

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

INFORMATION TECHNOLOGY COMMITTEE

Wednesday, February 16, 2000
Roughrider Room, State Capitol
Bismarck, North Dakota

Senator Larry J. Robinson, Chairman, called the meeting to order at 9:00 a.m.

Members present: Senators Larry J. Robinson, Ken Solberg, Rod St. Aubyn; Representatives Mary Ekstrom, Doug Lemieux, Blair Thoreson, Robin Weisz; Chief Information Officer Curtis L. Wolfe

Others present: See attached appendix

It was moved by Senator St. Aubyn, seconded by Senator Solberg, and carried on a voice vote that the minutes of the November 3, 1999, meeting be approved as distributed.

NORTH DAKOTA UNIVERSITY SYSTEM DATA WAREHOUSE PROJECT

Chairman Robinson called on Mr. Larry Isaak, Chancellor, North Dakota University System, for comments regarding the North Dakota University System data warehouse project. Mr. Isaak said the project has the support of the State Board of Higher Education and the campus presidents. He said the project is being funded by internal resources which have been saved over the years. He said the funds were placed in the board initiatives pool appropriation. The project, he said, will provide a new technology infrastructure and a user-friendly reporting tool for the campuses and the University System.

Dr. Donna Thigpen, President, Bismarck State College, submitted a written summary of her comments regarding the data warehouse project, a copy of which is on file in the Legislative Council office.

Dr. Thigpen said the data warehouse project is one step in the implementation of a new administrative system for the University System. Because a complete overhaul of the system would require a significant investment up front, she said, beginning the change with the data warehouse project is an approach that will reduce later efforts. She said the change is necessary to provide better reporting for greater accountability in the University System and to provide information for better decisionmaking about student learning. She said the current system is not designed to produce management information efficiently and does not allow multiple campus views of information. She said the data warehouse project will provide ad hoc reporting capabilities and key performance indicators. Through the warehousing of large

collections of integrated data, she said, information may be used for reporting and for supporting complex analysis for decisionmaking. As a result, she said, the number and types of reports from operational systems will be improved and information can be leveraged without incurring the cost of migration to new administrative and transactional applications. In addition, she said, the new system will improve access to information and improve system and data administration. She said the project budget is \$1.35 million, \$350,000 of which will be for hardware, \$350,000 of which will be for software, \$500,000 of which will be for consulting and development assistance, and \$150,000 of which will be for internal staff.

Dr. Thigpen said the approach being taken regarding this project will build a foundation on which additions can be built in the future. She said the project will be complete by the fall of this year. She said preliminary plans call for a phased-in administrative system replacement between 2003 and 2007 if funding is available.

In response to a question from Senator St. Aubyn, Dr. Thigpen said the data warehouse project is only the first step of a new administrative system, and the remainder of the system will require ongoing funding.

Chairman Robinson called on Ms. Nancy Walz, Information Technology Department (ITD), for comments regarding the reporting of major projects undertaken by higher education institutions. Ms. Walz said North Dakota Century Code (NDCC) Section 54-35-15.2 requires the Information Technology Committee to review the cost-benefit analysis of any major information technology project of an executive or judicial branch agency. However, she said, under Section 54-59-09, the institutions under the control of the State Board of Higher Education are exempted from complying with the information technology policies and standards established by the ITD with respect to academic and research uses of information technology.

Ms. Walz submitted a draft of a proposed higher education major project reporting exception, a copy of which is on file in the Legislative Council office. She said the exception would provide that the large project reporting requirement would apply to administrative projects but not to academic and research projects. She said research and academic projects are often

funded with nonstate sources of revenue and have a limited systemwide or statewide application. In addition, she said, the large number of projects would strain the resources of ITD, and the exclusion of academic and research projects is consistent with the legislation that exempts those projects from the information technology standards.

In response to a question from Senator Robinson, Ms. Walz said she would submit to the committee at its next meeting proposed language to exempt academic and research projects from the large project reporting requirement.

CHIEF INFORMATION OFFICER REPORT

Mr. Curtis L. Wolfe, Chief Information Officer, Information Technology Department, submitted a written summary of initiatives under consideration by ITD, a copy of which is on file in the Legislative Council office.

Statewide Network

Mr. Wolfe said he had meetings with representatives of the Dakota Carrier Network (DCN) and U S West regarding a negotiated contract for a new statewide network. He said DCN withdrew from the negotiations because representatives of DCN indicated they were unable to discern any benefits of a joint proposal with U S West. He said it was his opinion the best price for the state would result from a collaborative effort between DCN and U S West. However, he said, because the negotiations fell through, a request for proposals will be released around March 20. He said the failure of the negotiations puts the state about six weeks behind its original schedule in implementing the statewide network.

Mr. Wolfe reviewed correspondence relating to the granting of an exemption for the entering into a long-term term contract between Dickey Rural Telephone and Red River Telephone and a number of school districts to provide a 13-site interactive television system. A copy of the correspondence is on file in the Legislative Council office. Mr. Wolfe said the exemption was granted because the cooperatives will be providing DC3/ATM services through fiber optic connections to the participating schools at approximately the same cost for which the schools are receiving analog service from U S West. In addition, he said, because the statewide network acquisition process is months from completion and because the schools' system will integrate into a system acquired from the statewide acquisition process, the exemption is warranted.

Mr. Wolfe said in preparing a request for proposals, ITD had to determine what the scope of services will need to be. As a result, he said, ITD prepared a list identifying each city in the state and the potential network users in each city, such as schools, county offices, and state agencies. A copy of the list is on file in the Legislative Council office.

Mr. Wolfe reviewed a document that included suggestions for requirements for the statewide network. A copy of the document is on file in the Legislative Council office. He said local access should provide a minimum bandwidth of 256kb. He said there should be a minimum of T-1 access to each of the 230 school districts and all state offices and DS-3 or OC-3 access should be provided to the Capitol, the University of North Dakota, and North Dakota State University. He said other issues that should be addressed are postalized rates, network management, and network support. In addition, he said, various billing options should be considered. He said a major concern is the cost of including schools in the state network. He said requiring participation would amount to an unfunded mandate and may require a capital appropriation by the Legislative Assembly. He said ITD is doing a detailed survey to address this issue.

In response to a question from Senator Gary J. Nelson, Chairman, Legislative Council, Mr. Wolfe said he is not sure what the total cost of connecting to the statewide network to schools will be. However, he said, the benefits of participating in the statewide network will be significant for schools. He said the question of who should bear the cost of upgrading access to schools is an important consideration.

Mr. Wolfe said the Statewide Wide Area Network Advisory Committee has held two meetings and will continue to advise ITD with respect to planning implementation of wide area network services. He submitted a list of the membership of the advisory committee, a copy of which is on file in the Legislative Council office.

Chairman Robinson called on Mr. Richard Jayo, Director-Local Markets, U S West, Boise, Idaho, for a summary of statewide networks in Wyoming, Montana, South Dakota, and Idaho and the relation of the networks to economic development. Mr. Jayo submitted a written summary of his presentation, a copy of which is on file in the Legislative Council office.

Mr. Jayo said three important components in the ability to facilitate economic development are distance, density, and data. He said one unfortunate circumstance facing North Dakota is the fact that the state is split between two LATAs. He said density drives demand, which drives prices. He said equal access to the network is an important consideration.

Mr. Jayo said the Wyoming equality network has education as its anchor tenant. He said the catalyst for the network was a lawsuit by the poorer school districts in the state. He said the Wyoming network is a partnership led by U S West which provides frame relay service, ATM service, and satellite service.

Mr. Jayo said state government is the anchor tenant of the Montana SummitNet. He said all local exchange carriers in Montana were given the opportunity to participate as peers in the network. He said

U S West partnered with Touch America and Century Tel in the Montana network.

Mr. Jayo said education is the anchor tenant in the South Dakota network. He said the Governor of South Dakota and the state legislature brought U S West and the South Dakota network to the table to negotiate the establishment of the network. He said both U S West and the South Dakota network provide network services in the state and U S West manages the network.

Mr. Jayo said state government is the anchor tenant in IdaNet in Idaho. He said the request for proposals is expected to be released in mid-February. He said 100 percent of the incumbent local exchange providers participated and the estimated completion date of IdaNet is the summer of 2001.

Mr. Jayo said the fact that government and education will be the anchor tenants in North Dakota is unique. He said for best results, the network must be provisioned using cooperation between facilities-based providers. Although technology serves to mitigate distance, he said, density remains a challenge given the population levels in parts of the state. However, he said, data communications is the future transport to economic success in the state.

In response to a question from Senator Solberg, Mr. Jayo said the request for proposals process does not always yield the best price and technology. He said there is no one bidder in North Dakota that will likely be able to provide the requested service. He said North Dakota is looking at going beyond what its neighboring states have done.

In response to a question from Senator St. Aubyn, Mr. Evan Hass, Dakota Carrier Network, said DCN would have to repurchase some service from U S West. However, he said, DCN serves 90 percent of the land mass in the state and has over 7,000 miles of fiber cable. He said DCN can provide the state with quality, capacity, reliability, and support. He said DCN has determined that having different companies involved in using separate switches does not work well. He said DCN is already serving the high-cost areas in the state.

In response to a question from Senator Robinson, Mr. Hass said U S West and DCN are working together now and are able to purchase services from each other. Although the cost may be somewhat higher, he said, the benefits of being a sole provider would be worth it.

In response to a question from Senator Solberg, Mr. Hass said a fully developed ATM network will ensure quality of service in rural areas. He said quality cannot be guaranteed with frame relay. He said DCN has a diverse redundant route and splitting the network among two carriers will not provide a continuous ring such as DCN does.

Mr. Wolfe said the decision by DCN to not partner with U S West to provide a statewide network will result in higher costs for the state. In addition, he said, U S West may question making further

investments in the state. On the other hand, he said, DCN has been a quality provider but would have to upgrade in some areas.

ITD Organizational Structure

Mr. Wolfe said ITD contracted for an organizational study to examine methods to restructure ITD and improve its services and efficiency. In addition, he said, a compensation study was necessary to compare ITD salaries with the private sector. He said it is difficult to find employees at certain skill levels at the salaries that ITD can offer.

Mr. Wolfe said in the restructuring of ITD, the e-government group will focus on applications to meet customer needs. Through that, he said, there will be a focus on applications that bring cost savings to government as well as improve the services to the citizens. However, he said, in some cases improved services may increase costs. He said e-commerce is necessary to encourage economic development. One area that may need addressing by the Legislative Assembly, he said, is the approval of electronic signatures. Because the state system is vulnerable to invasion, he said, ITD is contracting with a consultant to provide a security analysis.

Mr. Wolfe said ITD is contracting with a consultant to develop a plan for geographic information systems (GIS). He said ITD may request an appropriation to fund a central data base for GIS information.

Mr. Wolfe said there appears to be strong support for centralized electronic storage of records. He said centralized storage will result in cost savings. In addition, he said, data warehousing is an area where ITD can centralize warehouses and reduce overall costs for state agencies.

Mr. Wolfe said Internet taxation is an issue that is receiving national attention. He said a moratorium on taxation ends this year, but there has been a move to permanently extend the ban. He said a recent study indicated that by 2004 states may lose \$9 billion to \$12 billion per year as a result of Internet sales that are not taxed. However, he said, if North Dakota were among the first states to attempt to tax Internet sales, the state will not attract business. He said the issue of Internet taxation should be studied carefully.

Mr. Wolfe said ITD does not have the resources to support a statewide network. He said ITD may have to increase staff if the state is to provide support for the network. He said ITD currently has 23 contractors on staff and that number likely will increase. He said there will have to be a decision made regarding whether funding should be shifted toward internal staff.

VEHICLE REGISTRATION AND TITLING SYSTEM REVIEW

Chairman Robinson called on Ms. Walz to summarize a project quality assurance review report of the Department of Transportation vehicle registration and

titling system. A copy of the report and Ms. Walz's summary are on file in the Legislative Council office.

Ms. Walz said the objectives of the review were to assess the quality of the product, assess the quality of the management of the project, identify and analyze potential risks to the project's success, and focus on the current project plan and operating practices. She said the findings with respect to cost management indicated a cost-benefit analysis was completed before the project began, the lump sum contract shifted financial risk to the contractor, a reputable vendor was chosen, renegotiation of the damage clause retained financial benefits as scheduled, and payments were not based on deliverables. She said the review indicated that the project continues to be viable from a financial standpoint, but the Department of Transportation should hold the remaining release payments until project completion.

With respect to the quality management, Ms. Walz said the project schedule should reflect the North Dakota view of the project, potential scope changes due to the multistate effort should be managed, the Department of Transportation should continue to insist on a quality product, and the department and vendor should develop comprehensive test plans. Because the project schedule has not been well-defined or closely monitored, she said, the schedule should include intermediate development milestones, monthly status reports should indicate progress against the baseline schedule, the implementation plan should be updated to include all tasks required, and the "go live decision" milestone date should be carefully reviewed.

Ms. Walz said the impact of the multistate effort by the vendor should be communicated and managed, and delays due to the multistate effort should not be accepted. With respect to the acceptance of the product, she said, a comprehensive test plan should be developed. She said the focus must shift from development to implementation, and implementation plans must be updated and communicated. In addition, she said, a transition from the system development environment to the production environment must be made and the Department of Transportation should plan for ongoing system maintenance.

In response to a question from Senator Solberg, Ms. Walz said the financial risk of the project is not a concern because the cost of the project will not go higher unless the scope of the project changes. She said the North Dakota project was the first project, and the vendor is basing other states' projects on this one. However, she said, other states are adding different requirements to their projects.

Mr. Marshall W. Moore, Department of Transportation, said the project has been a struggle largely because the complexity of the project was miscalculated. He said he agrees with the findings of the ITD review and will comply with the recommendations in the review. He said he is comfortable that the vendors are on track and the schedule will be

followed. He said the end product will be a good product.

In response to a question from Senator Solberg, Mr. Moore said he will work with UNISYS to determine when the project is substantially complete and when the final payment will be delivered.

Mr. Hudson Cowart, UNISYS Corporation, Atlanta, Georgia, said he generally agreed with the ITD review findings. Although the amount due to UNISYS is not significant, he said, the contract provisions did not provide that the payment be based on deliverables. He said UNISYS is paying significant damages to the state much in excess of the amount due to UNISYS. He said he disagrees with the idea that UNISYS provide documentation for functionalities written for the other states because that is outside the scope of the contract with North Dakota.

In response to a question from Senator Solberg, Mr. Cowart said the Missouri project will be fully deployed a few months after the North Dakota project. He said the delay has resulted from the fact the initial application was not strong enough to handle the functionality needed, and the project had to be rebuilt.

In response to a question from Senator St. Aubyn, Mr. Cowart said the major incentive for UNISYS to complete the project is the amount of damages being paid to the state.

YEAR 2000 UPDATE

Chairman Robinson called on Mr. Rob Gall, Information Technology Department, for a final report regarding year 2000 status. Mr. Gall submitted written testimony, a copy of which is on file in the Legislative Council office. He said the year 2000 problem was a serious threat that if not properly addressed would have caused damage. He said all state agencies completed their year 2000 projects before January 1, at an estimated total investment of \$25 million. He said the \$25 million investment in North Dakota ranked as one of the lowest in the nation. He said very few year 2000-related problems have occurred within state government, and the problems reported were very minor and required an average resolution time of 15 minutes or less. He said the year 2000 remediation process accomplished other achievements including:

1. The identification of obsolete programs and systems.
2. A compilation by agencies of comprehensive inventories of information technology assets.
3. Application errors were detected and resolved, which improved the quality of state information systems.
4. The illustration of the importance of information technology in government.
5. The establishment of contingency plans to ensure the reliability and continuity of government services.

INFORMATION TECHNOLOGY STANDARDS AND POLICIES

Chairman Robinson called on Mr. Dennis Klipfel, Information Technology Department, for comments regarding information technology standards and policies. Mr. Klipfel submitted written testimony, a copy of which is on file in the Legislative Council office. He said ITD is working to establish contract guidelines for information technology projects. The scope of the guidelines, he said, is to provide government entities with items for consideration in the preparation of a contract by providing the necessary management tools in the form of authorities and responsibilities, change management, problem detection and resolution, and the process of acceptance and validation of deliverables. He said the guidelines are to be used in conjunction with a manual distributed by the Attorney General relating to contract drafting. He said the guidelines will be submitted to the Attorney General's office in the near future for review.

Mr. Klipfel said ITD has hosted electronic document management system informational sessions to help agencies understand the uses and benefits as well as the technology of electronic document management. He said ITD will formalize a strategy and develop standards and policies necessary to provide for statewide electronic document management systems. He said the process will be completed within the next six months.

Mr. Klipfel said ITD and its e-commerce team will be working to establish standards and policies for e-business security. He said the e-business security policy will address encryption, digital certificates, digital signatures, and credit card payment processes. He said the initial draft of a security policy should be completed by March.

In response to a question from Senator St. Aubyn, Mr. Klipfel said the contract guidelines should address licensing issues related to software developed by the state or developed by a contractor on behalf of the state.

COST-BENEFIT ANALYSES

Bank of North Dakota

Chairman Robinson called on Ms. Julie Kubisiak, Bank of North Dakota, for comments regarding the Bank of North Dakota's e-business initiative. Ms. Kubisiak submitted written testimony, a copy of which is on file in the Legislative Council office. She said the Bank of North Dakota project includes an e-commerce project for the Student Loan Division and a project to design a reengineering of the student loan processing systems. She said the Bank is looking to respond to its customers' needs because an increasing number of the Student Loan Division customers are requesting electronic access to student loan information. She said the Bank's e-business initiative is divided among five projects so the scope of the projects, costs, and risk management can be better controlled. She said the five projects are

scheduled to be completed in eight months. The first project, which began on January 17, 2000, and which will last for approximately two months, she said, is a complete system design of all Student Loan Division systems and the Bank's web site. She said the second project is scheduled to provide a form-based data collection capability to allow borrowers, financial aid officers, and lenders to submit, view, and update student loan information. She said the third project is scheduled to convert borrower and financial aid office functions to operate on the web site. The fourth project, she said, will convert lender functions to operate on the web site. She said the final project will provide training and monitoring of the Bank of North Dakota technology staff. The total estimated cost of the initiative is \$681,300, she said.

Department of Human Services

Chairman Robinson called on Mr. Roger Hertz, Department of Human Services, for comments regarding the MMIS decision support project and the status of the child support system project. Mr. Hertz submitted written summaries, copies which are on file in the Legislative Council office. He said the MMIS project began in November 1999 and should be completed in November 2000. He said the appropriation for the project was \$1.5 million and the total cost of the project including salaries will be \$1,697,000. The cost of the project over six years, including project implementation, State Department of Health operations, and Department of Human Services operations, he said, is expected to be \$4,323,000. He said the benefits of the project over six years will be approximately \$9,410,000 due to a .5 percent reduction in program costs. He said there will be a reduction in misutilization of services, a reduction in fraud and abuse, and improved quality control. He said there will also be savings in operational and administrative costs which will amount to approximately \$5 million over six years. He said the reduced costs of ad hoc reporting are expected to be \$70,000 per biennium, and the reduced ITD costs for programming reports are expected to be in the area of \$300,000 per biennium.

Mr. Mike Schwindt, Department of Human Services, reviewed a summary of the child support enforcement disbursement log for the months of October, November, December, and January. He said the department is exceeding the federal requirement that 75 percent of disbursements be made within a two-day timeframe. However, he said, during conversion of the system, there were occasional problems which delayed payments. In addition, he said, there is approximately \$400,000 that is retained, some of which is owed to families due to a variety of reasons such as prepayments and lack of forwarding addresses. He said the department has three employees devoted full time to getting checks into the system and others that fill in from other areas during busy periods. He said the department handles

approximately 21,000 checks per month and 85 percent of the checks are processed the same day the checks are received. He said only two and one-half percent of the payments are not handled within five days.

Mr. Schwindt said the department is working toward other means of disbursement including electronic funds transfer, automatic deposit, automatic withdrawal, and payment by credit card. In addition, he said, the department's web site may be used for providing information and to update records such as changes of addresses.

In response to a question from Senator Solberg, Mr. Schwindt said the department expects to be certified by the federal government without any further penalties. He said he expects the department will receive reimbursement of 90 percent of the \$250,000 penalty paid once it passes its federal review.

In response to a question from Senator Solberg, Mr. Hertz said the department will be hiring a private vendor to conduct the independent verification review because the federal government did not accept ITD as an independent verifier. He said over \$7 million has been spent on the project so far and the department is well on its way toward its goal of a September certification.

Workers Compensation Bureau

Chairman Robinson called on Mr. Paul Kramer, Workers Compensation Bureau, for comments regarding the Workers Compensation Bureau's information technology projects. Mr. Kramer said the claims management project is progressing well, and the policyholder services project is expected to be complete by the end of March. He said the policyholder services project will have some enhancements. He said the bureau has suspended the data warehouse project and is looking at other alternatives. Because some of the components of the fraud project may be integrated into a data warehouse project, the cost of such a project may be reduced.

In response to a question from Representative Lemieux, Mr. Kramer said the components of the fraud projects have produced good results. He said the first fraud case detected saved the bureau \$570,000.

Legislative Council

Chairman Robinson called on Ms. Maryann F. Trauger, Information Technology Coordinator, Legislative Council, for comments regarding the Legislative Assembly session systems conversion project. Ms. Trauger submitted a written summary, a copy of which is on file in the Legislative Council office. She said the session systems, including the LAWS/Bill Status systems, voting system, calendar, committee hearing, session laws and subject index systems, conflicts and session laws, and input programs will be converted to a client/server computer system using browser-based technology. She said the cost of the

project will be approximately \$600,000 over two bienniums. She said expected tangible benefits of the project include fewer temporary employees and reduced overtime during legislative sessions. She said intangible project benefits include legislator satisfaction, increased efficiency of the daily legislative sessions, improved accuracy of legislative information, and reduced training time and need for support.

TELECOMMUNICATIONS STUDY

Chairman Robinson called on Mr. Robert J. Pope, Inteliant Corporation, for comments regarding the telecommunications study project undertaken on behalf of the Legislative Council. Mr. Pope submitted a written summary of his presentation, a copy of which is on file in the Legislative Council office. He said he will be able to provide the committee with the study conclusions and recommendations at the next meeting of the committee.

Mr. Pope said the study will address initiatives in nearby states, economic development, information technology needs and services in schools, and funding initiatives for information technology in the state. He said representatives of Inteliant have conducted visits with information technology experts in South Dakota and Wyoming and have met with a number of groups in North Dakota, particularly groups related to education. He said Inteliant's research with regard to what other states are doing will focus on South Dakota, Wyoming, Colorado, and Nebraska.

Mr. Pope said concerns that have been expressed by representatives of educational groups include whether the state will provide funding for network services for schools, the quality of service and support may not be as good as that which schools are currently receiving, the cost will likely be higher than what schools are currently paying, and whether there will be a loss of local control.

Mr. Pope said visits to Wyoming and South Dakota focused on network funding, the wiring of school buildings, equipment, support, training, and connectivity.

Mr. Scott Kost, Eide Bailly LLP, said the fact that student enrollment is decreasing and teacher shortages are increasing will be an important trend to consider when implementing a statewide network. He said training provided by the state is vital to the success of the network. With respect to economic development, he said, local communities have a significant responsibility in preparing to utilize broadband potential. He said competition for network services is increasing in population centers as well as smaller population areas. Although earlier emphasis regarding grant funding was focused toward infrastructure, he said, training and programmatic funding is now being emphasized. He said collaboration is vital to obtaining grants.

Mr. Kost said the use of the Internet and e-commerce is growing dramatically and the

availability of bandwidth is doubling every three or four months. He said e-commerce allows anybody to sell anything anywhere. However, he said, access and the speed and quality of the access is a vital consideration.

In response to a question from Senator Nelson, Mr. Pope said publicly owned ATMs in the Wyoming network do not provide service to the general public because of concern over government competition with local providers. He said the ATMs are generally located in the population centers.

In response to a question from Representative Lemieux, Mr. Kost said multiple technologies will be used for connectivity. He said satellite technology may be used in very rural areas. He said most communities in North Dakota have local access and rural areas are being connected. However, he said, the true test is taking advantage of the new capabilities.

INFORMATION TECHNOLOGY PLANNING

Chairman Robinson called on Ms. Walz for a report regarding information technology plans. Ms. Walz submitted a written summary, a copy of which is on file in the Legislative Council office. She said the January 15 deadline was a difficult date for many agencies to meet. However, she said, 82 plans have been submitted. She said the Veterans Home and Williston State College are the two entities that have not submitted plans. However, she said, the Williston State College plan is almost complete. She said the new plan guidelines require the plans to be submitted on-line through the web. She said ITD will be reviewing the plans between February and April when ITD will begin an evaluation of the process. She said ITD is also going through the development of the budget interface process and will be doing budget training. She said submission of budgets should be complete by September. The full development of the statewide information technology plan, she said, will take place between April and November of this year.

Ms. Walz submitted a summary of review questions to be considered for a project business case. A copy of the review questions is on file in the Legislative Council office. She said the project business case should address business requirements, a cost-benefit analysis, and a risk analysis.

Large Project Report

Ms. Walz reviewed the large project report, a copy of which is on file in the Legislative Council office. She said nine large projects are in the execution stage. In addition, she said, five projects are in the initiation stage. She said one of the projects in the initiation stage, the Seed Department system upgrade, is on hold. She said the project was not initially considered to be a large project but has since developed into a project that is required to be included on the large project report.

INFORMATION TECHNOLOGY DEPARTMENT BUSINESS PLAN

Chairman Robinson called on Mr. Mike J. Ressler, Information Technology Department, for comments regarding the ITD business plan. Mr. Ressler submitted a summary of his presentation, a copy of which is on file in the Legislative Council office. He said the business plan includes 50 separate tactics. He said each tactic or group of tactics has a planned start time and estimated completion date. He said the business plan will be a living document where new tactics will be added as needed. He said the plan will assist in analyzing and reviewing the performance of the department.

In response to a question from Senator St. Aubyn, Mr. Ressler said an annual review of ITD services is done by state agencies. He said ITD also gives agencies a short survey to complete whenever ITD does an installation for the agency. In addition, he said, ITD seeks input from each of the agencies' information technology coordinators.

Mr. Ressler reviewed a document that provides an operational overview of ITD. A copy of the document is on file in the Legislative Council office. Mr. Ressler said the five divisions of ITD are planning, administration, software development, computer services, and telecommunications. He reviewed the various funding mechanisms for the divisions and the fees charged to agencies for the services provided by ITD. He said the department will continue to share resources with public and private entities and continue to coordinate information technology for state agencies, cities and counties, and secondary education.

In response to a question from Senator St. Aubyn, Mr. Ressler said ITD attempts to minimize rate changes during a biennium so there will not be significant impacts on agency budgets.

Mr. Wolfe said because state agencies want the cheapest price for services, ITD has an obligation to lower the costs for agencies through whatever means necessary. He said ITD must maintain some excess funds for special projects and development. Therefore, he said, he may ask for an appropriation to deal with special projects or needs so that ITD can avoid artificially increasing some rates to provide funding for special projects.

INFORMATION TECHNOLOGY DEPARTMENT GENERAL CONTROLS AUDIT

Chairman Robinson called on Mr. Dan Sipes, Information Technology Department, for a review of the ITD general controls audit. Mr. Sipes submitted a written summary, a copy of which is on file in the Legislative Council office. He said one finding of the audit was that ITD should develop security training for ITD employees and develop policies regarding duties to be performed by user agencies' security officers in an effort to address security awareness. In response

to that finding, he said, ITD will enhance training for its staff beginning in March. In addition, he said, ITD has developed policies addressing mainframe security, server security, and user ID and password security.

Mr. Sipes said the audit indicated ITD should implement procedures to identify callers before resetting IDs. He said ITD has started development of a system to verify personal information before resetting user IDs and expects full implementation in April 2000.

Mr. Sipes said the audit indicated ITD should have assigned the responsibility for storage media management to specific personnel and limit access to only those personnel. In response to that finding, he said, ITD assigned the responsibility to its computer operations manager and implemented the recommendations in October 1999. In response to the finding ITD should ensure vendors sign for the use of temporary vendor card keys, he said, ITD implemented a procedure in October 1999.

Mr. Sipes said the audit recommended ITD follow its system life cycle methodology or develop a new methodology that better meets its needs while providing adequate controls over the development process. He said ITD will be reviewing its system development life cycle methodology to eliminate unnecessary steps and address the unique needs of each of its development environments. He said in response to the recommendation ITD implement a quality assurance function, ITD will include processes that address quality assurance during the revision of the system development life cycle methodology.

Mr. Sipes said in response to the recommendation ITD implement a change management system for client/server applications, ITD has begun selecting products and will continue to identify and evaluate products that will satisfy that requirement. He said ITD has identified products and processes to implement the recommendation that ITD have procedures in place to ensure the synchronization of production source and production object codes. He said the implementation of that change should be complete in

June. In response to the finding that ITD identify what user written exits are in use and their purpose, he said, ITD plans to review and document all user written exits. He said ITD has limited update access to the SMF data sets to only those individuals who need access to perform their job function in response to the recommendation ITD not allow change access to the SMF data sets except in emergency situations.

In response to a question from Senator Solberg, Mr. Sipes said ITD is in the process of addressing earlier audit recommendations.

MISCELLANEOUS DISCUSSION

Senator St. Aubyn complimented the ITD staff and Mr. Wolfe for their work and their forward thinking.

Senator Robinson said he was impressed with ITD and the dialogue between ITD and this committee. He said a good partnership is developing.

Senator Solberg said he is concerned with the lack of cooperation between DCN and U S West with respect to the statewide network.

Senator Robinson said he shares that concern and is disappointed that there has been significant time lost in the implementation of a new network. He said he hopes Mr. Wolfe will move quickly to get the process back on track.

There being no further business, Chairman Robinson adjourned the meeting at 4:00 p.m.

John D. Bjornson
Committee Counsel

Jay E. Buringrud
Assistant Director

ATTACH:1