

BOARD OF TRUSTEES
THE CITY UNIVERSITY OF NEW YORK

SUBCOMMITTEE ON
AUDIT

MINUTES OF THE MEETING
NOVEMBER 3, 2014

The meeting was called to order at 7:10 p.m. Chairperson Benno Schmidt chaired this meeting in place of Subcommittee on Audit Chair Peter S. Pantaleo who was unable to attend the meeting.

There were present:

Committee Members:

Hon. Rita DiMartino
Hon. Terrence Martell, faculty member
President Felix Matos Rodriguez, COP Liaison

Ex-Officio:

Hon. Benno Schmidt

Trustee Observers:

Hon. Valerie L. Beal
Hon. Joseph J. Lhota
Hon. Joseph K. Awadje

Other Observer:

Prof. Kay Conway

University Staff:

Executive Vice Chancellor and Chief Operating
Officer Allan H. Dobrin
Vice Chancellor Matthew Sapienza
University Controller Leonard Zinnanti
University Deputy Controller Miriam Katowitz

Trustee Staff:

Senior Vice Chancellor and Secretary of the
Board Jay Hershenson
General Counsel and Senior Vice Chancellor
Frederick P. Schaffer
Deputy to the Secretary Hourig Messerlian
Ms. Towanda Lewis
Mr. Anthony Vargas

Cal. No.	DISPOSITION
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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 JUNE 2, 2014.** The minutes were approved as submitted.
- B. Approval of the Financial Statements for FY2014.**

PRESENTATION BY SHELLY MASI, PARTNER AND JOHN SPIEGEL, SENIOR MANAGER, KPMG

In response to a question from Trustee Valerie Beal, Ms. Shelly Masi stated that all of the affiliated entity financial statements are audited by different auditing firms. As part of the process, KPMG does reviews and relies on the opinion of the auditing firms. KPMG do not separately audit the financial statements of all of the affiliated entities.

In response to a question from University Faculty Senate Chair (UFS) and Trustee Terrence Martell, Ms. Masi stated that audit adjustments (the waivers) were posted this year. Management had identified the adjustments that were recorded in the current year, rather than prior years, which primarily related to scholarships at City College, and were very immaterial. KPMG took the scholarship discount through this year.

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In response to another question from UFS Chair and Trustee Martell, Ms. Masi stated that the financial statements are very close to final review; however, they have not been through the concurring review process.

University Deputy Controller Miriam Katowitz stated that New York State asked that the University not adopt GASB statement 68—accounting and financial reporting for pensions—until FY 2015.

Following discussion, this item was approved.

The public meeting of the Subcommittee on Audit was adjourned at 7:26 p.m. to go into Executive Session.

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The Executive Session of the Subcommittee on Audit was called to order at 7:27 p.m.

There were present:

Committee Members:

Hon. Rita DiMartino
Hon. Terrence Martell, faculty member
President Felix Matos Rodriguez, COP Liaison

Ex-Officio:

Hon. Benno Schmidt

Trustee Observers:

Hon. Valerie L. Beal
Hon. Joseph J. Lhota
Hon. Joseph K. Awadje

Other Observer:

Prof. Kay Conway

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Cal. No.	DISPOSITION
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The agenda items were considered in the following order:

II. INFORMATION ITEMS:

- A.** Meeting with KPMG without Management
- B.** Management meeting without KPMG

Following discussion, the Executive Session of the Subcommittee on Audit was adjourned at 7:39 p.m.

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The Public Session of the Subcommittee on Audit was reconvened at 7:41 p.m.

There were present:

Committee Members:

Hon. Rita DiMartino
Hon. Terrence Martell, faculty member
President Felix Matos Rodriguez, COP Liaison

Ex-Officio:

Hon. Benno Schmidt

Trustee Observers:

Hon. Valerie L. Beal
Hon. Joseph J. Lhota
Hon. Joseph K. Awadje

Other Observer:

Prof. Kay Conway

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University Staff:

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Officer Allan H. Dobrin
Vice Chancellor Matthew Sapienza
University Controller Leonard Zinnanti
University Deputy Controller Miriam Katowitz

Cal. No.	DISPOSITION
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The agenda items were considered in the following order:

II. INFORMATION ITEMS, continued:

C. Additional Work with KPMG

- Development and Review of PCI Compliance Activities
- Tax Support for Incubator and Accelerator Activities

University Controller Leonard Zinnanti stated that the University is working on both of these issues in conjunction with the Office of General Counsel. The first one is the development and review of payment card industry activities. The use of credit cards is becoming more and more active and CUNY's Computing and Information Services, which is managed by Associate Vice Chancellor and Chief Information Officer Brian Cohen, has pointed out that the University may not be PCI compliant in many ways. CUNY, and its related entities, is a merchant and receives money through credit cards—the foundations, the University system itself, the performing arts centers, the childcare centers—and [CUNY wants to review the protocol to ensure that the payment information remains safe and secure].

The second item is an initiative under the Office of Budget & Finance that has to do with incubators and accelerators currently being formed by Baruch College through John Clark. It is a very complicated series of venture capital initiatives that will develop and receive stipends, awards or payments from the University or from philanthropy, so CUNY would like

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to ensure that it is well protected, as well as the students and graduates, with respect to tax purposes.

In response to a question from Trustee Beal, University Controller Zinnanti stated that the University is sponsoring a series of incubators, which may grow into accelerated businesses that will be managed by students.

Vice Chancellor Sapienza stated that this initiative will help students who are interested in developing businesses.

Chairperson Schmidt stated that the Committee would like to receive a report about this incubator program at a subsequent meeting.

The meeting was adjourned at 7:45 p.m.