

The University of Arizona Annual financial statement audit

The University's fiscal year 2024 reported financial information is reliable, and we did not report any deficiencies over financial reporting. However, we reported deficiencies over purchasing card purchases for food and beverages, entertainment, and other costs, which are summarized on the next page.

Audit purpose

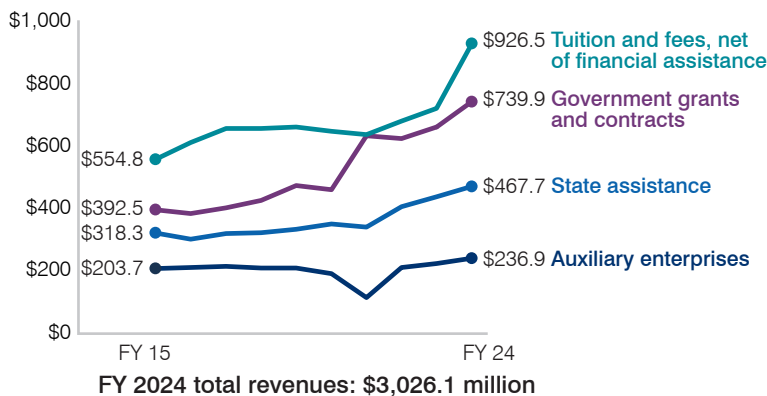
To express our opinion on the University's financial statements and, if applicable, to report findings over noncompliance with certain laws and regulations or other financial deficiencies.

Primary revenue sources and how they were spent

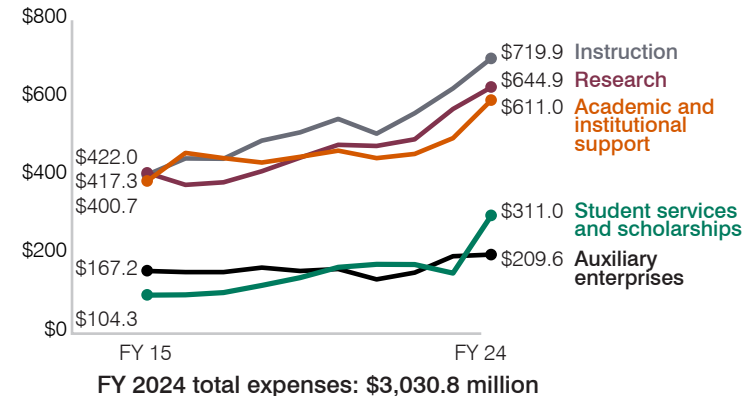
Fiscal years (FY) 2015 through 2024

(In millions)

Primary revenue sources



Primary expense purposes



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

Largest primary revenue sources FY 2024

- **Tuition and fees, net of financial assistance 30.6%**—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 24.5%**—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 2024

- **Instruction 23.8%**—Costs to provide instruction for all degree and certificate programs.
- **Research 21.3%**—Costs that support all initiatives to advance research in various fields.
- **Academic and institutional support 20.2%**—Costs for University-wide planning, management, and administrative support services, including fiscal operations, information technology, and course development.

University's net position decreased in FY 2024

University revenues were \$4.7 million less than its expenses, decreasing its total net position to nearly \$1.2 billion at June 30, 2024. 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. In addition, net position is divided into three categories: net investment in capital assets, which increased by \$70.5 million; restricted, which decreased by \$21.3 million; and unrestricted, which decreased by \$53.9 million. 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 recommendations included in the University's [Report on Internal Control and on Compliance](#) where there is further information and the University's responses.

The University and the University of Arizona Global Campus (UAGC) paid \$45,859 for food and beverages, entertainment, and other costs using purchasing cards without complying with purchasing card policies and procedures and documenting how a majority of these purchases were necessary to serve a public purpose and to benefit the University or UAGC and their students, resulting in an elevated risk of misuse of public monies and possible violation of the Arizona Constitution. Therefore, the University and UAGC should ensure purchasing cardholders and department supervisors follow University and UAGC policies and procedures that require use of purchasing cards only for authorized purposes necessary for official University business and that benefit the University and their students. Further, the University and UAGC should develop and/or implement policies and procedures to require purchasing cardholders and supervisors to attend periodic refresher training about the University's and UAGC's purchasing card policies and procedures.

In addition, the UAGC should improve its policy to align with the University's Business Purpose Guide requiring cardholders to document the business purpose to justify the public purpose and how it relates to the University's overall mission and include detailed procedures for:

- Supervisors to review purchasing card transactions to verify policies and procedures are followed.
- Cardholders to not exceed business meeting meal benchmarks or thresholds that are reasonable and appropriate.
- Timely and appropriate corrective or disciplinary actions, as appropriate.
- Monitoring the purchasing card transactions.

Further, the University should:

- Improve University policies and procedures requiring card holders to upload itemized receipts that support the purchase timely.
- Ensure department supervisors follow University policies and procedures that require them to verify policies and procedures are followed.
- Enforce University policies and procedures requiring the University's Financial Services Department to take appropriate corrective action on purchasing card expenses that do not comply with University policies and procedures.
- Continue to apply procedures to monitor the large volume of purchasing card transactions and use data analysis to help detect unallowable purchases.

Auditor General website report links

- The June 30, 2024, 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](#).