

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

INFORMATION TECHNOLOGY COMMITTEE

Friday, November 16, 2007
Harvest Room, State Capitol
Bismarck, North Dakota

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

Members present: Senator Larry J. Robinson, Randel Christmann, Richard Marcellais, Tom Seymour, Rich Wardner; Representatives Craig Headland, David Monson, Kenton Onstad, Mark S. Owens; Chief Information Officer Lisa Feldner

Members absent: Representatives Keith Kempenich, Robin Weisz

Others present: John D. Olsrud, Legislative Council, Bismarck

See attached [appendix](#) for additional persons present.

Chairman Robinson welcomed Representative Bob Skarphol, Legislative Council member, to the meeting.

It was moved by Senator Christmann, seconded by Senator Seymour, and carried on a voice vote that the minutes of the July 24, 2007, meeting be approved as distributed.

REPORT FROM THE CHIEF INFORMATION OFFICER

Ms. Lisa Feldner, Chief Information Officer, Information Technology Department, and representatives of the Information Technology Department provided a status report on the Statewide Longitudinal Data System Initiative and a summary of the department's annual report regarding projects, services, plans, and benefits pursuant to North Dakota Century Code (NDCC) Section 54-59-19. A copy of the information presented is on file in the Legislative Council office.

Statewide Longitudinal Data System Initiative

Ms. Feldner said Section 7 of 2007 House Bill No. 1021, now codified as NDCC Section 15.1-02-18, establishes a Statewide Longitudinal Data System Committee consisting of the chancellor of the North Dakota University System, the Superintendent of Public Instruction, the Chief Information Officer, the director of the Department of Career and Technical Education, the executive director of Job Service North Dakota, the commissioner of the Department of Commerce, the executive director of the Department of Human Services, and one person appointed by the Governor. She said the committee is to:

- Develop a proposal and budget for a statewide longitudinal data system.

- Recommend policies, procedures, and guidelines to protect privacy and security of personal information.
- Provide recommendations to the Information Technology Committee and the Workforce Committee on the proposed system and the long-term role of the followup information on North Dakota education and training (FINDET) system.

Ms. Feldner said the committee is working with representatives of the Department of Public Instruction to prepare a proposal for a federal grant to assist with the implementation of a statewide longitudinal data system, defining system requirements, and preparing a request for proposal for consulting services.

In response to a question from Senator Robinson, Ms. Feldner said the FINDET system is a system developed by a consortium of several state agencies to provide answers to questions relating to students in kindergarten through grade 12 and higher education.

In response to a question from Representative Onstad, Ms. Feldner said North Dakota will be competing with other states for a federal grant award.

In response to a question from Senator Christmann, Ms. Feldner said the statewide longitudinal data system may contain data regarding students who have already completed their education.

Representative Skarphol suggested the Statewide Longitudinal Data System Committee contact the National Conference of State Legislatures and the Western Interstate Commission on Higher Education for information regarding other state's efforts to develop statewide longitudinal data systems.

Other Information

Ms. Feldner said the National Association of State Chief Information Officers awarded North Dakota a 2007 Recognition Award for Outstanding Achievement in the Field of Information Technology for the state's program for promoting building project manager competency.

Chairman Robinson congratulated the Information Technology Department for their efforts and for being an award recipient.

Ms. Feldner said the Information Technology Department and the Department of Transportation are working on an enhanced driver's license project. She said enhanced driver's licenses are being

implemented in other states to allow residents to use their driver's license for crossing the Canadian border rather than a passport. She said more information regarding the project can be provided at a future committee meeting.

Mr. Mike Ressler, Deputy Chief Information Officer, Information Technology Department, provided information regarding the department's borrowing authority. A copy of the information presented is on file in the Legislative Council office. Pursuant to NDCC Section 54-59-05, he said, the department received approval from the Budget Section in October 2007 to borrow up to \$6 million for the purchase of computer hardware, software, and related implementation services needed to host the Department of Human Services' Medicaid management information system. He said the 2007 Legislative Assembly appropriated \$6,017,443 of special funds for procuring the computer hardware, software, and related implementation services for the project. He said the department will bill the Department of Human Services a monthly hosting fee that will include the principle and interest from the borrowing over a period not to exceed five years.

In response to a question from Representative Monson, Mr. Ressler said NDCC Section 54-59-05 provides that the department may finance only to the extent the amount does not exceed 7.5 percent of the amount appropriated to the department for the biennium. He said 7.5 percent of the department's

total appropriation for the 2007-09 biennium is \$9,368,083.

Information Technology Department - Annual Report

Mr. Ressler distributed a copy of the department's annual report on information technology projects, services, plans, and benefits pursuant to NDCC Section 54-59-19. A copy of the report is on file in the Legislative Council office. He said the annual report includes an executive summary, information on the department's divisions, information on the department's performance, and rate comparisons. He said for fiscal year 2007 actual agency spending on information technology services from the Information Technology Department totaled approximately \$39.2 million, of which approximately 11 percent was for telephone services, 15 percent was for network services, 23 percent was for software development services, and 31 percent was for computer hosting services.

During fiscal year 2007, Mr. Ressler said state agencies completed eight large information technology projects. Of the eight projects, he said, seven projects were completed under budget resulting in savings of \$2,787,401. He said six of the eight projects were completed within the acceptable 20 percent schedule variance.

Mr. Ressler provided the following update on the department's performance measures:

Performance Measures	Baseline (Previous Years)	Current Status (June 2007)	Target
Acceptable level of total net assets	2004 - 1.4 2005 - 2.0 2006 - 1.4	1.7	< or = to 2.0
Percentage of Information Technology Department rates reported in the annual report that are competitive	2005 - 100% 2006 - 100%	100%	100%
Total number of customer projects and service requests completed:	2006		
• Service requests	29,456	28,564	Monitor
• Incidents	41,423	48,792	Monitor
Customer satisfaction indexes (percentages satisfied or very satisfied) related to:	2005 - 2006		
• Value	91.4% - 91.7%	87.3%	92%
• Timeliness	90.9% - 92.5%	87.4%	97%
• Quality	95.3% - 93.7%	95.5%	97%
• Knowledge	93.7% - 93.1%	94.8%	98%
• Professionalism and courtesy	96.4% - 96.5%	97.1%	100%
Employee satisfaction index	2005 - 1.96 2006 - 2.13	2.13	2.0
Controllable employee turnover	2005 - 4.5% 2006 - 7.0%	4.6%	Below 6.0%
Percentage of service levels met	100%	100%	100%
Percentage of strategic business plan objectives completed or on schedule	2005 - 73% 2006 - 85%	46%	75%

Mr. Ressler said the department tracks and monitors the cost and revenue for each service to ensure that service is not subsidizing another service. He said the federal government does not allow the department to charge rates that generate revenues in excess of costs; therefore, the department monitors its

cash balances and adjusts rates accordingly. He said the department also monitors what other entities are charging for similar services in an effort to maintain quality services at a fair price. The following is a summary of rate comparisons for the services that generate a majority of the department's total revenue:

Service	North Dakota Information Technology Department Rates	South Dakota Bureau of Information Technology Rates	Montana Information Technology Services Division Rates	Wisconsin Division of Enterprise Technology Rates
Central computer central processing unit (CPU rates)	Batch CPU - \$.93 per second	Batch CPU - \$1.18 per second	Batch CPU - \$1.90 per second	Batch CPU - \$.73 per second
	CICS CPU - \$.93 per second	CICS CPU - \$1.18 per second	CICS CPU - \$.55 per second	CICS CPU - \$.96 per second
	ADABAS CPU - \$.98 per second	ADABAS CPU - \$1.18 per second	ADABAS CPU - \$1.08 per second	ADABAS CPU - \$.96 per second
	TSO CPU - \$.93 per second	TSO CPU - \$1.18 per second	TSO CPU - \$2.32 per second	TSO CPU - \$.96 per second
Network fees	Device fee - \$30.75 per device per month	Device fee - \$39 per device per month	Device fee - \$72.60 per device per month	Device fee - \$55 per device per month
	DSL service - Actual cost (ranges from \$40 to \$120)	DSL service - N/A	DSL service - \$250 per month	DSL service - \$665 per month
	ATM T-1 service - \$890 per month	ATM T-1 service - N/A	ATM T-1 service - \$650 per month	ATM T-1 service - \$1,067 per month
		Access fee - \$62 per device per month		

TELEPHONE FEES

North Dakota Information Technology Department rates	Telephone line - \$24 per device per month Speaker function - \$3 per month Display function - \$2 per month Voice mail (unlimited) - \$5 per month
South Dakota Bureau of Information Technology rates	Telephone line - \$13 per device per month Speaker function - Actual cost Display function - Actual cost Voice mail (unlimited) - \$6 per month
Montana Information Technology Services Division rates	Telephone line - \$20 per device per month Speaker function - \$7 to \$11 per month Display function - \$10 to \$18 per month Voice mail (three-minute limit) - \$5 per month Voice mail (six-minute limit) - \$8 per month Voice mail (eight-minute limit) - \$10 per month
Wisconsin Division of Enterprise Technology	Telephone line - Per mile/drop Speaker function - Actual cost Display function - Actual cost Voice mail (unlimited) - \$6 per month

LONG DISTANCE

North Dakota Information Technology Department rates	In state - \$.09 per minute Out of state - \$.09 per minute 800 service - \$.07 per minute
South Dakota Bureau of Information Technology rates	In state - \$.09 per minute Out of state - \$.10 per minute 800 service - \$.10 per minute
Montana Information Technology Services Division rates	In state - \$.105 per minute Out of state - \$.105 per minute 800 service - \$.10 per minute
Wisconsin Division of Enterprise Technology	In state - \$.03 per minute Out of state - \$.03 per minute 800 service - \$.047 per minute
Minnesota Department of Administration	In state - \$.059 per minute Out of state - \$.047 per minute 800 service - \$.047 per minute
Nebraska Division of Communications	In state - \$.07 per minute Out of state - \$.07 per minute 800 service - \$.07 per minute
Oklahoma Office of State Finance	In state - \$.09 per minute Out of state - \$.09 per minute 800 service - \$.11 per minute

SOFTWARE DEVELOPMENT		
	Location	Billing Rate Per Hour of Service
Information Technology Department	Bismarck, North Dakota	\$58 to \$63
Applied Engineering	Bismarck, North Dakota	\$72 to \$98
Eide Bailly LLP	Bismarck, North Dakota	\$60 to \$80
Enterprise Solutions, Inc.	Bismarck, North Dakota	\$75 to \$120
Internet Design & Consulting	Bismarck, North Dakota	\$70 to \$75
Nexus Innovations	Bismarck, North Dakota	\$68 to \$130
Vision Technology	Bismarck, North Dakota	\$70 to \$75
Stratacom	Fargo, North Dakota	\$80 to \$125
Strategic Business Engineering	Fargo, North Dakota	\$75 to \$95
BPro, Inc.	Pierre, South Dakota	\$65 to \$85
CIBER, Inc.	Vancouver, Washington	\$54 to \$100
Compuware	Plymouth, Minnesota	\$57 to \$127
Maximus	Rancho Cordova, California	\$178 to \$188

In response to a question from Senator Robinson, Mr. Ressler said at the present time the department has hired 14 contract software developers. He said the contractors' hourly rates vary from \$85 to \$135.

In response to a question from Senator Robinson, Mr. Ressler said the department has staff in five different locations in Bismarck, including the State Capitol, the Department of Transportation building, Northbrook Mall, the North Dakota Association of Counties building, and the Dakota Carrier Network building.

In response to a question from Representative Monson, Mr. Ressler said the department's office space contracts are negotiated by the Facilities Management Division of the Office of Management and Budget. He said the department pays approximately \$714,000 in office space rental each year.

In response to a question from Representative Owens, Mr. Ressler said only one of the department's 14 contract software developers is a North Dakota company.

Senator Robinson requested the Information Technology Department provide the committee with a map summarizing the state's network connectivity.

HIGHER EDUCATION INFORMATION TECHNOLOGY INITIATIVES

Mr. Randall Thursby, Interim Chief Information Officer, North Dakota University System, provided information regarding higher education information technology, including a status report on the ConnectND system. A copy of the information presented is on file in the Legislative Council office. During the 2007 Legislative Assembly, he said, the University System developed 10 recommendations for stabilizing the ConnectND system and for providing a platform for moving forward. He said the University System has started to implement all of the recommendations with the funding provided by the 2007 Legislative Assembly. The following is a summary of the current status of the recommendations:

Recommendation	Current Status
Increase investment in human resources by 11.5 new full-time equivalent (FTE) positions	The system has filled 8.5 FTE positions and is working on filling the remaining 3 positions.
Upgrade the finance system and improve the grants and contracts module	The upgrade is being completed in conjunction with the Office of Management and Budget and the Information Technology Department and is anticipated to be completed in the spring of 2008.
Upgrade the hardware, software, electrical, and backup generator systems at the University of North Dakota data center	The upgrade was completed prior to the start of the fall 2007 semester.
Upgrade the student administration software from Version 8 to Version 9	The upgrade has begun and is currently on time and within budget. The upgrade is anticipated to be completed by July 2008.
Perform a student administration system security risk assessment	The assessment is being completed in phases, and the first activity has been completed.
Develop a comprehensive student administration data center disaster recovery plan	Work is anticipated to begin in January 2008. The University System plans to work with the Information Technology Department to utilize state government's backup data center in Mandan.
Implement a consistent toolset for manageability	Staff has decided to use Microsoft's Windows software for an operating system and has acquired Oracle's data base software for data base use. The transition has begun and will be primarily completed in July 2008.
Implement a data warehouse solution	Planning is in early stages. The University System plans to work with the Statewide Longitudinal Data System Committee.
Implement a student administration admissions customer relationship management solution	A request for proposal has been issued and responses are being evaluated.
Implement Oracle's user productivity kit solution to support the development of documentation during upgrades	The software has been installed and will be available in conjunction with the implementation of the upgrades to the finance and student administration systems.

Mr. Thursby said student registration for the fall 2007 semester was smoother than in past semesters. He said many of the problems experienced in the past were still present; however, staff knew what to expect and were able to quickly terminate jobs that created an issue. He said when the University System has completed the upgrade of the student administration system and changed some of the underlying technology, the problems should not occur.

Mr. Thursby said this fall the University System identified some of the procedures and processes that have created complexities in the ConnectND system. He said workgroups were established to review and make recommendations regarding the complexities. He said one-half of the complexity issues have been addressed and recommendations initiated. He said this initiative is being completed with the leadership of the State Board of Higher Education, the chancellor, and the presidents of the higher education institutions.

Mr. Thursby said the Northern Tier Network project is moving forward. He said Ms. Bonnie Neas, Vice President for Information Technology, North Dakota State University, would be happy to provide a status report on the project at the committee's next meeting.

Chairman Robinson said the committee would appreciate a status report on the Northern Tier Network project at the committee's next meeting.

In response to a question from Representative Skarphol, Mr. Thursby said students did not experience as many problems during fall registration because staff knew what to expect and were able to quickly terminate jobs that created an issue.

In response to a question from Senator Robinson, Mr. Thursby said Oracle has decided to phase in the new technologies from its Fusion upgrade to decrease the impact to higher education and other entities.

Representative Skarphol said Mr. Thursby should consider attending the next meeting of the Higher Education Committee which is scheduled for Tuesday, December 4, 2007. He said the committee will be having a discussion with the State Board of Higher Education regarding higher education policy issues.

Mr. Rich Lehn, Assistant to the Chief Information Officer, North Dakota University System, provided information regarding higher education information technology planning and the quarterly summary status report on large information technology projects, including project startup and project closeout reports. A copy of the information presented is on file in the Legislative Council office. He said 2007 House Bill No. 1461 provides that the State Board of Higher Education is to manage and regulate information technology planning and services for the institutions under its control. He said the State Board of Higher Education recently adopted a policy that requires the preparation and approval by the board of a comprehensive information technology plan along with periodic progress reports to the board. He said the policy also provides that the chancellor has the authority to develop guidelines, standards, and project management oversight and reporting.

For the period ending September 30, 2007, Mr. Lehn said University System major projects include the ConnectND student administration system infrastructure upgrade, TouchNet project, and campus solutions upgrade.

Mr. Lehn said the purpose of the ConnectND student administration system infrastructure upgrade was to install new storage and servers for the student administration production environment. He said the existing infrastructure was outdated and in some cases inadequate. He said the project was completed on schedule and under budget with actual expenditures totaling \$1,356,875 compared to a budget of \$1,700,000.

Mr. Lehn said the purpose of the TouchNet project is to implement software modules that will allow all campuses to begin accepting online credit card payments with payments processed through a payment card industry compliant vendor. He said the project will eliminate any card information being retained by campuses and will eliminate compliance requirements and related risks. He said the project's estimated cost is \$329,481 and the project is estimated to be completed in February 2008.

Mr. Lehn said the campus solutions upgrade project includes the upgrade of the ConnectND student administration system from Version 8 to the new PeopleSoft campus solutions Version 9, the changing of the data base from Microsoft SQL to Oracle, and the implementation of the user productivity kit. He said the project's estimated cost is \$1,350,000 and the project is estimated to be completed in August 2008.

In response to a question from Senator Seymour, Mr. Lehn said the servers for the ConnectND student administration system are physically located on the University of North Dakota campus.

In response to a question from Representative Skarphol, Mr. Thursby said the additional 11.5 FTE positions authorized by the 2007 Legislative Assembly are helping to ease existing staff burnout.

VULNERABILITY ASSESSMENT AND PENETRATION TESTING

Mr. Mark Shaw, Principal Forensics and Intrusion Engineer, ManTech Security and Mission Assurance, [provided information](#) regarding vulnerability assessment and penetration testing of the Information Technology Department. A copy of the information presented is on file in the Legislative Council office. He said during the period of August and September 2007, ManTech Security and Mission Assurance performed a vulnerability assessment and penetration test for the State Auditor's office. He said the assessment and penetration testing consisted of the following four phases:

Phase	Description
Phase 1 - External vulnerability assessment	An external vulnerability assessment is intended to provide an organization a snapshot of the overall security and risk picture of the network from an external point of view. External assessment procedures focus on performing Internet research, discovering systems connected to the Internet, and probing the system to discover misconfigurations and vulnerabilities.
Phase 2 - Internal vulnerability assessment	An internal vulnerability assessment is intended to provide an organization with a snapshot of the overall security and risk picture of the systems and network from an internal point of view. Internal assessment procedures focus on examining systems for vulnerabilities, misconfigurations, and implementation flaws that may expose the system to additional risk.
Phase 3 - Penetration testing	A penetration test is intended to provide an organization a snapshot of the overall security and risk picture of its network from an external point of view. Penetration testing focuses on gaining access to systems under an organization's control.
Phase 4 - Application security assessment	The test team performed an application security assessment of the ConnectND financials system.

Mr. Shaw said vulnerabilities discovered were assigned a risk identifier that was relative to the network or system under test. He said the three risk levels used are defined as follows:

- High risk - A high likelihood of compromise of system level access exists. If exploited this vulnerability may allow total control of the system.

- Medium risk - A vulnerability exists that may provide access to critical data or user-level access to a system. This vulnerability may lead to further exploitation.
- Low risk - A vulnerability exists that may disclose information but does not directly lead to the exploitation of a system.

Mr. Shaw provided the following summary of the findings and recommendations:

Phase	Findings	Recommendations
Phase 1 - External vulnerability assessment	Overall, 313 systems at state agencies or organizations were found to have at least one vulnerability that would provide an external attacker with a possible attack vector that could lead to the compromise of the state's network from the Internet. Numerous other vulnerable systems were also found on kindergarten through grade 12 and other education networks; however, a detailed analysis of these vulnerabilities was outside the scope of the assessment. For systems found on the state-controlled networks, there were 10 unique high-risk vulnerabilities found on multiple systems, 2 unique medium-risk vulnerabilities found on multiple systems, and 4 unique low-risk vulnerabilities found on multiple systems.	<p>Review content available on publicly accessible servers - The state should review content available on all publicly accessible servers. Although some of the information may be required to be publicly available, web sites that contain data only meant for internal state users should be restricted from being accessed from the Internet.</p> <p>Filter inbound access to all state systems - Multiple systems were found to be running services that should be restricted from external access by IP-based access controls. Where external access to services is required, IP-based access controls should be put in place to restrict access to approved systems and services.</p> <p>Ensure segregation between kindergarten through grade 12 and other education networks and the state network.</p>
Phase 2 - Internal vulnerability assessment	Overall, 427 systems were found to have at least one vulnerability that would provide an attacker with a possible attack vector that could lead to the compromise of the state's network and sensitive information. There were 29 unique high-risk vulnerabilities found on multiple systems, 8 unique medium-risk vulnerabilities found on multiple systems, and 4 unique low-risk vulnerabilities found on multiple systems.	<p>Segment public facing servers from internal network - Systems that are accessed from the Internet should be isolated in a DMZ configuration.</p> <p>Internal segregation of critical servers and development systems - The state should segregate servers deemed to be hosting critical data or services from the internal network by hosting these servers on a separate subnet strictly controlled by access lists on an IP-to-IP and port-to-port basis. The state should also isolate development systems on a separate subnet with no access to other state resources.</p> <p>Include applications in formal patch management program - The state should institute a formal, centrally managed patch management program to require state agencies to regularly download and install application patches in addition to operating system patches and establish a set maintenance period for each server to ensure that systems are rebooted on a regular schedule to complete the patch installation process.</p> <p>Implement outbound access control - The state should implement outbound access controls to allow only ports and services approved by the</p>

Phase	Findings	Recommendations
		state. The state should also implement outbound web filtering to actively enforce its acceptable use policy. Require use of encrypted protocols for remote management - Security best practices recommend the use of encrypted protocols for remote access and management.
Phase 3 - Penetration testing	The test team targeted a total of nine systems for exploitation and successfully exploited one system. Although the test team could not fully access the system, given time the issues could have been corrected and the system fully exploited. In addition, using social engineering techniques, the test team was successful in its attempts to gain account credential and showed the susceptibility of users to access malicious content on the Internet.	Educate users on social engineering techniques. Ensure servers and desktops are kept current on all operating system and application patches.
Phase 4 - Application security assessment	Overall there were two vulnerability findings with the application and its associated components, including one high-risk vulnerability relating to the operating system installed on the application host and one low-risk vulnerability relating to a design flaw.	Ensure systems hosting application are kept up to date - All systems hosting components of the application should be maintained at the most current version and patch levels for both the operating system and the applications installed on the system. Prevent simultaneous logins - Users should be restricted to a single session at any given time.

In response to a question from Representative Skarphol, Mr. Shaw said ManTech Security and Mission Assurance conducted a similar assessment and penetrating testing of the Information Technology Department in 2005. He said the department has made improvements in security since that time period. He said it is a continuous journey to improve security.

In response to a question from Representative Skarphol, Mr. Shaw said the state should develop a formal patch management system to address the frequency of applying patches.

In response to a question from Representative Skarphol, Mr. Shaw said even though state government and kindergarten through grade 12 are on the same network, it is possible to segregate the two entities.

In response to a question from Representative Onstad, Mr. Shaw said it is the state's responsibility to determine the appropriate information to be available on the Internet.

Mr. Ressler provided comments regarding the recommendations from the vulnerability assessment and penetration testing of the Information Technology Department. He said the department is appreciative of the funding provided by the Legislative Assembly for the vulnerability assessment and penetration testing. He said the department will be working with agencies to implement the recommendations and improve security in those areas. He said the department recently filled an additional FTE position to assist with security issues. He said he will provide the committee with progress reports on the department's implementation of the recommendations.

LARGE INFORMATION TECHNOLOGY PROJECT REPORTING

Quarterly Summary Status Report

Mr. Dirk Huggett, Special Project Manager, Policy and Planning Division, Information Technology Department, provided information regarding the quarterly summary status report on large information technology projects, including any department concerns regarding the projects. A copy of the information presented is on file in the Legislative Council office. He said for the period ending September 30, 2007, the following six projects were reported in the planning stage:

- Secretary of State - Knowledge base/licensing and registrations.
- Department of Human Services - Children and family services front end.
- Department of Human Services - Master client index.
- Department of Human Services - Electronic benefits transfer procurement.
- Department of Public Instruction - Special education individualized education program.
- State Treasurer - Tax distribution rewrite.

Mr. Huggett said the following four projects were moved into the execution phase:

- Information Technology Department - Project management information system.
- Department of Human Services - Medicaid for children with disabilities.
- Department of Human Services - Early management and reporting.
- Attorney General - Automated fingerprint identification system upgrade.

Mr. Huggett said the following three projects were reported complete:

Agency	Project	Budget Variance	Schedule Variance
Public Employees Retirement System	Legacy application system replacement - Phase 3	Under budget	Within schedule variance
Workforce Safety and Insurance	Information technology transformation program - Phase 1	Under budget	Over schedule
Information Technology Department	STAGEnet video transition project	Under budget	On schedule

Mr. Huggett said the following five projects have reported budget or schedule variances and are being monitored closely:

Agency	Project	Budget or Schedule Variance
Department of Human Services	Medicaid for children with disabilities	The department is executing the project without an overall project plan; however, the Information Technology Department, who is the sole vendor for the project, has a project plan in place for their work so the risk of failure is lower.
Department of Human Services	Early management and reporting	The department is executing the project without an approved business case, project charter, or project plan.
Job Service North Dakota	Case management system	The project has revised their implementation date to January 7, 2008. The project is currently on schedule to implement on that date. Closeout activities will take the project through March 2008.
Information Technology Department	Mainframe migration	The project continues to fall behind schedule. An analysis indicates that several of the original objectives will not be met, primarily the return on investment projections. The executive steering committee for the project has directed the project team to update the project objectives and justification for continuance of the project.
Secretary of State	Knowledge base/Central indexing system	A project scope change has resulted in a cost variance of 25 percent and a schedule variance of 26 percent.

The committee recessed for lunch at 11:45 a.m. and reconvened at 12:45 p.m.

Legislative Assembly - Legislative Applications Replacement System Computer Project

Mr. Jim Gienger, President, Enterprise Solutions, Inc., and project manager for the legislative applications replacement system computer project, provided information regarding the status of the project, including a project closeout report for Phase 1 of the project, a project startup report for Phase 2 of the project, and a quarterly project status report. A copy of the information presented is on file in the Legislative Council office. He said PTC Global Services completed Phase 1 of the project, which included a cost-benefit analysis and design requirements documentation, and is in the process of working on Phase 2 of the project--the rewrite of legislative applications. He said Phase 2 consists of approximately 45 milestones which will be used to track the project. He said the project is proceeding well. He said three noncritical path deliverables are late but all critical path deliverables are on schedule. At this time, he said, project costs are within budget.

In response to a question from Senator Robinson, Mr. Gienger said the chairman of the Legislative Management Committee has requested a demonstration of the new system at that committee's next meeting. He said a demonstration of the system could also be provided to the Information Technology Committee.

In response to a question from Representative Monson, Mr. Gienger said he is comfortable that the new system will be ready for the start of the 2009 legislative session.

In response to a question from Representative Skarphol, Mr. Gienger said the project plan provides for a comprehensive test of the new system during the summer of 2008.

In response to a question from Senator Christmann, Mr. Olsrud said the Legislative Management Committee's concerns regarding font size and line spacing for bills is being addressed.

Senator Christmann said is it important to receive input from end-users during the project as it will determine the quality of the end product.

Department of Corrections and Rehabilitation - Inmate Medical System

Mr. David Huhncke, Director, Information Services Division, Department of Corrections and Rehabilitation, provided information regarding the department's inmate medical system. Mr. Huhncke said the department has formed an executive steering committee and has hired a project manager to assist with the implementation of an inmate medical system. He said the department has submitted a business case and project charter to the Information Technology Department and has developed a request for proposal for the project. He said the department anticipates releasing the request for proposal next week.

Department of Human Services

Ms. Jennifer Witham, Director, Information Technology Services, Department of Human Services, provided:

- A status report on the Medicaid management information system rewrite - Phase 2.
- Project startup reports for the department's children with disabilities project and Medicaid enterprise management and administrative reporting system.
- A project closeout report for the department's temporary assistance for needy families diversion project.

A copy of the information presented is on file in the Legislative Council office.

Ms. Witham said the Medicaid management information system rewrite is on schedule in accordance with the department's workplan and is within budget. She said the requirements phase of the project is complete. She said the effort to date in the 2007-09 biennium has been focused on planning, hardware and software configuration and environment setup, and documentation of specific claim edits and audits. The following is a summary of the project budget:

	Budget	Expended	Remaining
General fund	\$3,643,133	\$29,015	\$3,614,118
Federal funds	55,218,418	8,006,348	47,212,070
Other funds	3,667,820	1,007,597	2,660,223
Total	\$62,529,371	\$9,042,960	\$53,486,411

In regard to the department's children with disabilities project, Ms. Witham said 2007 Senate Bill No. 2326 provides optional medical assistance for families of children with disabilities whose net income does not exceed 200 percent of the federal poverty level. She said the department is required to provide the new coverage to families starting in March 2008; therefore, the department must have the information technology changes necessary to implement the program completed in February 2008. She said the estimated cost of the project is \$306,826.

Ms. Witham said the department's Medicaid enterprise management and administrative reporting system project consists of the implementation of ACS's enterprise management and administrative reporting system to provide Medicaid utilization and budget forecasting reports. She said predefined reports that have been created by ACS will be made available to the department's staff in time to be used for the 2009 budget planning system. She said the project is estimated to be completed in February 2008 and is estimated to cost \$337,114.

Ms. Witham said the department's temporary assistance for needy families diversion project was to integrate the diversion assistance program into the existing temporary assistance for needy families program in the vision system. She said the project was completed on schedule and under budget with actual expenditures totaling \$146,701 compared to the budget of \$244,972. She said a team effort and

detailed planning allowed the department to eliminate the need to expend much of the project's contingency funding.

Department of Transportation

Mr. Russ Buchholz, Department of Transportation, provided:

- A project startup report for the department's time and labor project.
- A project startup report and project closeout report for the department's geographic information system (GIS) image log project.
- A project closeout report for the department's priority systems rewrite.

A copy of the information presented is on file in the Legislative Council office.

Mr. Buchholz said the purpose of the department's time and labor project is to automate the department's timesheet process. He said project objectives include the elimination of paper timesheets as well as reducing timecard storage and retrieval costs, reduction of errors from manually rekeying the timesheet, reduction of payroll processing time, and improved labor reporting capabilities. He said the project's estimated cost is \$318,118 and the project is estimated to be completed in January 2008.

In response to a question from Representative Skarphol, Mr. Buchholz said the product selected will have enterprise capabilities and may be adopted by other state agencies as needs are identified.

Mr. Buchholz said the purpose of the department's GIS image log project was to create a web-enabled, geographically driven image log application that would utilize current pavement management collected images as well as the state's current GIS infrastructure. He said the project was completed on June 30, 2007, 45 days after the scheduled completion date of May 15, 2007. He said the project was completed under budget with expenditures of \$212,300 compared to the budget of \$229,200.

Mr. Buchholz said the department's priority systems rewrite project was the integration of the planning improvement program and the statewide transportation program processes into one system. He said the project was completed in May 2007, one month ahead of the scheduled completion date. He said the original scope of the project was completed at a cost of \$250,307, which was \$5,218 under the original budget. He said an additional scope was added to the project at an estimated cost of \$25,000, and an additional project resource was added for an estimated cost of \$10,000 resulting in a rebaseline budget of \$290,525. He said the final cost for the project was \$270,607, \$19,918 less than the rebaseline budget of \$290,525.

Representative Skarphol requested the department provide the committee with the dates that the time and labor project and the GIS image log project were started.

In response to a question from Representative Skarphol, Mr. Todd Metzger, Project Manager,

Department of Transportation, said the vendor for the priority systems rewrite project was the Information Technology Department. He said the Information Technology Department added a more experienced contract programmer to the project which resulted in an increased cost to the project.

In response to a question from Representative Skarphol, Mr. Vern Welder, Director, Software Development Division, Information Technology Department, said the Information Technology Department added a contract programmer to the priority systems rewrite project because the department was concerned the project would not be completed on schedule. He said the Information Technology Department received approval from the Department of Transportation before adding the contract programmer to the project.

In response to a question from Representative Monson, Mr. Metzger said the project steering committee and the project sponsor approved the increases to the project budget.

In response to a question from Representative Skarphol, Mr. Huggett said the Information Technology Department is in the process of implementing a project management software package. He said the software includes a repository for lessons learned to allow for the sharing of information between state agencies.

Attorney General's Office - Automated Fingerprint Identification System Upgrade

Ms. Teri Evenson, Attorney General's office, provided a project startup report for the agency's automated fingerprint identification system upgrade. A copy of the information presented is on file in the Legislative Council office. She said the Bureau of Criminal Investigation is a partner in the Midwest Automated Fingerprint Identification Network with the Minnesota Bureau of Criminal Apprehension and South Dakota Division of Criminal Investigation. She said fingerprint records are currently processed and stored on an automated fingerprint identification system managed by the Minnesota Bureau of Criminal Apprehension. She said the current equipment has reached the end of its life and storage for fingerprints is at capacity; therefore, this project upgrades the equipment and software. She said the project is estimated to be completed in December 2007 and is estimated to cost \$385,025.

Information Technology Department - STAGEnet Video Transition Project

Ms. Feldner provided a project startup report and a project closeout report for the department's STAGEnet video transition project. A copy of the information presented is on file in the Legislative Council office. She said the purpose of the project was to transition the service and operation of the videoconferencing

network for kindergarten through grade 12, state agencies, and political subdivisions from the North Dakota University System Interactive Video Network to the Information Technology Department. She said the project was completed on schedule in September 2007. She said the project was completed under budget with total expenditures of \$338,813 compared to the estimated cost of \$385,882.

Tax Department - Integrated Tax System

Ms. Catherine Forsch, Tax Department, provided a project closeout report regarding the department's integrated tax system. A copy of the report is on file in the Legislative Council office. She said the department has implemented a commercial off-the-shelf integrated tax system named GenTax developed by FAST Enterprises. She said the implementation of the system, which has been named Tax Revenue Excellence for North Dakota (TREND), was completed on schedule and was under budget with actual expenditures of \$11,650,704 compared to the budget of \$13,791,044. She said lessons learned include selecting a vendor with a proven product and a proven implementation record, documenting lessons learned after each phase, and developing strong communications within the project and the agency.

In response to a question from Senator Christmann, Ms. Forsch said the department implemented a treasury offset program in March 2007 which allows the department to capture an individual's federal income tax return if the individual has an unpaid tax liability in North Dakota. She said the department has received over \$100,000 to date from the program and the potential exists during the 2008 filing season to realize over \$4 million.

Public Employees Retirement System - Legacy Application System Replacement

Ms. Deb Knudsen, Public Employees Retirement System, provided a project closeout report for the agency's legacy application system replacement - Phase 3. A copy of the report is on file in the Legislative Council office. She said the purpose of the agency's legacy application system replacement is to replace multiple applications used by the agency to manage the agency's programs with a single integrated modern application. She said Phase 3 of the project was to develop and execute a request for proposal and select a vendor to complete the project. She said Phase 3 was completed in July 2007, which was within an acceptable variance to the scheduled completion date of June 2007, and Phase 3 was completed under budget with actual expenditures of \$480,421 compared to the budget of \$590,326. She said Phase 4 of the project, which is the implementation of the new system, was started on time in October 2007.

COMMITTEE DISCUSSION

Chairman Robinson said the next meeting of the Information Technology Committee is tentatively scheduled for Friday, January 18, 2008, in Fargo.

The meeting was adjourned subject to the call of the chair at 2:25 p.m.

Roxanne Woeste
Senior Fiscal Analyst

Jim W. Smith
Legislative Budget Analyst and Auditor

ATTACH:1