

# SALES TAX ASSET RECEIVABLE CORPORATION

## MINUTES OF THE MEETING OF AUDIT COMMITTEE

April 27, 2012

A meeting of the Audit Committee (the "Committee") of the Sales Tax Asset Receivable Corporation (the "Corporation") was held on April 27, 2012 at approximately 3:06 p.m. at 75 Park Place, Room 6M4, New York, New York.

The following Committee members were represented by their alternates:

- Mark Page, Director of Management and Budget of the City of New York (the "City"), represented by Alan Anders
- John C. Liu, Comptroller of the City, represented by Michael Stern
- Christine C. Quinn, Speaker of the City Council, represented by Raymond Majewski
- David M. Frankel, Commissioner of Finance of the City, represented by John Sarich
- Elizabeth Weinstein, Director of the Mayor's Office of Operations, represented by George Davis, III
- Michael A. Cardozo, represented by Albert F. Moncure, Jr.

constituting a quorum of the Committee. Kathy Blyn served as secretary of the meeting.

Also in attendance were members of the public, officers of the Corporation and employees of various agencies of the City.

The meeting was called to order by Mr. Stern, Chair of the Committee.

### **Approval of Minutes**

The first item on the agenda was the approval of the minutes of the meeting of the Committee held on September 20, 2011. Upon motion duly made and seconded, there being no objections, the following resolution to adopt such minutes was approved:

**WHEREAS**, the Audit Committee of the Sales Tax Asset Receivable Corporation has reviewed the minutes of the Audit Committee meeting held on September 20, 2011; it is therefore

**RESOLVED**, that the minutes of the Audit Committee meeting of September 20, 2011 be, and they hereby are, approved.

### **Evaluation of Independent Auditors**

The second item on the agenda was the evaluation of the Corporation's independent auditors, KPMG, LLP ("KPMG"). The representatives of KPMG left the meeting room. Mr. Stern

explained that KPMG serves as the Corporation's independent auditors and that their contract provides for an optional one-year extension. He noted that management has been satisfied with their performance and recommends that the Board ratify and approve the extension. A motion was made to approve the resolution set forth below relating to the KPMG contract. The motion was seconded and, there being no objections, approved.

**WHEREAS**, the Audit Committee of the Sales Tax Asset Receivable Corporation (the "Corporation") is authorized under Section III(c) of the Audit Committee Charter, to evaluate the Corporation's independent auditors; and

**WHEREAS**, the Corporation, as authorized by the Board of Directors, previously retained the firm of KPMG LLP for such firm to serve as independent auditors for the Corporation's financial statements for the fiscal years ending on June 30, 2009, 2010, and 2011 with an optional one-year extension; and

**WHEREAS**, the Officers of the Corporation have expressed their satisfaction with the independent auditors; it is hereby

**RESOLVED**, that, pursuant to the Audit Committee Charter, the Audit Committee has evaluated the independent auditors and found their performance to be satisfactory; and

**FURTHER RESOLVED**, that the Audit Committee recommends that the Board of Directors ratify and approve the Corporation's Officers' extending the contract with KPMG LLP to cover the audit of the Authority's financial statements for the fiscal year ending June 30, 2012, as well as any other documents necessary to effectuate such continued retention of the independent auditors.

The representatives of KPMG returned to the meeting room.

### **Review of Annual Agency Financial Integrity Compliance Statement**

The third item on the agenda was the review of the Corporation's annual Financial Integrity Statement. Mr. Stern explained that City Comptroller's Directive 22 requires that the Committee review such Statement. He noted that the Corporation's Comptroller was available to answer any questions. No questions were raised.

### **Annual Self-Evaluation and Review of Annual Report of the Audit Committee**

The fourth item on the agenda was the annual self-evaluation and review of the Annual Report of the Audit Committee. Mr. Stern noted that the Annual Report, which outlines the Committee's actions in 2011, was in the packet provided to the Committee members. He stated that based on these accomplishments he believes that the Committee has performed its duties in a satisfactory manner. A motion was made to approve the resolution set forth below relating to the self-

evaluation and Annual Report. The motion was seconded and, there being no objections, approved.

**WHEREAS**, Section III(k) of the Audit Committee Charter and Section 6.3 of Directive 22 of the City of New York Office of the Comptroller require the Audit Committee to issue an annual report to be prepared no later than October 30 of each year, which details the activities and decisions of the Committee for the prior calendar year; and

**WHEREAS**, the Audit Committee has reviewed the Annual Report of the Audit Committee, as attached hereto and finds it to be reasonable; and

**WHEREAS**, Section III(j) of the Audit Committee Charter requires the Audit Committee to conduct an annual self-evaluation of its performance, including its effectiveness and compliance with the Audit Committee Charter; and

**WHEREAS**, the Audit Committee finds its performance to be satisfactory, effective, and in compliance with the Audit Committee Charter; it is therefore

**RESOLVED**, that the Annual Report of the Audit Committee is hereby approved and shall be presented to the Board of Directors of the Sales Tax Asset Receivable Corporation, copies of which shall be filed with the minutes of the Audit Committee and submitted to the Bureau of Accountancy of the Office of the Comptroller.

### **Annual Review of Internal Controls**

The fifth item on the agenda was the annual review of the Corporation's Internal Controls. Mr. Stern explained that pursuant to the Charter of the Audit Committee, the Committee is required to annually approve the Internal Controls. He noted that a few ministerial changes were reflected in the blacklined version included in the packet provided to the Committee members.

### **Presentation of Audit Plan by Independent Auditors and Discussion of New Accounting and Auditing Standards**

The sixth and final item on the agenda was the presentation of its audit plan by KPMG. A booklet containing the 2012 Audit Plan was distributed to the Committee members. Greg Driscoll and Brendan Kennedy of KPMG described the Audit Plan, including the deliverables, audit methodology, and certain new accounting and auditing standards. A brief discussion ensued.

**Adjournment**

There being no further business to come before the Committee, upon motion duly made and seconded, there being no objections, the meeting was duly adjourned.

  
ASSISTANT SECRETARY