Members, Audit and Compliance Subcommittee:

RETAIL BKD, LLP FOR AUDIT OF FINANCIAL STATEMENTS FOR FISCAL YEAR 2014-15

Recommendation: that the Audit and Compliance Subcommittee retain BKD, LLP for the audit of the University of Kentucky’s financial statements for the year ending June 30, 2015 and authorize the Treasurer to execute the Engagement Letter.

Background: BKD, LLP was selected as the University’s independent auditor as part of a competitive bid proposal in fall 2007. The initial contract period was a term of four years with up to four additional one-year extensions through Fiscal Year 2014-15.

The Treasurer recommends extending the contract for Fiscal Year 2014-15. The Treasurer would be authorized to negotiate the Engagement Letter based upon satisfactory service to date and an appropriate negotiated price for Fiscal Year 2014-15.

The Fiscal Year 2013-14 engagement fees totaled $365,825. The engagement of BKD, LLP for Fiscal Year 2014-15 will be slightly higher due to inclusion of one additional audit (Beyond Blue, Inc.) and additional major programs in the required A-133 testing. The engagement will include the following services:

- audit of the basic financial statements of the University and its affiliates for the Fiscal Year ending June 30, 2015;
- audit of the basic financial statements of the University organizational units, UK Healthcare Hospital System, Department of Intercollegiate Athletics, the Kentucky Tobacco Research and Development Center, and WUKY-FM Radio; and
- financial reporting as required by the NCAA.

The Engagement Letter will be provided to the Audit and Compliance Subcommittee at its February 20, 2015 meeting, prior to the start of the Fiscal Year 2014-15 audit.

Action taken: ☐ Approved ☐ Disapproved ☐ Other __________________________