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Office of the President
February 18, 2016

Members, Audit and Compliance Committee of the Board of Trustees:

AUTHORIZATION TO ENTER CONTRACT NEGOTIATIONS WITH IDENTIFIED
FINALIST FOR AUDIT, ACCOUNTING, TAX, AND CONSULTING SERVICES

Recommendation: that the Audit and Compliance Committee authorize the Treasurer to enter into contract negotiations with the identified finalist for audit, accounting, tax, and consulting services.

Background: Pursuant to University of Kentucky Governing Regulation (GR) II.E.2.c(1), the Audit and Compliance Committee has sole authority to review recommendations and select the external auditor. No action by the Board of Trustees is required.

The University's current auditor is BKD, LLP. BKD was hired in 2008 as a result of an RFP process and the term of the initial contract was for the audit of the four years ended June 30, 2008, 2009, 2010 and 2011. The contract provided for four one-year extensions at the option of both parties under negotiated financial terms. The contract was subsequently extended for four additional one-year periods, with the final extension expiring with the audit of the fiscal year ended June 30, 2015.

The University issued a request for proposals (RFP) for audit, accounting, tax and consulting services in November 2015 and received three proposals. The RFP Evaluation Committee (composed of chairs of the Audit and Compliance Committee and Finance Committee and various University staff members) performed a preliminary evaluation of proposals and invited all three firms to present to the Committee in early February 2016. The RFP Evaluation Committee identified a finalist firm for recommendation to the Audit and Compliance Committee. The firm identified was determined to be the best overall value for the University to perform the following scope of services:

- Annual, independent audits of the University of Kentucky and its affiliated corporations
- Accounting, including forensic reviews, and tax services
- Consulting on related matters as needed

The name of the finalist firm will not be disclosed as it could jeopardize contract negotiations. The initial term of the contract(s) will be five years with four one-year renewal options for a total term not to exceed nine years.

Action taken: Approved Disapproved Other _____