



Minutes

Thursday, July 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
Dr. Patricia Cormier
Hiram R. Johnson, Vice Chair
Kenneth S. Johnson Sr.
Walter J. Kucharski

Len Pomata
James F. McGuirk II, Chair
Dr. Mary Guy Miller
Bertram S. "Bert" Reese

Members absent:

Scott D. Pattison

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 1 p.m. He introduced new member Dr. Patricia Cormier, president of Longwood University. He said Dr. Cormier is vital to economic development efforts in southside Virginia and serves on a number of state and national organizations, including the Governor's Five Star Workforce Development Taskforce and the Governor's Blue Ribbon Commission on Higher Education. She chairs the Committee to Enhance the K-12 Teaching Profession in Virginia. Prior to coming to Longwood University, Dr. Cormier served in leadership positions at Winthrop University and University of Pennsylvania. She received her master's and doctoral degrees in education from University of Virginia and her bachelor's degree in health education from Boston University.

Chairman McGuirk 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 April 17, 2008. Dr. Patricia Cormier made the motion to approve the minutes. Mr. Len Pomata seconded the motion. The minutes were approved by voice vote.

Chairman's report

Chairman McGuirk thanked outgoing member Sandy Thomas for his service, citing a resolution drafted in his honor.

WHEREAS, Alexander Y. "Sandy" Thomas has diligently served as a member of the Virginia Information Technology Investment Board (ITIB); and,

WHEREAS, Mr. Thomas stepped forward to serve an unexpired term when the Governor Timothy M. Kaine called upon him in 2005; and,

WHEREAS, he attended his first meeting and cast his first votes the day the ITIB approved the Commonwealth's innovative 10-year, \$2 billion Information Technology Infrastructure Partnership with Northrop Grumman and has helped lead the modernization and standardization of the Commonwealth's IT to provide consistent service levels at predictable costs, and increase the efficiency and productivity of state government within existing funding; and,

WHEREAS, Mr. Thomas served the ITIB and provided his expertise and counsel on the Commonwealth IT Solutions Committee and Legislative Affairs Committee; and,

WHEREAS, his efforts will have a positive impact on the lives of Virginians; and,

WHEREAS, he is the consummate professional with whom it has been our pleasure to serve on the ITIB;

NOW, THEREFORE, BE IT RESOLVED that the Virginia Information Technology Investment Board this 17th day of July 2008 recognizes Alexander Y. "Sandy" Thomas for his commitment to the Commonwealth and extends sincere appreciation for his contributions as a member of the ITIB.

Secretary Chopra made the motion to approve the resolution. Mr. Pomata seconded the motion. The resolution was passed by voice vote.

Chairman McGuirk noted the discussion at the April 2008 meeting on the Chief Information Officer (CIO) and Chief Applications Officer (CAO) operational plan. As a follow-up action, Chairman McGuirk sent a letter and the plan to Governor Timothy M. Kaine. Governor Kaine responded positively, endorsing the plan, and committed the resources needed for implementation.

Customer insight survey

VITA Executive Director of Customer Account Management Debbie Secor introduced the 2008 VITA customer insight survey and preliminary results. The customer survey committee was established in November 2007, with representatives from VITA, Northrop Grumman and the Office of the Secretary of Technology, with sponsorship from member Dr. Mary Guy Miller.

Ms. Secor said the committee discussed three questions: what do we want to learn from this survey; what are the desired outcomes; and what do we want to do with the information collected in the survey? Ms. Secor said the approach is not conducting a survey for the sake of conducting a survey; the approach includes identification of root causes, analysis of data and gathering key information resulting in an action plan for addressing priorities, improving services and enhancing customer satisfaction.

Ms. Secor introduced Mr. Antonio Oftelie from the John F. Kennedy School of Government at Harvard University. Mr. Oftelie thanked Dr. Miller and the survey committee members. The goals of the survey were to understand customer views on improving VITA services and understand the root causes of issues. The 2008 survey complements the survey completed in 2005, he said, but also reflects the changes to the environment and gauges forward-looking customer interests.

Mr. Oftelie provided background on the Kennedy School's Leadership for a Networked World Program and the public and private sector partners that the program has assisted in organizational learning and transformation initiatives.

The survey design phase began in fall 2007, with the survey released online in May 2008 to executive branch agencies, localities, e-911 clients, geographic information systems (GIS) customers and other customer groups, said Mr. Oftelie. Of the 1,980 invitations to take the survey, 584 people, or nearly 30 percent, provided comments or partial responses; 330 people, or nearly 17 percent, completed the survey. He said the response rate is generally above average for the types of services provided, reflecting customer engagement. The analysis is at a high level, with more in-depth analysis of the results under way for the next few weeks.

Mr. Oftelie described the sections of the survey instrument, which is included in members' notebooks. Services assessed were IT support, telecommunications, e-911 and GIS, project management and security services, he said. The survey also assessed strategic services, such as understanding customers' mission and business objectives, and partnering in the future.

Mr. Oftelie shared three high-level insights based on preliminary analysis of data. First, adaptive leadership is now critical for increasing customer satisfaction. He said the results of the ranking of core services was consistent with the 2005 survey – many customers are “in the middle,” experiencing a level of discomfort with the relative gains and losses from transformation. Increasing customer satisfaction is dependent on understanding root causes of frustration and distinguishing between technical issues (changes in policy, process, product, etc.) and adaptive issues (changes in values, loyalties, competencies, etc.), he said.

The second insight is there is a significant variance in satisfaction between process-oriented services and technical-oriented services. Mr. Oftelie said customer satisfaction with VITA technical capabilities is consistent with 2005; customer satisfaction with process-oriented or “soft skill” areas, such as understanding business objectives and procurement, was rated low. VITA should develop and implement a plan to improve processes and better align customer needs to IT through enhanced customer interaction at all levels, he said.

The third insight is there is potential for growth in current services and strategic services. Mr. Oftelie said there were 216 requests for more information on VITA's core services; that is 45 percent of respondents. Customers were moderately interested in general advisory services and highly interested in VITA getting better at developing information-sharing methods and

assessing emerging technologies, he said. The value of strategic services would be ranked higher if there was more trust that VITA could succeed at lower level services first.

Mr. Oftelie shared an overview of the quantitative responses from the survey for technical core services, strategic services and partnering for the future. The question, would you recommend VITA's services to a colleague, shows customers are largely undecided, a theme that appears throughout the survey. He said this is expected, given where Virginia is in IT transformation.

The next step is to conduct deeper data analysis and produce a survey report, with root cause analysis occurring through the end of summer. Mr. Oftelie said a one-day planning session is planned for September to develop immediate, medium-term and long-term actions. Using the feedback from the survey, the root cause analyses and session, he said the action will be developed. He said the executive vision and action plan activities would occur in late 2009 through early 2010.

Mr. Pomata asked three questions. First, he said project management, which is not a transformation activity, seemed to score lowest and asked Mr. Oftelie to comment on that. He asked about positive comments and what we can learn from those. Thirdly, he said the timeline for the action plan occurs after transformation activities will be completed and asked about ongoing activities for improvement.

Mr. Oftelie said plans are moving forward currently for immediate and medium-term actions that affect customer satisfaction. For the long term, a number of customers were interested in partnering with VITA. He said there were a number of positives that came out of the survey, and the team will look at root causes of satisfaction, not just dissatisfaction. In terms of project management, he said the team will dig deeper into the findings; the area encompasses a wide range of issues.

Dr. Cormier asked whether focus groups were planned with customers who completed the survey. Mr. Oftelie said focus groups are planned. Ms. Secor said VITA has established customer councils across areas of expertise. The intent is to develop follow-up questions and focus groups with the members of those councils to help with process-oriented issues over the next month or so. Dr. Cormier said that is very helpful to assess root causes.

Mr. Kucharski commented that project management is more of a regulatory function, which is generally unpopular. He asked whether the results will be rated in context of function. Mr. Oftelie said the survey results allow for deeper analysis and open-ended comments. Mr. Kucharski said he wanted to make sure that the responses and rankings are examined in light of the context. Mr. Oftelie agreed, noting that negative bias needs to be taken into account as well as the adaptive or "soft skill" areas that are still being developed in Virginia.

Chairman McQuirk emphasized the need for speed in developing and implementing action plans. He asked whether VITA has the skills to deliver soft services, and the definitions for soft skill areas, such as "business consulting," which can reflect a myriad of capabilities. Mr. Oftelie said that aspect would fall into the long-term planning. Mr. McQuirk asked whether the survey data would draw out these aspects. Ms. Secor said VITA actively makes improvements whenever it can to improve customer satisfaction as quickly as possible, which is why the customer account teams were established in January 2008. All customer account team members participated in workshops in the spring on customer relationship skills. VITA recognizes that some skill sets are lacking and some are excellent; the workshops help address that for customer-facing staff from VITA and service delivery staff from Northrop Grumman. Those activities are occurring now, she said.

Mr. Pomata suggested a read-out on customer activities and discussions of customer councils to enhance the Board's understanding of the survey and customer activities. Ms. Secor said she would provide that information.

Mr. Ken Johnson asked what was unique about the survey and Harvard's work in Virginia that did not appear in the report. Mr. Oftelie said the honesty of the comments was striking and will help VITA understand what people are thinking. He said the scope of change in Virginia is significantly larger and that people are having difficulty with adaptation. Mr. Johnson asked if that is tied to awareness and knowledge around transformation. Mr. Oftelie said major changes to agency operations can become very personal. He said people are generally accepting of change; it's the perceived losses with which they grapple.

Chairman McGuirk thanked Mr. Oftelie, Ms. Secor and the team for their work on behalf of the Board.

CIO report

At Chairman McGuirk's request, CIO of the Commonwealth Lem Stewart reported:

- Virginia received national recognition when it was featured in an April article on transformation published by the Center for Digital Government.
 - The Greater Richmond Technology Council awarded VITA the 2008 IT Builder's Award in May, representing an endorsement by the Richmond technology business community of VITA's efforts.
 - The monthly meeting with agency IT leaders is now co-chaired by the CIO and CAO to promote integration of applications and infrastructure.
 - VITA coordinated the development and launch in May of Virginia's YouTube channel, announced by Governor Kaine and believed to be the first state to have such a channel. There have been more than 10,000 visits in July.
 - VITA and Northrop Grumman have hosted two executive breakfast meetings for agency leaders with *Governing* magazine. The May session focused on demographic changes with non-English-speaking citizens and the aging population, and how those changes impact government services. The July session was focused on workforce retention.
 - VITA and Northrop Grumman conducted employee satisfaction surveys.
 - The VITA employee satisfaction survey results show improvements in all areas over the 2007 survey.
 - The Secretary of Technology announced the Commonwealth of Virginia Innovative Technology Symposium (COVITS) 2008 and released a call for nominations for the Governor's Technology Awards. The conference is Sept. 7-9 in Williamsburg.
 - VITA and Northrop Grumman recognized employees through Virginia Public Service Week in May, employee awards and service recognition awards.
 - VITA and Northrop Grumman hosted a backyard economic summit at the Southwest Virginia Enterprise Solutions Center with participation from business leaders, legislators and the higher education community.
 - VITA coordinated submissions for national recognition opportunities, including the National Association of State CIOs Recognition Awards, the Center for Digital Government's Digital Government Achievement Awards and is compiling responses for the Center's Digital States Survey, a biennial study of state government use of technology.
 - The ITIB and VITA celebrated their fifth anniversaries on July 1 and have achieved many accomplishments since creation by the 2003 General Assembly.
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- Starting July 1, VITA and Northrop Grumman began the transition to managed services, which involves workforce re-alignment as a result of consolidation of technologies, services and equipment. As transformation winds down, the ramped-up

spend level with the supplier community, including SWaM businesses, will decline to a mature spend level.

- The financial results for the first 11 months of the fiscal year are in line with expectations, and have been shared with the Finance and Audit Committee.
- VITA's cash flow position is strong currently; managing cash flow has been a challenge. The downturn in the first eight months followed by a spike at the end of the year is due to the General Assembly's authorization for adjusting agency budgets. That has been corrected going forward with Department of Planning and Budget.
- VITA continues to exceed goals for small, minority- and women-owned (SWaM) business spending. The goal for FY08 is \$50 million and spend is currently at \$76.4 million, which will ramp down as transformation concludes.

Secretary Chopra asked whether there was a significant difference on the employee satisfaction survey between VITA employees and VITA managed employees. Mr. Stewart said the analysis is in process.

Mr. Ken Johnson asked whether discomfort associated with managed services will impact revenue. Mr. Stewart said it should not impact revenue, but transition could impact performance and productivity. VITA and Northrop Grumman are monitoring that carefully.

Mr. Stewart continued his report:

- There are no major IT projects that are reporting red; the two reported as red last quarter are rated yellow and green currently as a result of corrective action plans.
- 20 of 21 corrective actions from the May 2006 APA audit have been completed, with one action delayed.
- APA conducted three audits in 2008, including the April report on VITA's Service Management Organization (three of four corrective actions are on schedule; one delayed); the June Cost Allocation report (no corrective actions) and the July Performance Audit report (five corrective actions are being developed).
- VITA conducted three internal audits, including the February report on Public Safety Communications (two of 14 actions complete; nine on schedule and three delayed); the April report on Federal Tax Information Safeguard (two of seven actions complete; four on schedule and one delayed); and the June report on Telework (seven corrective actions on schedule).
- VITA Security Services established a network of 1,183 virtual computers known as a "honeynet" to encourage attacks in order to gather information on attackers and approaches to protect the Commonwealth's networks and computers. There were nearly 5.5 million attacks from nearly 6,200 computers located around the world in the first half of 2008.
- The revised Commonwealth IT Security Standard is currently in the five-day review cycle.
- The Commonwealth IT Security Policy has been revised and the CIO requests a motion for the Board to accept the revisions.

Dr. Cormier moved:

"That the Board approve the COV ITRM Information Technology Security Policy, ITRM SEC500-02, Revision 5."

The motion was seconded by Mr. Pomata. The motion was passed by voice vote.

Mr. Pomata noted the results of the customer insight survey and the awards and recognition VITA and Virginia have received. He asked where VITA and Virginia are in the macro sense. Mr. Stewart said Virginia is highly visible nationally, with studies by many states, frequent speaking engagements, and citations in national and trade publications. He said Virginia will

be significantly ahead of other states when transformation is complete, particularly in security.

Ms. Peggy Feldmann said the former president of NASCIO said that CIOs come into states thinking that they will get to do many things with applications and they get stuck in infrastructure. That CIO found it remarkable that Virginia has a CAO and has progressed so well with infrastructure.

Mr. Pomata said Virginia has been through growing pains and recognizes that everyone is trying to go in the same direction. He commended the CIO and VITA for its work.

Recommended Technology Investment Projects (RTIP)

Chairman McGuirk said one of the most significant legislative assignments the Board has is to produce the RTIP report annually. Prior to 2003, agencies developed their own priorities and requests for project funding and there was no ability to collect that information across the Commonwealth. The RTIP report process represents significant culture change, bringing synergy to technology investments.

At the chairman's request, Nicole Helmantoler from VITA's Commonwealth Project Management Division (PMD) delivered the quarterly technology portfolio update and 2008 RTIP report briefing. She said the 2008 recommended major IT project priorities list and major IT project description lists are in the members' notebooks.

Ms. Helmantoler said the major IT project portfolio value as of July 1 was \$831 million, representing a drop of about \$14 million since last quarter. The total number of projects remains the same; the change in value is due to projects moving among categories and the introduction of three new projects. She said the VEAP office was ranked last year as a single program; this year, specific VEAP projects are included individually in the portfolio.

The non-major IT project portfolio value as of July 1 was \$44.1 million, representing a net increase of nine projects and nearly \$4 million since last quarter, she said. VITA continues to see a rise in the number and value of non-major IT projects, which have a lower level of governance and oversight than the major IT project portfolio.

Mr. Kucharski asked if the increase in non-major IT projects is due to the completion of infrastructure projects and more emphasis on software and consulting costs. Ms. Helmantoler said the analysis is not conclusive. Agencies find that smaller projects are usually completed more successfully, so VITA is seeing more small projects. Mr. Kucharski asked if agencies were breaking down large projects into smaller chunks to avoid more rigorous governance. Ms. Helmantoler suggested agency audits could reveal such activities.

Chairman McGuirk asked if there is a need for the Board to revisit the definitions of "major" and "non-major" IT projects. Ms. Helmantoler said it is early to decide now with only three quarters of data, but could be something to revisit over time if the trend continues. Mr. Kucharski asked whether the definition of "procurement" and "projects" would be part of that effort. Mr. Stewart said yes.

Mr. Pomata said the major projects portfolio dollar value has gone down, but the number of projects has stayed the same. He said two data points do not make a trend. Ms. Helmantoler agreed, saying more data was needed before reaching conclusions.

Ms. Helmantoler reviewed the process for developing RTIP projects using the ranking and weighting criteria approved by the Board in 2007 and validated at the April 2008 meeting.

The projects included in the RTIP report are the 28 projects that are approved for planning, accounting for approximately \$252 million of the total portfolio value. She said the 21 projects approved for development will be recommended for continued funding. The nine projects approved for preliminary planning are not included in the RTIP report as the full business case for each is under development, she said.

Ms. Helmantoler showed the ranked, ordered list of the 28 projects based on the Board's criteria. With the exception of two new projects – Department of Health's Electronic Birth Record Program and Department of Motor Vehicle's Driver License Central Issue Services Project – the list of projects is identical to the list presented in April, she said. The projects that have enterprise or statewide applications are noted, as well as the seven projects that are deemed "mandatory."

She said enterprise projects comprise approximately 80 percent of the list, with approximately 20 percent as agency-specific projects. Mandatory projects make up approximately 20 percent of the portfolio. Looking at the portfolio mix, Ms. Helmantoler noted that the largest percentage of the portfolio is being spent on transforming the business, with 50 percent, improving the business is roughly 40 percent, and the remainder goes to operational projects.

Ms. Helmantoler reviewed the four key themes presented last year and the steps taken to address those themes, including the creation of the CAO's office, the joint CIO-CAO operating plan, progress on replacing the Commonwealth's accounting and reporting system, procuring business intelligence tools, and improving the process for strategic business and IT planning with Department of Planning and Budget.

She described actions planned for 2008, including establishing data standards, developing an application inventory, publishing business strategy documentation with the IT application governance vision, publishing the IT investment management standard to help agencies manage IT investments, and developing competency centers and shared services. Ms. Helmantoler said the CIO does not recommend additional key themes for 2008.

Mr. Pomata asked how the 2008 RTIP projects compare in terms of dollar value and number of projects to previous RTIP reports. Ms. Constance Scott from PMD said the focus of today's briefing is on the 28 project rankings in the approved for development category; that the full RTIP report includes the active projects. She said the portfolio is comparable to previous years, noting some major projects were completed last year and are no longer active.

Mr. Kucharski asked if CAO Peggy Feldmann will review the RTIP report and verify the enterprise projects are, in her opinion, enterprise projects. Ms. Feldmann said that verification process will occur in the 2009 RTIP report. Mr. Kucharski recommended she look at the top 10 or 15 projects for 2008. He noted the Department of Motor Vehicles' application discussed in the morning meeting and how it could have statewide applicability to data-gathering formats. Mr. Kucharski asked whether it is in the CAO's plan to review the major projects to look for statewide application or impacts. Ms. Feldmann said it is her expectation that she will be more involved in the portfolio for new projects and for ongoing operations and maintenance. Mr. Kucharski said he was most concerned with the projects in the current RTIP report.

Ms. Helmantoler requested the Board take action on the RTIP Report. Secretary Chopra made the following motion:

"That the ITIB approve the 2008 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 2008 RTIP Report 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 report to the Governor and General Assembly on Sept. 1."

Mr. Ken Johnson seconded the motion. The motion was passed by voice vote.

VEAP/CAO report

At the request of Chairman McGuirk, CAO Peggy Feldmann gave an update on the Virginia Enterprise Applications Program (VEAP) and the CAO's activities. She provided background information on the CIO-CAO operating plan and roles.

Ms. Feldmann reported that the data standards effort is under way to support new application development and retrofit legacy systems where possible. The effort is collaborative, as several agencies have significant databases with varying formats. She said the standards will be flexible to allow for commercial, off-the-shelf products; the transport mechanism does need to be standardized so information can be shared among different systems. Jan Fatouros from Department of General Services is leading a collaborative work group, focused first on finance standards in support of replacing the accounting system, including general ledger, accounts payable, human resources, supply chain and real estate. She said next steps are to complete the data standards, put them out for comment, revise for CIO/CAO review by Oct. 1 and to the ITIB by Dec. 1.

Ms. Feldmann reported the second phase is the larger enterprise architecture effort. VEAP is working closely with VITA. She said VEAP is working with the top 20 agencies by IT spend, which account for 90 percent of the total spend. She said agencies are willing to provide application data for the inventory; the issue they face is in providing dollar values. Agencies typically do not have cost information broken out by application; it is organized by business line as it is in the budget. The group agreed to limit the initial focus of the cost allocation aspect of the portfolio to systems supporting human resources. One aspect of the inventory project includes a mechanism for keeping the data current through a Web-based application, with pre-populated information, to streamline requests for information.

Mr. Kucharski asked if the application inventory portfolio is ProSight or a different tool. Ms. Feldmann said a separate tool was not purchased; the expectation is that data will be stored in the enterprise architecture tool, System Architecture. The long-term goal is that tool will feed ProSight.

VEAP and VITA have identified the 32 data elements for applications and are working on developing a collaborative communications plan, she said, including town halls and communications around the application inventory survey. It will be at least a 15-month effort.

Ms. Feldmann reported VEAP is working on a strategic planning document with an as-is analysis of applications investments and governance and a roadmap for the to-be vision. The VITA IT Investment Management Customer Council has agreed to provide thought leadership and collaborate on the enterprise vision and governance model, she said. VEAP also has engaged the Council on Virginia's Future to help guide the effort.

Agencies have stepped forward to provide agency resources to support VEAP initiatives from business and technical aspects, she said.

The VDOT-VEAP Financial Management System was granted development approval at the April 2008 meeting, said Ms. Feldmann. The request for proposals was released; evaluation of proposals is the next step.

She reported that VEAP and VITA jointly canceled the request for proposals process for the performance budgeting initiative, as the proposals did not meet business requirements. The steering committee is reviewing options for moving forward in collaboration with Department of Planning and Budget.

Ms. Feldmann said VEAP has developed a way forward with Department of Human Resources Management to address HR systems. Next steps include establishing collaborative work groups.

Mr. Kucharski asked about the payroll aspect. Ms. Feldmann said HR and payroll are tied together. Mr. Kucharski said payroll is not limited to Department of Accounts; some agency HR organizations have specific requirements in areas such as overtime calculations. Some requirements are driven by federal or state mandates; others are at the agency discretion. Ms. Feldmann said she would work with State Comptroller David Von Moll to combine the efforts.

Ms. Feldmann reported the business intelligence initiative is on schedule. VITA and VEAP are procuring a business intelligence toolset and hosted a business intelligence summit with 56 people representing 23 agencies. Of those, 22 have agreed to participate in the competency center. Once the toolset is procured, she said, VITA will set up a "sandbox" for the agencies to test the functionality. She said the Departments of General Services and Motor Vehicles will pilot the toolset.

Mr. Hiram Johnson left the meeting.

Dr. Cormier asked what competencies should be in the competency center. Ms. Feldmann said the competency center is a virtual network of people who are trained on the tool to build expertise and training around the toolset and functions to help other agencies get started.

Secretary Chopra said the cost of entry for business intelligence is lower and asked Ms. Feldmann to comment. She said that the shared service capability allows agencies to have access to the tools without undertaking a separate procurement, which is a significant savings in time and cost. The enterprise content management system will follow the same, collaborative process.

Support of the Virginia Election Registration Information System (VERIS) has been transferred from Department of General Services to VEAP, said Ms. Feldmann. She will sign a memorandum of agreement with State Board of Elections to support the system. The top priority is the November election, she said. A larger than usual voter turnout is expected, she said.

Ms. Feldmann provided a financial update of VEAP and explained the enhanced tax collections and revenue benefits stream. Mr. Kucharski asked for timing of expenditures on the working capital advance. Ms. Feldmann agreed to provide the information.

She reported that VEAP is looking at the "grout" that will hold central administrative systems together, such as digital signatures, eForms and case management. VEAP is collaborating with agencies to identify similar areas and address them.

Committee reports

Chairman McGuirk asked for committee reports.

Commonwealth IT Solutions

Secretary Chopra reported the committee met earlier in the day and took one formal action. The IT Investment Management Customer Council worked with VITA's Project Management Division to develop recommendations for the balanced scorecard, resulting in a new set of training materials and a writer's guide for the proposal process. The Committee unanimously supported the revisions. Secretary Chopra made a motion:

"That the Board accept the Commonwealth IT Solutions Committee recommendation and approve the revised Commonwealth Balanced Scorecard and associated new Project Proposal and Charter Writer's Guide as criteria for the review and approval of the planning, scheduling, and tracking of Major IT Projects (2.2-2458.8)."

The motion was seconded by Mr. Ken Johnson. The motion was passed by voice vote.

Secretary Chopra said the committee is taking a more active role in identifying red and yellow projects to study root causes. He said the committee discussed activities at the departments of Motor Vehicles and Rehabilitative Services.

Finance and Audit Committee

VITA Executive Director of Finance and Administration Jim Roberts provided the committee report on behalf of Chair Scott Pattison. The committee did not meet this quarter, he said. The Finance and Audit Committee report is in the members' notebooks. Mr. Roberts said that final reconciliation for the fiscal year ending June 30 has begun. As of May 31, VITA's revenues against expenditures were on target. Revenues were running a little ahead of what was projected, he said, because VITA was conservative in forecasting additional service requests above the Northrop Grumman base agreement.

Mr. Roberts reported VITA is on schedule with fully funding the commitment to the Northrop Grumman contract. The contentious issues with the general fund appropriation have been taken care of by the Governor and General Assembly; they put in place a \$2.3 million appropriation to pay for overhead services, such as governance, that are unallowable for charges to agencies. At the end of May, VITA was operating in the red, by approximately \$2 million, due to cash flow issues the CIO discussed. VITA has a line of credit with the Department of Treasury that is guaranteed by accounts receivable to agencies. By the end of the fiscal year, pending final reconciliation, VITA had no loans and no advances and about \$18-\$19 million of cash on hand in its funds, said Mr. Roberts.

The fiscal year 2009 budget presented in members' notebooks represents level funding from the previous fiscal year, he said. In August 2007, there was a statewide economic downturn; the Governor stated VITA needed to equal - if not exceed - the belt-tightening. VITA cut approximately \$1.2 million out of the budget and rebated those funds to the agencies to address their budget issues. He said VITA conducted its own administrative belt tightening, by not filling vacant positions and reducing travel and non-essential expenses.

Mr. Roberts said the proposed 2009 budget is level funding and represents an actual reduction of what was planned a year ago. To validate that further, Mr. Roberts reminded Board members of the activities last fall to review general administrative costs the way a

private enterprise would and look at overhead costs. Gartner reported that VITA was on the reasonably conservative side; VITA applied those same techniques to the budget proposal for the upcoming year. The 2009 budget reflects, he said, a 4 percent decrease to actual FY 2007 spend.

Mr. Roberts requested the Board take action on the budget. Mr. Reese made the following motion:

"I move that the ITIB approve the proposed 2009 VITA budget, as summarized in the Finance and Audit Committee report."

Mr. Pomata seconded the motion. The motion was passed by voice vote.

IT Infrastructure Committee

Committee Chairman Pomata said the committee met earlier in the day to review the status of the IT Infrastructure Partnership. The full report is in the members' notebooks. He asked Mr. Doug McVicar, Northrop Grumman Vice President for the VITA Program, to provide highlights of the report.

Mr. McVicar said an automated asset management tool has been deployed across most of the desktops and servers in the Commonwealth. This will help keep inventory accurate. He reported the program completed a successful disaster recovery test with agencies at the Southwest Enterprise Solutions Center, and has successfully migrated disaster recovery services from the legacy SunGard contract to the new service provided in Virginia.

Request for Service (RFS), or incremental project work above the agreement, has encountered challenges with providing timely services. Northrop Grumman has added resources, re-engineered the process, developed performance targets for each step of the process and committed to publishing a dashboard for agencies to get real-time status information.

The number of RFS requests has expanded, with approximately 20 new requests each month. The program has challenges with a high level of cancellations (approximately 34 percent), he said.

Secretary Chopra asked about the cancellation rate and visibility into reasons why they are canceled. Mr. McVicar said the program keeps statistics on each cancellation. The primary reason for cancellation is budgetary. He said very few are canceled out of frustration. He agreed to provide more information on cancellations.

Mr. Reese asked if the RFS process directly related to the customer satisfaction scores. Mr. McVicar said yes. Mr. Reese asked what the average turnaround time is for a request. Mr. McVicar said the average varies roughly between 30 and 60 days. Some take days and some take months. He said the process sometimes gets in the way

Mr. McVicar said desktop and help desk survey results are consistently high and continue to run above industry standards.

Procurement of commodities (P2P) is back within tolerance for standard products within 20 calendar days, he reported. The program continues to struggle with non-standard products, also within 20 calendar days. Northrop Grumman understands the factors driving performance and is taking action to bring that back within tolerance, he said.

Mr. McVicar presented the transformation dashboard. Two areas are rated red. Help desk is running about two months behind in completion. The help desk has been up and running at SWESC since February. A certain number of agencies and users – a critical mass – must be converted to the single help desk before it is declared the single point of contact. Cross-functional services is red due to the lack of maturity of Information Technology Infrastructure Library (ITIL) implementation and development of the procedures manual. The full committee received the corrective action plans, he said.

Mr. McVicar said Northrop Grumman distributed communications today on workforce realignment to staff. He shared attrition numbers and the approach to reduce dependency on contract staff. He shared the program risks and issues in the areas of the integrated master plan, split operational environment, completing transformation activities, customer satisfaction and growth initiatives.

Mr. Pomata said the SLAs are coming online and the integrated master schedule will improve reporting in the future.

Mr. McGuirk asked Mr. McVicar what his sense is of the program's ability to reach transformation by the end of contract year three. Mr. McVicar said he is confident that 90 percent of the environment will be transformed by the end of year three. There will be a punch list of hundreds of things in June 2009, such as an agency with a hard-coded IP address in an application that does not have the budget or resources to make the coding changes.

Executive Evaluation and Governance Committee

Committee Chair Dr. Miller said Mr. Stewart provided an overview of the CIO objectives to the Committee earlier in the day.

Other Business, Public Comment

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

Closed Session

Chairman McGuirk made a motion:

"I move that the ITIB go into closed session pursuant to § 2.2-3711(A) (1) for the purpose of discussing the performance and potential contract extension or reappointment of the Chief Information Officer, pursuant to §§ 2.2-3711(A)(6) and (A)(29) for the purpose of discussing the investment of public funds and planning for the terms and negotiation of a contract extension or contract of reappointment of the CIO, as discussion of these issues in open session would adversely affect the Board's bargaining position or negotiating strategy and hence, its financial interest, and pursuant to § 2.2-3711(A)(7) for the purpose of conferring with legal counsel regarding interpretation of the current contract, legal rules pertaining to any reappointment or extension, and rules for conduct of the closed meeting."

Ms. Williamson conducted a roll call vote. The following members voted in favor of the motion: Secretary Chopra, Dr. Cormier, Mr. Ken Johnson, Mr. Kucharski, Chairman McGuirk, Dr. Miller, Mr. Pomata and Mr. Reese.

Mr. Ken Johnson left the meeting. The remaining members went into closed session.

Reconvened Session

Upon returning, Chairman McGuirk stated:

"The ITIB now is reconvened in open session having completed a closed meeting. I now will conduct a roll call and will 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, Dr. Cormier, Mr. Kucharski, Mr. McGuirk, Dr. Miller, Mr. Pomata and Mr. Reese so certifying.

Adjourn

Mr. Bert Reese made a motion to adjourn. The motion was seconded by Secretary Chopra. Chairman McGuirk adjourned the meeting at approximately 4 p.m.