



DRAFT
Minutes

Thursday, July 19, 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
James F. McGuirk II, Chair

Mary Guy Miller, Ph.D.
Leonard M. Pomata
Bertram S. "Bert" Reese
Alexander "Sandy" Thomas

Members Absent:

Scott D. Pattison

Others Present:

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

Chair's Report

Call to Order

Chairman McGuirk called the meeting to order at approximately 9:03 a.m. He noted the Board meeting had moved to the Commonwealth Enterprise Solutions Center, a significant milestone for the IT Infrastructure Partnership between the Commonwealth and Northrop Grumman. He expressed condolences to ITIB Executive Director Marcella Williamson on a death in her family. He asked Ms. Hunter to call the roll. The presence of a quorum was confirmed.

Approval of the Minutes

Chairman McGuirk introduced the draft meeting minutes from April 19, 2007, noting a revision to page six. The revision was a technical change to reflect more accurately the voting and certification process for coming out of closed session. Mr. Pomata moved to

approve the minutes as revised. Mr. Hiram Johnson seconded the motion. The revised minutes were approved by voice vote.

Election

Mr. McGuirk noted that legislation establishing the ITIB calls for an election of a chair and vice chair every two years. At the April meeting, Board members were asked to contact Ms. Williamson to express an interest in serving or to nominate a peer for these positions for election at the July meeting.

He said he was the sole nominee. Mr. McGuirk opened the floor for additional nominations for chair of the ITIB. There were none. Mr. McGuirk called for a second on the nomination. Secretary Chopra seconded the nomination. Mr. McGuirk asked Ms. Hunter to conduct a roll call vote. The following members voted to carry the nomination: Secretary Chopra, Mr. Hiram Johnson, Mr. Ken Johnson, Mr. Pomata, Mr. Reese, Mr. Thomas and Mr. McGuirk.

Dr. Miller arrived.

Mr. McGuirk said the sole nomination for vice chair was current vice chair Mr. Hiram Johnson. He opened the floor for additional nominations for vice chair of the ITIB. There were none. Mr. McGuirk called for a second on the nomination. Secretary Chopra seconded the nomination. Mr. McGuirk asked Ms. Hunter to conduct a roll call vote. The following members voted to carry the nomination: Secretary Chopra, Mr. Ken Johnson, Dr. Miller, Mr. Pomata, Mr. Reese, Mr. Thomas, Mr. Hiram Johnson and Mr. McGuirk.

Mr. McGuirk and Mr. Hiram Johnson thanked the Board for re-electing them.

CIO's Report

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

Mr. Stewart discussed the following items:

- Highlights since the last meeting
 - VITA Web site redesigned; partnership with Google
 - 3rd quarter SWaM spend increased from 24% in previous quarter to 47%
 - Aerial photography completed for Virginia Base Mapping Program
 - Move to the CESC underway
 - Data center consolidation and relocation
 - Mainframe outage in June
- Audit update
- Commonwealth IT security policy revision
- FY 2007 financial results
- VITA Internal Service Fund cash
- Decentralized rates implementation
- Major IT project status report summary
- Customer councils

In response to a question from members about the mainframe outage, Mr. Stewart said a complete inventory and supplier list for all critical system components and an escalation path have been created. Staff members actively monitor equipment in the data center 24 hours a day, seven days a week and alert managers when problems occur. Many agencies across the branches of government are coordinating with the Office of Commonwealth

Preparedness to determine statewide priorities and sequencing of system and application recovery following a disaster. The backup data center in southwest Virginia will provide more disaster recovery options for agencies and localities.

In response to questions on the Commonwealth IT security policy revision, Mr. Stewart confirmed nearly 100 individuals throughout government reviewed and commented on the revision, with opportunity for wider public input through ORCA, the online review and comment application. The policy was revised to expand the scope to include the Legislative and Judicial branches of government, independent agencies and higher education institutions. It is presented to the Board, with stakeholder feedback, for its approval.

Mr. Hiram Johnson made the motion that:

The ITIB approve the COV ITRM Information Technology Security Policy, ITRM SEC500-02, Revision 3.

It was seconded by Mr. Ken Johnson and approved on a voice vote.

In response to a question from Mr. McGuirk on the financial results, Mr. Stewart said the receivables in the first quarter of the calendar year were behind by several millions of dollars as a result of the transition to decentralized rates. VITA relied on lines of credit and a Treasury loan. Receivables have come back into line with expectations, and the loan was repaid.

Virginia Enterprise Applications Program

Mr. McGuirk asked Virginia Enterprise Applications Program (VEAP) Director Peggy Feldmann to provide an update to the Board. Ms. Feldmann described the vision for the program.

In response to a question from Mr. Pomata, Ms. Feldmann said the primary financial systems, CARS (accounting) and PROBUD (budget), run on mainframes. There are approximately 145 financial systems in the Commonwealth, ranging from Excel spreadsheets to server-based applications. In response to questions from Mr. Kucharski, Ms. Feldmann said VEAP has started the data conversion requirements and is determining what data is common and who is the authoritative source. She confirmed the need for mandates and standards for commonality, and the role VITA's Project Management Division could play to support that.

Ms. Feldmann discussed what revenues will be spent after the planning dollars are expended. The Board discussed usage and tracking of the enhanced tax recovery revenue stream, and how repayment is handled in the event of a revenue shortfall. Secretary of Finance Jody Wagner clarified the provisions in the agreement.

Ms. Feldmann discussed the value VEAP has provided to date. In response to a question from Mr. Pomata, Ms. Feldmann said that the program budget covers program costs for planning the financial management aspects. The benefits stream will be used to sustain and maintain the ERP system, but does not include funds for initial development of the ERP. The program is requesting appropriations from the General Assembly to fund ERP development.

The Board discussed the timing for VEAP projects and requests to come before the ITIB and to appear in the Recommended Technology Investment Projects (RTIP) Report. Mr. Stewart

said the RTIP Report is shifting to a more flexible, quarterly update process. Mr. Pomata said the VEAP projects should be reflected in future updates.

In response to questions from Mr. Stewart, Ms. Feldmann said institutions of higher education are not in scope to the financial management systems implementation. She confirmed that coordination of interfaces into new financial systems would be needed, and that the interfaces should be more intuitive and easier to use than existing interfaces to CARS, which was developed in 1983.

Ms. Feldmann reviewed the FY 2008 budget request for ITIB approval. Secretary Chopra made the motion, that:

"Pursuant to Item 54.10 of the 2007 Appropriation Act, I move that the ITIB hereby approves the budget of administrative cost and the budget for the financial management business process presented by the Enterprise Applications Project Office Director, which approval shall release the funds appropriated in Item 54.10 in an amount totaling \$4,228,276 for use in accordance with the approved budgets"

The motion was seconded by Mr. Pomata. In response to a question from Mr. Ken Johnson, Ms. Feldmann explained the planned use of contingency funds. The motion was approved on a voice vote.

Recommended Technology Investment Projects (RTIP) Report for 2007

Mr. McGuirk asked Constance Scott from VITA's IT Investment and Enterprise Solutions directorate to provide an update to the Board. Ms. Scott discussed the purpose of the report, the selection process, development of CIO recommended project priorities, a review of portfolio changes since the 2006 report and the 2007 RTIP Report summary.

Ms. Scott noted the report continues to evolve. The number of active projects was reduced this morning from the 24 included in the report to 23. One project came off because it was duplicative of VEAP efforts. The quarterly updates will keep the report current.

The Board discussed the Agency Risk Management and Internal Control Standards (ARMICS) assessments, how they relate to VEAP efforts and whether any major IT projects could appear in future RTIP reports.

The Board discussed issues with agencies that bypass the Commonwealth's project management processes and secure funding first. The projects are presented for consideration before going through the disciplined planning process. Secretary Chopra noted that most of the projects in this category are federally funded through time-sensitive grants. The grants are applied for and received with insufficient time for the Commonwealth's planning and RTIP process. The CIO is reviewing the process to determine how to handle this challenge.

The Board discussed the purpose of the RTIP report and the project management program to institute best practices, help major projects succeed and recommend funding priorities.

Ms. Scott presented a recommendation for ITIB approval of the 2007 RTIP Report. Ms. Scott noted there is a placeholder for \$111 million for the VEAP projects. Mr. Stewart said he thought the \$111 million is the amount the VEAP is requesting from the General Assembly.

Mr. Thomas made the motion, that:

"The ITIB approve the 2007 Major IT Projects recommended for funding, which requests that the Governor and General Assembly maintain funding for active major IT projects and the Governor and General Assembly appropriate funds for those major IT projects in Approved for Planning status; the ITIB direct the CIO to prepare the 2007 RTIP Report for ITIB review (with a planned three-day review period); the ITIB authorize the Chairman of the ITIB (without objection by a Board member during the review period) to submit the report to the Governor and General Assembly on September 1; the ITIB direct the CIO to prepare an update to the 2007 RTIP Report for ITIB review at the October Board meeting; and that the ITIB authorize the Chairman of the ITIB (without objection by a Board member during the review period) to submit an update to the Governor and General Assembly on November 1."

Mr. Westrick said the Appropriations Act prevents the Chairman of the ITIB from taking action on behalf of the Board. After discussion, the motion was revised to replace "Chairman of the ITIB" with "CIO" in both places where the Chairman was referenced.

Mr. Thomas made the revised motion, that:

"The ITIB approve the 2007 Major IT Projects recommended for funding, which requests that the Governor and General Assembly maintain funding for active major IT projects and the Governor and General Assembly appropriate funds for those major IT projects in Approved for Planning status; the ITIB direct the CIO to prepare the 2007 RTIP Report for ITIB review (with a planned three-day review period); 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 September 1; the ITIB authorize the CIO to prepare an update to the 2007 RTIP Report for ITIB review at the October Board meeting; and that the ITIB direct the CIO (without objection by a Board member during the review period) to submit an update to the Governor and General Assembly on November 1."

The motion was seconded by Mr. Hiram Johnson and approved on a voice vote.

In response to questions from Mr. Pomata, Mr. Stewart said the agency strategic planning and budget cycle will occur later in the year. The November update will take into account any changes resulting from that process. Mr. Kucharski said the new information will be used by the General Assembly to ensure projects proposed by the administration are approved by the ITIB.

Committee Reports

Chairman McGuirk called for committee reports.

Commonwealth IT Solutions Committee

Secretary Chopra reported the committee met the previous day with no formal actions. It discussed two areas of interest to the Board. The first is the new, robust tool for managing the portfolio of projects, with an emphasis on analysis and return on investment. One takeaway was the importance to align the tool and the data in the tool regarding costs, and align with efforts undertaken by the state comptroller for ensuring adherence to certain standards for managing and reviewing costs for computer services. An action item is to meet with the comptroller to coordinate efforts. A second takeaway is to review

opportunities for efficiencies and projects coming out of the VEAP in using the portfolio management tool.

The second discussion was around the Board's request for staff to streamline the project review process for qualified "blue" projects or "blue" agencies that demonstrate high-quality project management. The Project Management Institute model for high-performing organizations was presented and discussed. Committee requested staff to define the benefits associated with being "blue" and to define the criteria for "blue" status.

Executive Evaluation and Governance Committee

Dr. Miller said the committee met the previous day. VITA Customer Account Manager Debbie Secor reported on customer councils. All customer councils have met at least once, with positive results, and a small agency council has been established. In August, there will be a questionnaire distributed to council members, with a customer service survey planned in the spring.

At the April committee meeting, Dr. Miller said the members noted that some of the CIO objectives and some of the deadlines were not in direct control. The committee asked the CIO to identify those objectives that had external forces so the Board could evaluate them appropriately. Three were identified and modified. Of the 22 objectives, one is blue, 9 are green and 12 are yellow owing to work plan adjustments. None of the projects had a red status. She said the committee was pleased with the progress.

The committee discussed the objective to mature and approve the VITA financial and IT investment management programs and the need to have a more succinct, clear message to agencies on the workings of VITA and the ITIB for planning. The CIO was tasked with identifying messages and developing key points to share with agencies to raise understanding.

Mr. Ken Johnson commended the blue objective, which was exceeding goals for Small, Woman and Minority-owned (SWaM) business.

Finance and Audit Committee

Mr. McGuirk, reporting on behalf of Chairman Pattison, said the committee met the previous day. The committee discussed the financial results and cash flow shared in the CIO's report. The committee also discussed and approved the proposed budget for FY 2008, which provides level funding from the previous year. VITA is funded by rates, so projections are based on service requests and rates. The IT Infrastructure Partnership with Northrop Grumman has been running at slightly under the anticipated value and had to adjust services. Following transformation, there will be greater insight into the finances and rates. The final FY 2008 budget will be presented at the October meeting.

The committee was pleased with the internal audit plan and with the corrective action plans that are mostly complete or on track for completion. The committee approved the new internal audit plan for July 2007 to October 2008.

Information Technology Infrastructure Committee

Mr. Pomata said the majority of the meeting the previous day was spent discussing status of the IT Infrastructure Partnership. He asked Northrop Grumman Program Director Joe Fay to present a report on partnership activities. VITA Service Management Organization Director Fred Duball was appearing before the Senate Finance Committee General Government Subcommittee at the General Assembly building and unable to participate.

Mr. Fay discussed the following:

- Service delivery
- Transformation and the data center move
- Partnership financials

Secretary Chopra noted that the average time to procure items had been reduced significantly since April. Mr. Fay said the major change was running approval processes in parallel rather in sequence, eliminating an average of six days of processing.

Legislative Affairs Committee

Mr. Hiram Johnson reported the committee had not met and had no report.

Other Business

Chairman McGuirk asked for other business. Mr. Hiram Johnson made a motion to delegate emergency authority to the CIO to take temporary actions on behalf of the Board:

“Mr. Chairman, pursuant to section 2.2-604 of the Code of Virginia, I move that the Virginia Information Technology Investment Board hereby delegates to the Commonwealth’s Chief Information Officer the authority to take temporary actions on behalf of the Board. This includes the authority to receive information, perform any functions, give any approvals or disapprovals, make any reports, and take any other actions that are assigned by law to the Board, if and only if the action can be taken in a temporary fashion that lasts no longer than the period before the next, regular meeting of the Board.

“To be effective, any action on behalf of the Board that is taken pursuant to this delegation of authority must be in writing, must quote the specific statutory or regulatory language to identify the particular Board duty or power being exercised, must expressly limit its effects to the period before the next meeting of the Board, and must be signed and dated by the CIO.

“The CIO shall adhere to the following guidelines for the exercise of the authority delegated above.

- *This authority shall be used only in urgent circumstances where action by the Board is needed before the date of the next Board meeting.*
- *This authority shall be used only if the required action of the Board can be structured in such a way that it will be a temporary action that the Board at its next meeting will be able to nullify, if it so chooses, with no long-term or continuing impact.*
- *The CIO shall faithfully exercise the delegated functions in full compliance with all applicable laws and in a manner consistent with any policies and instructions previously given by the Board.*

- *At least five working days prior to taking any action on behalf of the Board, the CIO shall ensure that every member of the Board receives a copy of the proposed action in the above written format, as well as relevant supporting material. The CIO shall not take the proposed action if any Board member, within the five-day period, requests that the proposed action be delayed until the next Board meeting.*
- *At each regular Board meeting, the CIO shall present a report detailing all of the actions taken pursuant to this delegation since the last regular Board meeting.*

“The foregoing delegation of emergency authority is not intended to limit or supersede any of the Board’s existing delegations of particular powers or duties to the CIO.”

Dr. Miller seconded the motion. Mr. Pomata asked for examples and context. Mr. McGuirk said the motion was vetted with Mr. Westrick. The issue that precipitated the need was a request from the administration to approve the hiring of the VEAP director. The Board attempted to set up a meeting between scheduled quarterly meetings, but could not because of scheduling conflicts. With a temporary delegation, the CIO could not approve the VEAP director permanently, but could approve a temporary hire until the Board met. Without this delegation, no one could give the authority to the CIO for temporary action. Fortunately, he said, Ms. Feldmann was flexible, so the Commonwealth did not lose her as a candidate.

The language presented to the Board would allow the CIO to do things under stringent requirements: any action must be documented, it must state the statute requiring Board action, it must be temporary, the Board must receive five working days’ notice, and the action must be reversible. The Board is not delegating its authority; it is trying to fit the environment when an emergency occurs.

Mr. Ken Johnson noted that an emergency for one may not constitute an emergency to the Board. Dr. Miller said that any Board member can delay action until the next Board meeting. If there was an emergency and the Board was not comfortable with the CIO acting on the Board’s behalf, the Board can hold an emergency meeting.

Mr. McGuirk asked for further discussion. There was none. The motion was approved on a voice vote.

Chairman McGuirk asked the Board members to consider providing executive involvement in a particular, short-term issue that they could report on at the next meeting of the Board. He recommended utilizing the tremendous experience on the Board, for example Mr. Reese’s experience with medical records. He could review the Commonwealth’s approach to medical records in-depth and report findings at the next Board meeting. Mr. McGuirk will send a query to determine interests and areas of expertise. The intent is not to assign issues, but to increase Board knowledge on short-term issues that may require input between meetings.

Mr. McGuirk also asked the Board members to consider reducing the Board meetings from two days to a single day. Some of the committee meetings may not need to happen every quarter. One way to reduce the time is to hold committee meetings — but not all committees — in the morning with the full Board meeting in the afternoon.

In response to questions from Mr. Kucharski, Mr. Westrick said the committees must follow the same guidelines under the Freedom of Information Act (FOIA) as the full Board, including electronic meeting guidelines.

Mr. Reese suggested looking at the amount of information sent in advance of the meeting and ask staff to provide summaries. Mr. McGuirk asked Mr. Stewart to look at summarization, citing the examples of Ms. Feldmann's and Mr. Fay's presentations. Mr. McGuirk said it is important for the Board to have access to the detailed information.

Mr. McGuirk asked if there was any additional business. There was none.

Public Comment

Chairman McGuirk asked for public comment. There was none.

Adjourn

Mr. Reese called for a motion to adjourn. The motion was seconded by Secretary Chopra. The meeting was adjourned at approximately 12:10 p.m.