

PROPOSED IMPROVEMENTS TO THE CIO REPORT TO THE LEGISLATIVE FINANCE COMMITTEE

A Report Prepared for the
Legislative Finance Committee

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STATE CIO REPORT

The legislature has requested, through statute, reports from the state's Chief Information Officer (CIO) on a routine basis regarding compliance to information technology (IT) standards, proposed or published policies, standards and procedures, CIO advisories, the development of the biennial IT report and the state strategic plan, and project portfolio report. The reports are prepared by staff of the State Information Technology and Services Division (SITSD). The reports are analyzed by staff and subsequently provided to the Legislative Finance Committee (LFC) to highlight information technology issues likely to require further legislative attention, evaluation of proposed changes and fiscal implications of any changes. The LFC may also provide written comments regarding concerns over proposed policy changes.

The information contained in the required reports may technically meet the requirements of statute, but do not provide the reader with enough information to decipher the changes being made to policy or procedure, or as to why a specific CIO advisory is being released. Without this information the LFC is unable to focus in on what information technology issues are likely to require legislative attention. The purpose of this report is to outline potential changes to current reporting to increase the quality of decision-making information available, increase transparency in government, and allow for all interested parties to understand statewide IT issues.

CURRENT CIO REPORT

The current CIO report is divided into six sections, based on statutory requirements. This section of the report will illustrate proposed changes to the reporting functions and is best read with a current copy of the CIO report to reference. A copy of the September 29th report is included in the appendix. Referenced MCA sites are included in the endnotes to this document.

A. MITA Compliance and Exceptions to Information Technology Standards, Policies and Statute (2-17-515, MCA) ⁱ

Under this requirement, SITSD reports the exceptions granted by agency and for what purpose. The current report (A, sub b) explains an exception for the Department of Revenue, by referencing the policy number. The reader does not have any supporting information to understand what the exception is and why it is appropriate for SITSD to grant the exception. An alternate method for explaining the exception could be:

The Department of Revenue (DOR) was granted an exception to providing the warning banner normally required when state computers are accessed by a state employee or contractor. The banner provides information to users regarding what is considered proper use that the system is monitored for improper use and there is no expectation of privacy. The exception allows for the ORION property valuation system to be monitored automatically. The benefits to automatic monitoring outweigh the risk of eliminating the warning banner.

B. IT Projects (2-17-526, MCA) ⁱⁱ

Statute requires that SITSD and the Office of Budget and Program Planning develop a statewide summary of major new information technology (IT) projects contained in the state budget. The current report, attached provides a listing of various IT projects. It is unclear from the report what criteria are used to determine what constitutes a major IT project. As shown in the report, the projects range from \$400,000 for school staffing to \$150,000,000 for DOA Interoperability Montana Phase I. In addition, the relationship between the various cost projections is not clear, reasons for increases or decreases are not included as part of the information provided, sources of project funding are not included, and independent verification of the self reported project health is not completed.

A proposed alternative to the current report is attached as Addendum A.

While the IT project report gives the reader an impression of what is occurring with large projects, once the project is completed it rolls off the report, without a final review. This leaves a gap between what the project was supposed to accomplish and what really occurs once it is operational. The staff of the LFD and SITSD have started discussions regarding how a post operational review can occur in a timely manner to provide adequate information and potentially prevent issues for Montana citizens.

C. Policies (5-12-205, MCA)ⁱⁱⁱ

Under this requirement, SITSD provides a written summary of published or proposed policies, standards and procedures, and CIO advisories. The information provided, (see current report C. 1.) does not provide enough detail for a non IT professional to understand what has changed or is being proposed to change and of any fiscal impact. An alternate method of explaining the Statewide Policy: State Government Continuity Program could be as follows:

The National Essential Functions of government are designed to allow the President and the federal government to continue operations during a time of crisis. State essential functions are aligned with these federal guidelines. The policy requires agencies to develop and maintain IT policies in order to ensure the functioning of government and the continuing performance of State Essential Functions under all conditions. This policy standardizes already operational activities. Due to this fact, there is negligible fiscal impact.

The same issues apply with the remainder of section C.

D. State of Montana Biennial Report of Information Technology (2-17-521, MCA)^{iv}

The Montana Information Technology Act (MITA) requires the Department of Administration (DOA) to prepare a report each biennium that assesses the state's progress in achieving the goals and initiatives outlined in the state's information technology strategic plan. MITA also requires the report to contain information regarding the state's information technology (IT) infrastructure including its value, condition, and capacity; an inventory of IT equipment, software, and services; and an evaluation of IT performance. The next scheduled biennial report is due to be released in the fall of 2012.

E. State Strategic IT Plan (5-17-521, MCA)^v

SITSD is required to develop a strategic plan for IT resources on a biennial basis. The next regularly scheduled report is due in March of 2012. The current report does provide a synopsis of what has occurred, which IT forum it has been reviewed by, but does not include any details. With the increased attention to IT issues under the LFC and the Select Committee on Efficiency in Government (SCEG), the details, preliminary as they are, of the strategic plan become more important. According to the documents provided to the IT Manager's Council (ITMC), the following is the recommended priority for the strategic plan:¹

- Accountability
- Aggressive Use
- Availability
- Compliance
- Governance

The detail of these priorities can be obtained via work completed by the ITMC and the Information Technology Board (ITB), however that is information that is currently not required in the CIO report.

¹ See appendix

EXPANDED REPORTING

Under MITA, an Information Technology Board (ITB) is statutorily required to assist SITSD and the Department of Administration (DOA) on statewide information technology standards and policies, the state strategic information technology plan, major information technology budget requests, and rates and other charges for services established by the department. The ITMC is an administratively created council that was created in 1997 to provide a forum for state and local government IT professionals to provide advice concerning the technology needs of state agencies, the strategic plan and opportunities to all of for a free exchange of information amongst IT professionals. Often, policy and/or guidance discussions begin at the ITMC and are forwarded to the ITB for resolution and potentially adoption by SITSD and DOA.

The IT reporting requirements do not address the activities of the ITB and the ITMC. The LFC could choose to receive an update on the activities or discussions in front of the two groups as part of the requirement of the LFC to identify issues that would require legislative attention in the future. For example; the ITB and the ITMC recently held discussions regarding the use of the state data center and the challenges to fund the entire cost of conversion, including the use of incentive monies and utility savings. Because utility costs are included in the DOA rent rate, agencies do not capture the reduced utility cost. Instead DOA - General Services Division continues to collect the rental rate and captures the reduced utility costs. This situation could require legislative action to remedy.

If the LFC is interested in the activities of the ITB and the ITMC, the LFD staff will work with SITSD to provide the committee with a short recap of the activities. This information would be in addition to the reporting requirements already in statute.

OPTIONS

The CIO report serves to provide the LFC with a snapshot of activities and issues within the realm of state IT. This report has attempted to provide opportunity to improve the type and breadth of the information received. The committee may wish to direct SITSD to:

- Eliminate the use of policy numbers and utilize descriptions instead
- Clearly describe fiscal impact as required
- Increase attention to the strategic planning process
- Develop criteria for placing IT projects on report to LFC
- Revise the IT project report format
- Include a post implementation review of IT projects

And request the LFD work with SITSD to:

- Add reporting on the activities of the ITB and ITMC focusing on items that may require future legislative action

ⁱ 2-17-515, Granting **exceptions to state agencies**. - Subject to 2-17-516, the department may grant exceptions to any policy, standard, or other requirement of this part if it is in the best interests of the state of Montana. The department shall inform the board, the office of budget and program planning, and the legislative finance committee of all exceptions that are granted and of the rationale for granting the exceptions. The department shall maintain written documentation that identifies the terms and conditions of the exception and the rationale for the exception.

ⁱⁱ 2-17-526. **Information technology project budget summary**. (1) (a) The office of budget and program planning, in cooperation with the department, shall prepare a statewide summary of:

- (i) proposed major new information technology projects contained in the state budget; and
- (ii) proposed major information technology projects impacting another state agency or branch of government to be funded within the current operating budgets, including replacement of or upgrade to existing systems.

(b) The office of budget and program planning and the department shall jointly determine the criteria for classifying a project as a major information technology project.

(2) The information technology project summary must include:

- (a) a listing by institution, agency, or branch of all proposed major information technology projects described in subsection (1).

Each proposed project included on the list must include:

- (i) a description of what would be accomplished by completing the project;
- (ii) a list of the existing information technology applications for all branches of government that may be impacted by the project;

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- (iii) an estimate, prepared in consultation with the impacted agencies, of the costs and resource impacts on existing information technology applications;
 - (iv) the estimated cost of the project;
 - (v) the source for funding the project, including funds within an existing operating budget or a new budget request; and
 - (vi) the estimated cost of operating information technology systems.
 - (b) a listing of internal service rates proposed for providing information technology services. Each internal service rate included on the list must include:
 - (i) a description of the services provided; and
 - (ii) a breakdown, aggregated by fund type, of requests included in the state budget to support the rate.
 - (c) any other information as determined by the budget director or the department or as requested by the governor or the legislature.
 - (3) The information technology project summary must be presented to the legislative fiscal analyst in accordance with 17-7-111(4).

iii 5-12-205. **Powers and duties of committee.** The committee:

- (1) may organize, adopt rules to govern its proceedings, and meet as often as necessary, upon the call of the presiding officer, to advise and consult with the legislative fiscal analyst;
- (2) may employ and, in accordance with the rules for classification and pay adopted by the legislative council, set the salary of the legislative fiscal analyst. The legislative fiscal analyst shall serve at the pleasure of and be responsible for providing services to the committee.
- (3) may exercise the investigatory powers of a standing committee under chapter 5, part 1, of this title;
- (4) shall monitor the information technology policies of the department of administration with specific attention to:
 - (a) identification of information technology issues likely to require future legislative attention; and
 - (b) the evaluation of proposed information technology policy changes and the fiscal implications of the proposed changes and shall provide written responses to the department of administration communicating the committee's positions and concerns on proposed policy changes;
- (5) may accumulate, compile, analyze, and provide information relevant to existing or proposed legislation on how information technology can be used to impact the welfare of the state;
- (6) may prepare legislation to implement any proposed changes involving information technology; and
- (7) shall, before each regular and special legislative session involving budgetary matters, prepare recommendations to the house appropriations committee and the senate finance and claims committee on the application of certain budget issues. At a minimum, the recommendations must include procedures for the consistent application during each session of inflation factors, the allocation of fixed costs, and the personal services budget. The committee may also make recommendations on other issues of major concern in the budgeting process, such as estimating the cost of implementing particular programs based upon present law.

iv2 17-521. **State strategic information technology plan -- biennial report.** (1) The department shall prepare a state strategic information technology plan. The department shall seek the advice of the board in the development of the plan.

- (2) The plan must:
 - (a) reflect the policies as set forth in 2-17-505 and be in accordance with statewide standards and policies established by the department;
 - (b) establish the statewide mission, goals, and objectives for the use of information technology, including goals for electronic access to government records, information, and services; and
 - (c) establish the strategic direction for how state agencies will develop and use information technology resources to provide state government services.
- (3) The department shall update the plan as necessary. The plan and any updates must be distributed as provided in 2-17-522.
- (4) The department shall prepare a biennial report on information technology based on agency information technology plans and performance reports required under 2-17-524 and other information considered appropriate by the department. The biennial report must include:
 - (a) an analysis of the state's information technology infrastructure, including its value, condition, and capacity;
 - (b) an evaluation of performance relating to information technology;
 - (c) an assessment of progress made toward implementing the state strategic information technology plan;
 - (d) an inventory of state information services, equipment, and proprietary software;
 - (e) agency budget requests for major projects; and
 - (f) other information as determined by the department or requested by the governor or the legislature.

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IT Project Report

Agency	Title	Project Description	Original Delivery Date	Revised Delivery Date	Narrative Explanation for Change	Original Project Costs/Funding		Budgeted Funding		Changes to Costs/Funding		Narrative Explanation for Change	Phase	Risk	Project Health			
						General Fund	State Special	Federal Special	Total	General Fund	State Special				Federal Special	Total	Scope	Schedule
DOLI	Licensing Standard System			12/31/2011		General Fund		General Fund		General Fund								
						State Special		State Special		State Special								
						Federal Special		Federal Special		Federal Special								
						Total	2,000,000	Total		Total	250,000							