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Office of the President  
February 21, 2025

Members, Audit and Compliance Committee:

## EXECUTE FISCAL YEAR 2024-25 AUDIT ENGAGEMENT LETTER

Recommendation: that the Audit and Compliance Committee authorize the Treasurer to execute the Engagement Letter with Forvis Mazars, LLP for the audit of the University of Kentucky's financial statements for the year ending June 30, 2025.

Background: Forvis Mazars, 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 was 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 year remaining on the contract for the Fiscal Year 2024-25 audit engagement based upon satisfactory service to date and the contract's fixed price components.

The Fiscal Year 2023-24 audit engagement fees totaled \$694,100. The 2024-25 engagement is expected to be approximately \$1,070,120 due to additional fees of \$220,000 for the ongoing impact of recently adopted accounting standards, Uniform Guidance audit standards impact, alternative investment expansion, additional work related to the UK Hospital System's directed payments and third-party analyses. Additional fees of \$16,000 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. Claire Blue Health, LLC., joined UK on July 1, 2024, and will also have audit and consulting fees of \$167,500. 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, 2025;
- audit of the basic financial statements of the University organizational units, 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.

The Engagement Letter will be provided to the Audit and Compliance Committee at its April 2025 meeting, prior to the start of the Fiscal Year 2024-25 audit.

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