The meeting was called to order at 4:03 p.m.

There were present:

**Committee Members:**
Hon. Robert Mujica, Chair  
Hon. Una S. T-Clarke  
Hon. William C. Thompson, Jr.  
Prof. Kay Conway, faculty member  
Ms. Shaina Yasin, student member  

**University Staff:**
Chancellor James B. Milliken  
Senior Vice Chancellor and Chief Financial Officer Matthew Sapienza  
Senior Advisor Marc V. Shaw  
University Deputy Controller Miriam Katowitz  
Deputy Chief Financial Officer Christina Chiappa  

**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  

**Cal. No.**

**DISPOSITION**

The agenda items were considered in the following order:

I. **ACTION ITEMS:**

A. **APPROVAL OF THE MINUTES OF THE MEETING OF JUNE 6, 2016.** The minutes were approved as submitted.

II. **INFORMATION ITEM:**

- **Presentation of the FY 2016 Audited Financial Statements**

  ***PRESENTATION BY JANE LETTS, PARTNER, JASON SPIEGEL, PARTNER, AND MAGGIE CASELLA, SENIOR MANAGER, KPMG***

  In response to a question from Subcommittee Chair Robert Mujica, Ms. Jane Letts stated that CUNY's audited financial statements includes the Research Foundation but does not cover any of the college foundations at the University.

  In response to a follow-up question from University Faculty Senate (UFS) Chair and Trustee Kay Conway, Ms. Maggie Casella stated that KPMG relies on the audit opinions of other auditors for 27 of the 80 discretely presented component units. Ms. Letts added that KPMG does not issue a separate opinion on their financial statements. Their transactions are covered within the general ledger of CUNY, which KPMG audits.

  In response to another question from UFS Chair and Trustee Kay Conway referring to the basic financial statements, Ms. Letts stated that some units are “blended” and some are “discretely presented.”

  In response to a third question from UFS Chair and Trustee Conway, Ms. Miriam Katowitz stated that other post-employment benefits (OPEB) refers to medical coverage. It is for people who are not old enough to qualify for Medicare.

  In response to a fourth question from UFS Chair and Trustee Conway, Ms. Casella stated that usually internally generated software per policy is five years but management deemed it essential to extend CUNYfirst to 15 years.
Senior Vice Chancellor and Chief Financial Officer (SVC&CFO) Matthew Sapienza stated that all of the expenses, $225 million, from CUNYfirst had been paid through the state capital budget. In terms of the depreciation issue for 15 years, the University spent a lot of time, effort, and capital funds on this system so it was deemed that 15 years was appropriate, and KPMG agreed. The University does not expect to be making a change within the next five years in terms of this new system.

Ms. Letts added that this is a unique process, and it is an exception to the normal software useful life of five years that the University has done on all other software.

In response to a comment from Chancellor James Milliken, Ms. Letts stated that this practice is consistent with the industry practice range of 15 to 20 years.

In response to questions from Subcommittee Chair Mujica and UFS Chair and Trustee Conway, SVC&CFO Matthew Sapienza stated that the foundations are required to have an independent audit based on New York State law. There have been times when a specific college has been recommended to use a different firm but in terms of who is chosen, it is determined by each foundation who they use to audit their financial statements.

Ms. Katowitz added that the Office of Budget and Finance (OBF) has asked all the foundations, because they are large enough to make sure they have an audit committee, to meet the requirements of the New York State Not-for-Profit Revitalization Act. They must have independent directors as well.

In response to a question from Chairperson William Thompson, SVC&CFO Matthew Sapienza stated that OBF will provide the Committee with a list of auditors that are providing services to each of the foundations.

Ms. Letts added that as part of its procedures, KPMG obtains audited financial statements from the foundations, as well as their independence letters to verify that they are independent.

The meeting was adjourned at 4:25 p.m. to go into Executive Session.
The Executive Session was called to order at 4:26 p.m.

There were present:

**Committee Members:**
- Hon. Robert Mujica, Chair
- Hon. Una S. T-Clarke
- Hon. William C. Thompson, Jr.
- Prof. Kay Conway, faculty member
- Ms. Shaina Yasin, student member

**University Staff:**
- Chancellor James B. Milliken
- Senior Vice Chancellor and Chief Financial Officer Matthew Sapienza
- Senior Advisor Marc V. Shaw
- University Deputy Controller Miriam Katowitz
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- Ms. Towanda Lewis

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II. INFORMATION ITEM, continued:

- Meeting with KPMG without management
- Meeting with management without KPMG

The Executive Session was adjourned at 5:09 p.m., and the committee reconvened in Public Session at 5:10 p.m.

I. ACTION ITEMS, continued:

B. POLICY CALENDAR


   Following discussion, this item was approved.

The meeting was adjourned at 5:11 p.m.