

Audit Committee

Thursday, May 7, 2009

MINUTES

CALL TO ORDER

The Regular Meeting of the Audit Committee was called to order at 4:07 p.m. by Chairperson Gage in Room 157, County Government Center, 70 West Hedding Street, San Jose, California.

1. ROLL CALL

Attendee Name	Title	Status
Don Gage	Chairperson	Present
Nancy Pyle	Member	Present
David Casas	Vice Chairperson	Absent
Greg Sellers	Member	Absent

A quorum was not present and a Committee of the Whole was declared.

2. PUBLIC PRESENTATIONS

There were no Public Presentations.

3. ORDERS OF THE DAY

There were no Orders of the Day.

CONSENT AGENDA

4. (Deferred to the September 3, 2009 Audit Committee meeting.)

Minutes of March 5, 2009.

REGULAR AGENDA

5. Annual Internal Audit Plan

Pat Hagan, Auditor General, Deloitte & Touche, LLP, reported on the risk prioritization, internal audit focus areas, and internal audit plan. He presented a two-year internal audit plan containing a high-level schedule and budget.

Mr. Hagan provided a detailed report on the following internal audit projects scheduled for FY2010: 1) Guard qualification and training internal audit; 2) Silicon Valley (SVRT) soft cost internal audit; 3) IT security internal audit; 4) SAP access control internal audit; 5) Investment controls testing; and 6) Auditor General services support.

Mr. Hagan presented the schedule for the FY2010 internal audit projects. He noted findings and recommendations would be presented at future Audit Committee meetings.

Chairperson Gage recommended the internal audit should point out areas requiring policy development and direction. Mr. Hagan responded the recommendation would be considered and incorporated in the findings of the internal audit.

Chairperson Gage referenced the Guard Qualification and Training project, and recommended the following: 1) Revisit VTA's policy regarding drug and alcohol testing; 2) Conduct periodic drug and alcohol testing; and 3) Limit the report provided to the Board on direction and policy related matters.

Michael T. Burns, General Manager, explained the internal audit process. He noted the report presented to the Board would contain a summary of the findings and staff's recommendation.

Mr. Hagan stated disagreements between the Auditor General and staff would also be presented to the Board. He added the Auditor General would be working with the General Counsel in reviewing contracts and confidential information.

Kevin D. Allmand, General Counsel stated VTA's policy on drug and alcohol testing would be reviewed.

Chairperson Gage referenced the SVRT Soft Cost Internal Audit project, and recommended developing a policy that would address change orders. He added strict penalty should be imposed on delayed projects. Mr. Hagan responded the recommendation would be considered under the SVRT Contract Compliance project.

Member Pyle inquired if the SVRT Soft Cost Internal Audit project would include real estate. Mr. Hagan responded the real estate component of the internal audit would be under the construction project. This would include cost for right-of-way acquisition, preliminary design phase, and construction engineering phase.

Chairperson Gage referenced the IT Security Internal Audit project, and recommended developing a policy that would address proper use of employee's personal time in utilizing office equipments. Mr. Hagan responded the recommendation would be considered in the internal audit.

Karen Antion, Consultant, stated VTA has an existing policy that filters the websites employees are able to access. She noted the internal audit would verify if the policy is being implemented and provides needed improvements.

Chairperson Gage referenced the Investment Controls Testing project, and recommended that staff, Committees Members, and the Board be regularly briefed on issues affecting VTA's investment policy.

On order of Chairperson Gage and there being no objection, the Committee of the Whole approved submitting a recommendation to the Board of Directors to authorize the General Manager to execute one or more task orders with Deloitte & Touche LLP, to conduct the Fiscal Year 2010 internal audit work plan, in an amount not to exceed \$225,000.

OTHER ITEMS

6. Items of Concern and Referral to Administration

There were no Items of Concern and Referral to Administration.

7. Committee Work Plan

On order of Chairperson Gage and there being no objection, the Committee of the Whole reviewed the Committee Work Plan.

8. Committee Staff Report

There was no Committee Staff Report.

9. Chairperson's Report

There was no Chairperson's Report.

10. Determine Consent Agenda for the June 4, 2009 Board Meeting

CONSENT:

Agenda Item #5. Authorize the General Manager to execute one or more task orders with Deloitte & Touche LLP, to conduct the Fiscal Year 2010 internal audit work plan, in an amount not to exceed \$225,000.

REGULAR:

None

11. Announcements

There were no Announcements.

12. ADJOURNMENT

On order of Chairperson Gage and there being no objection, the meeting was adjourned at 4:44 p.m.

Respectfully submitted,

Michael Diaresco, Board Assistant
Office of the Board Secretary