



University of North Texas System

Board of Regents

Special Called Meeting Agenda

April 6, 2020, 1-3 p.m.

Real-Time Livestream Link: <https://livestream.com/accounts/7090653/events/9065203>

The University of North Texas System Board of Regents will convene a special called meeting by audioconference according to the following agenda. It is necessary to conduct this special meeting by audio only with no in-person attendance due to the request by the Office of the Attorney General to allow for the advance of the public health goal of limiting face-to-face meetings (also called social distancing) to slow the spread of Coronavirus (COVID-19). The meeting will be livestreamed in real time for public attendance at the link listed in this posting.

The discussion of the agenda matters is of sufficient urgency to be considered prior to the next regularly scheduled meeting of the Board on May 14, 2019.

1. Call to Order

2. Identification of Participants

3. Recess the Board to the Audit and Finance Committee

Action Item: Approval to Retain a Firm to Perform the FY20-FY22 UNT System External Audits

4. Reconvene Full Board

Action Item: Approval to Retain a Firm to Perform the FY20-FY22 UNT System External Audits

5. Recess to Executive Session

Government Code, Chapter 551, Section .071 - Consultation with Attorneys Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers

- Consultation with counsel regarding confidential legal matters, including pending, threatened, and contemplated litigation or settlement offers
- Consultation with counsel regarding legal issues related to COVID-19, including but not limited to legal obligations and duties related to employees and students and any and all related facts

Government Code, Chapter 551, Section .072 - Deliberations Regarding the Purchase, Exchange, Lease or Value of Real Property

- Discussion regarding the purchase or value of real property associated with the UNT campus

Reconvene in open session to consider action on executive session items, as necessary

6. Adjournment

Board Briefing



Committee: Audit & Finance

Date Filed: April 6, 2020

Title: Approval to Retain a Firm to Perform the FY20 – FY22 UNT System External Audits

Background:

The UNT System Board of Regents has directed System management to procure an audit firm to perform financial audits of the consolidated annual financial report, program reviews, and compliance audits. UNT System management, the Vice Chancellor for Finance, and the Chief Audit Executive reviewed the responses submitted to a request for qualifications (“RFQ”) for these services. Management selected BKD, LLP to conduct the external audit for FY 2020 to FY 2022 with two (2) options to extend in one (1) year increments.

Financial Analysis/History:

Proposed Fees:

Fiscal Year	Consolidated Audit	SACS	Title IV	CPRIT	Other (GASB 87)	Annual Total	SACS Institution
2020	\$ 406,000	\$ 20,000	\$ 24,000	\$ 20,000	\$ 19,000	\$ 489,000	UNTHSC
2021*	416,000	-	24,000	20,000	-	460,000	
2022*	416,000	-	24,000	20,000	-	460,000	
	<u>\$ 1,238,000</u>	<u>\$ 20,000</u>	<u>\$ 72,000</u>	<u>\$ 60,000</u>	<u>\$ 19,000</u>	<u>\$ 1,409,000</u>	

* Amounts for Fiscal Year 2021 and 2022 are estimated. Fees are negotiated annually.

Dan Tenney
Digitally signed by Dan Tenney
Date: 2020.03.31 17:04:00 -05'00'

Vice Chancellor for Finance

Legal Review:

This item has been reviewed by General Counsel.

Alan Stucky
Digitally signed by Alan Stucky
Date: 2020.04.01 09:31:40 -05'00'

Vice Chancellor/General Counsel

Schedule:

The identified external audit firm will be hired upon approval by the Board of Regents.

Recommendation:

It is recommended that the Board of Regents delegate authority to the UNTS Chancellor to execute an agreement with BKD, LLP for a three-year engagement.

Recommended By:

Dan Tenney

Vice Chancellor for Finance

Tracy C. Grunig

Chief Audit Executive

Digitally signed by Tracy C. Grunig
Date: 2020.03.31 16:54:34 -05'00'

Lesa B. Roe

Chancellor

Digitally signed by Lesa B. Roe
Date: 2020.03.31 19:20:47 -05'00'



Board Order

Title: Approval to Retain a Firm to Perform the FY20 – FY22 UNT System External Audits

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on April 6, 2020, pursuant to a motion made by Regent _____ and seconded by Regent _____, the Committee approved the motion presented below:

Whereas, the UNT System requires an annual audit of the UNT System Comprehensive Annual Financial Report, and

Whereas, the UNT Health Science Center requires a financial review for accreditation purposes, an annual compliance audit of the Title IV program, and an annual audit of the Cancer Prevention and Research Institute of Texas (CPRIT) program,

Now, Therefore, The Board of Regents authorizes and approves the following:

1. Selection of BKD, LLP to conduct the FY 2020 – FY2022 UNT System external audit and other reviews required by the UNT Health Science Center.
 2. The Chancellor or her designee to allocate funding in a reasonable amount, negotiate and enter into an audit services contract with BKD, LLP.
-

VOTE: _____ ayes _____ nays _____ abstentions

BOARD ACTION:

Attested By:

Approved By:

Rosemary R. Haggett, Secretary
Board of Regents

Laura Wright, Chair
Board of Regents

External Audit Services Contract

Presented to:

**UNT System Board of Regents
Audit and Finance Committee**

April 6, 2020



Background

- Consistent with regent rules, the UNT System (UNTS) attains an annual audit of financial operations performed by an external audit firm
 - Following the completion of the existing contract at the end of 2019, the UNT System Controller began the process of attaining a follow-on contract for external audit services
- While UNT System provides management support, the Board of Regents Audit & Finance Committee has specific responsibilities related to the external auditor, including
 - Appointment and assurance of external auditor
 - Approval of audit fees and terms
 - Attainment of an annual audit report
 - Approval of audit scope and approach
 - Attainment of report on external auditor's internal quality controls

Procurement Process

- In December 2019, UNTS issued the Request for Qualifications (RFQ) on a new audit services contract
 - Contract terms issued for 3 years with two additional one-year extensions
 - Process was managed by the UNTS Procurement and led by the UNTS Controller
- Contract evaluation criteria was based on qualifications in five key areas
 - Corporate background and experience
 - Credentials and qualifications of the team who will serve our account
 - Methodology and service approach to providing audit services
 - Acceptance of contract terms and conditions
 - References from clients similar to UNTS with audits of similar size and scope
- Evaluation team recommends selection of BDK, LLP
 - UNTS received four contract proposals for review (incumbent did not bid)
 - Two proposals were down-selected for on-site presentations
 - BKD, LLP received the highest scores and was rated most qualified based on RFQ responses, on-site presentations, and customer references

Contract Scope, Approach & Cost

- **Contract Scope:**
 - Contract scope includes services for some audits, previously performed by other firms, to achieve better integration and potential efficiencies
 - Financial audit scope is consistent with prior years with the addition of new requirement associated with capital leases
- **Approach:**
 - Consistent with prior years, including on-site audit reviews
- **Cost:**
 - Financial audit costs and other audit costs consistent, or lower than prior years

Fiscal Year	Consolidated Audit Cost	Internal Audit Discount *	Total Consolidated Audit	UNTHSC Title IV Review	UNTHSC CPRIT Audit	SACS	Other Services	Total Audit Services	SACS Institution
2017	\$465,000	\$0	\$465,000	\$24,000	\$18,500	\$20,000	\$0	\$527,500	DAL
2018	\$425,000	\$40,000	\$465,000	\$27,000	\$19,500	\$20,000	\$0	\$531,500	HSC
2019	\$366,000	\$64,000	\$430,000	\$24,000	\$20,000	\$20,000	\$0	\$494,000	HSC
2020**	\$406,000	\$0	\$406,000	\$24,000	\$20,000	\$20,000	\$19,000	\$489,000	HSC
2021	\$416,000	\$0	\$416,000	\$24,000	\$20,000			\$460,000	
2020	\$416,000	\$0	\$416,000	\$24,000	\$20,000			\$460,000	

Amounts for Fiscal Year 2021 and 2022 are estimated. Fees are negotiated annually.

* Discount calculated at \$100/hr blended rate. Based on actual hours reported by Internal Audit.

**FY20 rates per pending BKD contract.

Recommendation

- Recommendation:
 - The UNTS Chief Financial Officer recommends selection of the contract proposal as provided by BKD LLP