

## AUDIT COMMITTEE

Thursday, May 5, 2011

### MINUTES

#### CALL TO ORDER

The Regular Meeting of the Audit Committee was called to order at 4:04 p.m. by Chairperson Herrera in Room 157, County Government Center, 70 West Hedding Street, San Jose, California.

#### 1. ROLL CALL

Attendee Name	Title	Status
Rose Herrera	Chairperson	Present
Sam Liccardo	Member	Present
Chuck Page	Member	Present
Ken Yeager	Vice Chairperson	Present

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

**The Agenda was taken out of order.**

#### 7. Review Status of Internal Audit Work Plan

**On order of Chairperson Herrera** and there being no objection, the Committee received an update from Auditor General staff on the status of the audits in the current Internal Audit Work Plan.

Chairperson Liccardo took his seat at 4:09 p.m. and a quorum 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. Minutes of February 3, 2011

**M/S/C (Page/Liccardo)** to approve the Minutes of February 3, 2011.

**NOTE:** M/S/C MEANS MOTION SECONDED AND CARRIED AND, UNLESS OTHERWISE INDICATED, THE MOTION PASSED UNANIMOUSLY.

## REGULAR AGENDA

### 5. Internal Audit Report on Information Technology Network Security

Greg Thomas, Auditor General, provided an overview of the report highlighting the findings of the audit and noted VTA's overall level of risk was medium.

Gary Miskell, Chief Information Officer, provided background information on major projects which were undertaken in 2009 and 2010 to upgrade servers and processes and network re-engineering. He noted security upgrades with the servers are 85-90 percent complete and the network upgrade is 60-65 percent complete, but funding has not been secured to complete the projects. He provided information on updates that have been completed and plans to address the areas of concern as identified in the audit report, including upgrading firewalls, installation of software applications for management of servers and the network, and updating passwords.

Member Yeager took his seat at 4:17 p.m.

**M/S/C (Page/Liccardo)** to review and receive the Auditor General's internal audit report on Information Technology Network Security.

### 6. SAP Governance Risk and Compliance (GRC) Segregation of Duties (SOD) Report

Mr. Thomas provided an overview of the report as contained in the Agenda Packet.

**M/S/C (Page/Liccardo)** to review and receive the Auditor General's follow-up report on the implementation status of management's action plans contained in the SAP Governance Risk and Compliance (GRC) Segregation of Duties (SOD) and Sensitive Access Internal Audit Report.

## OTHER ITEMS

### 8. Items of Concern and Referral to Administration

Member Liccardo recognized the value of having a separate Audit Committee but questioned its purpose if the Administration and Finance Committee (A&F) sees many of the same issues.

Michael Burns, General Manager, noted the need for the Auditor General function to be independent and commented on the different level of responsibility of Audit Committee members. He indicated a problem may be created if the Committees are combined and there is a conflict.

Joe Smith, Chief Financial Officer, reported that for best practices, the trend has been to have an Audit Committee for independent reporting to the Board and not to staff. He noted A&F has a full agenda which would make it difficult to focus on audit items.

Member Yeager questioned the advantages of having an Audit Committee.

Member Page addressed the turnover of the Audit Committee Members and noted the difficulty of not seeing the items from beginning to end.

Chairperson Herrera noted the Committee looks at vulnerabilities and provides oversight.

**9. Review Committee Work Plan**

Mr. Burns called attention to the Recommended Internal Audit Workplan for FY12. He indicated the item was scheduled to go to the May Board but will be deferred until the June 2011 Board meeting. He indicated the items from the May Audit meeting will be placed on the Agenda for the June Board meeting as well.

**On order of Chairperson Herrera** and there being no objection, the Committee reviewed and accepted the Committee Work Plan.

**10. Committee Staff Report**

There was no staff report.

**11. Chairperson's Report**

There was no Chairperson's report.

**12. Items for the Consent Agenda for the June 2, 2011 Board of Directors' meeting.**

**CONSENT**

**Agenda Item #5.,** Review and receive the Auditor General's internal audit report on Information Technology Network Security.

**Agenda Item #6.,** Review and receive the Auditor General's follow-up report on the implementation status of management's action plans contained in the SAP Governance Risk and Compliance (GRC) Segregation of Duties (SOD) and Sensitive Access Internal Audit Report.

**17. ANNOUNCEMENTS**

There were no announcements.

**18. ADJOURNMENT**

On order of Chairperson Herrera and there being no objection, the Committee meeting was adjourned at 4:40 p.m.

Respectfully submitted,

Menominee L. McCarter, Board Assistant  
VTA Office of the Board Secretary