



UCF Board of Trustees

Audit and Compliance Committee

February 26, 2025

Agenda Item

DISC-3: DSO External Audit Reports

Proposed Action

This is a discussion only item to advise on the current status of the process and discuss any potential changes. Individual committee members may request any of these Direct Support Organizations' (DSO) external audit reports for review.

Authority for Board of Trustees Action

The current version of the Audit and Compliance Committee Charter states that one of the committee's responsibilities is to "Receive and review audits of the direct support organizations and component units."

Supporting Documentation Included

N/A

Facilitators/Presenters

Robert Taft, Chief Audit Executive

Summary of Key Observations/Recommendations

All the Direct Support Organization (DSO) external audit reports for the most current financial reporting period received an unqualified or unmodified opinion and contain similar language in the report prepared by each external auditor as noted below: *“In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation, as of June 30, 2024, and 2023 and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.”*

All nine of the university’s DSOs and related entities were issued a “clean” or unmodified audit opinion. Additionally, the auditor’s supplemental report on internal controls over financial reporting and compliance and other matters did not identify any material weaknesses or significant deficiencies in internal controls, noncompliance, or other matters required to be reported.

Typically, the external auditor performing the audit work will present an overview of the audit process, the overall results, and the entire draft report in person to each DSO board for review and approval as a board meeting agenda item.

Each DSO is assigned a UCF Board of Trustees member to serve on their board and the assigned Trustee is invited to attend these meetings and, along with other DSO board members, ask questions about the relevant DSO audit report at that time. University Audit and other members of UCF management also attend these presentations provided by the external auditors.

Additional Background

The current list of University of Central Florida DSOs and related entities includes the following:

1. UCF Convocation Corporation
2. UCF Finance Corporation
3. UCF Stadium Corporation
4. UCF Foundation
5. UCF Research Foundation
6. UCF Academic Health
7. UCF Athletics Association
8. University of Central Florida College of Medicine Self-Insurance Program
9. Central Florida Clinical Practice Organization

Implementation Plan

This agenda item is included to be in full compliance with the current version of the UCF Board of Trustees Audit and Compliance Committee Charter which states that one of the committee’s responsibilities is to “Receive and review audits of the direct support organizations and component units.”

If the committee elects to revise their charter to waive this requirement or assign this review to another Board of Trustees committee, then this information will no longer be provided in future meetings.

Resource Considerations

Each DSO is required to reserve funds to pay for their external audits. Historically, these costs are contracted for and obtained via a competitive bidding process and documented through a written contract approved by their respective DSO board typically covering a five-year period. Based on changes in the public accounting industry, each DSO has elected to continue their relationship with their current vendors using shorter term contracts.

Based on a prior UCF Board of Trustees recommendation and based on current market conditions and internal requirements, consideration will be given to have a competitive bidding process where one external auditor would perform all UCF DSO financial audits for a multi-year period.