




















March 2018 UofM Audit Committee Meeting

Schedule	Wednesday, March 07, 2018, 09:45 AM — 10:30 AM CST
Venue	University Center Fountain View Suite - UC 350
Organizer	Jean Rakow

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1. Call to Order

Presented by Carol Roberts

2. Roll Call

Presented by Melanie Murry

3. Approval of Minutes - December 7, 2017

For Approval

Presented by Carol Roberts

THE UNIVERSITY OF MEMPHIS
BOARD OF TRUSTEES

MINUTES OF THE AUDIT COMMITTEE
DECEMBER 7, 2017
Jackson, TN

The Audit Committee of The University of Memphis Board of Trustees met at 11:30 a.m. CDT, on Thursday, December 7, 2017, on the Lambuth campus of the University of Memphis in Jackson, Tennessee.

I. CALL TO ORDER

Co-Chair Susan Springfield called the meeting to order.

II. ROLL CALL AND DECLARATION OF QUORUM

Melanie Murry, Legal Counsel and Acting Secretary of the Board, called the roll, and confirmed the following Audit Committee members were present, either in person or via telephone:

Trustee Douglas Edwards*
Trustee Alan Graf*
Trustee Cato Johnson*
Trustee Carol Roberts*
Trustee Susan Springfield*

*Voting members

Secretary Murry announced the presence of a quorum. Trustee Schaffzin, administrative staff and members of the media were also in attendance.

III. APPROVAL OF MINUTES – OCTOBER 4, 2017

Trustee Graf made the motion to approve the minutes. The motion was properly seconded. There being no discussion, a roll call vote was taken and the motion carried with unanimous approval of the committee.

IV. CHIEF AUDIT EXECUTIVE

Trustee Springfield turned the meeting over to President Rudd to discuss the Chief Auditor Position. Dr. Rudd indicated that he discussed the nomination of Ms. Vicki Deaton to the position and Ms. Deaton has accepted. Acting Secretary Murry stated that, "because the auditor reports to the Board of Trustees and to the Audit Committee, the appointment has to be approved by the Audit Committee." A motion to approve the appointment of Ms. Deaton to the position of Chief Auditor was made by Trustee Graf and properly seconded. A roll call vote was taken and the motion carried with unanimous approval of the committee.

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Audit Committee
Board of Trustees
Thursday, December 7, 2017

V. SUMMARY OF INVESTIGATIONS COMPLETED

Trustee Springfield turned the meeting over to Ms. Deaton in order that she discuss the summary of investigations.

Ms. Deaton recognized two members of the Audit staff, Jesse Pierce who is the Senior IT Security Auditor and Paul Goganalus who is the Senior Internal Auditor.

Ms. Deaton directed the committee's attention to the spreadsheet summarizing the investigations for the second quarter, fiscal year 2018. There were seven reports of possible fraud, waste or abuse, noncompliance with law or conflict of interest received by the Office of Internal Audit during this quarter. Additionally, there are two attorney/client privilege investigations that were requested by the Office of Legal Counsel. Of the nine reports, three were incomplete as of the time information was turned in. All are now substantially complete and reports will be issued on these investigations in the near future.

VI. FRAUD, WASTE AND ABUSE INVESTIGATION BENCHMARKING

Trustee Springfield turned the meeting over to Ms. Deaton in order that she discuss the fraud, waste and abuse benchmarking.

The Audit Committee has expressed interest in obtaining additional information about the UofM's fraud, waste and abuse reporting: number of reports and actions taken by the UofM to advertise the reporting process. Internal Audit contacted the locally governed institutions and UT system across the state to collect 2017 fraud, waste or abuse reporting information. The number of reports for University of Memphis were comparable and not unusual as compared to other institutions. Trustee Springfield indicated that she believes the prevalence of reporting by the UofM was higher and illustrated that faculty, staff and students were taking the process seriously.

The UofM promotes reporting of fraud, waste and abuse via the President's email to all faculty and staff each semester stressing the responsibility of employees to report activities that may be of concern, Tennessee Comptroller of the Treasury hotline posters are posted on campus in various locations, Internal Audit meets with student and university groups and distributes a brochure which is also posted on the Internal Audit website, reporting form for electronic submission located on the Internal Audit website. In the future, Internal Audit will work with the new employee orientation through Human Resources. Ms. Deaton reported that most reports are made anonymously.

VII. AUDIT ISSUE FOLLOW UP

Trustee Springfield as Ms. Deaton to discuss audit issue follow-ups. Issues related to the Center for Earthquake Research and Information (CERI) – financial and compliance audit issue. FY 2017 issues were minor (based on current rating system) and are all substantially complete. Two

issues related to travel claims and processing, one relates to effort reporting, one relates to controls over alternative work arrangements and one relates to a potential conflict of interest. The action plans related to travel will include education and revision of purchase order and monitoring procedures. The other three issues have been addressed and are considered complete.

VIII. IT SECURITY RISKS

Trustee Springfield recognized CIO Dr. Robert Jackson to discuss IT security.

Dr. Jackson thanked the Board of Trustees for the opportunity to discuss the security program and related issues. The security program consists of people, policies, guidelines and technologies that protect the University. Dr. Jackson indicated that today's report is an overview and that he would be available to report on more specific technical details on sensitive topics in an appropriate future meeting. According to privacyrights.org, 6% of all breaches in security take place in higher education. There were nine million records affected at more than 350 institutions since 2010. These are pretty high numbers when you consider the implications of breached records. This is important because of the responsibility for personal information, research data and statutory requirements by the institution. Cyber criminals are aware that higher education is more poorly funded for security technology and prevention than a Fortune 500 company. Examples of breaches involving higher education included research records, voter records, course records and applicant records that included social security numbers.

Universities are responsible for a vast array of data including personal information, research data and the UofM is subject to statutory requirements. There are actual costs for remediation of breached records as well as reputational risks that are considered when making decisions related to cyber security. The vectors that impact higher education include: openness, decentralization, consumerization, phishing, malware, social engineering, cloud services and aging technologies. With regard to openness, institutions of higher education are required a certain amount of openness to support the teaching and research mission of the organization. A result of decentralization results in not all software or technologies used on our campus are approved for use on campus by ITS. The UofM's approach to security includes shared responsibility and all are to be trained to protect the information technology infrastructure. Additional challenges include: new technologies brought to campus at the beginning of the semester, expectations that IT will assist with high end technology, increased use of non-sanctioned cloud services (click through agreements), and aging technologies. Ease of use of non-sanctioned cloud based services have resulted in increased use of these products on campus. Aging technologies are often no longer supported by the vendors which leave the UofM's resources vulnerable.

UofM is defining appropriate level IT Security Risk and is managing the process through patching, a change management process, and on-site server maintenance. A question was asked as to whether the University patches on its own or waits for the business to advise to patch. Dr. Jackson explained that there are two levels of patching and the University sets the schedule for server patching. Another clarifying question was raised as to whether the servers are connected to the state and Dr. Jackson explained that the University is not. Information

Technology Services (ITS) has implemented a layered system of security controls keeping in mind that there must be a balance between the “need to protect” and the “need to conduct business.” Our goal is to build a sustainable IT security program while balancing these needs. Dr. Jackson discussed recent security accomplishments and emphasized close collaboration with: faculty, students, administrative offices, Internal Audit, the Office of Legal Counsel, the Office of the Controller and Police Services. Representatives from the division are meeting with academic and administrative units providing information and explaining the security program. A question was asked as to why all individuals are not required to take the training. Dr. Jackson explained that there is a tiered approach to those required to take the training. For example, all IT staff are required based on their access and others who have access to the Banner system have required training. Trustee Springfield suggest that there may be opportunities to provide differing levels of training depending on role at the university.

Recent strategies to improve security include annual security awareness training, promotion of the use of multifactor security authentication across campus and targeting of specific departments (ex. Human Resources, Payroll and Alumni) that have access to sensitive data to provide more information about the IT security program and encourage buy-in. Additional next steps include continued investment in the Information Security Program and third-party audits of IT risk and information security program to identify gaps and opportunities for improvement.

Dr. Jackson indicates that he welcomes feedback and suggestions from the Committee.

IX. ADDITIONAL COMMITTEE BUSINESS

No additional business.

X. ADJOURNMENT

Chair Roberts adjourned the Audit Committee Meeting at 11:35 am CDT.

XI. EXECUTIVE SESSION

Board of Trustees convened in Executive Session.

Respectfully Submitted,

Jeanine H. Rakow
Coordinator of the Board Office

4. Summary of Audit Reports Issued

Report

Presented by Vicki Deaton

Report to the Audit Committee of the Board of Trustees

The University of Memphis Audit Committee
Report
For Information

Date: March 7, 2018

Committee: Audit Committee

Report Title: Summary of Audit Reports Issued 3rd Quarter FY2018

Presented by: Vicki D. Deaton, Chief Audit Executive

Background:

The Department of Biological Sciences Financial and Compliance Audit was completed and a report was issued this quarter. The audit report opinion was **Effective with the Opportunity for Improvement**. Eleven minor and moderate rated issues were identified, and management action plans were developed for each.

Audit Reports Issued - 3rd Quarter FY2018									
Name of Audit	Date of Audit Report	Audit Engagement Report Opinion	Minor Issues	Moderate Issues	Major Issues	Issues Outstanding from Prior Audit			
Department of Biological Sciences Financial & Compliance Audit	1/30/2018	Effective with the Opportunity for Improvement	6	5	0	0			



Report: Summary of 3rd Quarter FY2018 Internal Audit Reports Issued

The Department of Biological Sciences Financial and Compliance Audit was completed and a report was issued this quarter. The audit report opinion was **Effective with the Opportunity for Improvement.**

Audit Reports Issued - 3rd Quarter FY2018								
Name of Audit	Date of Audit Report	Audit Engagement Report Opinion	Minor Issues	Moderate Issues	Major Issues	Issues Outstanding from Prior Audit		
Department of Biological Sciences Financial & Compliance Audit	1/30/2018	Effective with the Opportunity for Improvement	6	5	0	0		

5. External Audit Reports

Report

Presented by Vicki Deaton

Report to the Audit Committee of the Board of Trustees

The University of Memphis Audit Committee
Report
For Information

Date: March 7, 2018

Committee: Audit Committee

Report Title: External Audit Report 3rd Quarter FY2018

Presented by: Vicki D. Deaton, Chief Audit Executive

Background:

The University is subject to external audits, program reviews, and similar activities by various agencies and other organizations. According to Policy UM1646 Notification of External Audits and Reviews, it is the responsibility of the primary contact person for the program or activity being reviewed to notify Internal Audit of an external audit or review as early in the process as possible. After the audit or review is complete, the primary contact will usually receive notice of the results in writing. The primary contact (or designee) should forward a copy of the results to Internal Audit. The responsibility for Internal Audit under this policy includes reporting occurrences of external reviews and audits to the Audit Committee, Division of State Audit and others as the circumstances may dictate.

This quarter, Internal Audit received an Independent Accountants' Report on the Application of Agreed-Upon Procedures to the University of Memphis' Intercollegiate Athletics Program Statement of Revenues and Expenses. The Agreed-Upon Procedures evaluated compliance with the National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.15 for the year ended June 30, 2017, and was performed by the Tennessee Comptroller of the Treasury's Division of State Audit.

No opinion was expressed on compliance with NCAA requirements, but there were no exceptions noted with the procedures performed.



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

January 5, 2018

Dr. David Rudd, President
University of Memphis

Dear Dr. Rudd:

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

Sincerely,

A handwritten signature in cursive script, appearing to read "Deborah Loveless".

Deborah V. Loveless, CPA, Director
Division of State Audit

cc: Vicki Deaton
Chief Audit Executive

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



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

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

Dr. David Rudd, President
University of Memphis

Dear Dr. Rudd:

We have performed the procedures enumerated below, which were agreed to by institution management, solely to assist you in evaluating whether the accompanying statement of revenues and expenses of the University of Memphis' Intercollegiate Athletics Program is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.15 for the year ended June 30, 2017. The institution's management is responsible for the statement of revenues and expenses (statement) and the statement's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the management of the institution. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Exceptions totaling the lesser of \$25,000 or 10% of the line item total to which an agreed-upon procedure has been applied to have 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
<u>Revenues</u>	
<ul style="list-style-type: none">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.	No exceptions noted.

- Obtain the statement of revenues and expenses of the athletic programs and related notes for the year ended June 30, 2017, as prepared by management. Ensure the amounts reported on the statement agree to the institution's general ledger.

No exceptions noted.
- 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.

No exceptions noted.
- Compare and agree a sample of operating revenue receipts from the operating revenue supporting schedules to adequate supporting documentation.

No exceptions noted.
- 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.

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

No exceptions noted.
- Compare and agree student fees reported by the institution in the statement to student enrollments during the same reporting period and recalculate totals.

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 their methodology for supporting that they are able to count each sport. Tie the calculation to

No exceptions noted.

supporting documents such as seat manifests, ticket sales reports, and student fee totals.

- 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.
- 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.
- Compare the transfers back to institution with permanent transfers back to institution from the athletics department and recalculate totals.
- 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.
- 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.
- Select a sample of contractual agreements pertaining to revenues derived from guaranteed contest during the reporting period and compare and agree each selection to the 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 above (e.g., contributions by corporate sponsors) that

As the institution does not receive direct state or other governmental support, this step was not applicable.

No exceptions noted.

No transfers back to institution were reported; therefore, this step was not performed.

No exceptions noted.

Away-game sales guarantee revenues did not exceed 4% of the total revenues; therefore, this step was not performed.

Away-game sales guarantee revenues did not exceed 4% of the total revenues; therefore, this step was not performed.

No exceptions noted.

constitutes 10% or more in aggregate for the reporting year of all contributions received for intercollegiate athletics during the reporting periods shall 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 the summary of revenues from affiliated and outside organizations (the "Summary") as of the end of the reporting period from the institution and select a sample of funds from the Summary and compare and agree each selection to supporting documentation, the institution's general ledger, and/or the Summary and recalculate totals. .
- If the third party was audited by independent auditors, obtain the related independent auditors' report.
- 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.
- 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.

No coaches or staff are paid by an affiliate or outside organization; therefore, this step was not performed.

The report was obtained.

As the institution did not receive media rights revenues, this step was not applicable.

No exceptions noted.

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.
- 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.
- Inspect sports camp contracts between the institution and persons 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.
- 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.
- Perform minimum agreed-upon procedures referenced for all revenue categories and recalculate totals.
- Obtain and inspect agreements related to the institution's revenues from post-season bowl participation during the reporting period. Compare and agree the related revenues to the institution's general ledger and/or the statement and recalculate totals.

Program sales, concessions, novelty sales, and parking revenues did not exceed 4% of the total revenues; therefore, this step was not performed.

No exceptions noted.

The institution did not operate any sport camps or clinics; therefore, this step was not performed.

Endowment and investment income revenues did not exceed 4% of the total revenues; therefore, this step was not performed.

No exceptions noted.

Bowl revenues did not exceed 4% of the total revenues; therefore, this step was not performed.

Expenses

- Compare and agree each operating expense category reported in the statement during the

No exceptions noted.

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.

- Compare and agree a sample of expenses from the operating expense supporting schedules to adequate supporting documentation.
- 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.
- 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 list for each sponsored sport. Obtain individual student-account detail for each selection and compare total aid in the institution's student system to the student's detail in Compliance Assistance (CA) or the institution report that ties directly to the NCAA Membership Financial Reporting System. Perform a check of each student selected to ensure their information 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.
- Obtain and inspect visiting institutions' 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 during the reporting period. Compare and agree related amounts expensed by the institution to the

No exceptions noted.

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

No exceptions noted.

Guarantee expenses paid did not exceed 4% of the total expenses; therefore, this step was not performed.

institution's general ledger and/or statement.
Recalculate totals.

- 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 section 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 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 third-party expenses recorded by the institution in the statement during the reporting period. Recalculate totals.

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

- Select a sample of support staff/administrative personnel employed by the institution and related entities during the reporting period.

No exceptions noted.

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.
- 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.
- Obtain general ledger detail for sports camp expenses and compare to the total actual expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.
- Obtain general ledger detail for spirit group expenses and compare to the total actual expenses reported. Select a sample of

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

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

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

No exceptions noted.

The institution did not operate any sport camps or clinics; therefore, this step was not performed.

Spirit group expenses did not exceed 4% of the total expenses; therefore, this step was not performed.

transactions to validate existence of transaction and accuracy of recording and recalculate totals.

- We obtained a listing of lease payments and rental fees for athletics facilities for the reporting year. We compared facility payments to additional supporting documentation. We compared amounts reported to amounts listed in the supporting schedules and recalculated totals.
- 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.
- Obtain general ledger detail for direct overhead and administrative expenses and compare to the total actual expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.
- Obtain general ledger detail for medical expenses and medical insurance expenses and compare to the total actual expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.
- Obtain general ledger detail for membership and dues expenses and compare to the total actual expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.
- Obtain general ledger detail for other operating expenses and transfers to institution expenses and compare to the total actual expenses

Lease payments and rental fees for athletics facility expenses did not exceed 4% of the total expenses; therefore, this step was not performed.

No exceptions noted.

No exceptions noted.

Medical expenses and medical insurance expenses did not exceed 4% of the total expenses; therefore, this step was not performed.

Memberships and dues expenses did not exceed 4% of the total expenses; therefore, this step was not performed.

No exceptions noted.

reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

- Obtain general ledger detail for student-athlete meals (non-travel) expenses and compare to the total actual expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.
- Obtain general ledger detail for bowl expenses and compare to the total actual expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

Student-athlete meals expenses did not exceed 4% of the total expenses; therefore, this step was not performed.

Post-season bowl expenses did not exceed 4% of the total expenses; therefore, this step was not performed.

Additional agreed-upon procedures

- Compare and agree the sports sponsored as reported in the NCAA Membership Financial Reporting System to the squad lists of the institution.
- Obtain the institution's Sports Sponsorship and Demographics Forms Report for the reporting year. Validate that the countable sports reported met the minimum requirement as set forth in the bylaws. Once countable sports have been confirmed, ensure that the institution has properly reported these sports as countable for revenue distribution purposes within the NCAA Membership Financial Reporting System.
- 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.

No exceptions noted.

No exceptions noted.

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

No excess transfers to institution or conference realignment expenses were

to validate the existence of the transaction and accuracy of recording. Recalculate totals.

reported; therefore, this step was not performed.

- 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.

No exceptions noted.

- Agree the total outstanding institutional debt to supporting documentation and the institution's audited financial statements (if available), or the institution's general ledger.

No exceptions noted.

- 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.

No exceptions noted.

- Agree the total fair value of institutional endowments to supporting documentation, the institution's general ledger, and audited financial statements, if available.

No exceptions noted.

- 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 not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the compliance of the accompanying statement of revenues and expenses of the University of Memphis with the NCAA compliance requirements noted above. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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. However, this report is a matter of public record.

Sincerely,

A handwritten signature in dark ink, appearing to read "Deborah Loveless", written in a cursive style.

Deborah V. Loveless, CPA, Director
Division of State Audit

The University of Memphis
Department of Intercollegiate Athletics
Statement of Revenues and Expenses
For the Year Ended June 30, 2017

	Football	Men's Basketball	Women's Basketball	Olympic Sports	Non-Program Specific	Total
Revenues						
Ticket sales	\$ 3,533,956	\$ 5,185,551	\$ 20,218	\$ 61,952	\$ 2,870	\$ 8,804,547
Student fees	-	-	-	-	7,488,847	7,488,847
Direct institutional support	-	-	-	-	8,215,485	8,215,485
Indirect institutional support	-	-	-	-	2,312,769	2,312,769
Indirect institutional support - athletic facilities debt service, lease, and rental fees	-	240,120	-	-	-	240,120
Guarantees	200,000	-	7,000	-	-	207,000
Contributions	6,961	52,804	-	253,675	6,187,289	6,500,729
In-kind contributions	-	-	-	-	2,778,619	2,778,619
NCAA distributions	-	337,847	-	-	2,400,249	2,738,096
Conference distributions	-	7,968	2,296	-	3,695,020	3,705,284
Program, novelty, parking and concession sales	555,938	267,647	2,275	-	345	826,205
Royalties, licensing, advertisements, and sponsorships	-	368,449	-	-	2,743,445	3,111,894
Athletics restricted endowment and investment income	-	-	-	629	914	1,543
Other operating revenues	12,367	35,885	-	37,930	944,905	1,031,087
Bowl revenues	754,607	-	-	-	-	754,607
Subtotal operating revenues	5,063,829	6,496,271	31,789	354,186	36,770,757	48,716,832
Expenses						
Athletics student aid	2,879,225	355,147	399,269	4,205,408	588,692	8,427,741
Guarantees	600,000	490,000	50,000	15,000	-	1,155,000
Coaching salaries, benefits, and bonuses paid by the university and related entities	6,034,597	3,920,406	789,650	2,058,613	96,315	12,899,581
Support staff/administrative compensation, benefits, and bonuses paid by the university and related entities	201,891	266,451	176,133	125,261	4,830,012	5,599,748
Recruiting	337,107	149,966	112,913	161,150	-	761,136
Team travel	805,340	892,647	557,499	1,143,088	-	3,398,574
Sports equipment, uniforms, and supplies	635,869	295,970	116,707	843,924	70,860	1,963,330
Game expenses	806,300	1,844,454	5,935	172,408	-	2,829,097
Fundraising, marketing, and promotion	-	-	-	-	924,509	924,509
Spirit groups	-	-	-	-	146,272	146,272
Athletic facilities, debt service, leases, and rental fees	-	240,120	-	-	-	240,120
Direct overhead and administrative expenses	1,043,856	733,587	23,573	177,205	298,449	2,276,670
Indirect institutional support	-	-	-	-	2,312,769	2,312,769
Medical expenses and insurance	22,781	20,291	-	995	765,510	809,577
Membership and dues	1,950	595	480	5,653	16,911	25,589
Student-athlete meals (non-travel)	452,083	312,183	48,222	99,891	-	912,379
Other operating expenses	264,777	203,894	55,008	126,132	2,483,596	3,133,407
Bowl expenses	627,662	-	-	-	-	627,662
Subtotal operating expenses	14,713,438	9,725,711	2,335,389	9,134,728	12,533,895	48,443,161
Excess (deficiency) of revenues over (under) expenses	\$ (9,649,609)	\$ (3,229,440)	\$ (2,303,600)	\$ (8,780,542)	\$ 24,236,862	\$ 273,671

The accompanying notes are an integral part of this statement.

Other Reporting Items:

Total athletics-related debt	\$3,139,372
Total institutional debt	\$133,799,283
Value of athletics-dedicated endowments	\$3,145,316
Value of institutional endowments	\$101,320,836
Total athletics-related capital expenses	\$11,280,066

**The University of Memphis
Intercollegiate Athletics Department
Notes to the Statement of Revenues and Expenses
For the Year Ended June 30, 2017**

NOTE 1. CONTRIBUTIONS

The University of Memphis Foundation office researched the donation records for donors to determine if any cumulatively gave 10% or more of all contributions to athletics. Nike, Inc. donated \$1,481,082 in apparel to athletics. There were no other donors during the fiscal year ended June 30, 2017 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, 2017, the University of Memphis Foundation transferred, disbursed, and/or recorded expense accruals for \$18,081,735 of athletic donations to the University of Memphis, various other vendors, and various athletic department employees to cover scholarships and other athletic department expenses. Of this \$18,081,735, \$11,184,642 was transferred by the University of Memphis Foundation for in-kind capital expenditures recorded in the university's unexpended plant fund 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.

The University of Memphis Foundation also recorded revenues and expenses in athletic accounts controlled by the foundation.

	<u>Football</u>	<u>Men's Basketball</u>	<u>Women's Basketball</u>	<u>Other Sports</u>	<u>ADMIN</u>	<u>TOTAL</u>
EXPENDITURES:						
Athletics Student Aid	\$2,846,428	\$355,147	\$389,269	\$2,431,461	\$ -	\$6,022,305
Other operating expenses	-	-	-	-	874,788	874,788
Capital expenditures	146,292	11,038,350	-	-	-	11,184,642
Total	<u>\$2,992,720</u>	<u>\$11,393,497</u>	<u>\$389,269</u>	<u>\$2,431,461</u>	<u>\$874,788</u>	<u>\$18,081,735</u>

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, 2017. 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.

Notes to the Statement of Revenues and Expenses (Continued)

Indirect facilities charges of \$1,087,168 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 \$1,225,601. The indirect administrative support allocation is based on the following formula:

Total unrestricted salaries before allocation
Less: net institutional support salaries 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 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 assets at historical cost or at fair 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.

Notes to the Statement of Revenues and Expenses (Continued)

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.

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 for the Physical Education Building. 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. Debt service requirements to maturity for bonds payable at June 30, 2017, for athletic related debt are as follows:

Year Ending				
June 30	Principal	Interest	Total	
2018	\$ 212,535.47	\$ 87,328.93	\$ 299,864.40	
2019	223,572.76	84,110.27	307,683.03	
2020	235,184.90	80,031.57	315,216.47	
2021	247,402.27	75,073.51	322,475.78	
2022	240,306.39	69,096.95	309,403.34	
2023 - 2027	1,143,638.29	247,169.04	1,390,807.33	
2028 - 2030	836,731.90	47,132.47	883,864.37	
Total	<u>\$ 3,139,371.98</u>	<u>\$ 689,942.74</u>	<u>\$ 3,829,314.72</u>	

There is currently a capital campaign ongoing for the construction of the new football and basketball practice facilities. The University expects the costs will be funded through donations. The University spent \$15,657,026.25 through June 30, 2017, for architectural, interior design, and project management fees for these facilities.

Supplemental Schedule: Revenues and Expenses Analytical Review

	2017 Actual	2016 Actual	2017 Budget	Prior Year Comparison		Budget vs Actual Comparison	
				\$ Difference	% Difference	\$ Difference	% Difference
Operating revenues:							
Ticket sales	\$ 8,804,547	\$ 10,036,174	\$ 7,782,370	\$ (1,231,627)	-12.27% 1	\$ 1,022,177	13.13% 2
Student fees	7,488,847	7,387,557	7,484,300	101,290	1.37%	4,547	0.06%
Direct institutional support	8,215,485	8,844,420	8,153,641	(628,935)	-7.11%	61,844	0.76%
Contributions	6,500,729	7,600,329	8,600,000	(1,099,600)	-14.47% 3	(2,099,271)	-24.41% 4
10% of Revenues	\$ 4,871,683						
Operating expenses:							
Athletics student aid	\$ 8,427,741	\$ 8,350,688	\$ 8,208,000	\$ 77,053	0.92%	\$ 219,741	2.68%
Coaching salaries, benefits, and bonuses paid by the university and related entities	12,899,581	11,788,521	11,910,810	1,111,060	9.42%	988,771	8.30%
Support staff/administrative compensation, benefits, and bonuses paid by the university and related entities	5,599,748	5,668,908	5,510,647	(69,160)	-1.22%	89,101	1.62%
10% of Expenses	\$ 4,844,316						

Footnotes:

- 1 The ticket sales decrease is largely due to football ticket sales. In 2016, UOM played both Old Miss and Navy at home. Both games were considered large revenue games. In 2017, there were no large revenue games. In 2017, UOM played Old Miss as an away game. Football ticket sales for both 2016 and 2017 are listed below.

	<u>Actual</u>
2016 Football Ticket Sales	4,619,208
2017 Football Ticket Sales	3,533,956
	<u>1,085,252</u>
	Difference
- 2 As UOM staff were aware that they did not have any large revenue games on the football schedule (see footnote 1), UOM decreased the budget for 2017. However, ticket sales were higher for other football games and other sports than expected.
- 3 In order to truly compare contributions, both monetary and in-kind contributions should be considered together. When that calculation is performed, a significant variance of 11.6% still exists and that difference will be explained. The majority of contributions are tied to Men's Basketball Ticket Sales. Ticket sales for men's basketball decreased in 2017. As a result, individual and corporation contributions also decreased.
- 4 When preparing the budget, in-kind contributions were extremely underbudgeted (a difference of \$2.5 million), while monetary contributions were very overbudgeted (a difference of \$2.1 million). However, these two line items should really be combined for the sake of comparison. Taking contributions as a whole, the overall difference is \$479,348 and 5.45% and no longer requires any explanation.

Report: External Audit Report Received 3rd Quarter FY2018

Independent Accountants' Report on the Application of Agreed-Upon Procedures to the University of Memphis' Intercollegiate Athletics Program Statement of Revenues and Expenses

- The Agreed-Upon Procedures evaluated compliance with the National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.15 for the year ended June 30, 2017, and was performed by the Tennessee Comptroller of the Treasury's Division of State Audit.
- No opinion was expressed on compliance with NCAA requirements, but **no exceptions noted** with the procedures performed.

6. Summary of Investigations Completed

Report

Presented by Vicki Deaton

Report to the Audit Committee of the Board of Trustees

The University of Memphis Audit Committee
Report
For Information

Date: March 7, 2018

Committee: Audit Committee

Report Title: Summary of Investigations 3rd Quarter FY2018

Presented by: Vicki D. Deaton, Chief Audit Executive

Background:

Three reports of fraud, waste, or abuse, noncompliance with law, or conflict of interest were received by the Office of Internal Audit and Consulting this quarter. Two of the allegation reports received were investigated and resulted in reports issued by Internal Audit. One allegation report is under investigation, and one investigation initiated in the 2nd quarter of FY2018 was completed this quarter.

Attached is a summarized list of reports received by the UOM Office of Internal Audit and Consulting, with additional information regarding investigations completed by Internal Audit.

CONFIDENTIAL AUDIT INFORMATION

UOM Investigation Summary FY2018									
Case Number	Date Received	Allegation Received by	Description of Allegation	Status	Investigation Outcome	\$ Loss	Date of Final Action by Internal Audit	Additional Explanation	
18-015	10/31/2017	Allegation Letter to Dr. Rudd and Audit Committee	Inadequate Segregation of Duties in Financial Transaction Approvals	Memo Issued-Case Closed	Financial Transaction Approvals are Adequately Segregated	NA	12/13/2017		
18-016	12/16/2017	Internal Audit FWA Report	False Statements Regarding Campus Improvements	Memo Issued-Case Closed	No Indication of Intentional False Statements	NA	2/1/2018		
18-017	1/18/2018	Phone Call to College Dean	Misuse of Funds	ongoing					
18-018	1/25/2018	Internal Audit FWA Report	Contractor Facility Use & Environmental Violations	Memo Issued-Case Closed	No Evidence of Mismanagement, Waste, or Environmental Violations	NA	2/6/2018		



Report: Summary of Investigations 3rd Quarter FY2018

Summary information is provided for the reports of possible fraud, waste, or abuse, noncompliance with law, and conflict of interest received by Internal Audit this quarter.

Investigations

UOM Investigation Summary FY2018							
Case Number	Date Received	Allegation Received by	Description of Allegation	Status	Investigation Outcome	\$ Loss	Date of Final Action by Internal Audit
18-015	10/31/2017	Allegation Letter to Dr. Rudd and Audit Committee	Inadequate Segregation of Duties in Financial Transaction Approvals	Memo Issued-Case Closed	Financial Transaction Approvals are Adequately Segregated	NA	12/13/2017
18-016	12/16/2017	Internal Audit FWA Report	False Statements Regarding Campus Improvements	Memo Issued-Case Closed	No Indication of Intentional False Statements	NA	2/1/2018
18-017	1/18/2018	Phone Call to College Dean	Misuse of Funds	ongoing			
18-018	1/25/2018	Internal Audit FWA Report	Contractor Facility Use & Environmental Violations	Memo Issued-Case Closed	No Evidence of Mismanagement, Waste, or Environmental Violations	NA	2/6/2018

7. Issue Follow Up

Report

Presented by Vicki Deaton

Report to the Audit Committee of the Board of Trustees

The University of Memphis Audit Committee
Report
For Information

Date: March 7, 2018

Committee: Audit Committee

Report Title: Center for Information Assurance Financial and Compliance Audit Issue Follow Up

Presented by: Vicki D. Deaton, Chief Audit Executive

Background:

Attached is a summarized list of audit issues that were evaluated for completion this quarter. These are minor issues that have been substantially resolved.

Follow Up on Audit Issues - 3rd Quarter FY2018									
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	
8/30/2017	Center for Information Assurance Financial and Compliance Audit	8/30/2017	Effective with Opportunity for Improvement	CfIA 1a	Insufficient Controls over Meal Expenses	Minor = Effective with Opportunity for Improvement	Dr. Judith C. Simon, BIT Professor and Co- Director of Center for Information Assurance	Complete	
9/1/2017	Center for Information Assurance Financial and Compliance Audit	8/30/2017	Effective with Opportunity for Improvement	CfIA 1b	Insufficient Controls over Meal Expenses	Minor = Effective with Opportunity for Improvement	Monique Savage, Director – Conference and Event Services	Complete	
8/30/2017	Center for Information Assurance Financial and Compliance Audit	8/30/2017	Effective with Opportunity for Improvement	CfIA 2	Insufficient Controls over Meal Expenses	Minor = Effective with Opportunity for Improvement	Dr. Judith C. Simon, BIT Professor and Co- Director of Center for Information Assurance	Audit Follow Up in Progress	



Report: 3rd Quarter FY2018 Audit Issue Follow Up

Center for Information Assurance Financial and
Compliance Audit issue resolution was evaluated this
quarter.

Audit Issue Follow Up

Follow Up on Audit Issues - 3rd Quarter FY2018										
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		
8/30/2017	Center for Information Assurance Financial and Compliance Audit	8/30/2017	Effective with Opportunity for Improvement	CfIA 1a	Insufficient Controls over Meal Expenses	Minor = Effective with Opportunity for Improvement	Dr. Judith C. Simon, BIT Professor and Co-Director of Center for Information Assurance	Complete		
9/1/2017	Center for Information Assurance Financial and Compliance Audit	8/30/2017	Effective with Opportunity for Improvement	CfIA 1b	Insufficient Controls over Meal Expenses	Minor = Effective with Opportunity for Improvement	Monique Savage, Director – Conference and Event Services	Complete		
8/30/2017	Center for Information Assurance Financial and Compliance Audit	8/30/2017	Effective with Opportunity for Improvement	CfIA 2	Insufficient Controls over Meal Expenses	Minor = Effective with Opportunity for Improvement	Dr. Judith C. Simon, BIT Professor and Co-Director of Center for Information Assurance	Audit Follow Up In Progress		

8. Audit Plan Update

Report

Presented by Vicki Deaton

Presentation to the Audit Committee of the Board of Trustees

The University of Memphis Audit Committee
Presentation
For Information

Date: March 7, 2018

Committee: Audit Committee

Presentation Title: FY2018 Audit Plan Update

Presented by: Vicki D. Deaton, Chief Audit Executive

Background:

Over 5,300 staff hours were originally budgeted for completion of the FY2018 Audit Plan. Including staff hours this fiscal year to date and staff hours expected through fiscal year end, we will have about 75% of the hours originally budgeted to complete the FY2018 audit plan. Attached is a comparison of FY2018 budgeted hours allocated by audit activity to FY2018 to date actual hours allocated by audit activity.

Type of Activity	FY2018 Budgeted Audit Plan Allocation	FY2018 To Date Actual Audit Allocation
Audits	78%	41%
Follow Up of Audit Issues	3%	12%
Investigations	10%	19%
Consulting/Advisory Role	10%	11%
Audit Committee Administration	0%	6%
General Administration	<u>0%</u>	<u>10%</u>
	100.0%	100%

List of Audits Completed in FY2018

Center for Information Assurance Financial & Compliance Audit
School of Public Health Financial & Compliance Audit
Department of Biological Sciences Financial & Compliance Audit
FY2017 Audit of President's Expenses
State Audit FY2017 Year End Work

Due to the reduction of time spent on audits and the shortage of staff hours, the following FY2018 planned audits have not been completed as of this date.

List of Outstanding FY2018 Audits

Intermodal Freight Transportation Institute (IFTI) Financial & Compliance Audit
Center for Applied Earth Science and Engineering Research (CAESER) Financial & Compliance Audit
Sponsored Research Disclosure of Financial Interest Policy Compliance
Animal Care Facilities (Financial & Research Compliance)
Athletics - Team Travel Expenses Audit
NACHA FY2018 Audit
Disaster Recovery Audit
State Audit FY2018 Year End Work

List of Outstanding FY2018 Co-Sourced Audits

Compliance Audit Title IX
Compliance Audit Clery Act
Procurement-Contractors Compliance Audit PO Terms and Conditions



Presentation: FY2018 Audit Plan Update

Over 5,300 staff hours were originally budgeted for completion of the FY2018 Audit Plan. Including staff hours this fiscal year to date and staff hours expected through fiscal year end, we will have about 75% of the hours originally budgeted to complete the FY2018 audit plan.

Below is a comparison of FY2018 budgeted hours allocated by audit activity to FY2018 to date actual hours allocated by audit activity.

Type of Activity	FY2018 Budgeted Audit Plan Allocation	FY2018 To Date Actual Audit Allocation
Audits	78%	41%
Follow Up of Audit Issues	2%	12%
Investigations	10%	20%
Consulting/Advisory Role	10%	11%
Audit Committee Administration	0%	6%
General Administration	0%	10%
8. Audit Plan Update	100%	100%



FY2018 Audits

Completed:

Center for Information Assurance Financial & Compliance Audit
School of Public Health Financial & Compliance Audit
Department of Biological Sciences Financial & Compliance Audit
FY2017 Audit of President's Expenses
State Audit FY2017 Year End Work

Outstanding:

Controls over Sponsored Accounts
Center for Applied Earth Science and Engineering Research (CAESER) Financial & Compliance Audit
Sponsored Research Disclosure of Financial Interest Policy Compliance
Intermodal Freight Transportation Institute (IFTI) Financial & Compliance Audit
Animal Care Facilities (Financial & Research Compliance)
Athletics - Team Travel Expenses Audit
NACHA FY2018 Audit
Disaster Recovery Audit
UofM Audit Committee Meeting
State Audit FY2018 Year End Work