



DRAFT

Minutes

Finance and Audit Committee

Wednesday, April 18, 2007

2:30 p. m. – 4:00 p.m.

James River Conference Room

110 South Seventh St., Richmond, VA 23219

Members Present

Walter Kucharski
Jim McGuirk
Scott Pattison, Chair
Len Pomata
Bert Reese

Members Absent

None

Call to Order

Scott Pattison, Chair called the meeting of the Information Technology Investment Board's Finance and Audit Committee to order at 2:40 p.m. and welcomed all. Ms. Ward called the roll. All members were present.

Approval of Minutes

Mr. Pattison presented the minutes of the January 17, 2007 Finance and Audit Committee meeting with the correction of the spelling of Mr. Pomata's name.

A motion was made by Mr. McGuirk and seconded by Mr. Pomata to approve the minutes as presented with the correction.

All voted in the affirmative.

Finance Report

Mr. Roberts provided the Committee with updates on financial performance for the fiscal year to date through Feb. (8 months). For the Finance staff the past six months has involved a full throttle effort to over-haul the billing/chargeback system in mid year, in order to address many agencies not paying or not fully paying bills for services. In sum, through February revenues overall were running behind, and expenditures were running ahead of estimates. Mr. Roberts noted a \$10 million liability payment that had been anticipated but the timing had been unknown. Mr. Kucharski asked if there were any more of these liabilities out there. Mr. Roberts stated not to his knowledge. Mr. McGuirk asked that in the future if balances are committed or reserved that they be shown in some manner in the Finance Report. Mr. Roberts agreed.

Mr. Pomata asked for more detailed financial statements in future, so that the Committee could better analyze trends and understand when events occur that were unexpected. The Committee

decided that instead of a full balance sheet, key metrics from the balance sheets such as cash and accounts receivable could be projected and routinely reported so that meaningful trends could be identified.

Mr. Roberts stated that the implementation of the new rate plan, however – which has just occurred – should address imbalances, and we now expect to close out the year with the budget close to balanced and all payments due to NG and other vendors met.

Cash Management has continued to be a challenge, but remains closely monitored.

The Committee discussed the transitional (decentralized) billing process that has now been put fully in place & the inventory validation & agency meetings that occurred throughout Jan. - March. The staff met the April 1 goal as they projected at our last meeting. There was a lengthy discussion regarding financial soundness for FY 07, 08 & 09. Mr. Stewart stated that FY 07 would be okay due to actions taken, FY 08 remains a challenge and that FY 09 should be okay as it is the beginning of a new budget cycle.

The Committee also learned that VITA came out pretty well on final actions on the Budget Bill. The items included:

- Restoration of General Fund "Savings" Deductions
- An increased Line of Credit with the State treasury, and
- Implementation of the new GIS & agency based services rates

The Committee also received a brief report on EA-ERP initiative, though there has not been significant financial activity to report year to date with the Board having just approved their spending plan in Dec.

ARMICS

The Committee received a presentation by Ms. Dana Smith, VITA Controller, on ARMICS (Agency Risk Management and Internal Control Standard) which is the Sarbanes-Oxley equivalent program mandated by the Virginia Department of Accounts. Mr. Reese asked if there were any areas of concern anticipated and Ms. Smith stated no, other than possible documentation issues.

Audit Report

- Ms. Ward stated that the APA issued their report in February, 2007 on the Service Management Organization of the Virginia Information Technologies Agency's Interim Review of the IT Partnership. The report was fairly positive.
- Ms. Ward informed the Committee that the Statewide Single Audit Report was issued by APA in March 2007 and includes several of the findings issued to VITA relative to Information Security.
- Ms. Ward stated that APA is currently performing an audit on Wireless E-911 as required by the Code of Virginia. Mr. Kurcharski noted that this audit may be the last one required.
- Ms. Ward briefed on the Audit Corrective Action Plan – For the APA audit report issued in April 18 of 21 actions completed; 2 of remaining 3 are yellow – both related to PMD & the Information Technology Investment Management rate. New Corrective action plan for SJR 51 added. For the internal audit reports: 1 action is completed, 4 are delayed & 1 is on schedule. There were 6 new findings issued by Internal Audit for which 4 corrective actions are on schedule and two or delayed.

A motion was made by Mr. Kucharski and seconded by Mr. McGuirk to approve the revised corrective action to include the new corrective actions for SJR 51 and changes as noted.

- Ms. Ward introduced Ms. Sheila Alves who briefed on the Internal Audit plan stating that the Internal Audit Plan was revised to delete audits due to unexpectedly high vacancy rates attributable to a hiring freeze, a termination and difficulty in filling the IT Auditor position as planned. Mr. Pomata asked if this was not an ongoing problem as it occurred last year. Mr. Stewart stated that it was a much larger problem this year based in part on the hiring freeze as well as difficulty in finding qualified persons. Mr. Kucharski stated his office is experiencing that same challenge and suggested hiring persons knowing they may need training or using contractors. The Committee asked Internal Audit to present a revised plan ranked by priority and marked dependent on staffing.

Other Business

None

Public Comment

None

Adjourn

There being no further business, the committee meeting adjourned at 4:15 p.m.