



## Information Technology Investment Board Finance & Audit Committee

### Information Technology Investment Board Finance and Audit Committee MINUTES

October 13, 2005

#### **Members Present:**

Scott Pattison - Chair  
Jim McGuirk  
Len Pomata  
Walter Kucharski

#### **VITA Staff Present:**

Lem Stewart, Commonwealth Chief Information Officer  
Austin Matthews  
Peggy Ward  
Barb Rudolph  
Suzanne Piland  
JB Edmonds  
Larry Ray  
Jeff Deason

#### **Call to Order:**

Mr. Pattison, Chairman, called the meeting of the Information Technology Investment Board Finance and Audit Committee to order at 1:07 p.m. All committee members were present.

#### **Approval of Minutes:**

*On motion made, seconded and unanimously carried, the minutes of the August 10, 2005 meeting were approved as presented.*

#### **Finance Report**

The Finance Report, presented by Austin Matthews, provided information on FY 2005 Financial Results, FY 05 Re-Appropriation Request, FY 06 Operating Budget Update, Investment Management and Security Management Rates, IT Benefits update, and 2006-08 Biennial Budget and Schedule:

##### FY 2005 Financial Results

FY 2005 ended with revenues and expenditures below budget with an improved (positive) net change.

##### FY 05 Re-Appropriation Request

VITA submitted a request to the Department of Planning and Budget requesting that a FY 05 balance of \$850,000 be re-appropriated in FY 06 to support the portfolio management project. A decision is anticipated in late 2005.

### FY 06 Operating Budget Update

FY06 Operating Budget approved by the Board in June was updated to reflect agency spending in internal service funds and final FY 05 ending balances.

*On motion duly made, seconded and unanimously carried, the revised Operating Budget for FY 2006 was approved as presented.*

### Investment Management and Security Management Rates

Investment Management rates (\$1.7 M total)

New rate category based on Project Management work distribution for project oversight services including Agency Procurement Requests (APR's), IT project support, project manager training program, governance and enterprise architecture. Six different fees are proposed to cover small, medium and large agencies or institutions.

Security Management rates (\$3.5 M)

New rate category based on a per-seat at \$4.31 to cover security management.

Following further discussion, the Committee adopted two motions:

*On motion duly made, seconded, and unanimously carried, the Committee approved the proposed Investment Management rates for submission to the ITIB and JLARC.*

*On motion duly made, seconded, and unanimously carried, the Committee approved the proposed Security Management rates for submission to the ITIB, but directs the CIO to review other allocation methodologies prior to submission to JLARC.*

### IT Financial Benefits Update

Financial benefits were updated to include FY05 Actuals and revised FY06 projections.

### 2006-08 Biennial Budget

In addition to those decision packages previously provided, DPB requested that an additional decision package be submitted to negate the fiscal year 2006 E-911 fund transfer of \$1 million to the general fund and to eliminate the transfer of \$3.7M annually from the E-911 fund to the Virginia State Police. That brief was submitted on Friday, October 7.

### **Internal Audit Activities**

Peggy Ward provided the Revised Internal Audit Plan as well as updates on the 2005 APA Security Audit Corrective Action Plan, 2005 APA Performance Audit Actions, 2004 APA SAS 70 Audit Actions, 2005 IAS Small Purchase Card Audit Actions and Internal Audit Services Activities. Ms. Ward announced that Jeanne Mertens had joined the Internal audit Staff as a Senior Internal Auditor. Ms. Mertens was formerly with the United States Naval Institute.

### Revised Internal Audit Plan

Ms. Ward presented the Revised Internal Audit Services Plan noting that the changes include

- adding the Audit Units "SMO" (Service Management Organization) and VITA Policy & Procedures (Proactive Review), and COV Policy, Standards & Guidelines (Proactive Review),
- deleting the Enterprise Architecture, Infrastructure PPEA Projects and IV&V,
- replacing the "Business Development" unit with "Customer Relationship Management & "Rerisking,"
- changing the Name "VIPNET" to "Virginia Interactive" and reducing hours due to SAS 70,
- moving "Rate Planning & Analysis" back 1 yr but leaving 100 hours in 2006 for rate development activity (Proactive Review),
- expanding "APA Liaison" to "APA Liaison/Audit Coordination" & increasing hours from 200 to 300,
- increasing Special Project Hours, including hours for Follow-up reviews of Triennial Audits & Special Projects and
- moving "General Accounting" & "VGIN" back 1 year & "Legal & Communications" back 2 yrs.

Ms. Ward stated that 1 additional FTE & related funding have been provided to complete the plan.

*On motion duly made, seconded and unanimously carried, the Committee approved the Revised Internal Audit Plan for submission to the full Board.*

#### 2005 APA Security Audit Corrective Action Plan

APA issued a report in September titled: "Review of Security Controls over Information Technology." A Draft Corrective Action Plan was presented for the Committee's approval.

*On motion duly made, seconded and unanimously carried, the Committee approved the Security Corrective Action Plan for submission to the full Board.*

#### 2005 APA Performance Audit Actions Update

Ms. Ward reviewed the October 2005 status update and noted 11 of 15 items complete and 4 underway.

#### 2004 APA SAS 70 Audit Actions Update

Of four recommendations, all are now complete.

#### 2005 IAS Small Purchase Charge Card (SPCC) Actions Update

The October 2005 Status Update to the SPCC Action Plan reflects 13 items reported as complete. Revised completion dates for three items in November and December were offered for Committee approval.

*On motion duly made, seconded and unanimously carried, the Committee approved the 2005 SPCC Action Plan for submission to the full Board.*

#### Internal Audit Services Activities

Ms. Ward reviewed a summary of Internal Audit Services' activities to date. As requested by the Committee at its August meeting, a summary of Special Projects was also provided.

It was also noted that a report titled "Progress Report on Selected Information Systems Development Projects in the Commonwealth" was issued by the APA in September 2005.

A suggestion was offered that future audit status reports be combined into a single report and include only outstanding and newly completed items for Committee review.

**Other Business**

None

**Public Comment**

None

**Adjourn**

On motion duly made, seconded and unanimously carried, the committee meeting adjourned at 2:55 p.m.