

**DEPARTMENT OF INFORMATION RESOURCES  
OPEN BOARD MEETING**

**Thursday, August 20, 2015, 9:30 a.m.**

300 West 15th Street, Clements Building, Room 103 Austin, Texas 78701

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**MINUTES**

- PRESENT** Charles Bacarisse (Board Chair)  
Richard Moore  
Phillip Keith Morrow  
Robert Pickering  
Arthur Troilo  
Wanda Rohm  
Darran Anderson, ex-officio  
Bowden Hight, ex-officio  
David Mattax, ex-officio
- ACTION** *Mr. Bacarisse* called the meeting to order at 9:31 a.m., with a quorum present. *Mr. Bacarisse* recessed to executive session at 9:32 a.m., pursuant to the Texas Open Meetings Act to consult with its attorney pursuant to Section 551.071, Government Code, to deliberate certain information technology security-related matters pursuant to Section 551.089, Government Code, or to consider personnel matters under Section 551.074, Government Code. No actions will be taken.
- Mr. Bacarisse* called the meeting back to order at 9:55 a.m., following the executive session. A quorum of the board was present. The board did not vote or take action in the executive session. *Mr. Bacarisse* continued with the agenda.
- TOPIC** **2. Board administration**
- Consider approval of meeting minutes from the June 4, 2015, DIR Board Meeting.
- MOTION** A motion was made to approve the previous meeting minutes by *Mr. Morrow* and seconded by *Mr. Moore*.
- ACTION** The minutes were unanimously approved.
- Consider appointment of ad hoc Personnel Subcommittee.
- MOTION** A motion was made to approve *Keith Morrow* as chair of a review subcommittee for the purpose of reviewing the job performance of the Interim Executive Director. *Wanda Rohm*, *Darran Anderson* and *Robert Pickering* will serve on the committee with *Mr. Morrow*. A motion was made by *Mr. Bacarisse* and seconded by *Mr. Moore*.
- ACTION** The subcommittee was unanimously approved.
- TOPIC** Consider appointment of board members to standing subcommittees.
- The Audit and Finance subcommittee needs additional members. *Mr. Morrow* and *Mr. Mattax* agreed to serve on the Audit and Finance subcommittee.

**ACTION**

*Mr. Bacarisse* accepted their offers and appointed them to serve on the subcommittee.

**TOPIC**

**3. Interim Executive Director's Report on Agency Performance**

Mr. Todd Kimbriel, Interim Executive Director, explained that there were many action items on the agenda for the board to consider, and because the end of year financial update will be lengthy as usual, so he asked our program areas to keep their presentations as brief as possible.

Mr. Kimbriel reported that the DIR team has had a very busy summer and is hard at work implementing the business changes necessary to be in full compliance with new legislation that will be effective September 1<sup>st</sup>. This activity has been primarily focused on Senate Bill 20, which created new constraints around the Cooperative Contracts program for our state agency customer base, while leaving our voluntary customers unaffected. Our internal IT team, under Janet Gilmore's leadership, has been putting in long and weekend hours, and begin each day with an 8 a.m. project scrum. Our Technology Sourcing Office (TSO), under Grace Windbigler's leadership, has been working side by side with our IT team to ensure that we are fully prepared to execute the cooperative contracts program as required by new government code.

Mr. Kimbriel informed the Board that in support of these activities our communications and stakeholder engagement teams put together an extensive plan for ensuring that these changes were communicated to our customers and the vendors. During July and August, DIR executed 2 town halls and 3 webinars, focused on communicating how DIR is implementing these changes and how these changes will impact both the supply side of the marketplace and the demand side. These were very well received by all. In addition, we have published and maintained updated FAQs on our website so that all customers and vendors can have access to relevant information as they need it. The changes being implemented include a new customer portal for submitting statements of work online, managing interactions between customers and DIR staff for approving and monitoring status of submitted statements of work, internal workflow capabilities to ensure we are on top of and accountable for all of the new work activities, and new procedures and reporting to ensure we maintain a clear focus on customer service throughout.

Mr. Kimbriel provided a status update on legislative actions. DIR is in the final stages of selecting a partner to implement a pilot Application Portfolio Management platform. This will include a half dozen volunteer agencies to participate in the pilot. This is a first for DIR as we traditionally offer infrastructure services and this pilot, along with the Business Intelligence pilot that we are also legislatively required to implement, represent the first time DIR is offering shared service in the application layer of the technology stack. Lastly, as a result of HB 1912 we posted a job opening for a new Statewide Data Coordinator and are reviewing the applications received. A candidate should be on board in September.

Mr. Kimbriel informed the board that on July 31<sup>st</sup> the Chief Customer Officer position was eliminated. This was a new position created early last year and unfortunately we were not able to realize the benefits we had hoped for when the position was designed and filled. The Communications team reports temporarily to Nick Villalpando, our CFO, while we consider the long term implications of this change.

Mr. Kimbriel introduced our new DIR employees. The next Board meeting is scheduled for October 29th.

## TOPIC

### 4. Finance Update

## DISCUSSION

Mr. Nick Villalpando, Chief Financial Officer, provided a finance update. He updated the Board on the third quarter financial statements for FY 2015. There was a significant decrease in revenue from the cooperative contracts program beginning around the December timeframe regarding the uncertainty around what the legislature may be doing in terms of changes to statewide contracting. The forecasted total revenue is \$12.9M for cooperative contracts. Operating revenue for data center services (DCS) is \$5.3M, a little bit under budget. Operating expenses are slightly below budget. The forecasted operating budget is about \$32.1M in operating revenue. The forecasted operating expenses for the FY15 are \$30.6M, and DIR anticipates ending the year with a \$1.5M net income. Mr. Villalpando discussed the fund balance and the maximum fund balance that can be carried over. DIR is well within the maximum balance.

Mr. Villalpando discussed the FY16 operating budget. The agency's funding comes from the fees charged to our customers. We do not receive any direct general revenue appropriations. DIR is a completely cost recovery agency; the fees are set at levels to be sufficient to cover the costs to run the agency. This will need to be monitored throughout the fiscal year. Each of DIR's programs or lines of business are governed by legislative mandates/statutes and there are certain restrictions that govern the funding.

Mr. Villalpando discussed the terms of fee setting. DIR has four goals that we strive for as we determine fees: maximize cost savings; recover what it costs to run DIR; provide predictable fees, and comply with statutes and legislation. Three programs that charge fees are cooperative contracts, data center services (DCS) and communication technology services (CTS). DIR does not anticipate any fee increases for FY16 for these programs. The average fees for cooperative contracts for FY16 will be 0.65%, (same as FY15) and 2.95% administrative fee for DCS customers.

Mr. Villalpando continued to discuss 2016 budget highlights. DIR anticipates exceeding its FTE cap of 198 by no more than 8 additional positions. The General Appropriations Act (GAA) places a cap on state agency FTEs. DIR will add 7 FTEs to Technology Sourcing Office (TSO) for contracts regarding legislative changes and program enhancements in response to external audits. We will add 1 FTE for the statewide data coordinator position. The legislative salary increase of 2.6% in FY16 offset increased employee contribution to the retirement fund.

Mr. Villalpando also mentioned an additional item approved by the Legislature. In prior years when DIR found it necessary to request additional appropriations authority due to increased customer demand for DIR services, DIR had to submit a request to exceed appropriations, and wait for LBB to approve or deny the request. DIR did not know when or if the request would be granted before invoices were due for payment. This session, the legislature instituted a 30-day deadline for LBB to respond to requests. Finally, the FY16 budget that DIR is bringing before the Board is within appropriations.

*Mr. Moore commented that the FY16 budget presented is very close to the prior year's budget. Probably a little more risk in revenue recognition, he said that he doesn't think it's a terrible amount of risk. In cooperative contracts typically the risk had been the revenues would grow far greater than projected. We still believe they will grow but it will be a digestion of Senate Bill 20 regulations. Mr. Moore has all the confidence in the world that*

*Nick and his group will monitor that revenue and make a call if necessary to amend some of the projected spending.*

*Mr. Moore commented that there is an item for amending the 2015 Operating Budget, I'm not sure if Nick got into that.*

Mr. Villalpando responded that there are no 2015 Operating Budget amendments.

**MOTION**

A motion was made to approve FY 2016 Operating Budget and Administrative Fees by *Mr. Moore*, then seconded by *Mr. Troilo*.

*Mr. Mattax asked in estimating customer volume for the next biennial, if DIR looked at what the actual agencies were appropriated and what they anticipated in spending. You mentioned that when you get to the end of the fiscal year it may not line up and have to do some adjustments and you recognize that. Is the offset of this project is what was anticipated based on last year's growth or anticipation based on what was actually appropriated.*

Mr. Villalpando responded that the programs are slightly different. In Data Center Services (DCS), there is a closer correlation to our forecast and agency appropriations because there is an actual capital budget that agencies are appropriated for DCS. Even within that there can be variances because state agencies can spend different amounts from the capital budget. With regard to appropriations, there is a tie back to appropriations authority from a DCS perspective.

*Mr. Mattax asked if DIR has taken that into consideration.*

Mr. Villalpando responded yes.

*Mr. Anderson asked with respect to cooperative contracts, if revenue was projected for contracts above a million dollars.*

Mr. Villalpando responded that DIR evaluated the potential impact for that business basically going away for state agencies. For the rest of the customers, we look at the volume and who does the purchasing in the cooperative contracts program. A state agency from a dollars perspective in terms of volume are around 25% to 30%. With SB 20, the \$1M cap applies only to that portion of the business. DIR reduced the forecast accordingly based on what FY15 was looking like and the historical spending pattern from state agencies over \$1M. DIR has taken that into consideration in terms of that business and that volume is no longer coming through the program.

**ACTION**

The motion was unanimously approved.

**TOPIC**

**5. Internal Audit Update**

**DISCUSSION**

Ms. Lissette Nadal-Hogan, Director of Internal Audit discussed the amendment of the FY15 Internal Audit Annual Plan. Due to staffing limitations and resources, we moved, or deferred the data center audit from the plan. We would like to obtain approval to move that item from the FY15 Internal Audit Plan.

**MOTION**

A motion was made to approve the amendment to the FY15 Internal Audit Annual Plan by *Mr. Moore*, then seconded by *Mr. Troilo*.

**ACTION**

The motion was unanimously approved.

**MOTION** A motion was made to approve the amended FY15 Internal Audit Annual Plan by *Mr. Moore*, then seconded by *Mr. Troilo*.

**ACTION** The motion was unanimously approved

**DISCUSSION** Ms. Lissette Nadal-Hogan, Director of Internal Audit, discussed the FY15 Internal Audit Plan: Cooperative Vendors Audit. As of May 31, 2015, this audit was in the final stages of field work and reporting. The draft report presented before the Board has been discussed with management, the DIR Interim Executive Director and the Audit and Finance subcommittee. Internal Audit requests Board approval to issue this audit report to the oversight entities. The reports presents the audit findings on the cooperative vendors from the cooperative contracts program of DIR in the Technology Sourcing Office. This audit was included in the FY15 Internal Audit Annual Plan. Edward Maldonado was the lead auditor for this effort. The objectives of this audit were to determine whether the cooperative contracts sales reports were accurate, complete and received timely. The administrative fees submitted by the vendor to DIR for their sales were accurately accessed and paid timely. To accomplish this objective, the Internal Audit team interviewed DIR staff; selected samples of DIR vendor sales reports and administrative fee payments for review, analysis and reconciliation, and reviewed contracts and procedures. Overall, cooperative contracts sales reports were completed and submitted timely by DIR vendors and administrative fees were accurately accessed.

**MOTION** A motion was made to accept the cooperative vendors audit by *Mr. Moore*, then seconded by *Mr. Troilo*.

**DISCUSSION** *Mr. Mattax asked if internal audit could elaborate regarding inaccuracy of fee payments in the report for the amount paid or reported on pages 18-23.*

Mr. Maldonado answered that currently the process is that the payment and report of sales are due the same day of the month (by 15<sup>th</sup> of each month). Occasionally the vendor sends the payment along with report. TSO reviews the report and they may determine some ineligible sales in the report. Then our staff has to issue a credit to the vendor. There is a lot of analysis and reconciliation.

*Mr. Mattax mentioned that this not an issue of DIR staff getting something wrong, the vendor was doing something wrong and DIR had to correct their work.*

Mr. Maldonado confirmed this.

**ACTION** The motion was unanimously approved.

**DISCUSSION** Ms. Nadal-Hogan provided an update on the data center services audit. Internal audit staff identified work in this audit on May 31<sup>st</sup>. The key performance measure audit was contracted out to McConnell and Jones, a firm in Houston, Texas. They started the audit on May 31<sup>st</sup> and are currently working on planning phase. We expect to have the draft report by the October Board meeting for your approval. Ms. Nadal-Hogan gave an update on the audit projects.

**TOPIC** **6. Texas Administrative Code (TAC)**

**DISCUSSION** Mr. Martin Zelinsky, General Counsel, presented six notices to propose amendments for publishing in the *Texas Register*, for Board consideration and approval.

1) 1 Texas Administrative Code, Chapter 201, concerning General Administration

- 2) 1 Texas Administrative Code, Chapter 203, concerning Management of Electronic Transactions and Signed Records
- 3) 1 Texas Administrative Code, Chapter 211, concerning Information Resources Managers
- 4) 1 Texas Administrative Code, Chapter 215, concerning Statewide Technology Centers for Data/Disaster Recovery Services
- 5) 1 Texas Administrative Code, Chapter 216, concerning Project Management Practices
- 6) 1 Texas Administrative Code, Chapter 217, concerning Procurement of Information Resources

Mr. Zelinsky discussed the changes for the proposed amendments.

**MOTION**

A motion was made to approve all six notices of proposed amendments for publication in the Texas Register by *Mr. Troilo*, then seconded by *Mr. Morrow*.

**DISCUSSION**

*With respect to TAC 201, Mr. Moore suggested it would be beneficial to have an indication that the Board will receive a report on some frequency, maybe once a year, on the very high level petitions received, what the petition pertains to and what the staff determination was. The Board will have some means to be involved in the process.*

Mr. Zelinsky asked if an annual report would be sufficient.

*Mr. Moore answered that an annual report will be good.*

Mr. Zelinsky suggested to amend the motion to provide that we add language “providing for an annual report to the board”.

*Mr. Moore moved to amend the motion as suggested.*

**ACTION**

The amendment to the motion was unanimously approved.

**ACTION**

The motion was unanimously approved.

**DISCUSSION**

Mr. Zelinsky discussed 1 TAC 212, concerning Purchases of Commodity Items. DIR had scheduled and the board had approved rule review of this chapter several months ago. DIR anticipated legislative action on the contracting process and in fact we had some, HB 2000, which is the expansion of the customer base and primarily SB 20. The primary impact of SB 20 is found in the underlined sections of TAC 212, from sections 15 and 16 of the bill. It required a variety of things for our cooperative contracts programs but included thresholds for secondary competition which means that if an agency wants to use our master contracts, if it is between \$50K - \$150K, they have to go out for additional requests for pricing; if it's between \$150K – \$1M, they have to go out for still more requests for pricing. There is cap of \$1M per contract, using our master contracts by state agencies only, not local governments. The bill also requires that DIR approve the draft and sign the final statement of work for services that solicited using the master DIR contracts that involve services. The focus for the last couple of months, and kudos to the Technology Sourcing staff, was to solicit input from other state agencies. We've done town halls and webinars with state agency community and vendor community. The stakeholder outreach has been very well received. DIR also posted frequently asked questions (FAQ) on our website, and we have received a lot of compliments on the information we have been providing. DIR has

received a number of informal comments from state agencies and vendor communities, if they didn't directly impact the rule, it may have impacted the FAQs. I did receive a question at the last Board meeting regarding the impact to institutions of higher education. The conclusion is that they are not subject to provisions of TAC 212, sections 15 and 16 of the bill. There is a small caveat: they could become subject if they fail the requirements of another bill provision of SB 20, which is found in section 23.

**MOTION** *A motion was made to approve and publish proposed rules for 1 TAC 212 in the Texas Register by Mr. Troilo, then seconded by Mr. Morrow.*

**DISCUSSION** *Mr. Mattax asked what the effective date? How are the agencies going to start acting on September 1<sup>st</sup>?*

Mr. Zelinsky responded all sections are effective September 1<sup>st</sup>.

*Mr. Moore responded our approval of this will get it posted in the Texas Register. Approve the rule change in October which will be after the statute as required the process of work to begin.*

Mr. Zelinsky responded that we already published various drafts of these rules to our state agency customers for review and input and to put them on notice. Following your approval of this rule for publication and prior to September 1<sup>st</sup>, we do plan to communicate our intent to operate under these draft rules pending final adoption.

*Mr. Mattax commented that all agencies are on notice that this is what is going to be expected.*

Mr. Zelinsky confirmed this to be the case.

**ACTION** The motion was unanimously approved.

**DISCUSSION** Mr. Zelinsky discussed 1 TAC 204, concerning Interagency Contracts for Information Resources Technologies. This was a rule review, we received no comments.

**MOTION** *A motion was made to approve re-adoption without changes by Ms. Rohm, then seconded by Mr. Morrow.*

**DISCUSSION** *Mr. Mattax confirmed that there were no agencies commented on changes to this rule and they are happy with the contracts.*

Mr. Zelinsky responded this is a statute that dates many years back, and there is a requirement that DIR has rules for interagency contracts regarding information resources. There is no need for a change.

**ACTION** The motion was unanimously approved.

Mr. Morrow departed at 11:25 a.m.

**TOPIC** **7. Digital Government Update**

**DISCUSSION** Ms. Jennifer Buaas, Assistant Director of Digital Government, provided an update on Texas.gov. Ms. Buaas discussed the transaction and revenue trends for Q3. The slight revenue and state share downturn we saw in Q2 continues. Texas.gov revenue is almost \$3M below FY14 Q3 and state share is roughly \$1.8M below last year. This drop in revenue is due primarily to the two programs (eFiling and TxSmartBuy) that are being managed by

OCA and CPA respectively. This slide represents the application reliability for Texas.gov applications. At the same time, Texas.gov is processing approximately 3.1M more transactions over FY14 Q3. This increase is due to the single sticker legislation (HB 2305) that was passed during the 83<sup>rd</sup> Legislative session. Prior to HB 2305, inspection stations ordered a batch of inspection stickers in one transaction and now each inspection occurs as an individual transaction. The volume of inspections has not changed, only the method of payment.

Ms. Buaas discussed application reliability for Texas.gov applications. Depending on the month, 81 to 94 applications are being measured. The reliability targets were met at 100% in Q3.

Ms. Buaas informed the Board that the Department of Public Safety (DPS), DIR and NIC are currently working together to resolve a cash flow challenge involving the Texas.gov Vehicle Inspection Connection (VIC) application. Texas.gov provides the inspection system for DPS and the DIR Board-approved fee is \$2 per inspection. As a result of HB 2305 legislation requiring a single sticker for vehicles, the timing of the citizens' payment for inspection changed and this has caused an unanticipated cash flow impact. Prior to HB 2305, the vehicle inspection stations pre-purchased the inspection stickers through the Texas.gov portal and those funds were immediately transferred to state accounts. After HB 2305, which went into effect on March 1<sup>st</sup> of this year, inspection fees are collected when the vehicle is registered. NIC has invoiced \$8.5M for successful inspections, but DPS has only been able to pay what they have received (which is for \$3.3M). The variance is due to a couple of reasons. During the first year of the program (through March 2016), there could be a registration delay for up to 11 months after the inspection. This is what is referred to as the sync-up period. The permanent variance involves vehicles that never get registered after a successful inspection. This could be due to an inspected car being removed from circulation (due to accident, wearing out, leaving the state), or a car is inspected greater than 90 days prior to registration and has to be re-inspected. We've been keeping the Board subcommittee apprised of details and all parties are working together to identify solutions and resolve the issue.

Ms. Buaas discussed a fee pay approval request. In February 2014, the DIR Board approved ACH fee standardization for payment only applications (all transactions will be \$1 effective 9/1/2015). This request for approval seeks to establish a similar ACH convenience fee standardization for the Fee Pay and TxPay Counter applications. The proposed fixed \$2 ACH convenience fee will be lower than the current transaction fee for all existing Fee Pay and TxPay Counter customers. The current fee model is \$2 plus 2.25% and the proposed fee is a flat \$2.

**MOTION** *A motion was made to approve Fee Pay and TxPay Counter ACH Fee Standardization by Mr. Moore, then seconded by Mr. Troilo.*

**ACTION** The motion was unanimously approved.

**TOPIC** **8. Chief Operating Office Update**

**DISCUSSION** Mr. Dale Richardson, Chief Operations Officer, provided an update on key highlights and focus areas of the three programs. Technology Sourcing Office (TSO) is focusing on the implementation of SB 20. The team has done a tremendous job on communication, planning, implementing and automating the process for agencies to deliver their scopes of work electronically for approval. Special thanks to Janet Gilmore, Director of Digital Government, and her team, Allan Moore and application developers. Taking a 6-month

project and completing it in 3 months we are happy to report that we are on track for September 1<sup>st</sup>. Data Center Services (DCS) continues to focus on hitting our consolidation target at 75%. We recently met with the LBB, who were very pleased that we are currently on track. Previously mentioned at the last board meeting, the transition of the ATOS acquisition of the Xerox State and Local contract was successfully completed on June 30, 2015. There has been no operational impact, and we look forward to working with that vendor on improving new services and growth. Communication Technology Services (CTS) will be focusing on the migration of the capitol complex off the old PBX platform to our next generation voice over platform.

**TOPIC 9. Technology Sourcing Office Update**

**DISCUSSION** Ms. Grace Windbigler, Director, Technology Sourcing Office (TSO), presented the first action item for Board consideration and approval. Currently, this statement of work (SOW) provides management and monitoring of the internet gateway, provides alerts and security information to DIR and other state agencies' Information Security Officers, and provides performance monitoring of SOC management services, devices and equipment. This change order will extend the current SOW for an additional year through August 31, 2017, for an additional \$1.5M. This will provide DIR staff with time procure a new DCS tower for managed secure services.

*Mr. Moore recused himself from the vote.*

**MOTION** *A motion was made to approve amendment 3 to statement of work by Ms. Rohm, then seconded by Mr. Troilo.*

**ACTION** The motion was unanimously approved.

**DISCUSSION** Ms. Windbigler asked the Board members to delegate authority for the Executive Director or designee to execute the amendment.

**MOTION** *A motion was made to approve delegation of authority for Executive Director to sign the contract by Ms. Rohm, then seconded by Mr. Troilo.*

**ACTION** *The motion was unanimously approved.*

**DISCUSSION** Ms. Windbigler presented the second action item to approve the FY16-FY17 Annual Procurement Plan. This plan list the procurements that DIR plans to advertise for during the upcoming fiscal year for cooperative contract programs, as well as the contract management team.

**MOTION** *A motion was made to approve the FY16-FY17 Annual Procurement Plan by Mr. Moore and seconded by Ms. Rohm*

**ACTION** *The motion was unanimously approved.*

**DISCUSSION** Ms. Windbigler gave a brief update on the cooperative contracts program.

Total purchases for Q3 were \$1.44B, which is a 3% increase when compared with FY14 Q3. We continue to stay pretty steady with customer base, with 25% being state agencies, and 75% are volunteer customers. Our top customers for Q3 consisted of two state agencies (Texas Health and Human Services Commission and Texas Department of Public Safety (DPS), two institutions of higher education (Houston ISD and University of Texas M.D. Anderson Cancer Center), and one city (City of Austin).

Ms. Windbigler provided an update on the historically underutilized business (HUB) program. We have met our HUB goals at 100% for internal procurement HUB expenditures. Our total HUB spend today is 39.45%. We have not had any spending in the other two categories. Through the cooperative contracts program we have had purchases of \$508.1M, a 5.2% increase from FY14 Q3.

We are on track for our good faith efforts opportunities.

*Mr. Troilo expressed his appreciation to Ms. Windbigler and her team for the efforts in the HUB program. The numbers for other services and commodities are very encouraging. DIR is one of the two agencies leading the way on HUB development and participation with state contracting. We had a HUB subcommittee meeting on August 13<sup>th</sup> with myself, Wanda Rohm and DIR staff members to review the numbers. These are very positive numbers.*

**TOPIC 10. Data Center Services Update**

**DISCUSSION** Ms. Sally Ward, Director, updated the Board on the Data Center Services. Our customer scores continues to be stable and remain high, and our positive scores continue to trend upward. The service level agreements (SLA) remain consistently high at the enterprise level and we've had no minimum service level misses in the last 3 months. Previously we have reported to you on our consolidation percentage achieved, with 1 year left to our consolidation program. We will begin reporting on consolidation forecast towards meeting our 75% goal by August 2016. I am pleased to report that we will achieve 76% in August 2016. We were at 65% at the end of the quarter.

**TOPIC 10. Communications Technology Services Update**

**DISCUSSION:** Mr. Wayne Egeler, Director, presented the Q3 highlights. Our Austin Metropolitan Area Network Capacity Upgrade and State Data Network Router Software Upgrade has been completed. All testing was successfully performed and we are currently beginning to move agency traffic onto that platform. We continue to make progress on Voice Over IP (VOIP) migration from legacy PBX system. We currently have over 1,000 phones implemented with 14 different entities to date. Currently, 9 agencies are working on their network readiness assessments and we will be moving them in September. The third party assessment on TEX-AN and the Next Generation program ensured we were meeting our desired goals and objectives for the programs. The results were very favorable and I have a full report to present upon request. The TEX-AN customer base for Q3 increased 3.8% and the total purchases for Q3 was \$20.18M.

*Mr. Moore asked how many lines remain on the capitol complex.*

Mr. Egeler answered about 21K lines.

*Mr. Moore asked if he had a goal, project plan and conclusion.*

Mr. Egeler confirmed this and offered to can get the project plan to him.

*Mr. Moore asked the percentage of circuits to be moved.*

Mr. Egeler answered that on the Legacy ATM network, there are roughly 5% left.

**TOPIC 12. Security Office Update**

**DISCUSSION** Mr. Eddie Block, Chief Information Security Officer, updated the Board on the Chief Information Security Office (CISO).

This past April we hosted the Information Security Forum. We moved the event from the JJ Pickle Center to Palmer Events Center, which allowed us to expand not to just state, but to city and local entities. There was a 40% increase in attendance. We have booked next year's event for April 2016 at the Palmer Events Center.

We launched a Texas Policy and Assurance Class as part of the InfoSec Academy. We have taken it as an online module. It walks the ISOs through the things they need to know about TAC 202, since it's been updated in the past year, and the Public Information Act. The CISO is trying to get all state ISOs up to a threshold where they understand all policies and rules that apply to them.

Controlled Penetration Tests are almost complete with the goal of 48 for the year. The annual goal of 15 security assessments has been met.

**TOPIC** **12. Chief Technology Office Update**

**DISCUSSION** Mr. John Hoffman, Chief Technology Officer, updated the Board on the Chief Technology Office (CTO). One of the efforts that CTO has is to focus upon Strategic Planning for both enterprise and the agency. The initial efforts was the compilation of the major efforts for the next five years. CTO put those together into a single vision which developed into a roadmap. This roadmap really provides us with one visional snapshot to give us perspective of where we are, what's in the funnel, how we can adjust resources and plan our finances accordingly. We came up with four strategic objectives for the agency, these will give us guidance, priority and limited resources that we have ensuring that we get to where we want to with purpose. The four strategic agency objectives for the agency are: develop statewide IT spend model, coordinate statewide data management, leverage shared services, and reduce risk to DIR and agencies.

Mr. John Van Hoorn, Director of Enterprise Solution Services update the Board on the Enterprise Solutions Services. In 2014, DIR enterprise team led the Legacy study for 80 plus agencies. DIR took the recommendations from that study to state leadership. Then state leadership implemented those recommendations in HB 1890. The bill was approved by the Governor on June 15, 2015 and it was effective immediately. HB 1890 has 3 major components. The first component is implementing voluntary pilot program that provides statewide application portfolio management practices and toolsets. We plan to complete the pilot around October 2016 and will use this to provide and will use it to provide recommendations and directions supporting release of a RFO to implement full program service. The second component is developing a legacy system modernization strategy by establishing application development framework, standardization and collaboration and achieve economies of scale. The third component is facilitating shared services.

*Mr. Moore asked does it put requirements on the 80 agencies to eventually participate in this or is it voluntary.*

Mr. Van Hoorn responded there are different aspects of this bill that requires participation by the agency. Some things I didn't address in this conversation is evaluating your security risk that agencies have, then developing plans associated to those and addressing those plans. It also requires that the agency look for opportunities for shared services. DIR will facilitate and be involved with that to support that effort.

Ms. Endi Ollis, State Strategic Plan Lead for Technology Planning and Policy shared an update for the State Strategic Plan (SSP). SSP provides strategic direction for information resources management in state government. In the SSP, DIR sets statewide technology goals and we identify agency challenges and best practices in meeting those goals. This year we are going from ten technology priorities to five strategic goals in order to better focus discussion and to align business and IT objectives. How did we get to these five goals? We started the process back in February when the board approved our advisory committee. We engaged those members, IT agency leaders, executives and DIR staff. We will be submitting our draft to the board on October 2<sup>nd</sup> for a two week review period. We will publish and distribute on the day after the October 29<sup>th</sup> board meeting. We want to be sure that we have enough to address any questions you may have or any concerns.

*Mr. Moore asked what is meant by mature IT resources in government.*

Ms. Ollis responded this encompasses things like IT funding, IT planning and governance and IT work force. Any issues related to things that we see agencies struggle with or have success with.

**TOPIC**                    **Public Testimony – No public testimony.**

**MOTION**                A motion was made to adjourn the meeting by *Ms. Rohm* and *Mr. Moore* seconded the motion.

**ACTION**                 The meeting adjourned at 12:11 pm.

Approved by the Board Chair:

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Charles Bacarisse, Chair

\_\_\_\_\_  
Date