NORTH DAKOTA LEGISLATIVE MANAGEMENT

Minutes of the

INFORMATION TECHNOLOGY COMMITTEE

Tuesday, October 9, 2012
Harvest Room, State Capitol
Bismarck, North Dakota

Representative Robin Weisz, Chairman, called the meeting to order at 9:00 a.m.

Members present: Representatives Robin Weisz, Randy Boehning, Corey Mock, Roscoe Streyle; Senators Donald Schaible, Margaret Sitte, Rich Wardner; Chief Information Officer Lisa Feldner

Members absent: Representatives Keith Kempenich, Gary Paur; Senators Joe Miller, Larry Robinson

Others present: See Appendix A

It was moved by Senator Wardner, seconded by Representative Mock, and carried on a voice vote that the minutes of the June 26, 2012, meeting be approved as distributed.

REPORT FROM THE CHIEF INFORMATION OFFICER

Information Technology Department - Annual Report

Mr. Mike Ressler, Deputy Chief Information Officer, Information Technology Department, reviewed the department's 2011-12 annual report (Appendix B) regarding projects, services, plans, and benefits pursuant to North Dakota Century Code Section 54-59-19. He said the department's 2011-12 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 2012, actual agency spending on information technology services from the department totaled approximately $52.9 million, of which approximately 8 percent was for telephone services, 14 percent for network services, 24 percent for software development services, 29 percent for computer hosting services, 24 percent for direct bill back, and 1 percent for other services.

During fiscal year 2012, Mr. Ressler said state agencies completed nine large information technology projects. Of the nine projects, he said, seven projects were completed on or under budget. He said five of the nine projects were completed on schedule, and two additional 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 2012)	Target
Acceptable level of total net assets (ratio of total net assets to average monthly expenditures)	2009 - 1.7 2010 - 2.4 2011 - 1.7	2.1	< or = to 2
Percentage of Information Technology Department rates reported in the annual report that are competitive	2009 - 100% 2010 - 100% 2011 - 100%	100%	100%
Total number of customer projects and service requests completed:	2011		
• Service requests	36,871	40,949	Monitor
• Incidents	63,795	67,598	Monitor
Customer satisfaction indexes (percentages satisfied or very satisfied) related to:	2010 - 2011		
• Value	87.0% - 80.4%	84.6%	92%
• Timeliness	91.6% - 87.5%	79.1%	97%
• Quality	95.7% - 94.6%	89.6%	97%
• Knowledge	95.8% - 96.4%	92.5%	98%
• Professionalism and courtesy	98.9% - 100%	97%	100%
Employee satisfaction index	2009-10 - 2.21 2010-11 - 2.21	2.2	2.0
Controllable employee turnover	2010 - 5.0% 2011 - 4.9%	6.9%	Below 6%
Percentage of service levels met	To be determined	To be determined	100%
Percentage of strategic business plan objectives completed or on schedule	2010 - 47% 2011 - 66%	49%	75%

Mr. Ressler said the department monitors the cost and revenue for each service to ensure that a 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 other entity's fees 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 and Telecommunications Rates	Montana Information Technology Services Division Rates	Minnesota Office of Enterprise Technology Rates
Central computer central processing unit (CPU rates)	**Batch CPU** - $.62 per second	**Batch CPU** - $1.11 per second	**Batch CPU** - $2.15 per second	**Batch CPU** - N/A
	CICS CPU - $.62 per second	**CICS CPU** - $1.11 per second	**CICS CPU** - $.60 per second	**CICS CPU** - N/A
	ADABAS CPU - $.62 per second	**ADABAS CPU** - $1.11 per second	**ADABAS CPU** - $1.14 per second	**ADABAS CPU** - N/A
	TSO CPU - $.62 per second	**TSO CPU** - $1.11 per second	**TSO CPU** - $2.28 per second	**TSO CPU** - N/A
Network fees	**Device fee** - $49 per device per month	**Device fee** - $54 per device per month	**Device fee** - $49.06 per device per month	**Device fee** - $50 per device per month
	Local area network administrative fee - N/A	**Local area network administrative fee** - N/A	**Local area network administrative fee** - $120.29 per hour	**Local area network administrative fee** - $105
	Access, information, enterprise management fee - N/A	**Access, information, enterprise management fee** - $53 per device per month	**Access, information, enterprise management fee** - N/A	**Access, information, enterprise management fee** - $85 per device per month
	DSL service - Cost plus $175/5mb	**DSL service** - Actual cost	**DSL service** - $410.49/1.5mb	**DSL service** - Cost plus 15 percent
	ETS-5 service - $765 per month	**ETS-5 service** - Actual cost	**ETS-5 service** - $1,744.78 per month	**ETS-5 service** - Cost plus $140 (access) $150/mbps (bandwidth)

Telephone Fees	
North Dakota Information Technology Department rates	Telephone line - $24 per device per month (Voice over Internet Protocol) Speaker and display function - $5 per month Voice mail (unlimited) - $5 per month
South Dakota Bureau of Information and Telecommunications rates	Telephone line - $15 per device per month (analog) Speaker and display function - Actual cost Voice mail (unlimited) - $6 per month
Montana Information Technology Services Division rates	Telephone line - $30.51 per device per month (Voice over Internet Protocol) Speaker and display function - Included in fee Voice mail (three-minute limit) - $7.39 per month Voice mail (additional minutes) - $9.03 per month
Minnesota Office of Enterprise Technology rates	Telephone line - $35 per device per month (Voice over Internet Protocol) Speaker and display function - Actual cost Voice mail (unlimited) - $5 per month

Long Distance	
North Dakota Information Technology Department rates	In state - $.07 per minute Out of state - $.07 per minute 800 service - $.07 per minute
South Dakota Bureau of Information and Telecommunications rates	In state - $.07 per minute Out of state - $.08 per minute 800 service - $.08 per minute
Montana Information Technology Services Division rates	In state - $.071 per minute Out of state - $.071 per minute 800 service - $.081 per minute
Minnesota Department of Administration rates	In state - $.049 per minute Out of state - $.07 per minute 800 service - $.13 per minute

Software Development		
	Location	Billing Rate Per Hour of Service
Information Technology Department	Bismarck, ND	$67 to $89
Applied Engineering, Inc.	Bismarck, ND	$88 to $102
Eide Bailly LLP	Bismarck, ND	$90 to $165
Enterprise Solutions, Inc.	Bismarck, ND	$90 to $130
Nexus Innovations	Bismarck, ND	$94 to $140
Agency Mabu	Bismarck, ND	$75 to $77
Ardent Technologies	Dayton, OH	$55 to $77
PiOrion Solutions	Piscataway, NJ	$84 to $128
Compuware	Plymouth, MN	$80 to $151
ImageSource	Olympia, WA	$174 to $228

In response to a question from Senator Wardner, Mr. Ressler said the online digital publication of the annual report results in departmental savings of approximately $3,000.

Information Technology Department - 2011-13 Legislative Appropriation and 2013-15 Budget Request

Mr. Ressler provided information (Appendix C) on the department's legislative appropriation for the 2011-13 biennium and the department's budget request for the 2013-15 biennium. He provided the following summary of the department's 2011-13 legislative appropriation:

	Full-Time Equivalent Positions	General Fund	Special Funds	Federal Funds	Total
Information Technology Department operations (salaries and wages, operating expenses, and capital assets)	262.00	$705,020	$130,932,300	$4,400,000	$136,037,320
Wide area network	4.00	4,798,992	408,000		5,206,992
Geographic information system	1.00	1,037,065		75,000	1,112,065
Statewide Longitudinal Data System Initiative	5.00	5,555,867			5,555,867
Educational Technology Council	1.50	1,000,403	75,000		1,075,403
Center for Distance Education	28.80	2,625,395	4,023,843		6,649,238
EduTech	27.00	3,044,096	4,882,351		7,926,447
Criminal Justice Information Sharing Initiative	3.00	2,498,974	180,000	750,000	3,428,974
Health information technology	4.00	362,972	13,596,266	5,100,000	19,059,238
Total	336.30	$21,628,784	$154,097,760	$10,325,000	$186,051,544

Mr. Ressler said the department is in the process of preparing its budget request for the 2013-15 biennium.

Statewide Information Technology Plan - 2013-15 Biennium

Ms. Lisa Feldner, Chief Information Officer, Information Technology Department, provided information regarding the statewide information technology plan for the 2013-15 biennium, including information on the acceptance of state agency information technology plans. She said Section 54-59-11 requires each executive branch state agency or institution, excluding institutions under the control of the State Board of Higher Education, unless the Chief Information Officer grants an exemption, to prepare an information technology plan. She said the plan must be prepared based on guidelines developed by the department and must be submitted to the department by August 15 of each even-numbered year unless the Chief Information Officer grants an extension. Based on the information included in the plans, she said, the Information Technology Department prepares a statewide information technology plan with emphasis on long-term strategic goals and objectives. She said the statewide information technology plan is distributed to members of the Legislative Assembly.

Ms. Feldner said the department will present to the Legislative Assembly in 2013 a statewide information technology plan that will communicate a shared vision between state government, higher education, and elementary and secondary education; outline strategic initiatives; and establish goals and strategies that will serve as a basis for more detailed planning efforts.

Major Information Technology Project Prioritization

Ms. Feldner provided information (Appendix D) regarding the recommendations of the State Information Technology Advisory Committee regarding major information technology projects for the 2013-15 biennium. She said state agencies were responsible for prioritizing information technology projects for the 2013-15 biennium and submitting their information technology plans by August 15, 2012. She said the State Information Technology Advisory Committee reviewed information regarding proposed major information technology projects for executive branch state agencies, excluding institutions under the control of the State Board of Higher Education and the judicial and legislative branches, and ranked those projects in groups by funding source on September 26, 2012.

Ms. Feldner presented the following prioritization of general fund projects:

	Project	Agency	Preliminary Project Budget	
			General Fund	Total Funds
1	Statewide seamless base map - Phase 3	Adjutant General (Department of Emergency Services)	$1,200,000	$1,700,000
2	Computer- aided dispatch upgrade	Adjutant General (Department of Emergency Services)	340,000	340,000
3	Behavioral health information system replacement	Department of Human Services	5,000,000	5,000,000
4	Taxpayer access point (business registration and web file)	Tax Department	1,000,000	1,000,000
5	Electronic case file information system	Information Technology Department	545,360	545,360
6	Mainframe migration analysis	Department of Human Services	148,907	810,000
7	Time and attendance	Department of Human Services	396,237	575,642
	Total		$8,630,504	$9,971,002

Ms. Feldner presented the following prioritization of special funds and federal fund projects:

	Project	Agency	Preliminary Project Budget
1	Identification, arrest, and prosecution improvement	Attorney General	$2,340,050
2	Motor vehicle replacement	Department of Transportation	9,819,250
3	Wyoming, Colorado, Arizona, and North Dakota (WyCAN) unemployment insurance modernization project	Job Service North Dakota	12,157,639
4	Automated vehicle location system	Department of Transportation	394,375
5	Policy information computer replacement	Workforce Safety and Insurance	2,000,000
6	eTransit	Department of Transportation	383,450
	Total		$27,094,764

Ms. Feldner said the Information Technology Department will forward the prioritization to the Office of Management and Budget (OMB) for consideration in the development of the Governor's budget recommendation.

Statewide Longitudinal Data System Initiative

Ms. Feldner provided information (Appendix E) on the status of the department's Statewide Longitudinal Data System Initiative pursuant to Section 15.1-02-18. She said the North Dakota Lead Center is providing statewide longitudinal data system training to elementary and secondary schools. She said the training is being conducted on behalf of the Department of Public Instruction, is offered at no cost, and is being hosted at regional education association sites. She said the training includes general information about the system and information on the data currently available in the system which includes state assessment results, dropout rates, graduation rates, ACT results, and students enrolled in college developmental courses.

Ms. Feldner provided the following summary of the current status of the components of the statewide longitudinal data system:

Elementary and secondary education component	7.3 percent under budget and on schedule
Workforce component	25.6 percent under budget and 19.8 percent behind schedule
Overall project	87 percent under budget and 10 percent behind schedule

ELEMENTARY AND SECONDARY EDUCATION INFORMATION TECHNOLOGY INITIATIVES

Mr. Darin King, Executive Director, Educational Technology Council, Fargo, provided information (Appendix F) regarding elementary and secondary education information technology initiatives. He said the council's activities for the 2011-13 biennium include:

- Classroom transformation grants - Competitive grants totaling $350,000 were awarded to six schools to support adoption of digital content to replace traditional textbooks and the use of 1-to-1 student devices and online or blended teaching and learning methods.
- Interactive video grants - Grants totaling $266,000 were awarded to schools to support the upgrade of 46 interactive video classrooms.
- Century Link grants - Grants totaling $25,000 were awarded to five schools. Grants were limited to schools in the Century Link service areas.
- United States Department of Agriculture Rural Utilities Service grants - Grants totaling $658,236 were awarded to schools across the state to upgrade 48 video classrooms.
- North Dakota kindergarten through grade 12 educational technology plan - The plan has been updated for 2012 through 2015.

Mr. King said all elementary and secondary education schools are required to use the PowerSchool application as their student information system by July 2013. He said EduTech staff is in the

process of deploying the application to all schools. He anticipates all schools will be using PowerSchool by February 2013. He said EduTech staff is also assisting schools in the preparation for online state assessments based on common core standards scheduled to be delivered in the fall of 2014.

Mr. King said the Center for Distance Education has modified its mission to ensure that all North Dakota middle and high school students regardless of location have access to educational opportunities. He said the center's key objectives are to:

- Reduce the cost of courses.
- Increase North Dakota enrollments.
- Increase electives and advanced courses in small schools.
- Establish partnerships.
- Increase the center's performance.

HIGHER EDUCATION INFORMATION TECHNOLOGY INITIATIVES

Mr. Rich Lehn, Assistant to the Chief Information Officer, North Dakota University System, provided information (Appendix G) regarding the status of the joint University System and University of North Dakota (UND) information technology building project. He said the building project has been changed to separate the data center and the office building. He said the data center will be constructed in an existing warehouse on the UND campus, and a new office building will be constructed on the west edge of the campus. He said bids for the office building were approximately 10 percent higher than anticipated. He said the increase was due in large part to general contractor costs. He said mechanical and electrical bids were close to estimated costs. As a result, he said, the State Board of Higher Education has approved an increase in the project budget from $15,726,023 to $16,848,523. He said the office building construction and data center remodeling are both currently in the early phases of construction. He said construction on both facilities is expected to be completed in August 2013.

Dr. Joshua Riedy, Associate Chief Information Officer, North Dakota University System, provided information (Appendix G) regarding higher education information technology initiatives. He said the State Board of Higher Education has identified the following information technology initiatives:

- Lecture capture and content management - This initiative involves the implementation of online technology to record video, audio, and content. The State Board of Higher Education has approved the Tegrity lecture capture product, and the product has been implemented at all higher education institutions.
- Learning management system - This initiative involves the implementation of a consistent learning management system to enhance curriculum content and provide mobile device interfaces. An action plan is being developed with a final recommendation to be made in November 2012.
- Document imaging scanning - Most higher education institutions use document scanning software for business functions, such as invoice processing, contract management, electronic personnel files, and student records. Most of the current systems are departmental-based and departmental-housed which do not provide operational efficiencies or sound security practices. The State Board of Higher Education has approved an action plan for implementation of a common administrative approach to improve efficiencies.
- Integrated approach to delivering information technology services - This initiative involves the implementation of a more integrated approach to information technology planning and service delivery, including minimizing locally developed software and hosting services and moving to broadly accepted and supported applications and services.

HEALTH INFORMATION TECHNOLOGY

Mr. Sheldon Wolf, Director, Health Information Technology Office, Information Technology Department, provided information (Appendix H) regarding the status of health information technology activities. He said the Health Information Technology Office has 58 signed participation agreements for the statewide health information technology and exchange network. He said the office has received approval from the Office of the National Coordinator for Health Information Technology to move to Phase 2 of the implementation of the statewide health information technology and exchange network which involves connection of large providers to the network and rollout of the virtual health record and other services.

OTHER BUSINESS

Mr. Travis Durick, Broadband Technology Manager, Information Technology Department, provided information regarding broadband connectivity available in the Minot area. He said the department has had discussions with representatives of SRT Communications regarding broadband connectivity available in the Minot area. He said SRT Communications has implemented a plan to increase broadband connectivity over the next five years.

VULNERABILITY ASSESSMENT AND PENETRATION TESTING

Mr. Mark Shaw, Executive Director, Cyber and Intelligence Solutions, ManTech International Corporation, Vienna, Virginia, provided information (Appendix I) regarding vulnerability assessment and penetration testing of the Information Technology Department. He said ManTech International Corporation performed a vulnerability assessment and

penetration test of the Information Technology Department's statewide computer network from May to August 2012. He said the assessment and penetration testing consisted of the following three major project tasks:

Project Task	Description
External vulnerability assessment	An external vulnerability assessment is intended to provide an organization with information on the overall security and risk of the computer network from an external point of view. External assessment procedures focus on performing Internet research, discovering systems connected to the Internet, and probing systems to discover misconfigurations and vulnerabilities.
Internal vulnerability assessment	An internal vulnerability assessment is intended to provide an organization with information on the overall security and risk 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 and network to additional risk.
Penetration testing	Penetration testing is intended to provide an organization with information on the overall security and risk picture of its network from an external or an internal point of view. Penetration testing focuses on gaining access to systems under an organization's control.

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 comprise 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:

Project Task	Findings
External vulnerability assessment	There were 11 unique vulnerability findings, including 6 high risk, 4 medium risk, and 1 low risk. The findings are classified into two categories--misconfigured systems or applications and operating systems or software applications that were missing critical security patches.
Internal vulnerability assessment	There were 28 unique vulnerability findings, including 22 high risk, 4 medium risk, and 2 low risk. The findings are classified into two categories--misconfigured systems or applications and operating systems or software applications that were missing critical security patches.
Penetration testing	In regard to direct penetration testing, the project team completed five penetration testing scenarios for further explorations based on the findings of the external vulnerability assessment. Upon a detailed review of each system and publically available exploits for the identified vulnerabilities, the project team determined none of the proposed scenarios were viable for execution. In regard to a "phishing" exercise, the project team executed a scenario based on the recent rollout of the ConnectND talent management suite. The project team sent "phishing" e-mails to 545 state employees claiming to be from the administrator of the ConnectND system. The first report by a state employee of the "phishing" e-mail to the Information Technology Department service desk was within 10 minutes of the e-mail. The Information Technology Department simulated a block of the malicious domain within 25 minutes of the e-mail and sent notification to state employees within 50 minutes. The project team collected 63 sets of valid credentials from employees that did not realize the e-mail was a "phishing" exercise.

Mr. Shaw provided the following general recommendations:

- Implement formal patch management program - Multiple systems were found to be missing critical operating system and application security patches. A baseline should be established to document deployed operating systems and application software installed on each system in the environment. Application software that is not mission critical should be removed. Regular review should be completed to ensure all operating system and application security patches are deployed in a timely manner.
- Internal segregation of critical servers and development systems - 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. Development servers should also be completely isolated on a separate subnet with no access to other state resources.
- Require use of encrypted protocols for remote management - Large numbers of systems on the state's internal network were noted using unencrypted protocols for remote access and management of systems. Security best practices recommend the use of encrypted protocols for remote access and management.
- Restrict access to protocols for remote management from the Internet - IP-based

access controls should be put in place to restrict access to known and trusted IP addresses that have a legitimate need to connect to remote access services.

Mr. Shaw said the findings are typical of organizations with an enterprise the size of the state of North Dakota. He said these results show an improvement over the assessment conducted in 2009.

In response to a question from Representative Streyle regarding the frequency of vulnerability and penetration testing, Mr. Ressler said the State Auditor's office contracts for vulnerability and penetration testing of the Information Technology Department once every two years as provided for through legislative appropriations. He said the department completes internal testing more frequently.

In response to a question from Representative Streyle, Mr. Shaw said the cost for previous vulnerability and penetration testing of the Information Technology Department has ranged between $100,000 and $150,000.

Representative Streyle said vulnerability and penetration testing of the Information Technology Department should be completed at least once a year.

INFORMATION TECHNOLOGY BILL DRAFT

The Legislative Council staff presented a revised bill draft [13.0008.03000] to create an executive steering committee for information technology projects. The Legislative Council staff said the bill draft is based in part on provisions included in Executive Order 2011-20 for information technology projects of executive branch state agencies. The bill draft provides that:

- An executive branch state agency proposing to conduct a major information technology project as described in Section 54-35-15.2(10), the Information Technology Department, and OMB, in consultation with the Attorney General, shall collaborate on the procurement, contract negotiation, and contract administration of the project. The agency, the Information Technology Department, and OMB, in consultation with the Attorney General, shall approve the solicitation, contract, or agreement, and any amendments relating to the project before submission to the executive steering committee.
- The procurement officer and primary project manager for a major information technology project must meet the qualifications established by the Information Technology Department and OMB.
- An executive steering committee must be appointed to oversee each major information technology project. The agency project sponsor is to serve as chairman of the committee. The executive steering committee must consist of the director of OMB, the Chief Information Officer, the head of the agency contracting for the project, the project sponsor, and a large project oversight analyst designated by the Chief Information Officer. The executive steering committee is to monitor the overall status of the project and review project decisions, including negotiation and execution of contracts, approval of project budgets, implementation of project schedules, assessment of project quality, and consideration of scope changes. Any project decision declared by a member of the committee to be a major project decision requires at least four affirmative votes.
- An agreement or contract, including an amendment, revision, or scope change, for a major information technology project may not be entered unless signed by the head of the contracting agency and the Chief Information Officer.

It was moved by Senator Wardner, seconded by Representative Mock, and carried on a voice vote that the committee reconsider its action of previously approving and recommending a bill draft relating to implementation of the provisions included in Executive Order 2011-20.

Ms. Feldner provided comments regarding the revised bill draft. She said she supports the revised bill draft.

It was moved by Senator Sitte, seconded by Senator Wardner, and carried on a roll call vote, that the revised bill draft relating to creating an executive steering committee for information technology projects be approved and recommended to the Legislative Management. Representatives Weisz, Boehning, Mock, and Streyle and Senators Schaible, Sitte, and Wardner voted "aye." No negative votes were cast.

LARGE INFORMATION TECHNOLOGY PROJECT REPORTS

Quarterly Summary Status Report

Mr. Mark Molesworth, Project Manager, Information Technology Department, distributed a copy (Appendix J) of the department's most recent quarterly summary status report on large information technology projects. He said each calendar quarter the department prepares a large project summary report that summarizes the performance of large information technology projects and submits the report to the Information Technology Committee. He said the cover letter attached to the quarterly summary status report includes:

- Graphic depiction of North Dakota's project successes.
- Status summary of projects with a budget in excess of $5 million.
- Status summary of projects being monitored due to budget or schedule variance concerns.

HEALTH PRIVACY BILL DRAFT

Senator Sitte distributed a bill draft [13.0187.03000] relating to the privacy of medical records. She said the bill draft provides for voluntary participation in health information organizations, notice of health information practices, and disclosure of individually identifiable health information.

Later in the meeting, Mr. Rod St. Aubyn, Blue Cross Blue Shield, provided comments regarding the bill draft. He said the bill draft may have some unintended consequences for health insurance companies.

Mr. Wolf provided comments regarding the bill draft. He said a benefit of the bill draft is that is codifies "opt-out" provisions of health information technology.

Senator Sitte said she will continue to work on the bill draft for introduction to the 63rd Legislative Assembly.

The committee recessed for lunch at 11:55 a.m. and reconvened at 1:00 p.m.

LARGE INFORMATION TECHNOLOGY PROJECT REPORTS

Secretary of State - Data Processing System Project

Mr. Alvin A. Jaeger, Secretary of State, provided information (Appendix K) regarding the status of the agency's new data processing project. He said the agency's new data processing project is a very complex project with a very detailed schedule. He said the project is currently 1.9 percent under budget and .3 percent ahead of schedule.

In response to a question from Senator Sitte, Mr. Jaeger said the project's estimated completion date is October 1, 2014.

Department of Human Services - Medicaid Management Information System Replacement Project

Ms. Jennifer Witham, Director, Information Technology Services, Department of Human Services, provided information (Appendix L) regarding the status of the department's Medicaid management information system (MMIS) replacement project. She said Xerox State Healthcare, formerly Affiliated Computer Services, is finalizing the construction of the North Dakota Health Enterprise MMIS and pharmacy point of sale. She said the construction is 97 percent complete. Along with construction, she said, Xerox is executing system integration testing. She said the system integration testing is scheduled to be complete on December 28, 2012. She said 17,301 test scripts must be successfully executed in system integration testing. To date, she said, 94 percent of the test scripts have been executed, and those scripts have generated 3,930 defects. Of those 3,930 defects, 3,232 have been corrected and 685 remain to be corrected. She said all test scripts must be executed and all high severity defects must be corrected by November 2, 2012. She said aggressive defect resolution will be necessary to meet the November 2012 deadline. She said Xerox's ability to meet the November 2012 deadline will indicate whether or not system integration testing may be completed by the end of December 2012.

Ms. Witham said the department is currently executing user acceptance testing of the provider enrollment functionality. She said this component of the system will become operational six months prior to the North Dakota Health Enterprise MMIS and pharmacy point-of-sale components in order to give providers adequate time to reenroll in the new system. She said the "go live" date for the provider enrollment is scheduled for April 1, 2013.

Ms. Witham provided the following project funding summary through August 2012:

Description	Budget	Spent Through August 2012	Remaining
General fund	$7,533,297	$3,466,386	$4,066,911
Federal funds	72,191,913	41,556,709	30,635,204
Other funds	2,193,526	2,193,526	0
Total	$81,918,736	$47,216,621	$34,702,115

In response to a question from Senator Sitte, Ms. Witham said a defect results if a test script creates an outcome that is not anticipated. She said there are four severity levels for defects from low to high. She believes it will be difficult for Xerox to meet the November 2, 2012, deadline.

In response to a question from Representative Weisz, Ms. Witham said major milestones will need to be completed in the months ahead in order to meet the project implementation date of October 2013.

Workforce Safety and Insurance - Information Technology Transformation Project

Mr. Bryan Klipfel, Executive Director and CEO, Workforce Safety and Insurance, provided information (Appendix M) regarding the status of the agency's information technology transformation project. He said the agency received a software release on July 6, 2012, and four software updates in August and September 2012. He said the software updates have resulted in testing challenges as some features that were previously working did not work after the software updates. He said the project vendor--Aon eSolutions--will deliver another software release in late October or early November 2012. He said representatives of Aon eSolutions will be visiting the week of October 29, 2012, to discuss project status and contract terms. He said the agency has made no payments to Aon eSolutions except for travel expenses since January 2012. He said third-party costs continue and the agency is in negotiations with Aon eSolutions to mitigate these costs.

In response to a question from Representative Weisz, Mr. Klipfel said the agency has expended $16.7 million to date on the project.

Job Service North Dakota - Workforce Data Quality Initiative Project

Mr. Mike Fischer, Project Manager, Job Service North Dakota, provided a project startup report (Appendix N) for the agency's Workforce Data Quality Initiative project. He said the Workforce Data Quality Initiative project is the agency's component of the statewide longitudinal data system. He said project objectives include:

- Identification of processes for collecting data and development and implementation of a data warehouse.
- Upgrade of reporting technologies.
- Demonstration of how longitudinal data can be used to improve workforce and training program.

Mr. Fischer said the project is estimated to cost $1,005,000 and is anticipated to be completed by November 30, 2013.

Bank of North Dakota - CashPlus Project

Mr. Mark Hawks, Project Management Office Manager, Bank of North Dakota, provided a project startup report (Appendix O) for the agency's CashPlus project. He said the project consists of the upgrade of the Bank's CashPlus system to provide for additional functionality. He said the project is estimated to cost $459,900 and is anticipated to be completed in April 2013.

Office of Management and Budget - PeopleSoft Environment Partitioning Project

Mr. John Wohl, Project Manager, Information Technology Department, provided a project closeout report (Appendix P) for OMB's PeopleSoft environment partitioning project. He said the purpose of the project was to separate the PeopleSoft hosting environments for state government and higher education. He said the project was necessary due to the increasing volume for data as well as the increasing level of work effort to effectively manage current application upgrades, patch cycles, and operational processes and implement new functionality. He said the project was completed within the final baseline schedule of 9.5 months. He said the project was completed under budget with actual expenditures of $440,683 compared to the final project baseline budget of $500,000.

Office of Management and Budget - PeopleSoft Talent Management Project

Mr. Darin Schorsch, Business Analyst, Office of Management and Budget, provided a project closeout report (Appendix Q) for the agency's PeopleSoft talent management project. He said the purpose of the project was to implement the PeopleSoft talent management suite to provide state agencies with access to an online system for performance evaluations, succession planning, and career planning. He said the project was completed within the final baseline schedule of 7.5 months. He said the project was completed under budget with actual expenditures of $660,735 compared to the final project baseline budget of $745,336.

OTHER BUSINESS

Chairman Weisz thanked the committee members, representatives of the Information Technology Department, and the Legislative Council staff for their work during the interim. He said the committee may meet during the 2013 organizational session to receive a status report on Workforce Safety and Insurance's information technology transformation project.

It was moved by Representative Mock, seconded by Senator Wardner, and carried on a voice call vote that the Chairman and the staff of the Legislative Council be requested to prepare a report and the bill drafts recommended by the committee and to present the report and recommended bill drafts to the Legislative Management.

No further business appearing, Chairman Weisz adjourned the meeting at 2:10 p.m.

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Roxanne Woeste
Assistant Legislative Budget Analyst and Auditor

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Allen H. Knudson
Legislative Budget Analyst and Auditor

ATTACH:17