

BOARD OF TRUSTEES  
THE CITY UNIVERSITY OF NEW YORK

SUBCOMMITTEE ON  
AUDIT

MINUTES OF THE MEETING  
NOVEMBER 29, 2011

The meeting was called to order at 5:41 p.m.

There were present:

**Committee Members:**

Hon. Peter S. Pantaleo, Chair  
Hon. Rita DiMartino  
Hon. Philip Berry  
Prof. Terrence Martell, faculty member

**Trustee Staff:**

Deputy to the Secretary Hourig Messerlian  
Mr. Steven Quinn

**University Staff:**

Executive Vice Chancellor and Chief Operating  
Officer Alan Dobrin  
Senior Vice Chancellor Marc V. Shaw  
Associate Vice Chancellor Matthew Sapienza  
University Controller Barry Kaufman  
University Deputy Controller Miriam Katowitz  
University Assistant Controller Thomas Zhou

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<b>Cal. No.</b>	<b>DISPOSITION</b>
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The agenda items were considered in the following order:

**I. ACTION ITEMS:**

- A. APPROVAL OF THE MINUTES OF THE MEETING OF MAY 4, 2011. The minutes were approved as submitted.**

**II. INFORMATION ITEMS:**

- A. Basic Financial Statements, Supplementary Schedules, and Management's Discussion and Analysis for the year ended June 30, 2011 (with Independent Auditor's Report Thereon) (KPMG and OUC)**

\*\*\*REPORT FROM SHELLY MASI, PARTNER, AND ERIN SCHEMBARI, SENIOR MANAGER, KPMG\*\*\*

**B. Draft Financial Statements (KPMG)**

In response to a question, Subcommittee Chair Pantaleo stated that the auditors do not look at the 990's for the foundations.

Ms. Masi noted that there are about twenty-four foundations that are called discreetly presented component units and there are also some blended component units. What that means is that they are embedded in the numbers of the University in the face of the statement of net assets. RF CUNY and CUCF are the two largest blended component units. There is some new literature that is coming out that will impact the University and its blended component units. It is going to amend some of the criteria to determine whether or not a component unit should be blended and there will be some additional disclosures around financial information with respect to blended component units. This is something that is applicable for 2013 financial statements, but when it is required to be adopted it is required to be adopted retrospectively, which means that by the end of next year we will need to understand where the components are falling out.

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In response to a question, University Controller Kaufman stated that right now there are five CUNY units slated to roll out of PeopleSoft in March. Two more—two of what we call the 12/6 schools—Kingsborough and LaGuardia are slated to be rolled out in June and the others will follow in the rest of 2012 and 2013.

Subcommittee Chair Pantaleo noted that the two schools that implemented the new student information system were not able to provide detailed information on student accounts receivable as of June 30, 2011.

In response to a question, University Controller Kaufman stated that as part of the roll out process the University is addressing this issue. Part of the issue had to do with problems with the data conversion and that is something that the Controller's Office is being quite careful about going forward. There were several colleges that were planned to be rolled out in November but the Controller's Office was not satisfied with the work that had taken place on the student financials. There were still some issues with the data conversion and on the basis of that the decision was made to defer the roll out until March.

In response to a question, Ms. Masi stated that the size of the retirement employment benefits pool is about 15,000 to 20,000 participants.

In response to a question, Senior Vice Chancellor Schaffer stated that retiree health benefits are paid out through the city's health plan. We have to report it, and we do, as a liability, but it is paid by either the City or the State.

Ms. Masi noted that an offsetting receivable is recorded. The liability is funded.

In response to a question, Ms. Masi stated that a double recording of tuition and fees at one of the colleges discovered during the audit was just an accounting error.

In response to a question, University Controller Kaufman stated that sixty different units are producing expenses and revenue. The financial statements are extremely complex, there are well over a hundred entities that roll up into the statements. This makes it difficult to interpret and to make some sense out of some of the data that are presented. What the statements do show is that the University's fiscal health is quite good in spite of the kind of budget cuts it has experienced over the last number of years.

In response to a question, Ms. Schembari stated that when checking for fraud KPMG checks with the University's internal auditor Gordon Taylor who monitors CUNY's complaint hotline. There were many complaints, but most of them were not considered fraud. KPMG followed up those that alleged fraud and talked to Mr. Taylor throughout the audit process and obtained copies of anything written that he prepared.

In response to a question, Ms. Masi stated that there are some example disclosures in the GASB statement and, at a summarized level, they would break out the Research Foundation.

In response to a question, Ms. Masi stated that required communications are carried out in accordance with auditing standards, which are issued by AICPA.

The meeting was adjourned at 6:16 p.m.