



Minutes

Thursday, October 18, 2007

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
Mary Guy Miller, Ph.D.

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

Members Absent:

James F. McGuirk II, Chair

Others Present:

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

Chair's Report

Call to Order

Vice Chair Hiram Johnson, serving as Acting Chair, called the meeting to order at approximately 1:05 p.m. He asked Ms. Williamson to call the roll. The presence of a quorum was confirmed.

Approval of the Minutes

Acting Chairman Johnson introduced the draft meeting minutes from July 19, 2007. Dr. Miller moved to approve the minutes. Mr. Thomas seconded the motion. The minutes were approved by voice vote.

Announcements

Acting Chairman Johnson announced that Mr. Pomata and Mr. Ken Johnson had been reappointed to four-year terms on the ITIB. He also noted that Mr. Reese was featured as one of the 2007 top CIOs by CIO Magazine and Mr. Kucharski recognized as the American Institute of CPA's Outstanding CPA in Government. He congratulated them on the reappointments and recognitions.

Virginia Enterprise Applications Program

Acting Chairman Johnson asked Virginia Enterprise Applications Program (VEAP) Director Peggy Feldmann to provide an update to the Board.

Ms. Feldmann said three priority projects have been put forth for planning, including planning and budget, business intelligence and financial management. She said the planning and budget project has been separated from financial management to speed production. Planning is underway for phased development and a request for development approval is expected to be made by mid-December.

Planning also is underway, Ms. Feldman reported, on the business intelligence project, which is a key area that currently lacks reporting, analysis and data mining. She said the project is currently being entered into ProSight, the Commonwealth's project management and reporting tool. Ms. Feldman said there are some business intelligence systems in place, and those will be "grandfathered in" but new projects must use the enterprise solution.

She said both of these projects will be funded from the benefits stream and working capital advance.

Ms. Feldman reported that the financial management request for proposals is in final review, and that VITA staff have worked long and hard to get out the request.

Secretary Chopra left the meeting.

Ms. Feldman and the Board discuss funding and budgeting for the VEAP.

CIO's Report

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

CIO Stewart noted that the format of his report is different today to comply with Chairman McGuirk's meeting format changes for brief presentations and fewer committee meetings. He said he would present an overview, and some of the Executive Directors would present on specific projects in their areas.

CIO Update

Mr. Stewart discussed the highlights since the last meeting. He reported:

- Hiring is underway at the Southwest Enterprise Solutions Center, and the opening ceremony is scheduled December 12
- IT infrastructure security assessments are complete and letters of assurance have been sent
- Governor Kaine has proclaimed October as Cyber Security Awareness Month

- Virginia's Web site was recognized as a "Best of the Web" winner by The Center for Digital Government
- VITA has exceeded the Governor's telework goal of 20%, and currently has 45% of employees teleworking

Regarding the May 2006 Auditor of Public Accounts Report on Information Technology Governance and VITA Operations, CIO Stewart reported that 20 of 21 action items have been completed. He said the remaining action item, "Adopt Uniform Infrastructure Procedure," is scheduled for June 2008 completion.

Secretary Chopra returned to the meeting.

Mr. Stewart reported on VITA budget reductions and efficiencies, with some funds to be returned to agencies via credit and overhead adjustments. Secretary Chopra noted that VITA went above and beyond what was requested in making budget reductions requested by Governor Kaine.

The Major IT Project Status Summary shows 25 projects that total more than \$523 million, including the \$370 million Virginia State Police emergency communications project, The Statewide Agencies Radio System (STARS) Program. The STARS project is yellow because of a six-month scheduling delay by the vendor, he said. Of the remaining 24 projects, 19 are green status, five are yellow and none are red.

CIO Stewart said oversight of projects is making a difference. He said since 2002:

- The CIO and ITIB approve project plans and oversee project development.
- The process is governed by best practices.
- Project managers must be qualified.
- Project reports are provided monthly to the CIO and ITIB.
- Projects are subject to independent verification and validation.
- Project changes are tightly controlled.

He said there have been no project failures since 2002, with 69 major IT projects at a value of \$900+ million since that time.

He also provided the ITIB with a copy of his recent presentation to the House Appropriations Committee. He addressed:

- VITA's key statutory roles, including E-911 and the Geographic Information System
- Security, which now covers all branches of state government
- Goals, challenges and successes of the IT Infrastructure Partnership
- Job creation and economic development with the opening of the Southwest Enterprise Solutions Center
- Obstacles and challenges to consolidation as reported by the National Association of Chief Information Officers (NACIO), including workforce resistance to change and agencies' desire to remain autonomous
- Previous and future improvements for the procure to pay process
- Challenges for the 2008 budget
- Reasons agencies are experiencing cost variations, including the federal cost allocation mandate, VITA is a fee-for-service agency and the workload is increasing, some General Fund programs transitioned to fee-for-service, and historical practices of under-funding IT programs

Financial Update

VITA Finance and Administration Director Jim Roberts reported that VITA's financial status was much better than anticipated at the end of the fiscal year on June 30. He said that the fee for service programs experienced a modest loss, cash on hand was strong with no treasury loans outstanding, and that accounts receivable were much improved.

In this fiscal year's budget, Mr. Roberts said that revenue and expenditures for the first two months are in line with projections, that cash on hand is stable and that accounts receivable are up slightly. He said some agencies have the same budget problems as last year, but those challenges have not been addressed in this fiscal period.

Mr. Roberts also presented a cash-on-hand chart that has been erratic since the formation of VITA but appears to be moving to more of a steady state.

Mr. Ken Johnson asked for clarification about the agencies' budget challenges and how that will impact VITA. Mr. Roberts said VITA is carrying unpaid balances for those agencies.

Mr. Ken Johnson asked if these challenges are created by VITA's price increases and the Governor's request for agencies to trim General Fund budgets by 5%.

Mr. Roberts said most recent budget cuts have not had any material impact, although some small agencies eliminated some computers and printers. He said that the Governor and General Assembly last year took administrative steps to move money between agencies to cover IT costs. Mr. Ken Johnson said this is behind-the-scenes work by VITA to assist agencies, but this work is not recognized by the agencies.

Mr. Roberts reported that the Small, Woman and Minority-Owned (SWaM) goal of \$30 million was substantially met for fiscal year 2007, and the goal has been increased to \$50 million for 2008.

Mr. Pomata left the meeting.

In addition, three multi-million dollar contracts with SWaM vendors were executed in August by VITA and Northrop Grumman, Mr. Roberts said.

Mr. Pomata returned to the meeting.

Mr. Ken Johnson asked how many companies had part of the \$30 million SWaM spend. Ms. Beverley Coleman, who oversees the VITA SWaM program, said 190.

Mr. Ken Johnson asked how SWaM vendors are categorized as small, woman or minority so they are not duplicated. Ms. Coleman said "small" are white male, "women" are white women, "minority" are women and men who are black, American Indian or other minorities.

Mr. Roberts also reported the first phase of the Agency Risk Management and Internal Control Standards (ARMICS) had been completed, and there is reasonable assurance that internal controls at VITA are in compliance with applicable laws and regulations.

IT Infrastructure Partnership Program

VITA Service Management Organization Director Fred Duball provided information on the IT Infrastructure Partnership.

Mr. Duball said continued process improvement and continued awareness by field staff has helped with metrics.

He said the number of unresolved help desk tickets is decreasing despite the fact that more PCs and services are being added. He said there were 100,000 contacts with 50,000 tickets in the past quarter. He said some were significant incidents that result in an analysis and lessons learned, but that overall satisfaction is strong and consistent in targeted surveys for help desk and desktop support.

Mr. Duball noted that in addition to transformation, new business is creating a steady increase in requests for service.

He noted improvements in procure to pay process in the standard products and services category and said that the service catalog is being developed. In response to questions from Acting Chair Johnson and Dr. Miller, Mr. Duball said request to delivery is about 14 days for 94 percent of standard products from the time the request is entered into the state procurement system until is delivered to dock, but that the installation needs to be added.

Mr. Pomata asked about the online service catalog and whether it will lead to greater improvements. Mr. Duball said one of the technology enhancements is the service catalog, which will be piloted by the end of the year and implemented early next year, and should bring improvements.

Mr. Duball said the desktop refresh rate has been exceeded for the quarter. He said a number of servers have been moved from the old data center to CESC, but there are additional servers to move, which requires testing with the agencies in windows of time that do not impact agencies' business requirements.

Mr. Kucharski said the help desk is coded "yellow" and asked why since statistics are good. Mr. Duball said he believes more staff in the field could be using the new system and then more data will be available. He also said that when the Southwest Enterprise Solutions opens and transitions occur, staff there will be able to answer the 50,000+ calls per month.

Mr. Duball presented slides showing infrastructure projects over the three-year transformation period and in previous, current and upcoming quarters. He said finances for the partnership are sound at this time, and that a number of audits and reviews are about to be completed.

Mr. Ken Johnson asked about hiring at SWESC. Mr. Duball said hiring is underway, and training is underway in a separate facility for those hired. He said there has been difficulty in high-level positions, such as in security.

Data Breach Notification

Chief Information Security Officer of the Commonwealth Peggy Ward noted that the ITIB in July approved revised security standard and policies. Information security officers asked for July 2008 to provide time to comply, and the ITIB adopted that date. Ms. Ward said she made a presentation on the standard at a meeting of the Governor's Working Group on Consumer Privacy, at which a member of the General Assembly suggested earlier implementation of the data breach notification section be required by a law with an emergency enactment clause. She asked to take the proposal for earlier implementation of data breach notification applying to personally identifiable information back to the ITIB. As a result, Ms. Ward provided a suggested motion for the Board:

"I move that the current compliance date of July 2008 for the data breach notification requirements contained in COV ITRM Security Policy, SEC 500-02, Section 3.1.8 and COV ITRM Security Standard SEC 501-01, Section 9.5.2, items #3 - #6 be revised to require compliance not later than November 1, 2007."

Mr. Pattison made the motion, second by Secretary Chopra.

Secretary Chopra said agencies did not know what to do in the event of a data breach, and that Ms. Ward's team along with Deputy Secretary of Technology Judy Napier developed a thoughtful description of what to do that gives value add to the Commonwealth's citizenry.

Mr. Pomata asked if there is a single standard and consistent notification. Ms. Ward said the type of data and a data breach are defined and notification is described, and that Commonwealth Security would work with agencies on an individual basis on each data breach.

The motion was carried on a voice vote.

Internal Audit

Ms. Ward said the electronic data removal audit report was issued with six findings, and that a special project is underway to assess controls over the IT Infrastructure Partnership asset movement and data removal processes.

Customer Councils

VITA Customer Account Management Director Debbie Secor noted that directors formed customer councils of subject-matter experts from agencies in April 2007, and that a Small Agency Council and Employee Council also have been formed.

She said the council members were asked to complete a brief survey to see how they feel about the concept of the councils, establish baseline data, improvements that can be made and progress. Surveys will go out every six months to council members. She said Dr. Miller provided consultation on the survey.

Ms. Secor said there was a 59% return rate. She said the ratings were compiled for each council and also on an overall level.

She said on the first question as to whether the council concept has been valuable in addressing key issue for agencies, respondents' ratings ranged from 3.5 to 4.3 indicating the council concept is catching on, that councils that have had fewer meetings have a lower score, and that the Small Agency Council has a forum in which to be heard.

On the question of whether the council is addressing the most important customer issues, the responses show that VITA is starting to address the right issues and that customers have a forum to address specific issues.

Mr. Ken Johnson noted that Secretary Chopra in an earlier meeting asked if the Governor's Performance Measures might be incorporated into the councils' work. Secretary Chopra clarified that the number one key performance measure for VITA is an 80% customer satisfaction rating and will require a different measure. CIO Lem Stewart explained that the governor's rating is related to the customer council ratings.

Ms. Secor said the third question about direct changes made as a result the councils' input shows a need for increased communication and information sharing regarding results of the

councils' work. The fourth question about improvements in customer service and satisfaction may indicate results are influenced by changes related to transformation, and councils are just beginning to be comfortable with the council concept, she said.

The fifth question shows that attendance and participation are valuable if the council meets more often and spends time on council issues, Ms. Secor said. The final question regarding whether the information received at council meetings meets the needs of agencies shows that communications is key, and there is a need to know what type of information customers require and to work toward providing that information.

Ms. Secor shared the results and open-ended questions.

She said next steps will be to share council results with each council, create work plans and continue to work on a communications plan for sharing information across councils.

In addition, Ms. Secor noted that a customer satisfaction survey will be developed to go out in the spring of 2008.

Mr. Pomata said questions are about the councils, and he is concerned that the council process is being addressed versus working on customer satisfaction. He said he would like to see the notes from the meeting.

Ms. Secor said the survey is to determine if the councils are an effective way to deal with agencies' issues.

Mr. Pomata said he would like to see questions that were brought up at the councils and action reports.

Mr. Reese said he understood that the councils were formed to get the customers more interactive, and these are baseline metrics. He also asked if these results are reflective of what the customer thinks and feels.

Mr. Kucharski asked if VITA changes as a result of the recommendations. He asked if others in agencies know to go to the council members to express their needs.

Ms. Secor said the councils are in their infancy, and one of the discussion items is how to extend information beyond the councils.

Vice Chair Johnson asked if Ms. Secor could pull "dissatisfaction" topics from the survey before the larger customer survey so those may be addressed.

Dr. Miller said if an analysis of the number of meetings held is performed, the frequency of meetings is helpful in improving customer satisfaction. She said all of the questions address customer satisfaction. She said changes have been made in response to customer council findings; however, that has not been shared between councils. She said she believes the councils can be effective.

Mr. Kucharski said this shows that VITA listens, but only the people on the councils know that VITA is listening. Dr. Miller said she agrees but believes the councils can be a tool. Mr. Ken Johnson suggested that the survey be a Web-based survey so that others also may respond.

Recommended Technology Investment Projects (RTIP) Report for 2007

Acting Chair Johnson asked Constance Scott from VITA's IT Investment and Enterprise Solutions directorate to provide an update to the Board on RTIP. Ms. Scott noted that the change in the portfolio submitted on September 1 and the one proposed for presentation on November 1 are:

- Number of projects increased from 59 to 61
- Two active major projects were completed
- Portfolio value declined from \$863 million to \$840 million
- Four new major projects were approved for planning
- One new major project was identified for preliminary planning
- One major project that was approved for planning was reclassified to non-major

She said a draft letter to the Governor and General Assembly, priorities and new major project descriptions were in the Board notebooks. She provided the Board with a motion, which stated:

- *"That the ITIB approve the updated 2007 Major IT Projects recommended for funding, which requests that:*
 - *the Governor and General Assembly maintain funding for active major IT projects*
 - *the Governor and General Assembly appropriate funds for those major IT projects in Approved for Planning status*
- *That the ITIB direct the CIO to prepare the 2007 RTIP Update for ITIB review (with a planned three-day review period)*
- *That the ITIB authorize the CIO (without objection by a Board member during the review period) to submit the 2007 RTIP Update to the Governor and General Assembly by November 1"*

Secretary Chopra made the motion, seconded Mr. Ken Johnson.

Secretary Chopra noted that the return on investment on the active portfolio of \$632 million in expenses with a \$631 million return is a negative 1% return. Ms. Scott confirmed that is correct.

The motion was approved on a voice vote.

Committee Reports

Vice Chairman Johnson called for committee reports.

Commonwealth IT Solutions Committee

Secretary Chopra said his committee did not meet. He said, however, that the Information Technology Investment Management Customer Council is working closely with staff to develop a "blue" category for status reviews, and he expects to report on that at a later meeting.

Executive Evaluation and Governance Committee

Dr. Miller said the committee met this morning and reviewed the objectives, one of which was blue, 14 green, six yellow and none red.

In addition, Dr. Miller said the committee met in closed session to evaluate the CIO and made the following motion:

"As recommended by the Executive Evaluation and Governance Committee, I move that, in accordance with the ITIB CIO Evaluation Policies and Procedures, and based on the CIO's performance for the period February 2007 – September 2007, that the ITIB hereby certifies to the Department of Human Resource Management that the CIO is performing at levels at least comparable to the rating of "Contributor" as used in the classified employee evaluation system."

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

Finance and Audit Committee

Mr. Pattison said the committee did not meet. He said budget submissions are due on October 31, and those will be provided for a five-day review for the Board.

Information Technology Infrastructure Committee

Mr. Pomata said the committee did not meet. He noted that Mr. Duball provided information on the infrastructure partnership, and that a detailed presentation was in the Board notebooks. He said he expects the committee to meet during the next quarter.

Legislative Affairs Committee

Mr. Hiram Johnson said his committee did not meet but that he expects a full agenda at the next committee as the General Assembly session nears.

Other Business

Acting Chairman Johnson asked for other business. There was none.

Public Comment

Acting Chairman Johnson asked for public comment. There was none. Mr. Johnson asked for a show of hands from the audience as to whether they liked the one-day Board format or two-day. There was a nearly unanimous show of hands in favor of the one-day meeting.

Adjourn

Secretary Chopra made a motion to adjourn. The motion was seconded by Mr. Pomata. Acting Chairman Johnson adjourned the meeting at approximately 3:45 p.m.