

Joint Legislative Audit and Review Commission



**Review of
Information Technology Services
in Virginia**

Joint Commission on Technology and Science

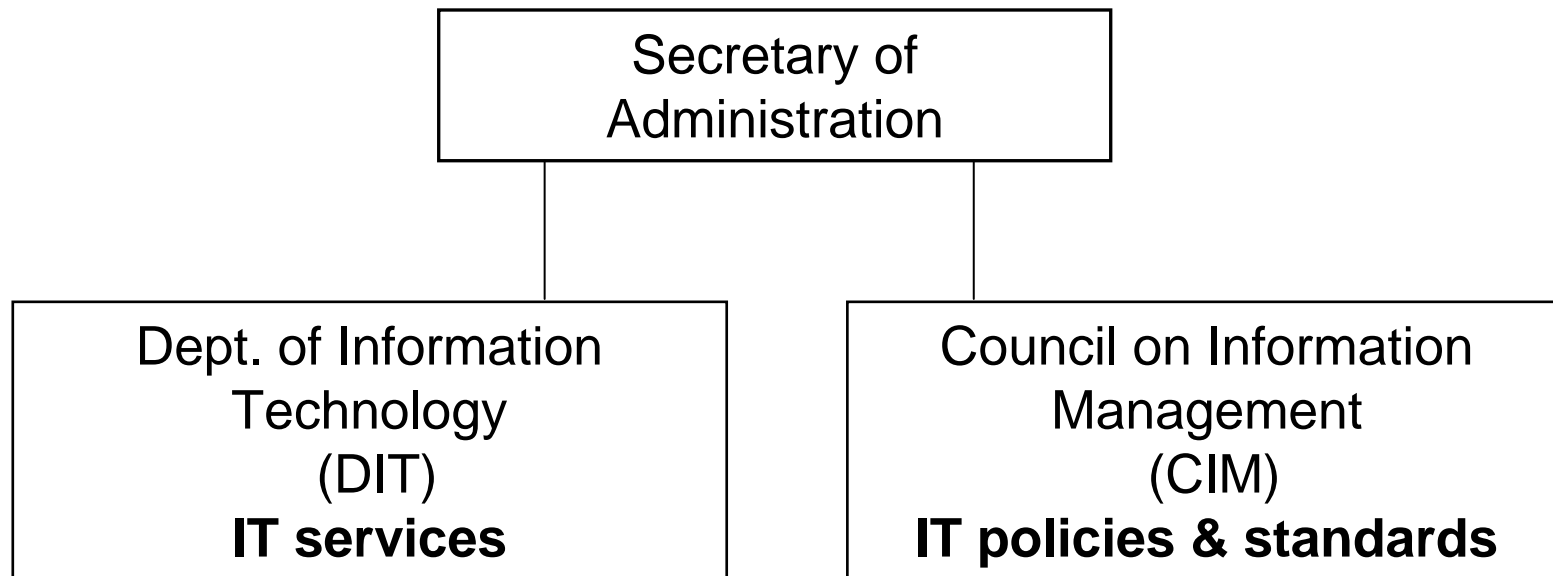
November 10, 2009

In This Presentation

- Background
- Current IT Governance Hinders Agency Operations



State Had Two Primary IT Agencies in 1997

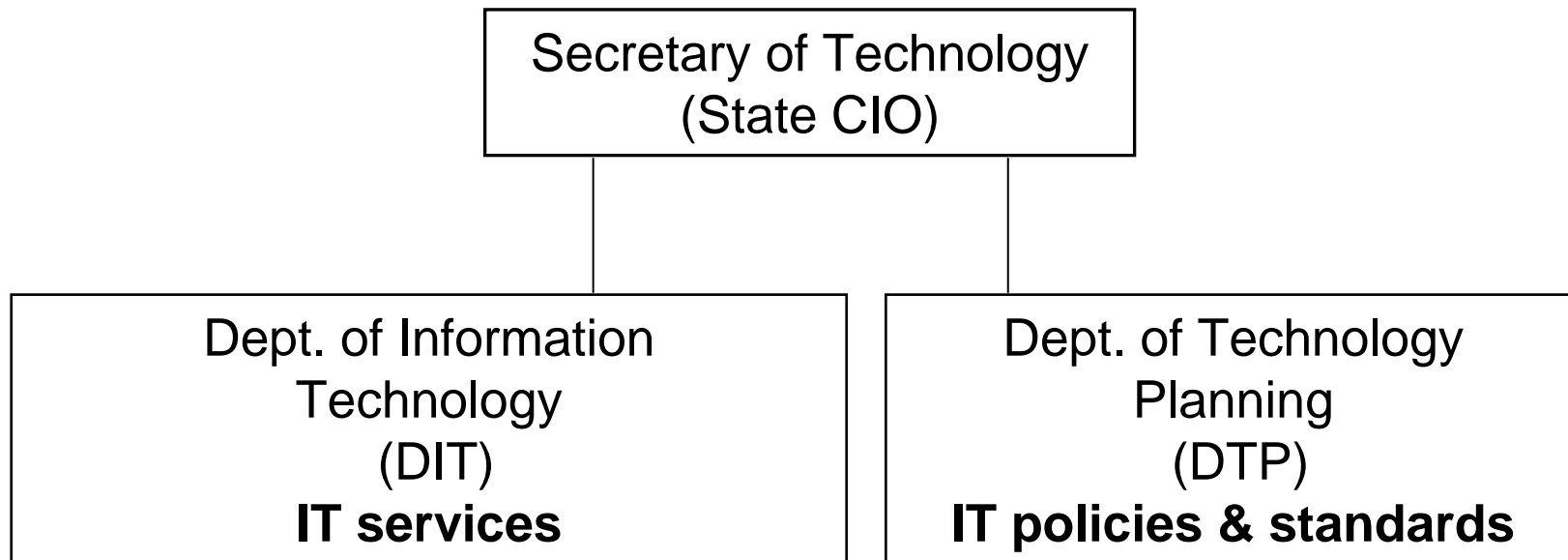


- Joint Commission on Technology and Science created in 1997 to study & promote development of technology & science

1998 Review of IT Services by JLARC & Gartner Established Two Principles for IT Governance

- Recommended Chief Information Officer (CIO) to provide full time, professional IT oversight
 - Sec. of Administration unable to coordinate DIT & CIM
 - 1999 General Assembly codified Sec. of Technology
- Recommended strengthened IT policy, planning, & standards office, separate from IT services
 - CIM lacked authority to enforce standards & plans
 - 1998 General Assembly created Dept. of Technology Planning (DTP)

State Had Two Primary IT Agencies in 2002



2002 JLARC Report Recommended Reforms to Oversight of IT Projects

- JLARC found \$103 M in wasted funds from 1991-2002
- Recommended Information Technology Investment Board (ITIB) to approve IT projects & standards
 - Comprised mainly of State government representatives
 - Intended to insulate project decisions from politics
- Full time CIO needed because Sec. of Technology was not fulfilling role of professional CIO
 - Focus on economic development distracted from other statutory duties, leading to wasted State funds
- JLARC did not recommend any changes to IT services

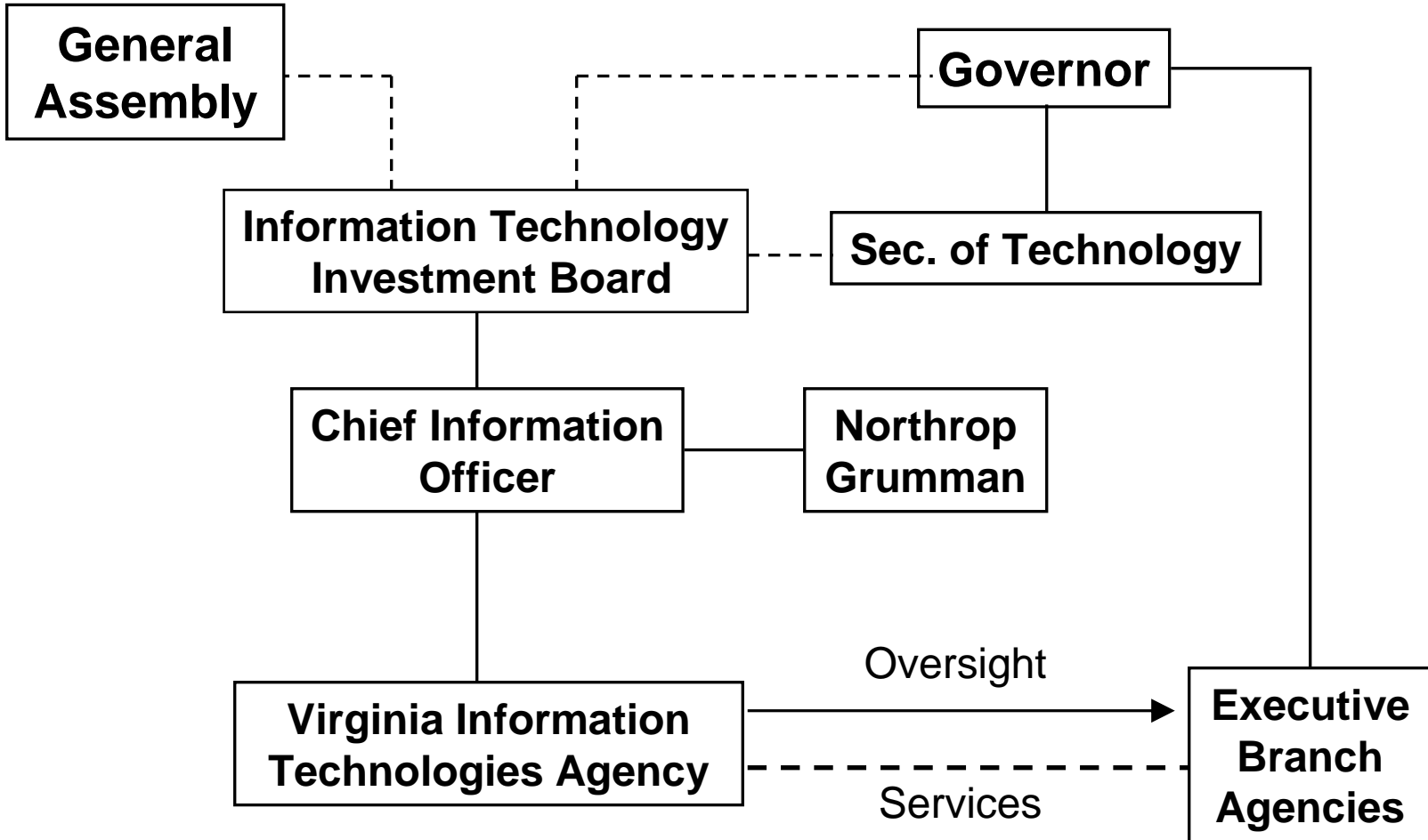
Secretary of Technology's 2002 Report Recommended Creating VITA

- Secretary recommended creating VITA to improve IT services & reduce cost
 - Part of effort to save \$100 million annually on IT across State agencies, local government & higher ed.
- Consultant's report recommended merging DIT & DTP, then consolidating IT staff from State agencies
 - Would benefit small- & some medium-sized agencies
 - Larger agencies had "all the funding & resources to provide adequate levels of service"
- Savings would come from efficiencies & staff reductions but required redistribution of funds

2003 Legislation Enacted Aspects of JLARC's & Secretary of Technology's Recommendations

- Created ITIB as a citizen board to supervise VITA
 - Statute places ITIB “in the executive branch”
- Full-time CIO hired by ITIB to administer VITA
- DIT & DTP combined to create VITA
- IT staff & some IT functions from “in-scope” State agencies consolidated into VITA
 - In-scope includes most executive branch agencies
 - Out-of-scope includes higher ed. & ind. agencies

State's Current IT Governance Structure



ITIB Supervises Information Technology

- Statutorily responsible for “planning, budgeting, acquiring, using, disposing, managing, & administering” IT

- Has 9 voting members
 - Secretary of Technology (vice chair)
 - Secretary of Finance
 - 3 citizens appointed by the Governor
 - 4 citizens appointed by the General Assembly
 - Auditor of Public Accounts (non-voting)

VITA & CIO Have Defined Statutory Responsibilities for Oversight

- CIO is responsible for unified approach to IT
 - Promulgates IT policies, guidelines, & standards
 - Reviews systems development projects
 - Provides for IT security by developing policies, procedures & standards
- VITA has additional oversight responsibilities
 - Project Management Division must review proposals for & then oversee IT projects
 - VITA inherited DIT's statutory authority to review & procure all IT goods & services and sign all IT contracts

VITA Has No Legal Requirement to Inform General Assembly Before Modifying Contract

- Contract negotiations occurred in Summer and Fall, led by Office of Secretary of Technology
 - Continuation by interim CIO of meetings begun in May
 - Increasing State's payments to NG considered
- CIO has no legal obligation to seek approval of contract modifications from Governor or General Assembly
 - CIO reports only to ITIB, which does not report directly to legislative or executive branches

Public-Private Partnership Advisory Comm. Does Not Review Contract Amendments

- Commission established to
 - “advise responsible public entities...on proposals received pursuant to the [PPEA]”
- 11 members, including 8 legislative:
 - Chair of Appropriations & 4 members of the House
 - Chair of Senate Finance & 2 members of the Senate
 - Secretaries of Administration, Finance, & Technology
- Commission’s statutory authority does not presently include reviewing modifications to existing contracts
- Statute could be amended to require fiscal impact statements be presented to Commission for contract amendments

Recommendation

- The Virginia General Assembly may wish to consider amending § 30-278 et. seq. of the *Code of Virginia* to require that for all existing comprehensive agreements, public entities must provide proposed contract amendments or modifications, and accompanying statements describing the fiscal impact of such proposed amendments or modifications with such an impact, to the Public-Private Partnership Advisory Commission

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Governor's Ability to Faithfully Execute Law Is Limited by Lack of Direct Authority Over VITA

- *Constitution of Virginia* requires Governor to faithfully execute State's laws
 - Administration of State government & execution of State laws is increasingly dependent upon IT services
- General Assembly gave the Governor statutory authority over agencies to
 - Establish policy, provide coordination, & resolve conflict (*Code of Virginia*, § 2.2-103)
- Oversight & operation of IT should be treated as an executive function like all other central services

Impact of IT on Daily Operations Indicated by Number of Daily Service Incidents

	Nov 2008	Oct 2009	Daily Average
Severity 1: complete & immediate work stoppage affecting entire agency	46	76	2
Severity 2: business functions severely degraded	1,014	779	32
Severity 3: certain business functions unavailable	8,520	13,384	371

– Source: NG's OpenView incident tracking system

Transformation Challenges Highlight Governance Concerns

- Despite having majority of appointments to ITIB, no clear assignment of responsibility to Governor exists
 - Responsibility & authority for all central services must be combined to ensure orderly operation
 - Lack of direct responsibility also hinders ability of legislature to hold Governor accountable for IT
- Coordination of IT has been limited & issues remain difficult to resolve
 - Executive branch agencies & VITA are accountable to different authorities
 - Governor has limited ability to ensure agency needs are adequately addressed

IT Governance Limits Ability of Agencies to Hold CIO Accountable for IT Security

- Statute assigns CIO security responsibility
 - VITA policy has assigned all responsibility to agencies
- Federal agencies hold agencies, not VITA or NG, directly accountable for security (IRS, Social Security)
 - 2008 IRS audit of TAX required certain actions within 30 days, but TAX could not ensure VITA would comply
 - DSS waited 1 year for VITA response to federal audit
- Penalties include loss of access to federal data used to file Medicaid applications, Social Security disability claims, tax returns, & unemployment benefits

ITIB's Performance Has Been Mixed

- ITIB has provided valuable oversight function
 - No major project failures
 - NG contract has improved many services
- However, ITIB has been unable to coordinate IT
 - Unresolved agency concerns about federal security, funding, & asset transfer issues slowed transformation
 - Resolution of other conflicts has repeatedly required escalation of concerns to the Chief of Staff
- ITIB has not fully addressed other responsibilities
 - Does not regularly review VITA's proposed rates

Concerns Exist About Manner in Which ITIB Has Provided Contract Oversight

- Concern arises when some members appear to exercise authority without clearly informing other members
 - Use of “pre-briefs” for selected members to discuss contractual issues & direct VITA’s actions
 - Contract talks with NG without knowledge or approval of ITIB appear to violate legal limit on powers of Chair
 - Directing previous CIO to defer financial penalties
- Effect is to undermine authority of the Board
 - Some members were unaware that financial penalties had been considered before June 2009

Practical Realities May Limit Ability of Supervisory Board to Govern IT

- ITIB cannot provide full-time oversight
- Many ITIB members say time requirements are burdensome
- Some members attend infrequently, & overall attendance is irregular
- Many members report lacking knowledge of IT or State government

CIO Should Have Full Responsibility Over IT Services

- In 1998, JLARC & Gartner recommended State CIO to
 - Be a single point of responsibility & accountability for IT policy, planning, & services
 - Provide leadership in coordinating the IT activities of State agencies
- In 2002, JLARC recommended ITIB's role be limited to approval of new IT projects
 - ITIB would mainly consist of cabinet secretaries
- ITIB currently has all statutory authority for IT services
 - CIO is only an administrative officer of ITIB

Recommendation

- The Virginia General Assembly may wish to consider reorganizing the information technology functions of State government by assigning responsibility for all information technology services to a Chief Information Officer (CIO) to be appointed by the Governor, subject to confirmation by the General Assembly. The CIO should report to the Secretary of Technology. Specific management & technical qualifications for the position of CIO should be established in law

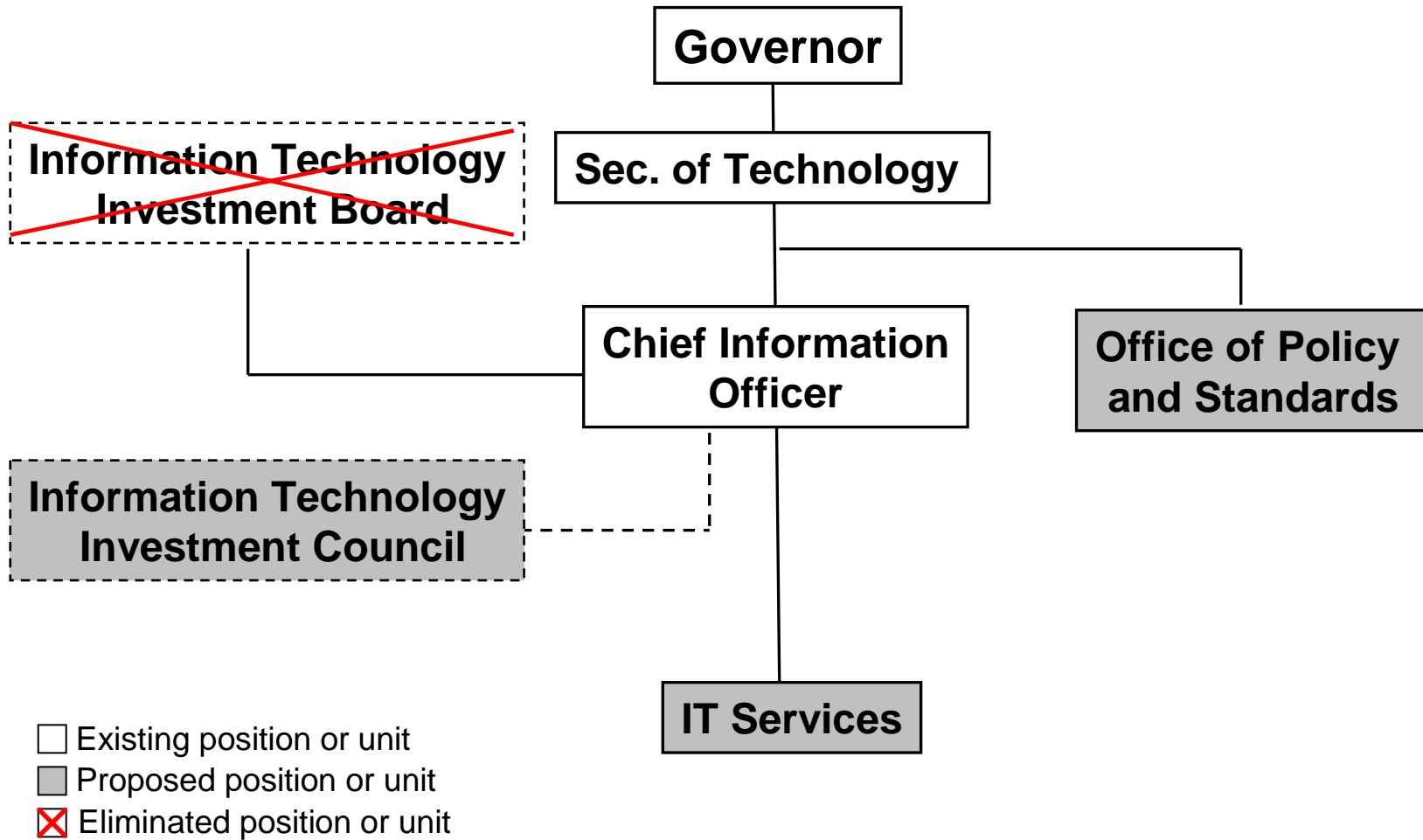
State Needs Investment Board Focused Solely on Project Prioritization & Oversight

- ITIB should be recast as advisory council (ITIC)
 - Role should be focused on recommending prioritization of IT projects & reviewing ongoing projects
 - Membership would primarily consist of cabinet secretaries
- Recommended Technology Investments Projects (RTIP) report needs to be restructured
 - Would be based upon agency IT strategic plans
 - Would use objective criteria, including point system already developed by ITIB, in public report that clearly indicates how project prioritization was achieved

Recommendation

- The Virginia General Assembly may wish to consider abolishing the Information Technology Investment Board and replacing it with an Information Technology Investment Council to act as an advisory board. The Information Technology Investment Council should annually recommend to the Chief Information Officer a list of information technology projects and their relative priority for approval based upon a defined, public process. Such a board should be composed of each of the cabinet secretaries

Proposed Governance and Organization



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