capital Expenses under the Other Reporting Items section of the report.

## Notes to the Statement of Revenues and Expenses (Continued)

### Note 3. Indirect Facilities and Administrative Support

The statement of revenues and expenses includes an allocation for indirect facilities and administrative support for the year ended June 30, 2024. These allocations were not recorded on the University's records and are only estimates of the institutional costs. The calculations are based on criteria used by the University for allocating costs to auxiliary service units. They have been included only as required for NCAA reporting purposes.

Indirect facilities charges of \$1,632,047.39 were allocated to intercollegiate athletics for the period. The facilities support allocation is based on a comprehensive analysis of services for maintenance, trash pickup, grounds, motor pool, custodial, and utilities. The calculation included a service cost estimate and an overhead cost estimate as if the expenses would be billed to an auxiliary service unit. Direct labor cost and materials were included in the total allocation amounts for grounds, maintenance, motor pool, and custodial services. Utilities, trash pickup, and overhead costs were estimated based on square footage of buildings to total expenses.

The indirect administrative support estimated and attributed to intercollegiate athletics for the year was \$2,139,048.45. The indirect administrative support allocation is based on the following formula:

Total unrestricted salaries before allocation  
Less: net institutional support salaries not benefiting auxiliaries  
Net salary base

Allocation percentage: auxiliary salaries/net salary base

The percentage is then applied to the total expenses of the departments benefiting auxiliary units to determine the total allocation. Each auxiliary unit then shares in the allocation based on their salaries as a percentage of total auxiliary unit salaries.

### Note 4. Capital Assets

Intercollegiate athletics is required to follow all of The University of Memphis policies and procedures for acquiring, approving, and disposing of capital assets. A university purchase order must be issued for purchases of \$5,000 or more for all equipment purchases. These purchases shall be based upon the principle of competitive bidding. Requisitioning and approving of purchases will begin in the athletic department and will then be forwarded to purchasing for the bidding and issuance of the purchase order. Consistent with university policy, the University Physical Plant Department is notified when any capital asset is no longer useful to the athletic department. The Physical Plant Department picks up the capital asset and places it in campus storage as surplus.

## Notes to the Statement of Revenues and Expenses (Continued)

equipment. If the item cannot be used by another department on campus, the item is placed on a governmental website for sale to the general public.

Athletics capital assets, which include property, plant, and equipment, are reported in the statement of net position at historical cost or at acquisition value at date of donation, less accumulated depreciation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's useful life are not capitalized.

A capitalization threshold of \$100,000 is used for buildings, and \$50,000 is used for infrastructure. Equipment is capitalized when the unit acquisition cost is \$5,000 or greater. The capitalization threshold for additions and improvements to buildings and land is set at \$50,000. The capitalization threshold for software is set at \$100,000. The capitalization threshold for SBITAs is set at \$60,000.

These assets are depreciated using the straight-line method over the estimated useful lives, which range from 5 to 60 years.

The University of Memphis has determined that only a portion of the Physical Education Building and Field House is directly assigned to Athletics and has prorated the value of the building accordingly.

### Note 5. Debt

The University of Memphis has debt service requirements to the Tennessee State School Bond Authority for the Physical Education Building and the Indoor Football Practice Facility. The University determined that only a portion of the Physical Education Building is directly assigned to Athletics and has prorated the debt for the building accordingly. Additionally, the debt service requirements for ten SBITAs attributed to Athletics are included in the below table.

Debt service requirements to maturity at June 30, 2024, for athletic-related debt are as follows:

Year Ending June 30	Principal	Interest	Total
2025	\$ 1,583,861.26	\$ 227,466.36	\$ 1,811,327.62
2026	1,351,439.27	166,553.29	1,517,992.56
2027	1,395,009.04	104,602.17	1,499,611.21
2028	1,309,730.26	44,843.20	1,354,573.46
2029	283,672.40	9,111.91	292,784.31
2030	297,967.30	2,029.16	299,996.46
Total	\$ 6,221,679.53	\$ 554,606.09	\$ 6,776,285.62

Supplemental Schedule: Revenues and Expenses Analytical Review

	2024 Actual	2023 Actual	2024 Budget	Prior-Year Comparison		Budget vs. Actual Comparison	
				\$ Difference	% Difference	\$ Difference	% Difference
<b>Operating revenues:</b>							
Ticket sales	\$ 9,705,845.32	\$ 8,794,839.15	\$ 8,000,000.00	\$ 911,006.17	10.36%	\$ 1,705,845.32	21.32% (1)
Student fees	7,186,560.71	7,722,525.07	7,700,000.00	(535,964.36)	-6.94%	(513,439.29)	-6.67%
Direct institutional support	17,580,486.72	15,321,390.48	16,222,200.00	2,259,096.24	14.74%	1,358,286.72	8.37% (2)
Conference distributions	7,756,957.23	6,762,960.84	6,750,000.00	993,996.39	14.70%	1,006,957.23	14.92% (3)
Royalties, licensing, advertisements, and sponsorships	6,924,947.98	5,713,610.39	4,225,000.00	1,211,337.59	21.20%	2,699,947.98	63.90% (5)
<b>10% of Revenues</b>	<b>\$ 6,747,760.73</b>						
<b>Operating expenses:</b>							
Athletic student aid	\$ 9,414,864.47	\$ 9,318,341.30	\$ 9,400,000.00	\$ 96,523.17	1.04%	\$ 14,864.47	0.16%
Coaching salaries, benefits, and bonuses paid by the university and related entities	13,604,147.32	13,654,197.75	11,358,469.00	(50,050.43)	-0.37%	2,245,678.32	19.77% (6)
Support staff/administrative compensation, benefits, and bonuses paid by the university and related entities	10,457,236.15	10,105,296.55	12,617,077.00	351,939.60	3.48%	(2,159,840.85)	-17.12% (6)
<b>10% of Expenses</b>	<b>\$ 6,747,752.69</b>					<u>85,837.47</u>	<u>0.36%</u>

Footnotes:

(1) Ticket sales increased and exceeded the budgeted amounts due to postseason play. UOM played in the Liberty Bowl (a local bowl) and hosted the first two rounds of the NCAA Men's Basketball Tournament.

(2) Rising costs in general required additional institutional support than had been received in the prior year

(3) The American Athletic Conference made a payment of \$1.55 million from its reserves in 2024 that was not made in 2023. The payment was also approved by the conference after the budget had been prepared.

(4) Several of the sponsorship contracts include yearly increases. In addition, the university entered into a new long-term licensing contract during fiscal year 2024.

(5) In-kind contributions reported as sponsorships are not included in the budget. In fiscal year 2024, Nike's apparel contribution exceeded \$2.3 million.

(6) Certain expenses in the budget were not classified correctly between coaching and support salaries. As the variance when combining salaries is extremely low, no further explanation is necessary.

## 7. Annual Review & Approval of Internal Audit Charter

For Approval

Presented by Angela Ross

# The University of Memphis Board of Trustees

## Report For Approval

**Date:** June 4, 2025

**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 Institute of Internal Auditor's (IIA) *International Standards for the Professional Practice of Internal Auditing (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 5, 2024, Board of Trustees meeting. There were no revisions to the charter at that time.

To comply with requirements of State of Tennessee statutes and the University of Memphis Audit Committee Charter, the attached Office of Internal Audit and Consulting Charter is presented to the Finance and Audit Committee. There are proposed changes recommended from the Office of Internal Audit and Consulting this year.

**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 4, 2025

## **Purpose**

The purpose of the Office of Internal Audit & Consulting 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 audit function. Additionally, Internal Audit's review does not relieve others of their responsibilities.

## **Mandate**

In accordance with the T.C.A. Higher Education Accountability Act of 2004 (Tenn. Code Ann. § 49-14-101) and the T.C.A. 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 and Topical Requirements (Standards).

## **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 provides independence and ensures compliance with state statutes and Tennessee Comptroller of the Treasury's requirements. Internal Audit has organizational authority and status to bring matters directly to senior management and escalate matters to the Board, when necessary, without interference and undue influence, which supports the ability to maintain objectivity.

The Internal Audit function budget is part of the University's overall budget that is dependent on the State of Tennessee budget and is approved by senior management in conjunction with the Board. The FAC discusses with the Chief Audit Executive (CAE) and senior management the appropriate authority, role, responsibilities, scope, and services of the 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'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 audit 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. However, Internal Audit does not issue an opinion for advisory and investigation projects. The CAE ensures the audit function remains free from all conditions that threaten the ability of 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.

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 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 audit mandate or other aspects of the 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.



## 8. Approval of Internal Audit Business Plan FY2026

For Approval

Presented by Angela Ross

## The University of Memphis Board of Trustees

### Report For Approval

**Date:** June 4, 2025  
**Committee:** Finance and Audit Committee  
**Report Title:** Review and Approval of Proposed FY2026 Internal Audit Plan  
**Presented by:** Angela Ross, Associate Vice President and Chief Audit Executive

#### **Background:**

The Proposed FY2026 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” (TCA 4-35-101 thru 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 and Audit Committee recommends a motion to approve the proposed FY26 Internal Audit Plan as detailed in the meeting materials.

## Background Information – Proposed FY2026 Audit Plan

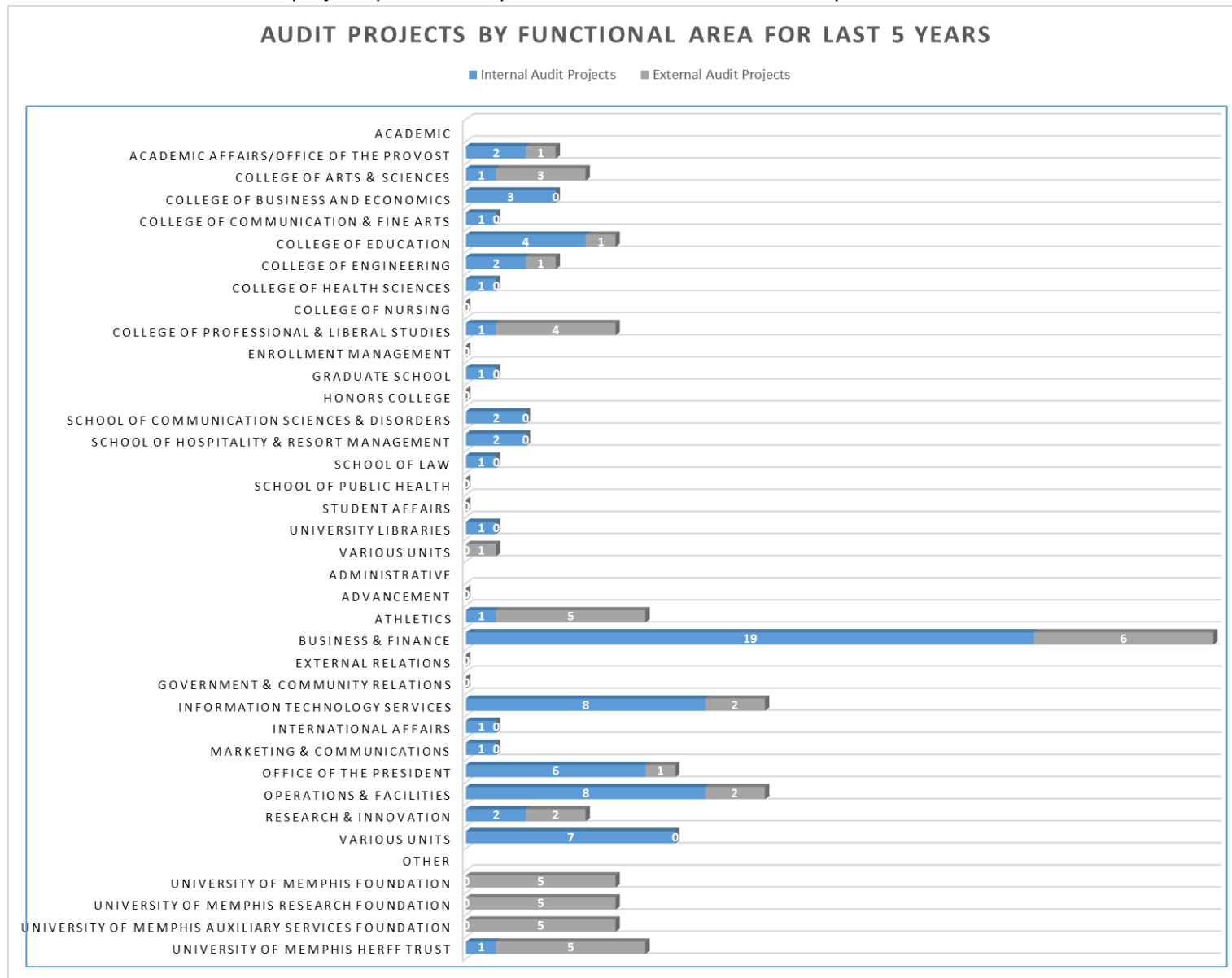
In higher education, the audit universe is normally categorized by the following functional areas:

- Academic
- Administrative
- Other

At the University of Memphis, the 3 functional areas include the following 33 audit entities:

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

The chart below shows audit projects performed by Internal Audit or an outside entity in the 33 UofM audit 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

In Tennessee governmental entities, internal audit plans are comprised of risk-based audits, required audits, special requests, and investigations. The risk-based portion, (about 62%) of the FY2026 Proposed Audit Plan, 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. The plan also includes required projects and activities, projects carried over or deferred from the prior year, and resource hours allocated for investigations, consulting, and follow up of past audit issues. University management were also given the opportunity to provide input for the Proposed FY2026 Audit Plan.

Audit resources are budgeted based on actual resource allocation in prior years. Below is the budgeted resource allocation by type of activity for the last 2 years and the upcoming year.

<b>Budgeted Allocation of Internal Audit Resources</b>			
	FY2024	FY2025	FY2026
Audits	60%	54%	50%
Follow Up of Audit Issues	8%	6%	8%
Investigations	10%	20%	25%
Consulting/Advisory Role	10%	10%	12%
Audit Committee Projects & Administration	<u>12%</u>	<u>10%</u>	<u>5%</u>
Total	100%	100%	100%

The annual audit plan may be impacted and revised during the year due to changing risk factors and special requests from management. Any significant changes to the plan will be reviewed and approved by the Finance and Audit Committee.

50%	<b><u>Audits</u></b> <b><u>Risk Based Audits</u></b>  University Development Audit University Student Travel Expense Review Housing & Residence Life Audit Contract Monitoring Controls Audit  <b><u>Risk Based Information Technology Projects</u></b> IT Security Review - Department TBD Development of Oracle Reports for Auditors  <b><u>Audits Required by Statutes</u></b> Annual audit of President's expenses Annual Quality Assurance Improvement Program assessment  <b><u>Prior Year Audit Project Completion</u></b> Graduate School Financial and Compliance Audit IT Security Review - Department of Theatre and Dance  <b><u>Audits Requested by Management</u></b> NACHA - WEB Transactions Data Security Audit State Audit FY2025 Year End Work (cash and inventory work for State Auditors at year end for external audit)
8%	<b><u>Follow-up of Past Audit Issues</u></b> Internal Audit issues identified in past audits and as required by state statute
25%	<b><u>Investigations/Participation on Complaint Triage Team</u></b>
12%	<b><u>Consulting and Advisory Role</u></b> 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)
5%	<b><u>Audit Committee Projects &amp; Administration</u></b>
100%	



# 9. Human Resources Staff Grievance Report

Report

Presented by Angela Ross

## The University of Memphis Board of Trustees

Presentation  
For Information

**Date:** June 4, 2025

**Committee:** Finance and Audit Committee

**Report Title:** Annual Report of Grievance Activities – Support Staff Only

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

**Background:**

According to Policy HR5052, Grievance Process and Conflict Resolution, the University is committed to providing a process for non-exempt support staff to seek prompt resolution to grievances without fear, restraint, interference, discrimination, or reprisal.

As required by TCA 49-8-117 the University of Memphis *“shall provide an annual report to the education committee of the senate and the education committee of the house of representatives summarizing grievance activities of the previous year.”*

The grievance activity reports provided for review cover the periods of FY2024 (July 1, 2023, through June 30, 2024) as well as FY2025 to date (July 1, 2024, through May 1, 2025), and includes the grievances status and resolutions.

**The University of Memphis**  
**Annual Report Summarizing Grievance Activities-Support Staff Only**  
**July 1, 2023 – June 30, 2024**

**Grievances filed**

Termination for cause.....	0
Suspension without pay.....	0
Demotion.....	0
Work assignments.....	0
Work conditions.....	0
Uncategorized.....	0
Total.....	0

**Grievances resolved before reaching the hearing step**

Appeal of Termination.....	0
Workplace Conditions.....	0
Total.....	0

**Grievances for which a hearing was conducted**

Appeal of Terminations .....	0
Suspension.....	0
Total.....	0

**Grievances with pending status**

Terminations.....	0
Sexual Harassment.....	0
Work Conditions.....	0
Total.....	0

**Grievances Closed**

Appeal of Termination.....	0
Suspension.....	0
Work Conditions .....	0
Dismissed .....	0
Total.....	0

**The University of Memphis**  
**Annual Report Summarizing Grievance Activities-Support Staff Only**  
**July 1, 2024 – May 01, 2025**

**Grievances filed**

Termination for cause.....	3
Suspension without pay.....	0
Demotion.....	0
Work assignments.....	0
Work conditions.....	0
Uncategorized.....	0
Total.....	3

**Grievances resolved before reaching the hearing step**

Appeal of Termination.....	2
Workplace Conditions.....	0
Total.....	2

**Grievances for which a hearing was conducted**

Appeal of Terminations .....	1
Suspension.....	0
Total.....	1

**Grievances with pending status**

Terminations.....	0
Sexual Harassment.....	0
Work Conditions.....	0
Total.....	0

**Grievances Closed**

Appeal of Termination.....	1
Suspension.....	0
Work Conditions .....	0
Dismissed .....	2
Total.....	3

## 10. FY26 Budget Update and Approval

For Approval

Presented by Rene Bustamante

*Final Operating Budget for Fiscal Year 2025*  
*Proposed Operating Budget for Fiscal Year 2026*

*Finance & Audit Committee*

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

June 4, 2025  
Lambuth



**Board of  
Trustees**

- Budget Overview
- FY26 Proposed Budget
- FY25 Estimated (Final) Budget
- FY26 Compensation Strategy

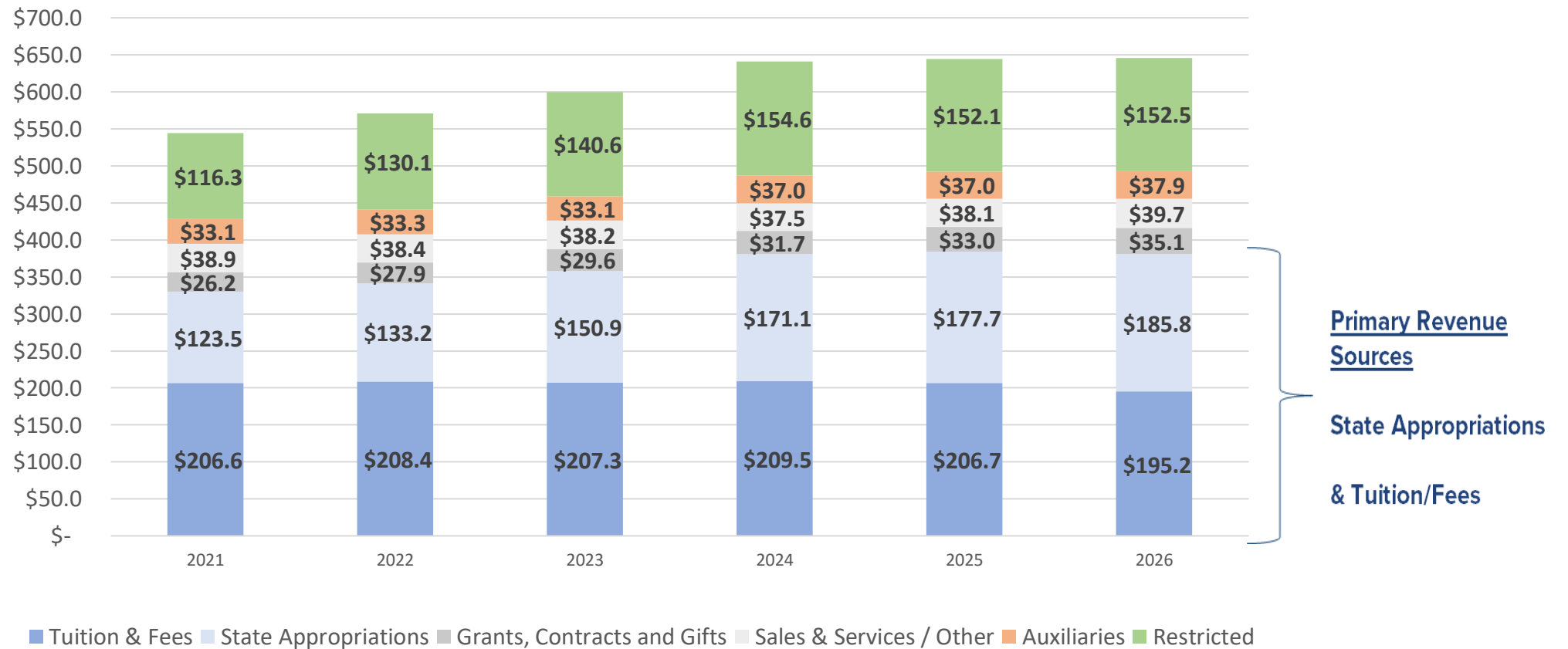
## Revenue Budget Components

- State Appropriations
- Tuition Revenues
  - Enrollment changes
  - Tuition Rate (THEC FY26 Binding Range 0% - 6.5%)



# University Revenue Growth

## Total University Revenues by Type (In Millions)



# FY26 State Appropriations

FY26 Governor's Budget Recurring State Appropriations	
State Appropriation – Operating Increase	\$1,895,800
Salary Increase Pool <sup>1</sup>	3,983,000
Health Insurance & Retirement Increases	1,503,200
Outcomes Formula Adjustment	1,862,900
Net Recurring State Appropriations	\$9,244,900
FY26 Anticipated Expenses	
Salary Increase Cost – 2.6%	\$6,344,000
Health Insurance & Retirement Increases	1,503,200
Total Anticipated Expenses	\$7,847,200
Remaining after Expenses	\$1,397,700

FY26 Governor's Budget Capital Maintenance – One Time State Appropriations	
Boilers and Coil Replacements Phase 3	\$5,880,000
Net Capital Maintenance State Appropriations	\$5,880,000
FY26 Amended Governor's Budget Special – One Time State Appropriations	
Safety & Security funds	\$5,400,000
FY26 Governor's Budget Capital Projects – One Time State Appropriations	
Research Modernization <sup>2</sup>	\$70,500,000
Net Capital Projects State Appropriations	\$70,500,000

June 2025 Finance & Auditing Committee

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 Research Modernization project is \$75M of which \$70.5M will come from the state and \$4.5M will be funded using University resources

# Tuition & Fee Revenue Challenges

## 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)
FY26 (Proposed)	0.0% - 6.5%	<b>4.92%</b>
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%	-

# FY26 Proposed Budget

## The FY26 Proposed budget was developed with the following assumptions:

- State Appropriation changes from the Governor's Budget (\$9.2M)
- 0% tuition increase (Any approved tuition increases will be incorporated in the FY26 October Budget)
- Expected enrollment fluctuations
- 2.6% 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

FY2026 Proposed Budget total \$646.2 million. This total reflects revenue increases of \$1.6 million from the FY2025 Proposed Budget of \$644.6 million.

Revenues	Proposed FY2025	% of Total	Proposed FY2026	% of Total	Variance
Educational & General					
Tuition & Fees	\$ 206,718,300	32.1%	\$ 195,238,000	30.2%	\$ (11,480,300)
State Appropriations	177,707,600	27.6%	185,837,600	28.8%	8,130,000
Grants, Contracts and Gifts	33,033,800	5.1%	35,100,600	5.4%	2,066,800
Sales & Services	34,767,500	5.4%	34,564,500	5.3%	(203,000)
Other Revenues	3,284,000	0.5%	5,100,000	0.8%	1,816,000
<b>Total Educational &amp; General</b>	<b>\$ 455,511,200</b>		<b>\$ 455,840,700</b>		<b>\$ 329,500</b>
Auxiliary	36,961,700	5.7%	37,924,200	5.9%	962,500
Restricted	152,115,500	23.6%	152,472,200	23.6%	356,700
<b>Total Revenues</b>	<b>\$ 644,588,400</b>		<b>\$ 646,237,100</b>		<b>\$ 1,648,700</b>



# Proposed (Recurring) Budget Comparison



THE UNIVERSITY OF  
MEMPHIS®

Board of  
Trustees

Expenditures and Transfers	Proposed FY2025	Proposed FY2026	Variance
<b>Educational &amp; General</b>			
Instruction	\$ 154,181,900	\$ 151,707,500	\$ (2,474,400)
Research	54,783,600	57,296,300	2,512,700
Public Service	4,628,700	4,238,400	(390,300)
Academic Support	46,315,900	46,334,800	18,900
Student Services	65,691,000	67,776,700	2,085,700
Institutional Support	37,634,300	38,068,500	434,200
Operation & Maintenance	46,093,300	44,663,700	(1,429,600)
Scholarships and Fellowships	32,964,700	31,089,200	(1,875,500)
Transfers	13,217,800	14,665,600	1,447,800
<b>Total Educational &amp; General</b>	<b>\$ 455,511,200</b>	<b>\$ 455,840,700</b>	<b>\$ 329,500</b>
Auxiliary	36,961,700	37,924,200	962,500
Restricted	152,115,500	152,472,200	356,700
<b>Total Expenditures and Transfers</b>	<b>\$ 644,588,400</b>	<b>\$ 646,237,100</b>	<b>\$ 1,648,700</b>

# FY25 Estimated Budget



# Revised to Estimated Budget Comparison

FY2025 Estimated Budget total \$671.8 million. This total reflects revenue increases of \$11.9 million from the FY2025 Revised Budget of \$659.9 million.

	Revised FY2025	% of Total	Estimated FY2025	% of Total	Variance
Educational & General					
Tuition & Fees	\$ 200,703,300	30.4%	\$ 199,861,100	29.7%	\$ (842,200)
State Appropriations	181,961,300	27.6%	181,961,300	27.1%	-
Grants, Contracts and Gifts	39,405,800	6.0%	40,038,500	6.0%	632,700
Sales & Services	39,102,400	5.9%	39,577,800	5.9%	475,400
Other Revenues	5,100,000	0.8%	9,157,000	1.4%	4,057,000
<b>Total Educational &amp; General</b>	<b>\$ 466,272,800</b>		<b>\$ 470,595,700</b>		<b>\$ 4,322,900</b>
Auxiliary	39,233,000	5.9%	38,617,000	5.7%	(616,000)
Restricted	154,357,000	23.4%	162,626,600	24.2%	8,269,600
<b>Total Revenues</b>	<b>\$ 659,862,800</b>		<b>\$ 671,839,300</b>		<b>\$ 11,976,500</b>

# Revised to Estimated Budget Comparison



THE UNIVERSITY OF  
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Expenditures and Transfers	Revised FY2025	Estimated FY2025	Variance
<b>Educational &amp; General</b>			
Instruction	\$ 184,941,800	\$ 156,969,900	\$ (27,971,900)
Research	82,072,300	84,846,500	2,774,200
Public Service	6,548,300	7,326,300	778,000
Academic Support	52,902,000	53,473,800	571,800
Student Services	86,814,300	88,710,300	1,896,000
Institutional Support	41,564,000	42,108,800	544,800
Operation & Maintenance	46,626,300	47,153,300	527,000
Scholarships and Fellowships	32,557,400	33,080,500	523,100
Transfers	(22,038,300)	2,675,100	24,713,400
<b>Total Educational &amp; General</b>	<b>\$ 511,988,100</b>	<b>\$ 516,344,500</b>	<b>\$ 4,356,400</b>
Auxiliary	39,233,000	38,578,300	(654,700)
Restricted	154,357,000	162,626,600	8,269,600
<b>Total Expenditures and Transfers</b>	<b>\$ 705,578,100</b>	<b>\$ 717,549,400</b>	<b>\$ 11,971,300</b>

# FY 2026

## Compensation Strategy

- 2.6% salary pool was approved by the Legislature and partially funded by State Appropriations
- Effective July 1, 2025
- For Higher Education, the salary pool is to be distributed at the discretion of each institution

# Salary Pool Recommendation

## Governor’s Budget

Cost of 2.6% Salary Pool	State Funding *	Additional funding needed
\$6,344,000	\$3,983,000	\$2,361,000

\* 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 2.6% Salary Pool	State Funding *	Additional funding needed
\$6,344,000	\$3,983,000	\$2,361,000

- **FY25 Final Estimated Budget**
- **FY26 Proposed Operating Budget**

# Questions

# The University of Memphis Board of Trustees

## Agenda Item

**Date:** June 4, 2025

**Committee:** Finance and Audit

**Item:** FY2025-26 Proposed Budget,  
FY2024-25 Estimated Budget

**Recommendation:** Approval

**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 FY2025-26 Proposed budget and FY2024-25 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 FY2026 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.

### Committee Recommendation:

The Finance and Audit Committee recommends approval of the FY2024-25 Estimated Budget and the FY2025-26 Proposed Budget and assumptions as presented in the meeting materials.



# 11. FY26 Tuition & Fees

## Recommendation

For Approval

Presented by Rene Bustamante

# *FY26 Tuition Recommendation*

## *Finance & Audit Committee*

Rene Bustamante

Executive Vice-President, Chief Operating & Financial Officer

June 4, 2025  
Lambuth



**Board of  
Trustees**

- **FY26 State Appropriations – limited new funding**
- **FY26 Enrollment Assumptions**
- **FY26 Tuition/USF Increase Options (THEC Binding Range 0% - 6.5%)**

# Tuition & Fee Revenue Challenges

## 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)
FY26 (Proposed)	0.0% - 6.5%	<b>4.92%</b>
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



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Total Undergraduate In State Tuition and Mandatory Fees											
		AY20-21	% Incr	AY21-22	% Incr	AY22-23	% Incr	AY23-24	% Incr	AY24-25	% Incr
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%
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%
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%
Tennessee State University	TSU	8,183	0.0%	8,335	1.9%	8,335	0.0%	8,571	2.8%	8,981	4.8%
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%
University of Memphis	UofM	9,912	0.0%	10,056	1.5%	10,056	0.0%	10,344	2.9%	10,728	3.7%
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%
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%
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%
University of Tennessee-Southern	UTS			10,200		10,200	0.0%	10,506	3.0%	10,924	4.0%
Univ. Avg		9,849		10,014		10,014		10,294		10,710	

# FY26 Tuition & Fee Proposal

Proposed Tuition & Mandatory Fee Increase	Annual Increase		
	Instate	OOS	Int'l
Undergraduate Tuition	4.92% \$528	3.77% \$708	3.12% \$768
Graduate Tuition	4.95% \$640	3.86% \$680	3.23% \$720
Law Tuition	2.45% \$440	2.27% \$594	2.45% \$748

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 \$6.8M (\$6.2M from tuition and \$0.6M from mandatory fees)
- The tuition increase has a corresponding expense increase to scholarships of \$800K
- The result is a net impact of \$6.0M
- 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 increase enrollment, create opportunities for student success, develop new academic programs and strengthen research initiatives.
- In addition, the increase will fund inflationary cost increases for software and operations, scholarships, technology infrastructure, safety and security, and student success initiatives.

- Proposed 2025-26 Tuition and Mandatory Fee rates



# Questions?

# The University of Memphis Board of Trustees

Recommendation

For Approval

**Date:** June 4, 2025

**Committee:** Finance and Audit Committee

**Recommendation:** FY26 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 2025-26 is zero to six 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	4.92% \$528	3.77% \$708	3.12% \$768
Graduate Tuition	4.95% \$640	3.86% \$680	3.23% \$720
Law Tuition	2.45% \$440	2.27% \$594	2.45% \$748

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											
		AY20-21	% Incr	AY21-22	% Incr	AY22-23	% Incr	AY23-24	% Incr	AY24-25	% Incr
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%
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%
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Tennessee State University	TSU	8,183	0.0%	8,335	1.9%	8,335	0.0%	8,571	2.8%	8,981	4.8%
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%
University of Memphis	UofM	9,912	0.0%	10,056	1.5%	10,056	0.0%	10,344	2.9%	10,728	3.7%
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%
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%
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University of Tennessee-Southern	UTS			10,200		10,200	0.0%	10,506	3.0%	10,924	4.0%
Univ. Avg		9,849		10,014		10,014		10,294		10,710	

#### Committee Recommendation:

For FY26, the Finance and Audit Committee recommends approval for the proposed tuition and mandatory fee increases as presented in the meeting materials.



# 12. President's Review & Evaluation

For Approval

Presented by Cato Johnson

# The University of Memphis Board of Trustees

## Recommendation for Approval

**Date:** June 4, 2025

**Committee:** Finance & Audit Committee

**Presentation:** President's Review and Evaluation

**Presented by:** Chairman Cato Johnson

**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.

## 13. Additional Business

Presented by David McKinney





# 14. Adjournment

Presented by David McKinney