The Vice President for Finance and CFO recommends that KPMG LLP be employed to provide audit services to the University of Missouri for fiscal year 2015 for fees of $825,537 plus expenses not to exceed $70,061. The total fees and expenses of $895,598 represent a .76% increase, equal to the Consumer Price Index, in fees and expenses for normal audit services over the prior fiscal year plus known scope changes as explained in the attached fee schedule.

Fiscal year 2015 fees cover the following audit services: combined financial statements of the University of Missouri System, compliance audit of the University of Missouri System in accordance with OMB Circular A-133, financial statements of University of Missouri Health Care; financial statements of Capital Region Medical Center; and, minimum agreed-upon procedures required by the NCAA for the Intercollegiate Athletics Departments of the Columbia, Missouri S&T, St. Louis and Kansas City campuses.

Fees for required NCAA Athletic Department minimum agreed upon procedures increased by $41,564 due to the addition of the UM-St. Louis and Missouri S&T athletic departments. The NCAA requires that minimum agreed-upon procedures for a Division 2 university intercollegiate athletic program be performed every three years. These procedures were performed for the Missouri University of Science and Technology campus and the UM – St. Louis campus in fiscal year 2012 and are required in fiscal year 2015.

The University will competitively bid the fiscal year 2016 audit contract, and a recommendation will be presented at the October 2015 Board Meeting.
## Combined financial statements of the University of Missouri System

<table>
<thead>
<tr>
<th></th>
<th>6/30/2014 Fees</th>
<th>0.76% Increase (CPI)</th>
<th>Known scope change</th>
<th>Total Fees FY 2015</th>
<th>6/30/2014 Expenses</th>
<th>0.76% Increase (CPI)</th>
<th>Known scope change</th>
<th>Total Expenses FY 2015</th>
<th>Total Fees &amp; Expenses FY 2014</th>
<th>Total Fees &amp; Expenses FY 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Combined financial statements of the University of Missouri System</td>
<td>$ 316,702</td>
<td>$ 2,407</td>
<td>$ -</td>
<td>$ 319,109</td>
<td>$ 34,717</td>
<td>$ 264</td>
<td>$ -</td>
<td>$ 34,981</td>
<td>$ 351,419</td>
<td>$ 354,090</td>
</tr>
<tr>
<td>Compliance audit of the University of Missouri System in accordance with OMB Circular A-133</td>
<td>$ 178,156</td>
<td>$ 1,354</td>
<td>$ -</td>
<td>$ 179,510</td>
<td>$ 12,194</td>
<td>$ 93</td>
<td>$ -</td>
<td>$ 12,287</td>
<td>$ 190,350</td>
<td>$ 191,797</td>
</tr>
<tr>
<td>Financial statements of the University Health System</td>
<td>$ 142,290</td>
<td>$ 1,081</td>
<td>$ -</td>
<td>$ 143,371</td>
<td>$ 12,188</td>
<td>$ 93</td>
<td>$ -</td>
<td>$ 12,281</td>
<td>$ 154,478</td>
<td>$ 155,652</td>
</tr>
<tr>
<td>Financial statements of the Capital Region Medical Center</td>
<td>$ 97,816</td>
<td>$ 743</td>
<td>$ -</td>
<td>$ 98,559</td>
<td>$ 6,770</td>
<td>$ 51</td>
<td>$ -</td>
<td>$ 6,821</td>
<td>$ 104,586</td>
<td>$ 105,380</td>
</tr>
<tr>
<td>Minimum agreed-upon procedures required by the NCAA for the Intercollegiate Athletics Departments of the Columbia, Kansas City, Rolla, and St. Louis campuses</td>
<td>$ 43,095</td>
<td>$ 328</td>
<td>$ 41,564</td>
<td>$ 84,657</td>
<td>$ 2,708</td>
<td>$ 21</td>
<td>$ 962</td>
<td>$ 3,691</td>
<td>$ 45,803</td>
<td>$ 88,678</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 778,059</strong></td>
<td><strong>$ 5,913</strong></td>
<td><strong>$ 41,564</strong></td>
<td><strong>$ 825,537</strong></td>
<td><strong>$ 68,577</strong></td>
<td><strong>$ 522</strong></td>
<td><strong>$ 962</strong></td>
<td><strong>$ 70,061</strong></td>
<td><strong>$ 846,636</strong></td>
<td><strong>$ 895,598</strong></td>
</tr>
</tbody>
</table>

Additional audit hours incurred beyond the anticipated normal scope of auditing services will be discussed with UMS management on a timely basis and additional billings will be negotiated at an hourly rate of $201.00. The following instances are considered a change in the normal scope of the audits: 1) greater than six major federal award programs under OMB Circular A-133 Single Audit and the effects of requirements imposed on Federal dollars related to the American Recovery and Reinvestment Act of 2009 (ARRA), or any other changes to the Circular for FY 2015, 2) implementation of new Governmental Accounting Standards Board Statements, Accounting Standards Codifications (including the additional effects that ASC's may have at CRMCS), or AICPA Auditing Standards. 3) scope of audit work changing dramatically, significant difficulties encountered beyond the expected scope of the audits, or inefficiencies caused by delays in PBC's not being completed according to originally agreed upon schedule. The above noted fees assume between 150 and 200 hours of direct audit assistance will be provided from a University Intern.

**A** The fee for 2015 is based on six major programs, which is consistent with the fee for 2014.

**B** Increase from the FY2014 fees as the NCAA procedures were limited to the Columbia and Kansas City campuses. Audits of the Rolla and St. Louis campuses are required to have the NCAA minimum required agreed-upon procedures performed in fiscal year 2015.
No. 1

Recommended Action – Engagement of Independent Auditors and Related Fees, UM

It was recommended by Vice President Burnett, endorsed by President Wolfe, recommended by the Audit Committee, moved by Curator _________, seconded by Curator _________, that the following action be approved:

that the Vice President for Finance be authorized to employ the firm of KPMG LLP to provide audit services to the University of Missouri for fiscal year ending June 30, 2015 for fees of $825,537 plus expenses not to exceed $70,061.

Roll call vote of Committee:  YES     NO
Curator Graham
Curator Henrickson
Curator Phillips
Curator Steelman
Curator Steward

Roll call vote:  YES     NO
Curator Covington
Curator Cupps
Curator Graham
Curator Henrickson
Curator Nelson
Curator Phillips
Curator Snowden
Curator Steelman
Curator Steward

The motion ___________ by a vote of ____________.