



DRAFT
Minutes

Thursday, January 17, 2008

Virginia Information Technologies Agency (VITA)
Commonwealth Enterprise Solutions Center
Multipurpose Room
11751 Meadowville Lane, Chester, VA 23836

Attendance

Members Present:

The Honorable Aneesh Chopra
Hiram R. Johnson, Vice Chair
Kenneth S. Johnson Sr.
Walter J. Kucharski

Len Pomata
James F. McGuirk II, Chair
Dr. Mary Guy Miller

Members Absent:

Scott D. Pattison
Bertram S. "Bert" Reese
Alexander "Sandy" Thomas

Others Present:

Lemuel C. Stewart Jr., Chief Information Officer of the Commonwealth
John Westrick, Office of the Attorney General
Marcella Williamson, Executive Director, ITIB

Chair's Report

Call to Order

Chairman McGuirk called the meeting to order at approximately 1 p.m. He asked Ms. Williamson to call the roll. The presence of a quorum was confirmed.

Approval of the Minutes

Chairman McGuirk introduced the draft meeting minutes from October 18, 2007. Mr. Ken Johnson made the motion to approve the minutes. Mr. Pomata seconded the motion. The minutes were approved by voice vote.

Committee Reports

Chairman McGuirk refreshed the Board members regarding the workings of committees and the ITIB since the ITIB went back to a single-day agenda. He said committees should meet to share and review information, and make a report to the ITIB. In that light and citing approaching inclement weather and the need for Board members and others to travel, Chairman McGuirk asked for abbreviated reports and rearranged the agenda to ensure necessary actions were taken by the Board prior to adjournment. He asked first for committee reports, especially those with motions that require Board action.

Executive Evaluation and Governance Committee

Dr. Miller offered two motions from her committee:

"As recommended by the Executive Evaluation and Governance Committee, I move that the CIO objectives for 2008 be adopted."

The motion was seconded by Mr. Hiram Johnson and approved unanimously on a voice vote of the Board.

"In accordance with the ITIB CIO Evaluation Policies and Procedures and based on the CIO's performance for the year ended January 2008, the Executive Evaluation and Governance Committee recommends that the ITIB approve a 5 percent bonus for the CIO pursuant to Appropriations Act § 4-6.01.c.2.b."

The motion was seconded by Mr. Ken Johnson and approved unanimously on a voice vote of the Board.

None of the other committees had motions for the full Board, but noted that materials were in their notebooks for their information. (The information will be posted on the VITA Web site.)

CIO's Report

Chairman McGuirk asked CIO of the Commonwealth Lem Stewart to provide an update to the Board.

CIO Update

Mr. Stewart discussed the highlights since the last meeting.

- The Southwest Enterprise Solutions Center ribbon-cutting was Dec. 12 with Governor Timothy M. Kaine, former Governor Mark R. Warner and a variety of dignitaries in attendance. (Mr. Stewart showed a news clip of the event.)
- The data processing move from downtown to the CESC was completed Dec. 16.
- VITA rates were approved by JLARC
- The agency exceeded its \$34,000 Commonwealth of Virginia Campaign goal, raising more than \$36,000.
- The APA Report on IT Governance was issued in December 2007. It has eight recommendations that support better visibility and control over how the Commonwealth invests in IT.
- The May 2006 APA Report on IT Governance and VITA Operations had 21 recommendations. Twenty of those have been completed.

- The September 2007 Internal Audit Report issued six corrective actions on electronic data removal. Of those, one is ahead of schedule, four are on schedule and one is overdue; completion is expected by March.
- The IT Security Audit Guideline is complete; Electronic Media Data Removal Standard and the IT Personnel Security Guideline are out for comment; and the IT Security Standard will be revised by July 2008.
- Revenue and expenditures for VITA through the first five months are in line with projections.
- The FY08 goal for Small, Women and Minority (SWaM) spend for VITA is \$50 million; actual spend totals \$34 million through the first five months.
- Of 23 major IT projects, one is red, five are yellow and 17 are green. The red is the Department of Motor Vehicles' project related to call center relocation because the project manager left and there are potential delays as a result on two milestones.
- Transformation is contributing to energy savings and "green" environmental objectives.

APA IT Governance Report

Chairman McGuirk asked Virginia Enterprise Applications Program (VEAP) Director Peggy Feldmann to provide a report to the Board on the APA IT Governance Report, which includes infrastructure and applications.

Ms. Feldmann briefly noted that the report covered governance, portfolio management and budget oversight. She noted that the Executive Branch is coming to the realization that IT projects that come forward for funding must be part of a business strategy, and not be coming forward just because an agency has money.

Ms. Feldman said some of the advantages include:

- Executive Branch ownership in improving IT governance, portfolio management and budget oversight
- Business lines of government better aligned with management and governance of information technology
- Improvement opportunities identified by APA report on IT Governance
 - Better alignment the Commonwealth's business model and IT strategy
 - Improve maintenance and operations planning
 - Enhance enterprise application efforts
 - Create data standards
 - Increase transparency in our return on investment
 - Provide a comprehensive IT governance model

Ms. Feldman said from a responsibility perspective, the Chief Applications Officer's responsibilities would include:

- Application planning and management
- Application portfolio
- IT budget request detail
- IT management for agencies
- Enterprise application opportunities

She said her office is willing to work with the ITIB and CIO to bring about change, and welcomes the opportunity to work with the CIO.

Chairman McGuirk said the ITIB often does not understand how a project submitted fits in enterprise wide. He said the ITIB would like to know business goals as they relate to IT and how projects can assist across the enterprise so that it can determine which projects should be funded. Ms. Feldman said business should drive the IT, and that getting to the "to be" environment is necessary.

Secretary Chopra said greater responsibility is being taken at Executive Branch leadership level, and that Governor Timothy M. Kaine has named Ms. Feldman to act as the CAO of the Commonwealth. He said there are some opportunities for synergy of projects. He said the committee only gets to review projects that come forward, and can navigate which projects should come forward.

Mr. Pomata asked how this fits with architecture standards and the Recommended Technology Investment Projects (RTIP) reporting related to the CAO.

Ms. Feldman said the business architecture still must be developed.

Mr. Pomata asked Jerry Simonoff, VITA Director of IT Investment and Enterprise Solutions (ITIES), for his comments. Mr. Simonoff said the technical architecture and has been developed, but there has not been a home for the business architecture.

Mr. Pomata noted that a portfolio tool is in place. Ms. Feldman said that tool is for new projects. She said it does not include systems in place that require operations and maintenance funding. It also does not address whether those systems in place should be "turned off" and new systems used.

CIO Stewart said this is a business issue, not an IT issues. He said the business architecture is an expansive effort that can not be handled by the VITA staff.

The front-end of the process, Secretary Chopra said, is not optimal. The RTIP reflects projects that come before the ITIB. Missing, he said, is a broader look at what needs actually are across the enterprise and the best use of state resources to allocate to priorities. He said that information is not available. He said the RTIP does not look at other needs that exist. He said Gov. Kaine believes new projects in cooperation with public sector should be able to come forward and to get internal operations in order. He said this is about a front-end improvement process that has opportunities for collaboration.

Mr. Pomata said he does not know what problem this is attempting to solve.

Chairman McGuirk said the ITIB has not had the ability to look at and make as much of an impact on IT governance as members would like. Key factors are that the Board does not have enough information because it does not understand IT spending in agencies. He said the Board most often gets involved once an IT project comes forward for approval. The RTIP is output, but there is not enough input. He said it is just not data collecting, but understanding when the data comes in how that data fits into the RTIP. He said there was supposed to be an applications program that started the same time as the infrastructure program was created to look at the whole IT investment.

Mr. Kucharski compared IT governance to a three-legged table. He said that state has a fairly good handle once a new project starts and goes forward and a good handle on the infrastructure. He said the missing third leg is operations and maintenance, and a lot of money is spent in those areas. He said the state does not know what the systems are that are being maintained and what they are accomplishing, and that these decisions are made at the agency level without the long-term enterprise vision and IT budget in mind.

Mr. Kucharski said the CAO will determine what kind of data to gather including systems, the state of systems, cost of maintenance and suggested projects. He said that will require the Commonwealth as an enterprise to rethink how it budgets and manages its IT money.

Mr. Pomata said he does not understand how the CAO will have the authority to question projects and funding for those projects.

Secretary Chopra said the CAO now is seen as an advisory resource on the front end of projects for agencies and how their projects fit into the overall vision. He said the success will be that the CAO will be brought into the process earlier. He said agency heads often do not understand the technology piece and need a resource to help navigate IT projects.

Mr. Hiram Johnson said this is the first he has seen of the CAO responsibility, and that he has some concern about the effectiveness of this approach.

Mr. McGuirk said the Administration approach presented by Ms. Feldmann was to start the process. He suggested that the CIO and CAO get together and report back in April.

Mr. Hiram made a motion:

"I move that the CIO and CAO work together, look at IT governance and report back in April in a more complete manner on an approach to IT governance, how much it will cost, etc., and to respond to the issues raised in the APA report and those with which the ITIB has been struggling so that there can be an integrated system and the Board has the opportunity to make recommendations to the Administration and VITA on how to proceed."

The motion was seconded by Secretary Chopra.

Mr. Pomata said the study needs a well-defined problem statement and areas to be covered, such as governance, portfolio management and return on investment.

Mr. McGuirk said he concurs that the CIO and CAO should develop an operational plan to address IT governance in the Commonwealth and must define problems, issues, impediments, opportunities, cost, and cost allocation and management. He said work should include identification of the problem to be solved and how to address it.

The motion approved on a voice vote.

General and Administrative Cost Analysis

Chairman McGuirk said he constantly is asked about VITA's IT rates and charges. He said he asked for some measurements and/or benchmarks to see how VITA is doing compared to the marketplace. He asked Scott Klopfleisch of Gartner to report findings

Mr. Klopfleisch detailed the methodology, classification framework and database used for comparison. He said, "Based on the result of the comparative analysis, we find VITA's G&A expenses and G&A related FTEs are within the range anticipated for IT organizations performing similar functions." He said the analysis found total expense performance better than the median performers in the database and the total FTEs in line with median performers in the database.

He said there was no adjustment for or deep understanding of the unique requirements that the VITA organization has because of the organizational structure and place in the family of

agencies. There was no adjustment for work VITA must do that a for-profit company may not have to perform.

Other Business, Public Comment

Chairman McGuirk asked for other business. There was none. Chairman McGuirk asked for public comment. There was none.

Closed Meeting

Secretary Chopra made a motion:

"I move that the Information Technology Investment Board convene a closed meeting pursuant to the Code of Virginia § 2.2-3711(A)(6) and (A)(29) for the purpose of discussing the estimated cost and competitive objectives and strategy for purchasing Performance Budgeting software, Business Intelligence software and Financial Management software and integration, because these purchases involve the expenditure of public funds and discussion of these matters in an open session would adversely affect the Commonwealth's bargaining position or negotiating strategy and therefore, its financial interest; and pursuant to Code of Virginia § 2.2-3711(A)(7) for the purpose of consulting with legal counsel regarding compliance with the Freedom of Information Act in the conduct of the closed meeting. The Virginia Enterprise Applications Program Director, the CIO, counsel and designated VITA, VEAP, Department of Planning and Budget, Department of Accounts and Department of Transportation staff should attend the closed meeting, as their attendance will aid our discussion."

Mr. Kenneth Johnson seconded the motion, which passed on a voice vote by Secretary Chopra, Mr. Hiram Johnson, Mr. Ken Johnson, Mr. Kucharski, Mr. Pomata, Chairman McGuirk and Dr. Miller.

Mr. Hiram Johnson left the meeting before the closed session began. However, a quorum was maintained.

The ITIB met in closed session for approximately 30 minutes. Upon returning, Mr. McGuirk called the meeting to order. Mr. McGuirk said:

"The ITIB is now reconvened in open session having completed a closed meeting. I will now conduct a roll call and ask each member to certify, to the best of his or her knowledge, that only public business matters lawfully exempt from open meeting requirements under the Freedom of Information Act and only those public business matters identified in the motion convening the closed meeting were heard, discussed or considered in the closed meeting."

Ms. Williamson called the roll with Secretary Chopra, Mr. Ken Johnson, Mr. Kucharski, Mr. Pomata, Chairman McGuirk and Dr. Miller so confirming.

Adjourn

Mr. Hiram Johnson made a motion to adjourn. The motion was seconded by Mr. Pomata. Chairman McGuirk adjourned the meeting at approximately 2:56 p.m.