



## Minutes

Friday, July 24, 2009

Virginia Information Technologies Agency (VITA)  
Commonwealth Enterprise Solutions Center  
Multipurpose Room  
11751 Meadowville Lane, Chester, VA 23836

### Attendance

#### Members present:

The Honorable Ric Brown  
Hiram R. Johnson  
Kenneth S. Johnson Sr.

Walter J. Kucharski  
James F. McGuirk II, Chair  
Bertram S. "Bert" Reese

#### Members absent:

Dr. Patricia Cormier  
Scott D. Pattison

#### Others present:

Len Pomata, Interim Chief Information Officer of the Commonwealth  
Carrie Nee, Office of the Attorney General  
Marcella Williamson, Executive Director, ITIB

### Chair's Report

#### Call to order

Chairman McGuirk called the meeting to order at 10:10 a.m. in the Multipurpose Room at the Commonwealth Enterprise Solutions Center (CESC) in Chester. Chairman McGuirk asked Ms. Williamson to call the roll. The presence of a quorum was confirmed.

#### Minutes

Chairman McGuirk introduced the draft meeting minutes from April 16, 2009, and from June 10, 2009, as a block.

*Mr. Ken Johnson made the motion to approve the minutes. Mr. Hiram Johnson seconded the motion. The minutes were approved by voice vote.*

## Northrop Grumman on Transformation Progress

Chairman McGuirk suspended his report and moved to the next agenda item. He invited Northrop Grumman to respond to the presentation made at the June 10, 2009, meeting about the progress of the Information Technology (IT) Infrastructure Partnership. He introduced Cheryl Janey, Northrop Grumman Vice President of Operations for the Civil Systems Division.

Ms. Janey addressed a news article published that morning that discussed \$9,000 laptops. She said the CIO briefed the House Appropriations Committee in October 2007 and said that comparing the service that Northrop Grumman is providing in a business environment is not analogous to an individual purchasing a laptop from a local computer store. The \$9,000 is a five-year cost and includes the cost for future replacement (not just the one-time cost for the system), hardware and operating systems, standard software and e-mail, network access, full support (remote and on site), security, capacity planning, and acquisition and administrative services.

Ms. Janey said she appreciated the opportunity to speak to the board. She said the IT Infrastructure Partnership is important and is a high priority within Northrop Grumman. It is delivering services under this critical program to the citizens of Virginia. She referenced an article in *Governing* quoting former Secretary of Technology Aneesh Chopra. It said: "Under the traditional RFP model, a government would articulate in 'thousands of excruciating details,' specific items that need to get done and by when. Penalties would be applied based on those details. In Virginia's case, the contract is a 'framework,' not so much a precise roadmap." She agreed with his assessment of the model. Technology is dynamic, she said, and so, too, must be our contract so that we can adjust to the complexities of technology.

She said this concept is visionary and is in the national forefront. The program has received national recognition for its innovative approach to modernization. She said significant progress has been made. There are two new state-of-the-art data centers. The physical asset inventory is completed for all 106 agencies. Northrop Grumman has created jobs in southwest Virginia. There is 24 by 7 help desk support.

She said in fall 2008, Northrop Grumman identified some challenges in the program. These were escalated in several places, first within the corporation to bring in more resources from outside the program. Secondly, together with VITA, Northrop Grumman went to the Governor's Office to address challenges the team was facing. She said agencies face significant challenges in keeping their daily operations running to serve citizens while also transforming the environment. Lastly, escalation to the ITIB occurred, when VITA and Northrop Grumman hit some roadblocks.

Ms. Janey said in spring 2009, VITA and Northrop Grumman formed specific teams to address and resolve issues at the detailed level. This is a complex program and it is not surprising that issues arise.

Secretary Brown arrived.

She said getting an accurate inventory is not as simple as a single count. It involves more than 200,000 assets at more than 2,200 locations across the state, reconciliation with existing records and discussions with 106 agencies. There are 208,000 physical assets, with 30 data fields, equaling more than 6.2 million data fields that needed to be populated and reconciled. It was complex, and the physical inventory now is complete, she said.

She said the current focus is soft inventory, which includes usage items, such as storage. The inventory took longer than Northrop Grumman wanted and planned.

Ms. Janey said there are two distinct billing processes: Northrop Grumman and VITA. She noted that Northrop Grumman does not bill agencies, it bills VITA. VITA then bills agencies. When a dispute arises, the agency works with VITA, which passes disputed items to Northrop Grumman for analysis. The billing process is complex, not by design, but by fact. The change process also is not as straightforward. No billing process is perfect, and VITA and Northrop Grumman have been working through the challenges, she explained.

She said she hears comments that agencies "just want an accurate bill." Northrop Grumman wants to provide accurate invoicing, too. She said there is not a "gentlemen's agreement" in place for provisional billing; the contract has a provision covering transformation completion extending beyond June 2009 using baseline quantities and prices. When VITA and Northrop Grumman reach resource unit (RU) billing, the bills may or may not match today's bills to agencies. The bill detail will allow agencies to make business decisions based on actual usage. She likened it to building a new house and choosing options to contain costs for utility usage. The partnership is on schedule for completing the full asset inventory reconciliation in November.

Ms. Janey discussed agency transformation detailed plans, milestones and operational stability. She said Northrop Grumman is planning the remaining transformation activities, working to improve relationships with agencies by adding more customer-facing staff, and is on track for providing a revised plan to VITA by the end of August.

She pointed out that the contract was developed more than three years ago, with an aggressive transformation schedule. With the clarity of hindsight, she said the three-year transformation program schedule may have been overly aggressive.

In the initial phase of the program, most of the items on the critical path were in Northrop Grumman's direct control. She said this is a difficult phase in the program. To make dates requires collaboration and teamwork among Northrop Grumman, VITA and the agencies. The critical path to making the dates in the plan is not under Northrop Grumman's direct control.

The primary factor in operational stability issues is the fragile legacy environment. Northrop Grumman has been working to refresh equipment, and has had some hiccups. The agencies need to focus on delivering service to citizens and that has been disrupted at times. She said Northrop Grumman is working with Verizon to address these issues and improve performance.

She noted the service level agreements (SLAs) are tied to transformation. The transformation schedule has been extended, but the SLA schedule has not, so it is not surprising that they are behind. SLA performance will improve as the environment is transformed.

The agency transformation schedule is more than 800 pages in length, with more than 100,000 lines. Ms. Janey said Northrop Grumman had more limited access to agencies, and didn't take into account fully some of the business issues that could impact scheduling. This has been changed, and communications have improved.

She said Northrop Grumman is responding to the concerns raised by the ITIB, VITA and the agencies, and is working hard to address those problems in this dynamic environment. She concluded by saying the partnership was groundbreaking. We have done something together that has never been done before, she said. There are bumps in the road, but together —

Northrop Grumman, VITA and the agencies — we can do this, and we will make it happen. She assured the board the program is a very high priority to Northrop Grumman. She said Northrop Grumman lives to its commitments, and will do what it committed to do. She said the program will be successful, no matter what.

In response to questions from Mr. Hiram Johnson, Ms. Janey said transformation is not complete. She said it will be completed within the next six to 12 months. Northrop Grumman will provide a revised transformation plan to VITA by the end of August. Interim CIO Pomata explained that the original contract contemplated completion by June 30, 2009. The IT Infrastructure Committee is working to an informal schedule that shows most agencies will be completed by the end of the year, with some agencies to be transformed in 2010. The program is working to the informal schedule until the new transition plan is received and a formal schedule and contract milestones are developed, he said. Ms. Janey said that transformation delays were well known and well documented as early as October 2008. She said VITA and Northrop Grumman knew a long time ago that transformation would not be completed by June 2009.

In response to a question from Mr. Hiram Johnson, Ms. Janey confirmed that the physical asset inventory review has been completed for all 106 agencies.

Secretary Brown noted the history of missed milestones and that the 2010 completion date was new to him. He asked if Northrop Grumman could provide a certified schedule that is less fluid than “six to 12 months.” He said the fluid schedule is not going to cut it. He said the program is behind, there needs to be a remediation plan and Northrop Grumman needs to step up and move it forward. Ms. Janey said the revised transformation plan due to VITA at the end of August will do exactly that. She said the plan will have measurements and milestones along a six-to-12 month period, so it will not be a mystery where the program is in terms of progress.

Mr. Ken Johnson thanked Ms. Janey for her comments. He said the program has made some huge mistakes and dropped the ball. Most people want to know why. He does not think she did a good job articulating why. He said that in order to move forward, you need to know why we dropped the ball and why we made these mistakes. He asked what Ms. Janey could say today to reassure the agencies, VITA and citizens that Northrop Grumman will move forward in a positive manner as soon as possible to address the challenges, in face of missed deadlines.

Ms. Janey responded that she purposely did not target the presentation to address the series of events that brought us to this day because history cannot be changed. She said what can be addressed is to take where we are and commit to going forward. She said the team has reviewed lessons learned. She reminded the board that the critical path involves tasks that are within Northrop Grumman’s control and some that are not. She said Northrop Grumman was too optimistic and too aggressive in the transformation schedule. The revised plan will be more relaxed and will take into account agency calendars. She said the environment is more complicated than what was originally developed in the contract. There are more servers, computers, network connections, etc., than originally conceived, she added. She said that in many cases, Northrop Grumman has exceeded what it thought it was buying in to in this program.

In terms of assurance, she said Northrop Grumman has hundreds of millions of dollars invested in this program. It wants to see the program succeed, if, for no other reason, than it is an investor. She said Northrop Grumman should be judged by its actions.

Mr. Ken Johnson said success is judged also by results. He said he hoped Northrop Grumman can address the customer service component with agencies with teamwork and additional staff. He asked why billing hasn't been fixed. Ms. Janey responded that there are two billing systems. She said when there's a discrepancy, the team and the customer must go through the invoice, line by line. The error rate is relatively low, but Northrop Grumman wants it lower. Once we are in a fully transformed environment, she said, billing will be more automated. Now, she said, some of the billing process is manual and some is automated.

Mr. Walt Kucharski said part of why the program is where it is was due to friction among staff. He asked how the partners make sure the staff in place either have the friction removed or can come to a compromise. He asked for comment from Northrop Grumman now and from VITA during the Interim CIO's report.

Ms. Janey responded that, while we are discussing IT, the program will succeed only with humans. She acknowledged the friction and the high level of passion that both sides bring. Northrop Grumman has changed the mix of people, bringing in people from outside the program, and it has formed teams with VITA staff that are committed to getting issues resolved. She said people are passionate about this; Northrop Grumman staff work long hours and they care about doing a good job and being positively received. She said reading articles in the paper can be demoralizing. Northrop Grumman is constantly working to uplift the team, in concert with the CIO. There is just as much passion from VITA staff, she said.

Chairman McGuirk recognized VITA Service Management Organization Director Fred Duball, who asked to comment. He said VITA appreciates and recognizes Northrop Grumman's comments and ongoing support. There were a number of things that were said today that VITA would like to respond to, providing the Commonwealth's position. He said VITA will do so in writing and offered to present at the next board meeting.

Mr. Duball said the contract is not a framework; there is a lot of detail that sets forth specific deliverables and timelines. If compared to a standard IT outsourcing contract, this contract is similar. He said Ms. Janey talked about having hindsight; he said the program also had foresight as a result of the long due diligence period. Both vendors went through due diligence to understand the complexity and details of the Commonwealth in order to develop detailed plans for implementing the technology improvements needed.

Mr. Ken Johnson asked Mr. Duball to comment on why there are problems with invoicing and on the people aspect raised by Mr. Kucharski. Mr. Duball said there are four ingredients: people, planning, process and technology. The single most important is the people -- having the right people and engaging them to be involved in planning, in developing processes and in implementing technology. Mr. Duball said his opinion is that we could have done a better job at engaging the people from the customer agencies, to get them involved in developing the plans and maturing the processes. From a technology perspective, what Virginia is doing is no different than what has been done across the country and in large corporations for decades. He disagreed with the idea that this is more complex. Mr. Duball said the Commonwealth has the same types of equipment; it is about engaging people, developing the plans and processes, and execution. The people, the planning and the execution are the three things the program could have done, and will do, better, he said.

Mr. Ken Johnson asked why those three things haven't happened. Mr. Duball said he takes his share of the responsibility. From the beginning, VITA discussed the importance of these things, and asked for detailed plans all along. The board is aware of the procedures manual and IT Infrastructure Library (ITIL) milestones that have not been met, and there's been turnover in partnership staff.

Mr. Kucharski described his experience in working with a consulting firm on a large project where staffs were at each other's throats. He noted Northrop Grumman has greater flexibility in making staffing changes, while the ability to refresh the state organization is rather limited. He said that what bothers him is people who cannot see the forest for the trees. This is a people-oriented project, and it is how people deal with each other, the customers and the agencies that will make or break this project. He said he wants to make sure the state can stay objective and not become overly passionate.

Mr. Duball agreed that staffing flexibility is limited. He encouraged board members to meet with VITA staff to get their perspectives. He noted that it is typical to have turbulence in a deal like this; that all of them have it. Our program is getting more scrutiny, which adds to the churn and turmoil. He said he and staff remain committed, and are objective, to do what's right – to deliver better service to customers.

Mr. Hiram Johnson said Mr. Duball has a tough job. He congratulated and thanked him for his professionalism and dedication.

Mr. Ken Johnson said that since he joined the board, he had not noticed true tension between VITA staff and the board. The board has been supportive of the staff in many ways. He said in the last two months he has seen challenges among the ITIB, VITA and Northrop Grumman. Mr. Duball responded that he has had animated conversations with Northrop Grumman and the board. He is looking for definitive leadership to make decisions and to move forward. The partnership will need the board and other stakeholders to make definitive decisions so that the staff can get the job done.

Chairman McGuirk paused the meeting at approximately 11:05 a.m. for staff to fix the sound system. He resumed the meeting at approximately 11:10 a.m.

## Chair's Report, continued

### Election of a Chair

Chairman McGuirk said the board is required to elect a new chairman every two years, and opened the floor for nominations. Mr. Ken Johnson nominated Mr. McGuirk. Mr. Hiram Johnson seconded the nomination. Mr. McGuirk was elected on a voice vote for a two-year term as chairman.

### Committee Assignments

Chairman McGuirk presented proposed additions to the committee assignments and asked for board approval. He clarified that to ensure there is no conflict of interest, or perception of conflict of interest Mr. Pomata will not serve on the board or its committees, or vote, while he is serving as Interim CIO of the Commonwealth. As Interim CIO, he is required to report to and brief the board. As long as he is serving as Interim CIO, the Secretary of Technology position on the board will remain vacant.

Chairman McGuirk noted that Mr. Pomata did not seek the Interim CIO assignment. Rather, it was something the board pressed him to do, because it believed in his background and knowledge. Chairman McGuirk said he is not appreciative of people who take personal shots

at Mr. Pomata for being Interim CIO. That was a board decision, not Mr. Pomata's decision. He said the board appreciates what Mr. Pomata is doing and that the board is doing everything possible during this interim period to avoid conflict of interest with his role as Secretary and his role as Interim CIO.

Mr. Ken Johnson made a motion, seconded by Secretary Brown, to accept the appointments. The motion passed on a voice vote, approving the committee assignments as follows:

### **Customer Service and Support Committee**

Ken Johnson, Chair  
Hiram Johnson  
Jim McGuirk  
Scott Pattison

### **CIO Search and Executive Evaluation Committee**

Bert Reese, Chair  
Dr. Patricia Cormier  
Hiram Johnson  
Jim McGuirk

### **Enterprise Applications and Major Projects Committee**

Dr. Patricia Cormier, Chair  
Secretary Ric Brown  
Walt Kucharski  
Bert Reese

### **Finance and Audit Committee**

Scott Pattison, Chair  
Secretary Ric Brown  
Hiram Johnson  
Walt Kucharski

### **IT Infrastructure Committee**

Ken Johnson, Chair  
Secretary Ric Brown  
Hiram Johnson  
Jim McGuirk

### **Legislative Affairs Committee**

Hiram Johnson, Chair  
Ken Johnson  
Scott Pattison

## **Correspondence Regarding Working Capital Advance**

Chairman McGuirk referenced a letter he received from Secretary Brown. The letter addresses the \$30 million working capital advance for the enterprise applications project, which includes the performance budget and financial management systems. At a prior meeting, the ITIB requested assurance from the administration that the working capital would be repaid.

Secretary Brown said funding streams are in place, from anticipated revenues through enhanced tax collections and other cost recoveries. Should these funding sources be inadequate, Governor Kaine has committed to addressing the issue in the budget that he will introduce to the 2010 General Assembly.

Secretary Brown said the letter was drafted as a result of a motion made in the Finance and Audit Committee. Chairman McGuirk asked for a motion.

Mr. Ken Johnson made the motion:

*"I move that the ITIB approve the letter and the policy on repayment of the working capital advance."*

Secretary Brown seconded the motion. It was approved on voice vote.

Mr. Hiram Johnson made the motion:

*"I move that the ITIB:*

- (1) Acknowledge its approval of the VEAP administrative and General Fund supported activities budgets to date; and,*
- (2) Continue its on-going evaluations of projects-based activities that rely on long-term financings through working capital advances; and,*
- (3) Recognize the written confirmation by the Governor's designated official that state budget actions for the repayment of any working capital advances made for such purposes will be recommended; and,*
- (4) Direct that any future applications project approvals relying on working capital advances include the repayment assurances that the Governor or his designee in their official capacity may offer."*

Secretary Brown seconded the motion. It was approved on voice vote.

Secretary Brown said the request for development approval for the Department of Planning and Budget's performance budgeting system was circulated to the board for approval. Comments from board members alluded to approval contingent on the working capital advance assurance letter. Secretary Brown made the motion:

*"I move that the ITIB grant development approval for the Virginia Department of Planning and Budget's Performance Budgeting (PB) Project, which includes the required written assurances from the Governor's designee indicating that funds for this project drawn from the working capital advance will be repaid."*

Mr. Ken Johnson seconded the motion. It was approved on voice vote.

## Interim CIO's Report

Chairman McGuirk asked Interim CIO Pomata for his report. He provided an overview of quarterly priorities. From the partnership perspective, there are several teams in place to work on priority areas. There is a weekly meeting to escalate issues to the Interim CIO and in Northrop Grumman. A letter was sent to Northrop Grumman on June 30 requiring submission of a plan with revised schedules and milestones by Aug. 30. The Auditor of Public Accounts (APA) provided comments about the billing procedure and expressed concerns about federal funding. As a result, VITA and Northrop Grumman have put together a new schedule and new processes. VITA is working with the APA to ensure consistency and compliance with federal mandates.

Since the board formally approved the PB project for development, Interim CIO Pomata said he would sign and send the approval letter.

He noted significant improvement in cash flow. The fiscal year has not been closed out, but it appears the shortfalls anticipated will be reconciled.

Interim CIO Pomata shared the Commonwealth major IT project status report dashboard. There is one "red" project in the major project portfolio: Department of Professional and Occupational Regulation's EAGLES project. There are seven projects rated "yellow," including the Virginia State Police STARS project, which accounts for \$357 million. He noted that progress has been made. There are 16 projects rated "green."

The EAGLES project was rated "yellow" since April 2008. DPOR is on notice that it now is rated "red" due to schedule overruns and an overdue independent verification and validation (IV&V) report. VITA will suspend the project or terminate the project if corrective actions are not completed in September. He said VITA is working with DPOR. The project is salvageable with direct action.

As of May, he said, VITA showed a \$6 million shortfall in revenue. The margin will be closer to zero as VITA closes the books for the fiscal year. The E-911 budget item is an anomaly; the 2009 General Assembly shifted approximately \$3.7 million out of VITA. VITA's budget was not adjusted, so the number is correct.

Interim CIO Pomata noted the improvement in cash flow. He recognized the accounts receivable team at VITA, led by Dana Smith who works for Finance and Administration Director Jim Roberts.

Interim CIO Pomata provided the proposed budget for fiscal year 2010, with expected revenues of \$327.7 million and expenses of \$327.3 million. The budget includes transfers for the new Enterprise Applications Division.

VITA continues to exceed its goals for spending with small, women and minority-owned (SWaM) businesses. The FY 2009 goal was \$50 million; as of May, the spend was \$64.4 million. Interim CIO Pomata said VITA is among the top five agencies for SWaM spending and he is proud of the team for exceeding the goal. He noted that as transformation activities wind down, SWaM spend is expected to go down.

In response to questions from Mr. Ken Johnson, Mr. Jim Roberts said the discretionary total for VITA was \$201 million. Interim CIO Pomata said the discretionary spend includes funds available for spending outside of internal costs, such as salaries. Of that \$201 million, VITA spent \$64 million with SWaM businesses.

Interim CIO Pomata provided an overview of initiatives for the working capital advance fund and the breakdown of the proposed budget for the Enterprise Applications Division. All EAD projects are following the PMD processes, as is required for all projects in the Commonwealth. The integration of VEAP into VITA is under way.

He provided an update on audit corrective actions. There are 84 corrective actions. As of June, there are no actions rated "red." VITA has plans in place to close out these items, which are shared in greater detail with the Finance and Audit committee.

Interim CIO Pomata noted there are four policies that require board action. Two need to be rescinded, and two need to be approved. Chairman McGuirk recommended the ITIB approve them as a block.

Mr. Ken Johnson made the motions:

*"I move that the ITIB rescind COV ITRM Policy 95-1, Statewide Implementation of Electronic Commerce, effective immediately."*

*"I move that the ITIB rescind COV ITRM Policy 92-1, Technology Assistance for Individuals with Disabilities, effective immediately."*

*"I move that the ITIB approve the revised COV ITRM Policy GOV102-01, Information Technology Resource Management Policy, effective immediately."*

*"I move that the ITIB approve the new COV ITRM Policy SEC519-00, Information Technology Security Policy, effective immediately."*

Mr. Reese seconded the block of motions. They were approved on voice vote.

Mr. Hiram Johnson said there was a lot of concern about the idea of withholding money from Northrop Grumman for invoices without detail, that are incorrect and that do not have itemized costs. He said those issues are being addressed, with incentives of financial penalties considered for Northrop Grumman if deadlines are not met. Interim CIO Pomata responded that there is an inventory billing team working the issue. The inventory needs to be complete, factual and consistent over time, he said. A contract-compliant bill is expected to be developed for the November bill. The quantities are becoming better defined and more precise for agency billing, CIO Pomata said. If there is a dispute, there will be deductions to bills from Northrop Grumman that are commensurate with the errors.

In response to Mr. Hiram Johnson's question about financial penalties if Northrop Grumman continues to miss contractual requirements for billing, Interim CIO Pomata said there are no specific penalties defined in the contract. He said VITA will withhold those funds that are appropriate to be withheld from the invoice based on the inventory issues.

In response to the question about personnel and objectivity from Mr. Kucharski, Interim CIO Pomata said he encourages people to work better as a team. He has invited others to become involved to augment the teams, including Chief Applications Officer (CAO) Peggy Feldmann and her team. The escalation process is working, and is helping remove roadblocks and get decisions made.

In response to questions from Mr. Ken Johnson on information security, Interim CIO Pomata said VITA has a robust information security program. Chief Information Security Officer Peggy Ward has significant responsibility for information security in all three branches of government. He noted there is no bulletproof environment. He said VITA will continue to build the quality of the security program.

## **RTIP**

Mr. Bob Zoppa, Commonwealth Project Management Division, provided the quarterly update on major and non-major projects in the Commonwealth portfolio and presented the Recommended Technology Investment Projects (RTIP) and priorities for funding the projects. The ITIB approved the selection and ranking criteria at its April meeting.

Mr. Zoppa said the number of major projects between April and July dropped from 57 to 49 due to agencies preparing for the next budget biennium and the expected reductions as a result of budget constraints. Agencies continue to invest in their most important business needs and IT systems. The number of non-major projects also dropped, from 102 in April to 95 in July. PMD is taking a more active interest in non-major IT projects.

Mr. Zoppa reviewed the process for developing the 2009 CIO recommended project priorities. He noted the participation of the CAO in evaluating enterprise opportunities. The list was shared with Cabinet Secretaries for review and input. In response to concerns expressed by

the ITIB, recent legislation places more emphasis on clearly establishing budget support for major IT projects.

He said there are 18 projects approved for planning that comprise the RTIP 2009 report. He presented the ranking, based on work with agencies and using the ITIB-approved criteria. The projects are valued at \$120 million. Enterprise projects account for approximately nine percent of the total portfolio, with mandatory projects at about six percent. The portfolio mix includes projects for running the business (four percent), improving the business (57 percent) and transforming the business (39 percent).

Mr. Zoppa presented the four key recommendations from the 2008 RTIP and provided an update of the actions taken to address the recommendations. He highlighted the publication of the Commonwealth ITIM standard to improve enterprise and agency management of IT investments, collection and analysis of preliminary information on the existing Commonwealth applications inventory, and establishment of a working group to develop a data strategy and data standardization process for deployment of enterprise solutions. Mr. Zoppa highlighted actions to support HB2539 and SB892 passed by the 2009 General Assembly.

Mr. Zoppa presented the CIO recommendation in the form of a motion. Mr. Ken Johnson made the motion:

*"I move:*

- *That the ITIB approve the 2009 Major IT Projects recommended for funding, which requests that:*
  - *the Governor and General Assembly appropriate funds for those major IT projects in Approved for Planning status (RTIP report Appendix A)*
  - *the Governor and General Assembly maintain funding for active major IT projects (RTIP report Appendix B)*
- *That the ITIB direct the CIO to prepare the 2009 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 September 1"*

The motion was seconded by Mr. Reese. In response to questions from Chairman McGuirk, Mr. Zoppa confirmed a cover letter would accompany the 2009 RTIP Report to the Governor and General Assembly. The motion was approved on a voice vote.

## Committee Reports

### CIO Search and Executive Evaluation Committee

Mr. Reese reported his committee met that morning to discuss the CIO objectives and the CIO search status. The committee went into closed session to review the qualifications of the candidates. The 2009 CIO objectives include customer service, transformation, information security, enterprise applications and IT investment management. The committee recommends the board approve the CIO objectives. Mr. Reese made the motion:

*"I move that the ITIB approve the CIO objectives for 2009 as presented."*

Mr. Ken Johnson seconded the motion. It was approved on voice vote.

Mr. Reese provided an update on the CIO search process. He said an executive search firm, Korn/Ferry, was selected to support the search. The committee wanted a search process that is transparent and inclusive. The committee provided documentation to Korn/Ferry to find a pool of qualified candidates. Mr. Reese and Mr. Hiram Johnson met with VITA executive staff to obtain their input regarding qualifications they would like to see in a CIO. With the assistance of Sara Wilson, Virginia Department of Human Resource Management, agencies were surveyed about the attributes they wanted in the next CIO. Mr. Reese met personally with some agency heads that wanted to give direct feedback on the role of the CIO.

Mr. Reese asked Mr. Hiram Johnson to comment on the meeting with VITA executive staff. Mr. Hiram Johnson said he appreciated the frankness and candor of the leadership. He said they are thinking about what is best for the Commonwealth and provided feedback that was factored into the interview process. He was thankful for the leadership team's approach and that the session was well done. Mr. Reese said he is proud of the executive team. They are focused on the mission and where the organization needs to go.

Mr. Reese said Ms. Wilson distributed the survey to 104 executive branch agencies. The results of the survey are available on the Senate Finance General Government Subcommittee Web site (<http://sfc.state.va.us/generalgovernment.shtml>, under July 13, 2009). The response rate was 50 percent. Mr. Reese said this is very high, reflecting the interest at the agency level. Written comments were provided by all respondents and 42 percent wanted to meet with Mr. Reese.

The survey evaluated the overall IT program effectiveness. Of the respondents, 39 percent rated the program "less effective," 36 percent rated it "average," and 25 percent rated it "more effective." When asked about the most effective programs coming out of VITA and the CIO's office, the top three programs were information security (53 percent), communications (43 percent), and geographic information services (37 percent). The programs rated the least effective were IT procurement (64 percent), enterprise applications (56 percent) and IT investment management (51 percent).

Mr. Reese said the top priorities for the new CIO from survey respondents are security, efficiency and cost, and access. The top skills they want in a new CIO are delivery and understanding agency operations. The top attributes they want in a new CIO are understanding business needs, customer service and problem solving. The top advice for the new CIO was manage costs, listen and provide good customer service.

Mr. Reese stated that he was genuinely impressed with the caliber of people who lead the agencies. He said he wished he could paint to the rest of the Commonwealth the quality of people doing the work on behalf of the citizens. He said they didn't complain; they came because they wanted to help and because they know that technology is instrumental in fulfilling their missions. They believe in the transformation and standardization of technology; they are disappointed in our execution. They asked why "one size fits all" from a technology perspective. Agencies said that large agencies have to be armed with technology, but the smaller agencies are over-engineered, driving costs up.

Mr. Reese added that he is open to suggestions for the committee, which also includes Mr. Hiram Johnson, Dr. Patricia Cormier and Chairman McGuirk, on conducting the search. He has shared the information from the executive team and the agencies with Korn/Ferry. He said as he meets with the candidates, he wants to make sure they will take good care of VITA staff and the agencies, and will be a good partner with Northrop Grumman.

Mr. Reese said that Korn/Ferry provided 15 or 16 candidates. His committee vetted them, and narrowed the selection to five candidates. Three of them were interviewed by Ms. Wilson and two were interviewed by Chairman McGuirk, due to his proximity. The committee is recommending to the board three candidates to go forward.

He stated that over the next 15 days, members of the board and the search committee will conduct final interviews and prepare to make a recommendation to the board. He noted the transition is tough and thanked Interim CIO Pomata for his leadership, guidance and wisdom.

Mr. Ken Johnson said he hoped the committee would include dialogue with the former CIO. He said Mr. Lem Stewart did a wonderful job leading VITA and suggested that he would understand the challenges, nuances and potholes with the role better than staff.

Mr. Reese responded by saying this is a very difficult situation for Mr. Stewart. After the events on June 10, Mr. Reese called Mr. Stewart and made a personal commitment to help with any administrative or personal issues in order to make the transition as smooth as possible. Mr. Reese met with Mr. Stewart to discuss the role, and he respects the work that Mr. Stewart did and Mr. Stewart's privacy.

### Customer Service Committee

Mr. Ken Johnson reported his committee did not meet. He shared the results of research he conducted at agencies and with staff. He said Northrop Grumman has not been very responsive to handling requests in a timely manner. The goal is to enhance responsiveness and improve teamwork. He said the committee looks forward to working with Northrop Grumman in a more collaborative effort.

### Finance and Audit Committee

On behalf of Mr. Scott Pattison, Secretary Brown reported the committee met in late May. He noted much of the material was covered in the Interim CIO's report. Revenue and spending for the internal service fund and E-911 program lagged behind, with losses likely. In the last fiscal year, VEAP spent \$4.8 million, which is well below the authorized amount. Cash flow is showing positive trends. The issue now is incorporation of the working capital budget into the overall VITA budget as a result of the merger of VEAP into VITA.

Secretary Brown made two motions and requested the ITIB vote on them in a block:

*"I move that the ITIB approve the 2010 Enterprise applications working capital and expenditure budget, and that it be incorporated into the overall VITA budget."*

*"I move that we approve the 2010 VITA budget as proposed."*

Mr. Ken Johnson seconded the motion. It was approved on voice vote.

Mr. Pomata said he intended to thank the VITA Customer Account Management (CAM) team led by Debbie Secor during his report. Chairman McGuirk added that he appreciated that Ms. Secor preceded him in presenting to the Senate Finance General Government Subcommittee.

### Legislative Affairs Committee

Mr. Hiram Johnson reported that his committee did not meet. At the request of the General Assembly, the Joint Legislative Audit and Review Commission (JLARC) report deadline for the two-year study of VITA has been moved up from December to October.

## Enterprise Applications and Major Projects Committee

On behalf of Committee Chair Dr. Cormier, Secretary Brown reported the committee met June 11 and heard from staff from PMD, the CAO and VEAP. The committee reviewed the major project portfolio, learned about a governance assessment tool for gauging IT risk management and discussed the strategic plan for enterprise applications. The plan was developed in collaboration with the ITIM Customer Council, made up of agency staff, and will be appended to the Commonwealth strategic plan.

Secretary Brown made the motion:

*"I move that the ITIB approve the Commonwealth of Virginia Strategic Plan for Applications in accordance with § 2.2-2458 (4)."*

Mr. Reese seconded the motion. It was approved on voice vote.

Secretary Brown noted the committee reviewed HB2539 (VEAP) and SB892 (budget for major IT projects).

## IT Infrastructure Committee

Chairman McGuirk invited Mr. Duball and Northrop Grumman Vice President Doug McVicar to present on transformation, service delivery and managed services. Mr. Duball said the plan to complete transformation was June 30, 2009, but more work needs to be done. Northrop Grumman will provide a new plan by the end of August. Transformation will take approximately six to 12 months.

Mr. Duball said 13 agencies have exceeded 90 percent of transformation tasks completed. This does not represent service level implementation. He reviewed transformation progress for hardware refresh, management tools, security tools, e-mail, help desk, network and SLAs. He noted that 159 of 193 SLAs are reporting data in an interim fashion. The next step is full approval of the SLAs and measurement methodology.

Mr. McVicar reviewed the SLA dashboard across all severity levels. In June, 91 percent of the SLAs met targets, four percent slightly missed targets and five percent missed targets. Of the 16 reds and yellows, half were part of the cross-functional SLAs related to response times to severity levels of tickets. The legacy environment is included in the SLAs for response times. He said the responsiveness will increase when transformation is completed.

Mr. McVicar reviewed the criteria for Severity 1 incidents at CESC and the Southwest Enterprise Solutions Center. There are very few incidents at the data centers, and all were server-related. He reviewed the 210 Severity 1 incidents outside of the data centers. He noted Northrop Grumman is taking action to improve processes and training staff on the new tools and devices.

Mr. Duball discussed the three components of managed services: physical asset inventory, non-physical asset inventory, and billing systems and processes. He reported that the physical asset inventory is completed. In response to a question from Mr. Kucharski, Mr.

Duball said the physical inventory for Virginia State Police is completed. He noted that storage is the biggest challenge to resolving resource units and improving billing accuracy and timeliness.

Chairman McGuirk noted that addressing detailed invoices has become the *cause célèbre*. He expressed concern about timing and status updates. The committee meets next in September with a full ITIB meeting in October. He requested making the board aware of progress between meetings. Mr. Duball said he would work with Interim CIO Pomata to provide updates to the board. He said he plans to meet with Mr. Ken Johnson and Secretary Brown since they are new committee members.

Mr. Pomata noted that the team has developed milestones and a detailed schedule. He suggested using that as basis for reporting to the board. Chairman McGuirk agreed that using the milestone plan would be sufficient; his intent was not for the team to create a stand alone report. He reiterated the importance of the project to the board.

In response to questions from Mr. Kucharski, Mr. Duball clarified that a plan for the rebaselining process exists outside of the plan that Northrop Grumman is developing for the end of August.

Mr. Ken Johnson said, as the new chairman of the committee, he does not have the greatest confidence in the proposed schedule and activities. Mr. McVicar noted several things have changed. First is the success with the network rollout, which reduces the number of obstacles. He said the partnership understands the technical differences from agency to agency so the transformation plan can avoid disruption and meet business cycles. The revised plan will include reserve in the schedule for unanticipated delays.

Mr. Ken Johnson commented that he did not hear anything about working with employees, working together as a team, or moving forward. He noted that Mr. Duball and Mr. McVicar alternate among "we" and "us" and "them." It goes from "partners" to "not partners" to "partners."

Mr. Duball responded that this is a business relationship and someone has to be in charge. He said he tries to use "we" when he speaks, and apologized if he did not and took full responsibility for any failures. He said the bottom line is that the partnership needs to execute and to date, it has not.

Mr. Duball said progress will be apparent in the near term. Once VITA receives the revised transformation plan, he can measure progress and predict outcomes.

Mr. Ken Johnson said he appreciated Mr. Duball's comments and hard work. They discussed the partnership mindset. Mr. Duball agreed the revised transformation plan is an iterative and collaborative effort.

## Health Information Technology Standards Advisory Committee

Mr. Reese, the ITIB liaison to the Health Information Technology Standards Advisory Committee (HITSAC), reported the committee was formed in July and is chaired by Dr. Marshall Ruffin, Chief Technology and Health Information Officer at University of Virginia Health System. It needs to add a fifth member, and wants someone to represent privacy and

the individual patient. He said Mr. John Quinn is a national consultant in these areas and could represent privacy issues well.

Mr. Reese made the motion:

*"I move that the ITIB appoint Mr. John Quinn to the Health Information Technology Standards Advisory Committee."*

Mr. Ken Johnson seconded the motion. Chairman McGuirk said the HITSAC Committee was established by the legislature. It directs the ITIB chair to appoint five members to work collaboratively with the Secretaries of Technology and Health and Human Resources. Mr. Reese has volunteered to be the ITIB liaison because of his experience in health IT. The motion was approved on voice vote.

## Other Business

Chairman McGuirk asked for other business. There was none.

## Public Comment

Chairman McGuirk asked for public comment. There was none.

## Discussion of Qualifications of Specific Candidates

Mr. Reese made the motion:

*"I move that the Board go into closed session pursuant to § 2.2-3711(A)(1) for the purpose of discussing and considering the qualifications of specific prospective candidates for employment as the Chief Information Officer."*

Ms. Williamson called the roll. All six board members present voted in the affirmative. The board went into closed session at approximately 1:05 p.m.

The board came out of closed session at approximately 1:45 p.m. Upon returning from closed session, Chairman McGuirk read the following statement:

*"The Board 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."*

He asked Ms. Williamson to call the roll to certify the closed session. On a roll call vote, all six board members present who attended the closed session voted in the affirmative, certifying the closed session.

Mr. Reese then made the motion:

*"Pursuant to Virginia Code §2.2-3712(B), the Information Technology Investment Board shall hold closed meetings at an undisclosed location within the next 15 days solely for the purpose of interviewing candidates for the position of Chief Information Officer."*

Mr. Kenneth Johnson seconded the motion, which was approved on a voice vote.

## **Adjourn**

Secretary Brown made a motion, seconded by Mr. Ken Johnson to adjourn. The meeting was adjourned at approximately 1:50 p.m.