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Office of the President  
February 22, 2024

Members, Audit and Compliance Committee:

## EXECUTE FISCAL YEAR 2023-24 AUDIT ENGAGEMENT LETTER

Recommendation: that the Audit and Compliance Committee authorize the Treasurer to execute the Engagement Letter with FORVIS, LLP for the audit of the University of Kentucky's financial statements for the year ending June 30, 2024.

Background: FORVIS, LLP (formerly BKD, LLP) was retained as the university's independent auditor as a result of a competitive bid proposal in fall 2015. The initial contract period is a term of five years (July 1, 2016 – June 30, 2021) with up to four additional one-year renewal options for a total term not to exceed nine years (through June 30, 2025).

The Treasurer recommends exercising a one-year renewal of the additional two years remaining on the contract for the Fiscal Year 2023-24 audit engagement based upon satisfactory service to date and the contract's fixed price components.

The Fiscal Year 2022-23 audit engagement fees totaled \$661,000. The 2023-24 engagement is expected to be approximately \$694,100 due to a three percent increase included in the contract, additional fees of \$148,240 for consulting and audit of Royal Blue Health, LLC, and \$64,000 in additional fees for work required due to the number of additional research programs which had expenditures in excess of \$3,000,000 as required by the federal government. 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, 2024;
- audit of the basic financial statements of the university organizational units, UK HealthCare Hospital System, the Kentucky Tobacco Research and Development Center, Alumni Association and WUKY-FM Radio; and
- other services including reports on internal controls and compliance as required by the State and federal government, reports on various agreed-upon procedures and a report on the estimated bond arbitrage liability.

The Engagement Letter will be provided to the Audit and Compliance Committee at its April 2024 meeting, prior to the start of the Fiscal Year 2023-24 audit.

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Action taken:     Approved     Disapproved     Other \_\_\_\_\_