

Department of Technology Services

LEGISLATIVE ANALYST'S OFFICE

Presented To:
Little Hoover Commission





Overview of State Information Technology

- State spends about \$2 billion annually on information technology (IT).
 - About \$300 million on telecommunications services.
 - Over \$400 million in purchases of IT goods and services.
 - Over \$200 million in operating the state's data centers.
 - Remaining \$1 billion for developing and maintaining departmental systems.



IT Governance

- Since the sunset of the Department of Information Technology in 2002, the state has had an interim IT governance structure.



State's Interim IT Governance Structure

- Most of the interim structure was implemented through Executive Order and the *2002-03 Budget Act*.

- **State Chief Information Officer**

- Provides general guidance and performs some coordination activities.

- **Department of Finance (DOF)**

- Develops policies for review, approval, oversight, and security of state IT systems.
- Rates projects on risk—evaluating factors such as cost, activities, and staff experience.
- Reviews project proposals and oversees medium to high-risk projects.

- **Department of General Services (DGS)**

- Develops procurement policies.
- Reviews and monitors state procurements.

- **Data Centers**

- Operate shared computer systems and networks.
- Operate large departmental systems.

- **Departments**

- Manage IT projects.
- Maintain departmental hardware and software.



Department of Technology Services

- Proposal consolidates:
 - Stephen P. Teale Data Center.
 - Health and Human Services Agency Data Center (HHSDC).
 - Portion of DGS' Telecommunications Division (TD).
- Department of Technology Services (DTS) would:
 - Install and maintain small, medium, and large computer hardware and software systems.
 - Implement and maintain the state's telecommunications network and services.
 - Implement information security practices to prevent computer hacking and protect the state's information systems.
 - Assist departments in defining their technology needs.
 - Develop state-level computer systems.
- DTS would be overseen by Technology Services Board (TSB).
 - Composed of a Governor's designee, DOF, the State Controller, Cabinet Secretaries, and the Director of the Office of Emergency Services.
 - TSB would meet quarterly and comply with the Bagley-Keene Open Meeting Act.
 - TSB would assist in the development of a data center operations plan, hire an independent audit to conduct annual financial audit, and approve the annual DTS budget and rates.



Department of Technology Services *(Continued)*

- DTS would have a revolving fund.
 - Fund would be continuously appropriated, but the administration has indicated it supports changes to the budget bill.
 - If the fund reserve exceeds 25 percent in the current year, the excess amount would be used to reduce the DTS rates in the budget year.
- Consolidation should improve services and reduce costs:
 - Provide one executive and administrative structure.
 - Improve use of excess hardware and software.
 - Reduce hardware and software costs.
 - Reduce impact of pending retirements.
 - Increase efficiencies in supporting existing computer systems.
 - Data center consolidation is consistent with prior legislative direction.
 - Consolidation of DGS TD services is consistent with other DTS services.
 - Review of rates and an annual external financial audit would provide additional information to the Legislature.



LAO Recommendations



TSB

- Concerns regarding board's composition.
- Composition of TSB should include more IT expertise and perspectives outside of the administration.



Permanent Governance Structure Needed

- Current structure is temporary.
- The state needs a permanent solution to effectively manage IT.
- DTS proposal does not resolve governance structure issue.



Permanent governance structure should be based on key objectives.

■ Leadership

- Provides direction and guidance.
- Sets goals and priorities.
- Develops plans and policies.

■ Accountability

- Defines roles and responsibilities
- Designates specific authority and powers.
- Helps the public hold government responsible.



LAO Recommendations

(Continued)

■ Oversight

- Monitors IT projects and expenditures.
- Directs corrective actions to problematic IT projects.
- Provides information for budget and policy decisions.



Improvements Needed in Procurements

- Streamline the protest process, including allowing for voluntary, binding arbitration of protests.
- Use computers instead of paper to facilitate transactions with vendors.
- Require independent evaluations of proposals.
- Improve the quality of departmental bid specifications and contract management.
- Provide effective evaluations of contractor performance and sanction poor-performing contractors.