Subcommittee Members Present
James W. Stuckert, Chairperson, Keith Gannon, Bill Gatton and Billy Joe Miles

Approval of Minutes
The minutes of the March 9, 2010 Audit Subcommittee meeting were approved as presented.

ASCR 1
Angie Martin, Vice President for Financial Operations and Treasurer, requested that the Subcommittee approve the fiscal year 2010-11 Engagement Letter with BKD, LLP. The scope of the services includes audit of the basic financial statements of the University and its affiliates for the year ending June 30, 2010; audit of the balance sheet and related statements of operations for Kentucky Technology, Inc. and its subsidiaries for the year ended December 31, 2010; and audit of the balance sheet and of December 31, 2010 and compilation statements of operations, stockholder’s equity and cash flows for Coldstream Laboratories Inc. for the year therein ended. It was also requested that the Subcommittee approve the separate engagement letter for NCAA agreed upon procedures. Keith Gannon moved for approval. Bill Gatton seconded, and the motion for approval unanimously carried.

Other Business
Joe Reed, Senior Director of Internal Audit, presented a report on the fiscal year 2009-10 activity. He discussed the different types of audits and reviews performed by Internal Audit and the department’s performance metrics. Mr. Reed also reviewed the fiscal year 2010-11 audit plan, including an overview of the factors that determine which areas will be reviewed in a given timeframe.

Mary McKinley, Partner, and Chris Graff, Manager, from BKD, LLP presented the University of Kentucky Financial Statements for the year ended June 30, 2010. The Subcommittee’s attention was directed to the Independent Accountants’ Report on the first page of the Financial Report, which indicated that the University received an unqualified or “clean” opinion. Ms. McKinley then presented the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. Mr. Graff reviewed the Statement on Auditing Standards (SAS) No. 112/114 Report and Management Letter. The University had no material weaknesses reported.
Next Meeting
The next meeting will be held March 29, 2011. At that time BKD, LLP will communicate with the Subcommittee regarding the audit for the fiscal year ending June 30, 2011. Internal Audit will also present their fiscal year 2011-12 work plan, provide an update on their fiscal year 2010-11 activities, and present revised charters for the Audit Subcommittee and the Internal Audit Department for approval.

Respectfully submitted,

Christine Donahoe