

# **TexasOnline 2.0 Master Agreement**

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Between

**The State of Texas, acting by and through  
the Texas Department of Information Resources**

*and*

**Texas NICUSA, LLC**

## **Exhibit F Reporting**

July 31, 2009

## Exhibit F Reporting

Contents of *Exhibit F Reporting* follow:

Article I. Introduction .....	2
Article II. Reporting Contractual Principles .....	2
Article III. Frequency of Reports .....	9
Article IV. Documents Referenced in Exhibit F Reporting .....	9

### Article I. Introduction

- (a) The purpose of *Exhibit F Reporting* is to comprehensively address agreed-upon reporting requirements of TexasOnline 2.0.
- (b) *Exhibit F Reporting* provides the following:
  - (i) Reporting Contractual Principles
    - 1) General Reporting Principles
    - 2) IT Portfolio Reporting
    - 3) Monthly Progress and Performance Reviews
    - 4) Financial Reporting
    - 5) Statutory Reporting Requirements
    - 6) Ad hoc Reporting
    - 7) Security Reporting
  - (ii) Frequency of reports
  - (iii) Methodology for Updating Reporting Requirements

### Article II. Reporting Contractual Principles

- (a) *Exhibit F Reporting* addresses the following contractual principles:

#### **Section 2.01 General Reporting**

- (a) The Vendor will provide routine and ad hoc reporting as required in a form and format approved by DIR.
- (b) DIR has the option of requesting special analyses, reports, and reviews from the Vendor. Examples include ad hoc system engineering analyses, one-time project portfolio management reports, and project-specific architectural reviews. Such requests will be limited in number and scope through a process involving DIR and Vendor management so that they are not open-ended or an undue burden on the Vendor.

- (c) DIR may use staff or contractors, including third-party auditing contractors and third-party Independent Verification and Validation contractors. DIR will ensure that any person or third-party company granted access to Vendor information handles such information securely and appropriately.
- (d) The costs of assembling, reporting, and explaining data to DIR will be funded from the TexasOnline 2.0 operational budget. Reports will be designed with the flexibility to be readily modified as functional and reporting requirements change.
- (e) The format and media type for each report will be determined in cooperation between DIR and the Vendor, in accordance with the PPM. Vendor will provide access to data in a raw format wherever possible and agreed to by both Parties.
- (f) Vendor will disclose financial and proprietary information to DIR to fulfill the Master Agreement requirements. Vendor considers certain financial and security information to be Confidential Information, and Vendor considers that it falls within one or more exceptions to the public records laws of Texas, which excludes from disclosure certain information.
- (g) Vendor will provide a real-time, web accessible reporting dashboard. Vendor will consult with DIR to establish the final content of the dashboard and will document the specifications of the dashboard reports in the Implementation Plan. In addition to the Web-based reporting dashboard, the Vendor will provide regular, scheduled reports, as identified below and further described in the PPM, including:
  - (i) Implementation Status Report
  - (ii) Help Desk Process Improvement
  - (iii) Application Service Levels
  - (iv) Accessibility
  - (v) IT Portfolio
  - (vi) Customer Satisfaction
  - (vii) Quality Assurance - internal and external quality assurance audit reports as required by the Quality Management Plan
  - (viii) Problem Reporting as required by the Problem Management Plan

### **Section 2.02 IT Portfolio Reporting**

- (a) In order to track execution of the comprehensive Portfolio Management Plan, the Vendor will provide a standard monthly summary report of IT portfolio status, progress, performance, and issues.
  - (i) This report will be prepared and submitted by the Vendor for every Major Portal Component in operation.
  - (ii) A standardized format will be employed to simplify review and comparison of the information, and a summary section will provide trend information from month to month.

- (iii) Required information will include cost and cost recovery information, progress indicators, status, issues, performance measures, and other key indicators as agreed to by Vendor and DIR.
- (iv) Provide reasonable assistance to DIR and the Board in gathering and analyzing TexasOnline 2.0 data for use in responding to legislative and public information requests as needed.

### **Section 2.03 Monthly Progress and Performance Reviews**

- (a) The Vendor will report monthly to DIR key indicators of program progress and performance. The Monthly Progress and Performance Report will focus on program status indicators not included in the project-specific IT Portfolio reports. The Vendor will compile and report on:
  - (i) Satisfaction of and any deviations from scheduled delivery dates of reports, presentations, or products;
  - (ii) Any changes in scope, budget, schedule, or sponsorship; and
  - (iii) Project quality metrics, including acceptance test plan results.
- (b) The Monthly Progress and Performance Report will include:
  - (i) A listing by Customer and application of all monthly usage and fee, subscription, or other receipts and allocations to the TexasOnline Customers;
  - (ii) Statistics on help desk contacts and resolution for the month, by Customer and application;
  - (iii) A listing with names, dates, purpose, and outcome of all Customer contacts in connection with:
    - 1) New services provided under new and existing Customer Agreements,
    - 2) Needs identified through customer satisfaction surveys, or
    - 3) Inquiries, requests and responses related to new services (not including help desk);
  - (iv) A record of contacts to and from Customers and the actions and disposition of issues or requests;
  - (v) A listing of any new support requests or inquiries about new services from existing or potential Customers and users;
  - (vi) A list of all Change Requests and their outcomes as determined by the Change Control Board;
  - (vii) Application service level monitoring;
  - (viii) Help desk usage, metrics, and contact drivers;
  - (ix) Performance metrics, including reliability, availability, and defect rates; and
  - (x) Customer satisfaction measurement and analysis.

- (c) Every six months, or at any time with thirty (30) days notice, DIR may convene a progress and performance review.
  - (i) This meeting will evaluate how well the TexasOnline 2.0 partnership is progressing toward the TexasOnline 2.0 vision.
  - (ii) This meeting will not result in the issuance of directives or decisions, but will gather information for use in decision-making by the established governance mechanisms.
  - (iii) The agenda and participants for this review will be established by DIR.
  - (iv) Supporting information for the agenda items will be prepared by the Vendor, and the Vendor will provide the secretariat function.

### **Section 2.04 Financial Reporting**

The Vendor will be responsible for all financial reporting for TexasOnline 2.0. The Vendor will create and submit the following financial reports to DIR in accordance with the statutes, contracts, and State auditor reports mentioned below:

- (a) Fiscal Year Annual Budgets
  - (i) An Annual Budget must be prepared by the Vendor and is due to DIR by June 1 prior to the start of the fiscal year.
  - (ii) The Annual Budget will provide three (3) years historical data for TexasOnline 2.0, excluding TexasOnline, and projections for each year of the contract term.
  - (iii) The Annual Budget will include the Statement of Operations, Investment in Capital Projects, and Distribution of Net Revenue Share, as well as the supporting schedules for Transaction and Service Revenue, expenses, and capital costs.
  - (iv) The Annual Budget must include a marketing plan.
  - (v) The Master Work Order projects budgets must be reported separately. Master Work Order projects will be reported by Project and summarized.
  - (vi) The Annual Budgets must be approved as described in the PPM.
  - (vii) Vendor will submit an amended budget for TexasOnline 2.0 for the period of January 1, 2010 through August 31, 2010 to DIR for approval by October 1, 2009. The amended budget will include:
    - 1) Statement of operations
    - 2) Investment in capital projects
    - 3) Distribution of net revenue share
    - 4) Detail revenue budgets by service
    - 5) Detail expense budgets
    - 6) Capital cost budgets
    - 7) Marketing Plan
- (b) Monthly Financial Report

- (i) The Monthly Financial Report will be prepared in accordance with Generally Accepted Accounting Principles and include financial statements of TexasOnline 2.0 and the Master Work Order projects as defined in Amendment 10, the TexasOnline 2.0 Program, and a consolidation of both.
- (ii) The financial statements will include a balance sheet, statement of operations, cash flow statement, and schedules that support the balance sheet and statement of operations for the Master Work Order and a consolidated Income Statement for the TexasOnline 2.0 Program.
- (iii) The report also includes management discussion and analysis and footnotes.
- (iv) The report will be submitted to DIR not later than five (5) weeks subsequent to the close of the preceding accounting month.
- (v) Vendor will prepare the Monthly Financial Reporting package and will route the package for review and approval by Vendor Director of Portal Accounting, Vendor Controller and the TexasOnline 2.0 Executive Director prior to its release.
- (vi) Vendor will prepare a Monthly Financial Reporting package for the Master Work Order Projects in accordance with the reporting requirements of the Master Agreement. These reports required of the Master Agreement for TexasOnline 2.0 will replace any Master Work Order Project reporting requirements in the Texas Electronic Framework Agreement. The package for the Master Work Order Projects will include the following financial reports, with comparisons to budget and/or prior year:
  - 1) Balance sheet
  - 2) Statement of operations
  - 3) Cash flow statement
  - 4) Accounts receivable schedule, aged to 120 days and over
  - 5) Accounts payable schedule
  - 6) Property and equipment monthly activity, property and equipment placed in production, and property and equipment depreciation schedules
  - 7) Accounts payable detail
  - 8) Transaction revenue by agency and local government
  - 9) Service revenue by agency and local government
  - 10) Variable cost detail
  - 11) Existing team cost detail
- (vii) Monthly Financial Reporting package for the TexasOnline 2.0 Program will include the following financial reports, with comparisons to budget and/or prior year:
  - 1) Consolidated Program-level Statement of Operations
- (viii) Vendor will incorporate the following additional reporting features for the TexasOnline 2.0 Program of the Monthly Financial Reporting package to facilitate management review and analysis of the financial position and results of operations for TexasOnline 2.0:

- 1) A dashboard summary of monthly and year-to-date Program-level financial metrics which includes current results, budget, and prior year comparisons, as well as applicable growth trends
  - 2) Enhancements to the Statement of Operations (at a consolidated Program level) to provide current year and prior year comparisons
  - 3) Enhancements to charts and graphs to highlight current year growth percentages and specific detail regarding State agency transaction revenues
- (c) Other Financial Reports
- (i) Other financial reports will be required. The definition of these reports will be provided in the PPM. These reports include:
    - 1) Revenue Share Reports for Master Work Order Projects and the TexasOnline 2.0 Program
    - 2) Fixed Assets Report for Master Work Order Projects and TexasOnline 2.0 capitalized production Equipment and Software not hosted at DCS that will be transferred to DIR
    - 3) Labor Report for Master Work Order Projects
    - 4) Labor Roster for Master Work Order Projects
    - 5) Quarterly Organization Chart detailing TexasOnline 2.0 Program staffing
    - 6) Vendor will provide additional financial reports as reasonably requested by DIR.

### **Section 2.05 Statutory Reporting Requirements**

- (a) Biennial Performance Report to the State
- (i) As required by Texas Government Code, §2054.260 Reporting Requirements, no later than November 15 of each even-numbered year, DIR is required to report on the status, progress, benefits, and efficiency gains of the project as well as financial matters, including project costs and revenues and any significant issues regarding contract performance on the project. The department must provide the report to the Lieutenant Governor, Speaker of the House, and the chairs of the legislative committees with primary jurisdiction over the department.
  - (ii) The Vendor will provide reasonable assistance to DIR in providing requested financial and operational data prior to this due date for the purpose of assembling such biennial reports.
- (b) Annual Audit
- (i) As required by Texas Government Code, §2054.2721 Independent Annual Audit, no later than August 1 of each year, any private vendor chosen to implement or manage the project must have an audit of the vendor finances associated with the management and operation of the Program performed by an independent certified public accountant selected by the State.
  - (ii) The cost of the audit will be included in the TexasOnline 2.0 budget.

- (iii) Not later than August 15 of each year, DIR will provide a copy of the audit report to: the presiding officer of each house of the legislature and the chair of each committee in the legislature with primary jurisdiction over the department.
- (iv) DIR will keep a copy of the audit report and make the audit report available for inspection by any interested person during regular business hours.
- (v) Vendor Controller will coordinate with DIR to deliver draft audited financial statements for DIR review by June 30 each year and will deliver final audited financial statements to DIR by July 31.

### **Section 2.06 Ad Hoc Reporting**

- (a) DIR may examine any work, process, procedure, and/or product that is performed or produced by the Vendor as part of the Master Agreement.
- (b) The Vendor may be required to provide estimates for proposed legislation and other legislative information requests. There may be cases when a one-day turnaround or less is required.
- (c) DIR will observe and gather data from all governance processes that determine and/or prioritize work to be performed by the Vendor. This includes:
  - (i) Visibility into governance processes in which DIR does not directly participate; and/or
  - (ii) Governance processes internal to the Vendor and governance processes through which work is negotiated with, approved by, and monitored by Customers.
- (d) The Vendor will catalog and maintain all documentation that is associated with performing the Master Agreement in an electronic document repository. This does not include access to notes of individual Vendor staff members, such as meeting notes or status reports to Vendor management.
- (e) Vendor will provide upon DIR request an electronic copy of any document developed as part of performing work under the Master Agreement, including documents that are considered working papers, drafts, or non-deliverable products (but excluding source code documentation). Examples include architecture documents, project notes, CCB proceedings and reports, project artifacts, and portfolio metrics.

### **Section 2.07 Security Reporting**

- (a) Vendor will provide documentation from all Vendor-sponsored scans and/or assessments that include a list of identified vulnerabilities, successful exploits, threat levels, and recommendations for vulnerability mitigation in accordance with the Security Reporting provisions included in the Security Management Plan.
  - (i) Reports will redact sensitive information, including all Sensitive Personal Information as defined by the then-current Texas Business and Commerce Code, Section 48.002 (Identity Theft).
  - (ii) The Vendor will provide all redacted information via a separate input using DIR procedures to protect confidential information.

- (iii) Vendor will also provide DIR monthly, quarterly, and yearly summary reports.
- (b) The Vendor will provide Security Reporting in accordance with *Exhibit G Plans, Attachment G-9 Security Management Plan*.

**Section 2.08 Reporting Timelines**

- (a) The Vendor will provide regular, scheduled reports according to *Attachment H-1 Policies and Procedures Manual (PPM)*.
- (b) Liquidated damages, required by *Exhibit D Performance Criteria*, will be assessed if the Vendor fails to produce and submit all required reports according to the schedule provided in PPM.

**Article III. Frequency of Reports**

- (a) Vendor will provide specific, regular reports as identified in the PPM.

**Article IV. Documents Referenced in Exhibit F Reporting**

**Section 4.01 Attachments to Exhibit F**

- (a) No attachments are associated with *Exhibit F Reporting*.

**Section 4.02 Exhibit F Associated Plans and Timelines**

- (a) No plans and timelines are associated with *Exhibit F Reporting*.

**Section 4.03 Other Referenced Documents in Exhibit F**

- (a) The following documents have been referenced in *Exhibit F Reporting*:

**Table 1: Other Referenced Documents**

Title	Description and Contents
<i>Attachment H-1 Policies and Procedures Manual</i>	The <i>TexasOnline 2.0 Policies and Procedures Manual (PPM)</i> attachment provides a detailed description of the TexasOnline 2.0 governance structure. The PPM defines the following: <ul style="list-style-type: none"> <li>• DIR roles and responsibilities</li> <li>• Vendor roles and responsibilities</li> <li>• Function, authority, responsibility, membership, reports, and meeting frequency of all governance committees and teams</li> <li>• Governance policies</li> <li>• Governance processes</li> </ul>

<b>Title</b>	<b>Description and Contents</b>
<i>Exhibit D Performance Criteria</i>	Comprehensively addresses the agreed-upon performance criteria for TexasOnline 2.0
<i>Exhibit G Plans</i>	Comprehensively addresses Management Plans for TexasOnline 2.0.