

The University of Arizona Annual financial statement audit

The University's fiscal year 2022 reported financial information is reliable, and we did not report any deficiencies over financial reporting. However, we reported a finding over procurement card purchases summarized on the next page.

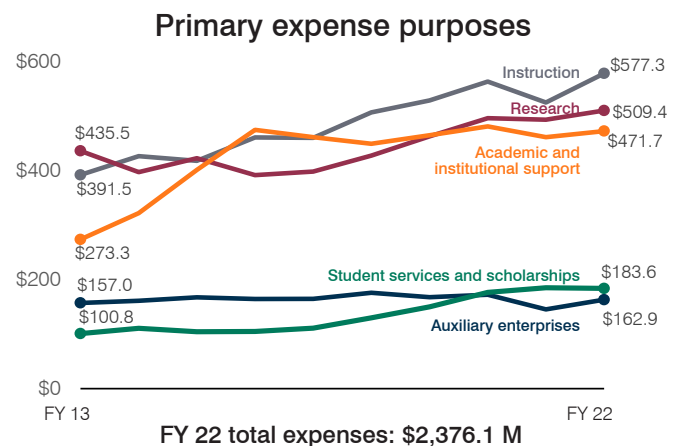
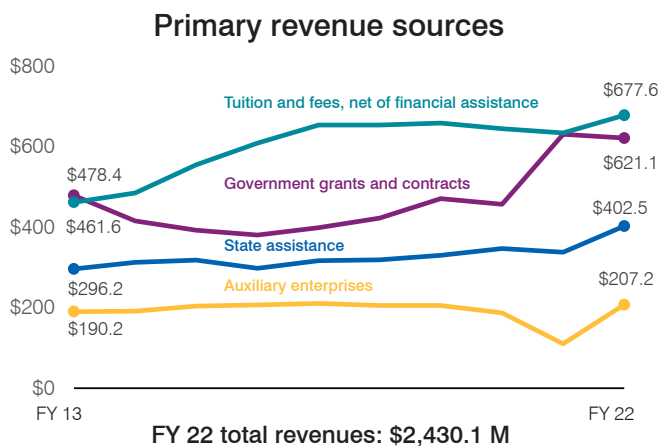
Audit purpose

To express our opinion on the University's financial statements and, if applicable, to report findings over noncompliance with certain laws and regulations or other financial deficiencies.

Primary revenue sources and how they were spent

Fiscal years (FY) 2013 through 2022

(In millions)



Source: Auditor General staff summary of information obtained from the University's financial statements.

Largest primary revenue sources FY 2022

- **Tuition and fees, net of financial assistance 27.9%**—Includes charges to students for educational services, net of any University student financial assistance revenues that were used to cover the students' tuition and fees.
- **Government grants and contracts 25.6%**—Includes federal and State government grant programs and contracts awarded mostly for student financial aid and research and development programs.

Largest primary expense purposes FY 2022

- **Instruction 24.3%**—Costs to provide instruction for all degree and certificate programs.
- **Research 21.4%**—Costs that support all initiatives to advance research in various fields.
- **Academic and institutional support 19.9%**—Costs for University-wide planning, management, and administrative support services, including fiscal operations, information technology, and course development.

University's net position increased in FY 2022

University revenues were \$54.0 million more than its expenses, increasing its total net position to \$1,102.0 million at June 30, 2022. Net position includes all assets, such as buildings, vehicles, and cash and investments, less all liabilities, such as unpaid pension and other payroll obligations, long-term debt, and accounts payable. None of this net position is unrestricted, meaning some is not in spendable form, and the rest is restricted by external parties.

Auditor findings and recommendations

Summarized below is our finding and recommendation included in the University's [Report on Internal Control and on Compliance](#) where there is further information and the University's responses.

The University paid \$63,455 for lodging, event food and beverages, and other items using procurement cards without complying with procurement card policies and procedures and/or documenting how these purchases were necessary to serve a public purpose and to benefit the University and its constituents, resulting in an elevated risk of misuse of public monies and possible violation of the Arizona Constitution. During fiscal year 2022, the University had not provided procurement card trainings for procurement card users and the supervisors who were responsible for reviewing procurement card purchases and ensuring compliance with policies and procedures. During this time frame, the University had a combined 37 percent turnover among employee procurement card holders and Department supervisors who were responsible for the reviews. Therefore, the University needs to improve its procurement card policies and procedures by requiring periodic training for its employee procurement card holders and department supervisors on its policies and procedures that provide guidance on determining and documenting allowable procurement card uses and purchases and ensure that all new staff receive training. Further, the University needs to require monitoring for riskier procurement card purchases to detect unallowable purchases and require timely and appropriate corrective or disciplinary actions, as appropriate, to restrict an employee's procurement card purchasing ability when an employee fails to follow procurement card policies and procedures.

Auditor General website report links

- The *June 30, 2022, University of Arizona Annual Comprehensive Financial Report* and *Report on Internal Control and on Compliance* that are summarized in these highlights can be found at this [link](#). These reports should be read to fully understand the University's overall financial picture and our reporting responsibilities.
- The University's reports from prior years are available at this [link](#).
- For help in understanding important information presented in these reports, please refer to our user guides at the following links:
 - [Financial Report User Guide for Colleges and Universities](#).
 - [Internal Control and Compliance Reports User Guide](#).