Members, Audit Subcommittee:

RETAIN BKD, LLP FOR AUDIT OF FINANCIAL STATEMENTS FOR
FISCAL YEAR 2011-12

Recommendation: that the Audit Subcommittee retain BKD, LLP for the audit of the University of Kentucky’s financial statements for the year ending June 30, 2012 and authorize the Executive Vice President for Finance and Administration (EVPFA) 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 covers fiscal year 2010-11 with possible extensions through fiscal year 2014-15.

The EVPFA recommends extending the contract for fiscal year 2011-12. The EVPFA would be authorized to negotiate the Engagement Letter based upon satisfactory service to date and an appropriate negotiated price for fiscal year 2011-12.

The current engagement fees total $352,980. The engagement of BKD, LLP for fiscal year 2011-12 will be similar to the current year and include the following services:

- audit of the basic financial statements of the University and its affiliates for the fiscal year ending June 30, 2012;
- audit of the balance sheet and related statements of operations, stockholder’s equity, and cash flows for Kentucky Technology, Inc. and subsidiaries for the calendar year ending December 31, 2011;
- audit of the balance sheet and related statements of operations, stockholder’s equity, and cash flows for Coldstream Laboratories Inc. for the calendar year ending December 31, 2011; and
- Financial reporting as required by the NCAA.

The Engagement Letter will be provided to the Audit Subcommittee at its October 25, 2011 meeting, prior to the start of the fiscal year 2011-12 audit.

Action taken: ☑ Approved ☐ Disapproved ☐ Other __________________________