University of Arizona

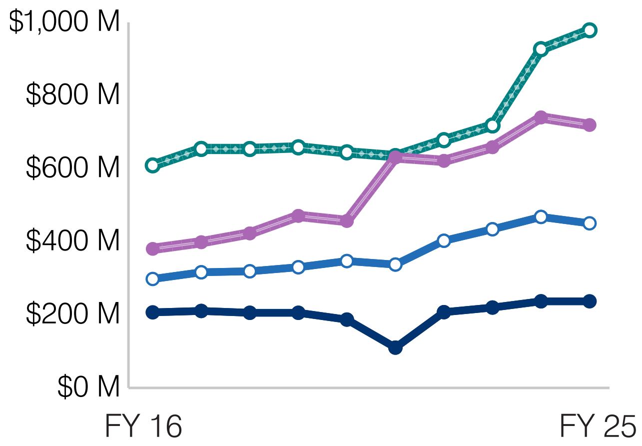
Annual financial statement and compliance audits

The University's fiscal year 2025 reported financial information is reliable. However, we reported deficiencies and noncompliance over financial reporting, summarized on the next page.

Audits' 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.

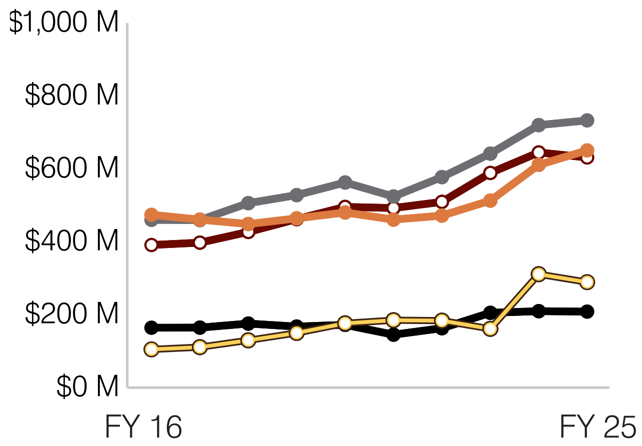
Primary revenue sources, in millions (FY 2016 through FY 2025)



Revenue source	FY 16	FY 25
Tuition and fees	$608.7 M	$978.2 M
Government grants and contracts	$380.3 M	$719.1 M
State assistance	$298.0 M	$450.2 M
Auxiliary enterprises	$206.7 M	$248.7 M

FY 25 total revenues: $3,226.5 M

Primary expense purposes, in millions (FY 2016 through FY 2025)



Expense purpose	FY 16	FY 25
Instruction	$460.0 M	$732.8 M
Academic and institutional support	$473.9 M	$650.5 M
Research	$391.1 M	$631.1 M
Student services and Scholarships	$104.8 M	$289.2 M
Auxiliary enterprises	$164.2 M	$208.4 M

FY 25 total expenses: $3,047.7 M

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

FY 2025 largest primary revenue sources as a percentage of total revenues

- **Tuition and fees, net of financial assistance, 30.3%**

  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, 22.3%**

  Includes federal and State government grant programs and contracts awarded mostly for student financial aid and research and development programs.

FY 2025 largest primary expense purposes as a percentage of total expenses

- **Instruction, 24.0%**

  Costs to provide instruction for all degree and certificate programs.

- **Academic and institutional support, 21.3%**

  Costs for University-wide planning, management, and administrative support services, including fiscal operations, information technology, and course development.

- **Research, 20.7%**

  Costs that support all initiatives to advance research in various fields.

University's net position increased in FY 2025

University revenues were $178.8 million more than its expenses, increasing its total net position to nearly $1.4 billion at June 30, 2025. 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 key findings and recommendations

Summarized below are the key findings 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 needs to:

- Follow its established policies to remove employees from its payroll system upon notice of an employee's resignation. Further, it should develop and improve its written policies and procedures over effort certification to include enforcement actions when principal investigators do not certify the effort certifications within the required time frame, and continue efforts to recapture the amounts owed to the University by a former employee and explore legal actions. University managment informed us that it failed to remove a former employee from its payroll system after the employee's resignation and improperly paid the former employee for nearly 2 years past the employee's resignation date, resulting in a potential net loss of $78,114 to the University.

- Improve its IT policies and procedures to include stronger enforcement actions when users do not comply with IT security training requirements. Further, the University and the University of Arizona Global Campus (UAGC) need to enhance authentication requirements and configure its IT systems to ensure authentication procedures for restricting logical access are being consistently followed. We found that the University's and UAGC's control procedures over IT systems and data were not sufficient, which increases the risk that the University may not adequately protect those systems and data.

- Ensure purchasing cardholders and department approvers follow University 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, ensure department approvers follow University policies and procedures that require them to verify policies and procedures are followed, continue to apply procedures to monitor the large volume of purchasing card transactions, such as sampling purchasing card transactions and reviewing self-reporting policy violations, and enforce University policies and procedures requiring the University's Financial and Budget Department to take appropriate corrective action on purchasing card expenses that do not comply with University policies and procedures. We found the University paid $8,295 for entertainment, food and beverages, and other costs using purchasing cards without complying with its policies and procedures, resulting in an elevated risk of misuse of public monies and possible violation of the Arizona Constitution. This finding was initially reported in fiscal year 2022.

Auditor General website report links

- **June 30, 2025, University of Arizona Annual Comprehensive Financial Report and Report on Internal Control and on Compliance.**

  These highlights summarize the reports above. The full reports explain the University's overall financial picture and our reporting responsibilities.

- The **University's reports from prior years.**

- **User guides that help explain the important information presented in these reports:**
  - **Financial Report User Guide for Colleges and Universities.**
  - **Internal Control and Compliance Reports User Guide.**