



## Minutes

Finance and Audit Committee  
Wednesday, October 18, 2006

10:30 a. m. – 12:00 p.m.

VITA Auditorium, 4<sup>th</sup> Floor

110 South Seventh St., Richmond, VA 23219

### Members Present

Scott Pattison, Chair

Jim McGuirk  
Bert Reese  
Len Pomata

### Members Absent

Walter, Kucharski

### Others Present

Lem Stewart, CIO  
Jim Roberts, VITA  
Fred Norman, CVC  
Cathie Brown, VITA  
Fred Duball, VITA  
Mary Beatty, Base Technologies  
Joel Hinzman, Oracle  
Debbie Dodson, VITA  
Rod Willett, North Highland  
David Swynford, VITA  
Grace Turner, McGuire Woods Consulting  
Judy Napier, Deputy Secretary of Technology  
Suzanne Piland, VITA

Peggy Ward, VITA  
Debbie Secor, VITA  
Michael Sandridge, VITA  
Sheila Alves, VITA  
Don Parr, Bearing Point  
Barb Rudolph, VITA  
Chris White, Vectre  
Karen Helderman, APA  
Perry Pascual, VITA  
Dana Smith, VITA  
David Jones, APA  
Jerry Simonoff, VITA

### Call to Order

Scott Pattison, Chair called the meeting of the Information Technology Investment Board's Finance and Audit Committee to order at 10:35 p.m. and welcomed all. Ms. Ward called the role. There was a quorum.

### Approval of Minutes

Mr. Pattison presented the minutes of the July 19, 2006 Finance and Audit Committee meeting.

*A motion was made by Mr. Pattison and seconded by Mr. McGuirk to approve the minutes as presented.*

All voted in the affirmative.

### Finance Report

Committee received updates from Mr. Roberts on financial performance for the fiscal year through June 30, and for the first quarter of the current budget year. Basically there were no unexpected surprises in the actual statistics. That is, the actual revenues last year in our mainstay internal service fund programs came in about \$10 million less (4%) than the original budget estimates, and enterprise funds for Wireless E-911 came in about an equal amount ahead of estimates resulting in the agency estimated and overall budget performance for last year being within 1% of estimates.

The Committee discussed the transitional billing process being put in place, referred to as the Memorandums of Understanding (MOU) with the Executive agencies. VITA has yet to come to agreement with about a dozen agencies. Related to this, Mr. Roberts reported that the federal Department of Health and Human Services has recently written to VITA and all of the state agencies saying it is not satisfied with the methodology embodied in the MOU process, and that they want the staff to go back to the drawing board on charge back methodologies for agency based IT services. Mr. Roberts indicated VITA had begun doing that in a collaborative way that involves the cabinet and a number of the affected state agencies, and that there is a need to move very rapidly on the response. The Board may need to have a special session to address the matter in the next two months.

The Committee was briefed by Barb Rudolph on the VITA budget request to the Governor for next legislative session. The items included:

- Restoration of General Fund "Savings" Deductions
- New internal service fund rate proposals involving Geographic Information Systems, Project Management, and agency based services related to the federal notice
- Technical reductions of full-time position levels, corresponding to the staff who accepted employment with Northrop-Grumman, and
- A pilot initiative to support telework initiatives of the Governor

The Committee agreed to the following motion:

*The Finance and Audit Committee recommends that the ITIB approve the submission, to the Department of Planning and Budget, of VITA's budget amendment and rate setting requests for the 2006-2008 biennial budget, consistent with the Governor's, JLARC and federal requirements as they apply.*

## Audit Report

Ms. Ward introduced new Deputy Chief Information Security Officer Cathie Brown and Internal Audit Director Sheila Alves

Ms. Ward presented the APA Corrective Action Plan noting that nine of the 21 actions are completed and two of the remaining 12 are yellow – both related to PMD and the Information Technology Investment Management rate.

Ms. Ward stated that two new Internal Audit Reports had been issued:

- Federal Tax Information Safeguards Report with two corrective actions.
- Network Perimeter with four corrective actions.

Ms. Ward presented the New Internal Audit Plan revised to delete complete year and add the next as well as increasing hours for Fraud and eliminating audit areas such as Telecommunications and Security Services.

Mr. Pattison made the following motion:

*I move that the Finance and Audit Committee recommend that the ITIB approve the audit plan as revised*

Mr. McGuirk seconded the motion and all voted in the affirmative.

Based on the Finance and Audit Committee's recommendation, I move that the ITIB approve the revised five year Internal Audit plan.

### **Other Business**

Mr. Stewart discussed the order of rate approvals which seems to be out of synch stating currently the ITIB approves, then JLARC may change and then the Federal Government may want something different still. Mr. Stewart suggested that perhaps roles needed to be clarified.

Mr. Pattison asked if he meant a change in the Code of Virginia. Mr. Stewart replied no that he simply thought that the ITIB may wish to approve the fundamental approach rather than the specific details or formulas of the costing as these are subject to change.

### **Public Comment**

None

### **Adjourn**

There being no further business, the committee meeting adjourned at 12:20 p.m.