This year, the McMaster Students Union (MSU) received its audited financial statements from KPMG LLP (examining the fiscal year 2010-2011). Having had our statements reviewed by Deloitte for the past several years, it was time to get a new perspective, a common strategy in order to keep our books professional and accurate. By performing an annual independent and impartial audit, the MSU is able to maintain a high level of accountability for our financial actions during the fiscal year, as well as present an accurate, transparent document for public release.

I am pleased to report that numerous positive trends were identified in the MSU’s audited statements for the fiscal year of 2010-2011. For the past few years, the MSU experienced a tendency of increasing expenditures at a greater rate than our revenues could match. This trend culminated in a deficit of $98,190 in the fiscal year of 2009/2010. The deficit was a result of several things, but the largest single contributing factor was the $678,192 deficit accumulated by the student health insurance plan, inaccurately. By performing an annual independent and impartial audit, the MSU is able to maintain a high level of accountability for our financial actions during the fiscal year, as well as present an accurate, transparent document for public release. In 2010/2011, focus shifted and our accumulated deficit has been reduced to $402,309 for the fiscal year of 2010/2011. First, let me be clear that the ‘loss’ reported is mainly the result of the health and dental plans offered by the MSU.

Combined, the two insurance plans represented a total loss of $535,927 in 2010/2011. Fear not, however, this issue has been corrected, I will explain how in just a moment. Please visit the MSU website for the complete file:

Expectations were set by the Board of Directors during 2010/2011 to lower expenses by 5% regardless of an increase in sales, in order to guarantee a positive result at the end of the fiscal year. That being said, the management teams of our services and businesses stepped up in a major way and realized some very impressive changes. The projected budgeted deficit of $482,309 was overcome significantly. In fact, the MSU was able to improve upon that figure by $253,231. A deficit of $229,078 was achieved.

For the past few years, the MSU has been focusing on lowering expenses by 5% regardless of an increase in sales, in order to keep up with demand. However the student fee was not adjusted to match the increase, therefore users of the plans were paying less than it cost to actually insure them. This issue has since been corrected and the plans’ admin fees have been altered in order to match actual premium costs. We can expect that due to these efforts, the health and dental plans should operate smoothly for 2011/2012. It is important to note that as these improvements to the plans become effective, both plans remain optional and any student wishing to opt-out may do so by September 30th of each year to receive a full refund. I am very happy to report that this essential student service is once again back on track.

During the auditing process, our accounting practices are examined and issues or deficiencies are identified in order to make sure we have the opportunity to respond before they turn into serious problems. This year I am proud to report that no significant internal control deficiencies were reported. KPMG identified a few small issues that we should correct.

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