

DEPARTMENT OF INFORMATION RESOURCES
Open Board Meeting
October 20, 2011
9:30 a.m.
300 W. 15th Street, Room 103
William P. Clements Building
Austin, Texas 78701

CALL TO ORDER: Board Chair Charles Bacarisse called the meeting to order at 9:35 a.m.

I. ROLL CALL AND WITNESS REGISTRATION: Board Secretary, Pat Koller, called the roll.

Members present:

Chairman Charles Bacarisse
Ramon Baez
Rosemary Martinez
Richard Moore
Keith Morrow
Robert Pickering
Wanda Rohm
Louis Carr, Jr. – Ex-Officio
Bobby Halfmann – Ex-Officio
Karen Phillips – Ex-Officio

II. Approve minutes from August 25, 2011, Board meeting

A motion to approve the minutes of the August 25, 2011, DIR Board Meeting was made by Mr. Morrow and seconded by Mr. Pickering. Motion carried unanimously.

Mr. Bacarisse welcomed Karen Phillips, our new ex-officio member from the Texas Department of Insurance, to the Board.

III. Executive Director's Report

Ms. Karen Robinson also welcomed new member Karen Phillips to the DIR Board. Ms. Robinson then presented an overview of the agenda of the meeting. She recognized Lori Person and her staff for their hard work on legislative issues the last two months, and discussed the draft of the Sunset Evaluation Report which will be submitted on November 1st. Ms. Robinson stated that we continue to implement legislation from the 82nd session and discussed the Business Operations Plan which details all of the actions we need to take in order to be compliant with the new laws. Additionally we are preparing to send out our first semi-annual report to the legislature along with monthly and/or event-related emails, as well as making interim legislative visits. Ms. Robinson presented information on the State Strategic Plan which the Board will be voting on today. She explained that DIR has worked closely with its Advisory Committee to develop the SSP and that it has undergone some changes, including an online presentation that allows for ongoing agency input. Ms. Robinson indicated we have made significant headway in the Data Center Services procurement and the down select decision has been made, with due diligence activities ongoing. We are currently engaged in two RFO's,

one for MSI services and another for the Service Component Providers, and additionally have begun extensive transition planning. The Texas.gov program has a full list of action requests and performance measures reflect strong performance in all areas. In Communications Technology Services the TexAN NG procurement process continues, and we have held customer outreach sessions to provide better insight into the contract. The ICT program continues to show growth in savings and cost avoidance, and we are focused on making improvements in the Enterprise Contract Management program. In the Security area Ms. Robinson discussed the SB988/Cybersecurity Council, the SISAC (Statewide Information Security Advisory Committee), and the Gartner Security Assessment program. At this time Ms. Robinson asked Dan Contreras and Carl Marsh to introduce new employees from their areas.

IV. Legislative Update

Ms. Lori Person, Chief Administrative Officer, updated the Board on legislative activities. She reported that we requested and received an extension to November 1st for submitting our Sunset Self Evaluation Report to the Sunset Commission so that we could give the Board members a chance to review it and make comments. Ms. Person gave the Board background on the Sunset Commission and its purpose, noted the FY12/13 schedule for DIR, and discussed the top five changes from the 2009 effort. Mr. Bacarisse noted that this was the Board's opportunity to provide feedback to the team and encouraged members to take advantage of this. Mr. Moore commented that this was an excellent job and was very informative. He noted that there have been some legislative changes that can cause financial challenges to the state such as a cap on not only expenditures but on revenue as well, which could be quite problematic. Mr. Bacarisse stated he hopes that we can continue exposing the background of our Board members to the legislature as we have an excellent group. Ms. Rohm asked for the names of the members of the Sunset Commission, and Ms. Person indicated she would send her this information.

Ms. Person presented an update on other legislative activities including bill implementation, review of appropriate Sunset recommendations, and our new Business Operations Plan. We plan to continue updating the Board regularly on all activities. She discussed legislative communications including our first semi-annual report to the legislature, monthly and event-related legislative emails, and interim legislative visits.

V. 2012-2016 State Strategic Plan for Information Resource Management

Ms. Person presented information concerning the 2012-2016 SSP. She stated that over the past several months we have worked closely with the SSP Advisory Committee and that collaboration resulted in 10 top priorities and a new look. There is now an online version that allows for ongoing agency input which makes the document more actionable and practical for the agencies' use. Ms. Person presented a holistic view of Strategic Planning, Supplemental Material, the SSP as a website, and the SSP Guiding Principles. *Ms. Martinez made a motion to approve the 2012-2016 State Strategic Plan for Information Resource Management as requested. Mr. Moore seconded. Motion carried unanimously.*

VI. Audit and Finance Report

Ms. Martinez presented a brief report on the Audit and Finance Subcommittee which met on Wednesday, October 19th. They received an update on the status of the 2012 Audit Plan and made slight modifications. Andy Dimas will work with Rosemary and Richard over the next few weeks to get the SOW procured.

Mr. Dimas presented an overview of the FY11 DIR Annual Internal Audit Report. *Ms. Martinez made a motion to approve the Audit Report as requested. Mr. Moore seconded. Motion carried unanimously.*

Mr. Nick Villalpando, Chief Financial Officer, presented the FY11 year end results. He updated the Board on Budget Status as of August 31, 2011. He noted that from a collective agency perspective actual operating revenues were below budget by 9%, and went into detail about the negative variances. He stated that from a collective agency perspective actual expenditures were approximately 13% less than budgeted, and explained where the variances came from. Mr. Villalpando also presented information on Fund balances as of August 31, 2011, and FY11 ending fund balance. We had anticipated to end the year with a possible fund balance but ended instead with a loss in DCS. We anticipate that the revenue missing from FY11 will come through in FY12 so that the deficit will go down. Because of revenue caps placed on the agency, this could be problematic and we may need to work with LBB on this. Mr. Carr asked if there were any one time expenses on the DCS contract, and Mr. Villalpando responded that there were a lot of those which we would try to amortize over the life of the contract. Mr. Pickering asked if this reflected actual cash, and Mr. Villalpando explained that it all depends on what day of the month you look at the numbers. Ms. Martinez explained to the Board that going to the LBB asking them to extend revenue caps is a new process, and there are timing issues if things expected in one fiscal year roll over to the next. She stated that we would go to the LBB if necessary but at this point we just do not know exactly how this will work.

VII. Rules Action Items

Mr. Zelinsky asked the Board to:

- a) Consider issuing order adopting the amendment of 1 Texas Administrative Code, Chapter 210, *TexasOnline*, without changes, and authorizing publication of the adoption of the amended rules in the *Texas Register*.
- b) Consider issuing order adopting the amendment of 1 Texas Administrative Code, Chapter 212, *Purchases of Commodity Items*, without changes, and authorizing publication of the adoption of the amended rules in the *Texas Register*.
- c) Consider issuing order adopting the amendment of §217.1 and repeal of §§217.12 and 217.32 in 1 Texas Administrative Code, Chapter 217, *Procurement of Information Resources*, and authorizing publication of the adoption of the changes in the *Texas Register*.

Mr. Morrow made the motion to authorize actions as requested. Mr. Baez seconded. Motion carried unanimously.

Mr. Zelinsky asked the board to:

- d) Consider proposing the amendment of 1 Texas Administrative Code, Chapter 201, *General Administration*, and consider authorizing publication of the proposed changes in the *Texas Register* for public comment.
- e) Consider proposing the amendment of 1 Texas Administrative Code, Chapter 206, *State Web Sites*, and consider authorizing publication of the proposed changes in the *Texas Register* for public comment.

Mr. Zelinsky acknowledged Ms. Cynthia Kreider for all her help as she is retiring soon. In SB1, Section 23.03 DIR was directed to establish a rule concerning Board approval of contracts. A Rules Subcommittee was established consisting of Ms. Martinez and Mr. Halfmann. The Subcommittee recommended that DIR be required to request Board approval of contracts with a value in excess of \$1 million. Mr. Zelinsky clarified that Interagency contracts (IAC's) for

programs such as Texas.gov, CTS, and DCS should not have to be reviewed and approved by the Board, since they merely implement the terms of a vendor contract that the Board would have already reviewed and approved. The Rules Subcommittee will present a draft contract plan to the Board at the next Board Meeting. Ms. Martinez noted that the Subcommittee conducted a long conference call and based on Mr. Zelinsky's research and her personal experience determined that \$1 million was the appropriate threshold amount. It is important for the Board to know the plans for the year, and if there are modifications the Board will have updates which will allow the Board to continue to conduct business.

Ms. Martinez made the motion to authorize actions as requested. Mr. Pickering seconded the motion. Motion carried unanimously.

VIII. Data Center Services

Mr. Pickering stated he did not have anything to add to the information already presented by Ms. Robinson for the DCS Board Subcommittee. Mr. Ed Swedberg presented an overview of the Data Center Services. He provided a short update on current operations including service level and backlog metrics, upcoming enterprise projects including the Austin Energy electrical upgrade at the Austin Data Center, and an update on disaster recovery testing. He also presented information on server transformation, a procurement update, and transition planning. Mr. Swedberg stated that we intend to award contracts by the end of calendar year 2011. Mr. Baez commented that it was important to get out of transition planning quickly and move into transition. There was discussion among the board members that it was critical to keep all the stakeholders happy. Mr. Swedberg noted that we are in the process of rotating new members into the Business Executive Leadership Committee. Mr. Morrow asked questions about the Austin Data Center facility with concerns, due to the lack of an on-site generator, that we are moving a legacy data center into a legacy data center. Mr. Moore stated that he would feel better if there was adequate backup. Mr. Swedberg stated that cost was a factor in the decision to rely upon two separate power grid feeds, versus a generator, to provide redundant power. Mr. Carr asked if the Austin Data Center went down would the San Angelo Data Center take over. Mr. Swedberg stated this was true, but only for those systems that have been consolidated into the ADC.

IX. Texas.gov

Mr. Baez presented a brief update on the Texas.gov Board Subcommittee. He stated they had met last on September 16 and discussed strategy for various business cases and FY12 objectives. The Subcommittee is in the process of developing a framework so we can all understand how the pieces fit together. Program objectives are to resolve e-Filing status, expand programs in G2G segment, drive participation in TxNet, TxPay and TxEvents, make emergency portal more meaningful, and develop functional plan for G2B segment strategy. Mr. Moore commented that we need to start at the top to be sure we are aligned on business objectives with NIC. Mr. Baez stated we need to determine how best to move forward on certain things – with the full board or the Subcommittee.

Mr. Carl Marsh introduced Mr. Todd Kimbriel who presented an overview of Texas.gov which included 2011 Key Objectives and FY11 YTD Key Performance Measures including cumulative state revenue share, customer satisfaction, transactions, and cumulative Texas.gov visits. Mr. Kimbriel provided further details on the Key Objectives including delivering effective services (Vital Records, OCA Court Reporters Firm, and timely updates to more than 25 applications), establishing Texas.gov as the nation's premier public portal (detailing various State and

National Awards and details on revenue), and providing innovation (TxNet, TxPay, Partner Resource Center, continuing refresh of legacy applications, and Texas.gov Marketing). He also asked the Board to consider approval of new fees for TDCJ for online commissary and trust deposits, and TxPay fee/fine. He asked for board approval for a fee change for the Texas Animal Health Commission for certificate ordering. *Mr. Morrow made the motion to approve the new fees. Ms. Rohm seconded the motion. Motion carried unanimously.*

X. Communications Technology Services

Mr. Marsh recognized John Hoffman, who was recently promoted to Director of Communications Technology Services. Mr. Hoffman could not be here today due to a death in the family. Mr. Marsh presented the Communications Technology Services update including Key Strategies, which include deliver thought leadership and enable telecommunications solutions for the state (developed, awarded, and implemented Tex-AN NG solutions), create and implement solutions that reduce cost and maximize productivity (solutions integrating DIR and Tex-AN NG services, OAG implementation, and new call centers), and provide value-added support services at the highest levels of quality (implemented service catalog and broadened customer solution effort). Mr. Marsh presented Key Indicators including FY 2010--2011 Network Availability, Q1-Q4 Total Customers, Q1-Q4 Average Network Voice Minutes, and Q1-Q4 Average Network Data Traffic.

XI. Information Security

Mr. Marsh stated that we have narrowed the CISO candidate list to a short list of two who will both be interviewed for the second time today. He indicated the Gartner program is proceeding well and that we have signed an IAC with the OAG already. Mr. Moore asked if we are going to participate in this program and Mr. Marsh indicated we are our first customer and have already begun.

Mr. Kimbriel presented the Information Security Update which included 2011 Key Objectives. These include prevent cyber attacks and incidents (enhanced analysis, monitoring, and reporting; integrated training, education, cybersecurity exercises and certification; supported development of RFO for group purchase agreements). Another objective is to reduce vulnerability to cyber attacks (vulnerability remediation and consulting service, quarterly vulnerability scanning service implemented, increase awareness and information sharing). Additionally the final objective is to respond and recover to minimize the impact of successful cyber attacks (statewide IT security and management risk program, next generation security architecture, and promote cybersecurity exercises and integrate cybersecurity elements into homeland security exercises). He also presented FY11 Q4 Key IT Security Indicators, including Security Incident Reporting, Total Vulnerability Assessments Growth, Controlled Penetration Tests Delivered, and Web Application Vulnerability Scans. Mr. Kimbriel then discussed the Gartner program stating there are two key components. First, Gartner does an assessment of the various agencies. Second is the decision support function where all agencies involved have access to Gartner analysts and monthly group calls whose content is driving by monthly roundtables. This is the best of the best of all the frameworks available.

XII. ICT Cooperative Contracts Program Update

Mr. Dan Contreras provided the FY11 annual report update of the ICT Cooperative Contracts Program. He discussed FY11 growth, customer trends, product trends and marketing outreach and highlights. He stated that ICT contracts continue to grow with a focus on cost savings. Mr. Contreras explained that the ICT program has had multiple audits and stated that Andy Dimas, our Internal Auditor, had provided valuable input when going through the SAO audit. Mr. Moore

noted that we have been focused on growth in the past, and maybe we should now focus on addressing comments in the SAO report. Mr. Pickering asked about out of state customers. Mr. Contreras replied that this is driven by vendors and we are not actively marketing outside of the state. Ms. Robinson commented that there was a lot of interest in our ICT program outside the state when she attended the NASCIO (National Association of State Chief Information Officers) conference recently.

XIII. Enterprise Contracts

Ms. Mary Cheryl Dorwart presented an update on the Enterprise Contracts program. Ms. Dorwart reported on formalizing the Contract Management framework including the development of a contract management guide with a target date of December 2011. She also discussed a Management Plan for major contracts including details of the plans, target delivery dates, and state contract management guide contract monitoring worksheets. Mr. Moore stated that it is very important to also focus on the contractor management, not just the contract itself. Ms. Dorwart then presented the FY11 HUB report.

XIV. Public Testimony

There was no public testimony.

XV. Adjournment

Mr. Pickering made the motion to adjourn. Mr. Moore seconded the motion. Motion carried unanimously. Chairman Bacarisse adjourned the meeting at 12:14 p.m.