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Office of the President  
June 13, 2024

Members, Audit and Compliance Committee:

UNIVERSITY OF KENTUCKY CONSOLIDATED AUDIT TO INCLUDE  
THE HOSPITAL SYSTEM

Recommendation: that the Audit and Compliance Committee approve the elimination of a separate financial statement for UK HealthCare Hospital System (the System) as the System's financial data is included in the University's consolidated audited financial statement for the year ending June 30, 2024.

Background: The University's annual audit is performed by FORVIS. The audit adheres to the highest standards of financial scrutiny and compliance in accordance with Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) requirements. The consolidated University audit covers all financial and compliance requirements for the University and its affiliates and component units.

All detailed testing and activities outlined in the FORVIS 2023-24 scope of work will be performed except for a separate audit of the financial statements for the System.

The inclusion of the System's financial activities and records in the University's annual audited consolidated financial statement provides a clear and unified financial picture to stakeholders and rating agencies. The financial activities and records of the System will continue to be included in the University's consolidated audited financial statement and will reflect a strategic and prudent approach that expands thorough financial oversight while optimizing resource allocation.

UK HealthCare will continue to provide regular financial management reports for the clinical enterprise at each meeting of the UK HealthCare Committee of the Board of Trustees.

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