

**DEPARTMENT OF INFORMATION RESOURCES
OPEN BOARD MEETING**

Thursday, October 31, 2013, 9:30 a.m.

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

MINUTES

PRESENT Robert Pickering (acting Chair)
Cynthia Villa
Richard Moore
Wanda Rohm
Arthur Troilo III
Melody Parrish, Ex-officio
George Rios, Ex-officio
Brad Livingston, Ex-officio

ACTION Mr. Pickering called the meeting to order at 9:35 a.m. with a quorum present.
Mr. Pickering welcomed Melody Parrish as our newest ex-officio member

TOPIC **2. Approve Minutes from the August 22, 2013, Board meeting**

MOTION A motion was made to approve the previous meeting minutes by Ms. Cynthia Villa and seconded by Mr. Richard Moore.

ACTION The minutes were unanimously approved.
Ms. Wanda Rohm arrived at 9:40 am for the board meeting and was recognized as present.

TOPIC **3. Executive Director's Report**

DISCUSSION Ms. Karen Robinson, Executive Director welcomed Melody Parrish, new board member representing TEA. Ms. Robinson informed the board that Nick Villalpando will present DIR's fiscal year end 2013 financial results. Overall FY 13 was a very positive year from a financial perspective and also for the first time in several years, for the Data Center Services.

Texas.gov was recognized as a top 10 finalist in the Center for Digital Government's prestigious Best of the Web awards. Also Texas.gov had a record setting year, as the Best of the Web award was just one of 13 awards that the Texas.gov program received this year.

The Texas Department of Criminal Justice (TDCJ) eCommDirect application recently received national attention through a press release published in the New York Times and Wall Street Journal. The online commissary launched last fall and has already processed more than 190,000 transactions.

The Technology Sourcing Office continues negotiating Cloud Services contracts and has two new RFOs planned for release in November. Planning activities continue with the Comptroller's office for the Procurement Coordination Committee required by HB 2472.

Ms. Robinson also informed the board that this will be Lori Person's last presentation to the board. Ms. Robinson thanked Ms. Person for being an outstanding contributor to DIR.

Ms. Robinson introduced the new employees.

Mr. Pickering (acting chair) recessed the open part of the meeting so the board could meet in executive session according to the Texas Open Meeting Act, in order to consider personnel matters under section 551.074 Government Code and to consult with the DIR attorney pursuant to section 551.071 Government Code. No action will be taken. All members of the public and non-designated staff were requested to leave. Mr. Pickering stated that he would call this meeting back to order to continue with the agenda after the executive session. The meeting was called into executive session at 9:45 am.

The meeting was called back to order at 10:29 am.

TOPIC **4. Consider Review of Executive Director's** performance and compensation, including consideration of actions resulting from discussions during executive session.

DISCUSSION Mr. Pickering discussed consideration of the Executive Director's performance and compensation. The board had previously formed a personnel subcommittee, chaired by Mr. Keith Morrow.

Mr. Morrow discussed the subcommittee's review of the Executive Director's performance and summarized their findings in the written performance review. The board recognized and thanked Ms. Robinson for her hard work.

MOTION A motion was made to approve the performance review for the Executive Director by Ms. Cynthia Villa and seconded by Mr. Richard Moore.

ACTION The motion was unanimously approved.

DISCUSSION Mr. Morrow discussed the salary increase based on the performance review, and recommended a request for a salary increase for the Executive Director in accordance with the procedures specified in the General Appropriations Act.

MOTION A motion was made to approve the request for a salary increase for the Executive Director by Ms. Cynthia Villa and seconded by Mr. Arthur Troilo.

ACTION The motion was unanimously approved.

TOPIC **5. Finance**

DISCUSSION Mr. Nick Villalpando, Chief Financial Officer, updated the board on the fourth quarter budget and FY 13 YTD operating budget. He informed the board the overall agency operating revenue came in 3% over operating budget. Operating expenditures were approximately 2% under budget. We did have one budget amendment approved by the Executive Director pursuant to DIR Budget Amendment Policy increasing other operations expenses and decreasing telecom infrastructure. This has been a very positive year financially for the agency.

In the previous legislative session, the legislature made some modifications to our appropriations authority and funding levels to where we do have a very strict limitation in CAPPs on our revenue expenditures and fund balances that the agency is able to maintain. DIR's fund balances are within allowable fund balances per 83rd Legislative Session, SB1, Sec. 9.07.

Ms. Villa gave an update to the board on the Audit and Finance Subcommittee. The committee discussed and reviewed the Internal Audit Charter. Also reviewed was the external audit assessment report, required by governmental audit standards. This review must be conducted every 3 years. The audit department received a passing grade. The Subcommittee made some recommendations to the internal audit charter and Mr. Dimas will request approval from the board.

TOPIC

6. Audit

DISCUSSION

Mr. Andrew Dimas, Director of Internal Audit, gave a brief update on audit activities. The internal audit department is in the process of completing two audits from the FY 2013 audit plan. These are the enterprise contracts and the network security audits. The quality assurance review was conducted by independent outside auditors. The opinion of the review was that the department passed. Passed is the highest of three rankings that an audit shop can receive. The reviews also made some suggestions for enhancements for the division. We are requesting approval of the Internal Audit Charter and the Internal Audit Annual Report for State Leadership.

MOTION

A motion was made to approve the Internal Audit Charter by Ms. Cynthia Villa and seconded by Mr. Richard Moore.

ACTION

The motion was unanimously approved.

MOTION

A motion was made to approve the Internal Audit Annual Report for State Leadership by Mr. Moore and seconded by Ms. Villa.

ACTION

The motion was unanimously approved.

TOPIC

7. Rules

DISCUSSION

Mr. Martin Zelinsky, General Counsel, presented four proposed rulemaking amendments for consideration and publication for review.

- A. Consider proposing the amendment of 1 Texas Administrative Code, Chapter 201, concerning General Administration, and consider authorizing publication of the proposed changes in the Texas Register for public comment.
- B. Consider proposing the amendment of 1 Texas Administrative Code, Chapter 206, concerning State Websites, and consider authorizing publication of the proposed changes in the Texas Register for public comment.
- C. Consider proposing the amendment of 1 Texas Administrative Code, Chapter 209, concerning Minimum Standards for meetings held by videoconference, and consider authorizing publication of the proposed changes in the Texas Register for public comment.
- D. Consider proposing the amendment of 1 Texas Administrative Code, Chapter 212, concerning Purchases of Commodity Items, and consider authorizing publication of the proposed changes in the Texas Register for public comment.

MOTION

A motion was made to approve the rules for publication to post in Texas Register for 30 days for comment by Mr. Moore and seconded by Ms. Villa.

ACTION

The motion was unanimously approved.

Mr. Zelinsky also proposed an amendment to the Customer Advisory Committee charter to reflect technical corrections and necessary changes resulting from audit recommendations.

MOTION A motion was made to approve the revised charter for the DIR Customer Advisory Committee by Ms. Cynthia Villa and seconded by Mr. Arthur Troilo.

ACTION The motion was unanimously approved.

TOPIC **7. Chief Operating Office Update**

7A. Board Subcommittee Report

Mr. Moore gave an update on Texas.gov subcommittee. The subcommittee spent considerable time discussing the actions that are up for approval.

DISCUSSION **7B. Texas.gov**

Ms. Janet Gilmore, Director for Texas.gov gave an update to the board. Texas.gov has experienced steady growth in revenue and transactions over the past three years. The main driver for the growth is increased adoption of existing services. Additionally, TDCJ's e-comm direct application added over \$800K in convenience fees to the FY13 revenue.

There are three fee approvals requested from the DIR Board.

- 1) Department of Motor Vehicles (DMV) requested enhancements to the Texas Online Authentication System (TOAS) to provide additional authentication services for the DMV when a franchise dealer is assigning a title to a vehicle. The additional authentication services include confirmed authentication audit, id number, and out-of-state verification.

There are two fee options being presented for DIR Board approval.

DMV needs to begin using the system in January and is asking for DIR Board approval of two fee options because they are still determining which of the two fee options they will use.

DMV will be paying fees originally. Even though they are ultimately passing along some of the fees to dealerships, DMV requests that these fees not be subject to state share since it is a partial government to government (G2G). If the Board approves the fees, the Texas.gov Peer Review Board will ask for a fee review at the end of the first year to determine if G2G status is still appropriate.

DMV has requested that Texas.gov ask the Board to approve both fee options, but DMV has not determined which of the fee options they will use. Because of the time cycle, DMV would like to start using the application in January.

Mr. Morrow asked what happens if they change it to not be a G2G? Ms. Gilmore answered that at the end of the year, if it is determined that it is not G2G, then we will recalculate the fee because an additional 40% would be paid to the state.

- 2) Texas.gov requested approval to standardize ACH transaction fees for TPE-only applications.

The proposed fee is a flat \$3.00 that will replace the current variable fee and will

- Increase predictability
- Increase transparency

- Reduce costs for high-dollar transactions.

This change will have a mixed effect on existing Customers and their constituents, with most Customers and constituents experiencing a reduction in ACH fees. Based on existing customer fees and usage, there is no substantive change to Texas.gov program revenue

For those Customers who will be impacted in a way not addressed by the appropriation cycle, Texas.gov will work to mitigate that impact throughout the next two years.

DIR egov team conducted an informal survey of ACH fees charged online and found that there are a wide range of fees charged online for ACH transactions, typical range is \$1-\$10. NIC also indicated that the fee is comparable to an ATM fee which is usually \$2-\$3.

- 3) Texas.gov requested approval for fees related to a solution for recent legislation (HB 1128) that requires with 1,500 or more employees to implement an electronic form or link allowing employees of each agency to submit suggestions and ideas on how to make the agency more cost-efficient.

An annual fee of \$2500 per agency covers configuration of Get Satisfaction, contract management, and monitoring of input to filter and remove objectionable material.

The agency would be paying these fees out of their budget. Due to the G2G nature of the fees, these fee amounts assume that this revenue is not subject to State Share.

MOTION

A motion was made to approve the Department of Motor Vehicle ID Verification Fee, Automated Clearing House (ACH) Fee Standardization and consider Cost Effectiveness Suggestion Box Fee by Mr. Moore and seconded by Mr. Morrow.

ACTION

The motion was unanimously approved.

DISCUSSION

7C. Technology Sourcing Office

Ms. Mary Cheryl Dorwart, Director for Technology Sourcing Office (TSO) updated the board on TSO. Negotiations are underway for the second Cloud Services RFO. Upcoming RFOs are mobile device management and technology-based conferencing services. Ms. Dorwart gave an update on the Procurement Coordination Committee. She also discussed the FY13 contract purchases. Education is the largest customer for purchasing from DIR's contracts. Ms. Dorwart discussed the HUB internal and external outreach and the HUB Report for FY13.

DISCUSSION

7D. Communications Technology Services

Mr. John Hoffman, Director for Communication Technology Services, (CTS) updated the board. The Capitol Complex Telephone System is a network that serves 89 agencies and 49 buildings in and around the Capitol complex for voice services. We were notified during the last session that there would be maintenance work at one of those facilities and realized that it would impact the Capitol building itself. We worked with the Texas Facilities Commission (TFC) to delay that maintenance but what it pointed out to us is that it was a weakness in our network design.

In recent months we put together a resolution plan that enabled the services to be moved to a more robust fiber network. Since the legislative session is over, we were able to get that completed. TFC actually did the work last week without any impact to the building.

CTS has been working on VoIP platforms. We have installed the system to support over 600 different users in and around the complex. We are looking to those users to give feedback on the services, level and features provided.

Security Operations is working with a lot of subcommittees in discussing an opportunity to enhance the monitoring, alerting and analysis services in our Security Operations Center. This is a continuous effort to capture solution for the WAN Network. Mr. Hoffman also gave an update on the MPLS progress.

DISCUSSION **7E. Program & Portfolio Management Office (PPMO)**

Ms. Diana Taylor, Director for Program & Portfolio Management Office (PPMO) updated the board. PPMO has under 50 projects underway at DIR. Ms. Taylor discussed highlights of the top three projects for PPMO:

DIR Continuity of Government/Continuity of Operations Plan – gap analysis complete and development on the way. In January PPMO will have a full-scale exercise planned to test the plan. This project should be completed in February 2014.

Project Management (PM) Lite – consistent project delivery, documentation and communications methodology and toolset. It is in place to complement the Texas Project Delivery Framework.

DIR Connect Expo (previously Power to Purchase) - this expo is a focus on technology leadership and best practices. The expo will be held at Palmer Event Center on May 29, 2014, from 8 am to 4pm.

Ms. Taylor updated the board on the request made by Mr. Moore at the last board meeting regarding whether DIR could add area codes to the Capitol Complex Online Directory. Ms. Taylor informed the board that this change was implemented on September 9. All phone numbers are “clickable” by using smart phones or VoIP.

TOPIC **8. Data Center Services Update**

DISCUSSION Mr. Dale Richardson, Director for Data Center Services (DCS), presented an overview of DCS. Mr. Richardson reported continued progress in the DCS program. Customer feedback continued to be at acceptable levels. The number of outages and incidents are continuing to decrease, specifically on the servers. Service Level Agreements (SLAs) are good and continue to remain stable.

Server Consolidation was off to a slow start at the beginning of the year; we challenge our vendors to double production from quarter to quarter. During this quarter and the last quarter, we exceeded the forecast for server consolidation.

TOPIC **9. Chief Administrative Office**

DISCUSSION Ms. Lori Person, Chief Administrative Officer gave the update for the Chief Administrative Office. Ms. Person discussed the State Strategic Project (SSP) timeline. The preliminary copy of the SSP was sent to the Board several weeks ago. There is an action item for the Board to review and consider the FY 2014 -2018 SSP. Ms. Person also discussed the major bills that have been implemented by DIR.

MOTION A motion was made to approve the FY 2014-2018 SSP by Mr. Moore and seconded by Ms. Rohm.

ACTION The motion was unanimously approved.

TOPIC **10. Information Security Update**

Mr. Brian Engle, State Chief Information Security Officer, gave an update on the Chief Information Security Office. October was Cybersecurity Awareness Month. Mr. Engle discussed the activities that DIR participated in for cybersecurity awareness month. He discussed SANS Secure Human Computer Based Training that DIR is providing. The CISO has provided awareness briefings for executives/managers and a pilot program for the Center for Infrastructure and Security.

The CISO is updating the IT Security Website, cleaning out a lot of things from the past and highlighting new items that are being added to the program. We participated and helped to facilitate the Cybersecurity Incident Response Training and joint exercise. This training was done for a regional group. Participation included the City of Austin, Travis County, in conjunction with Department of Public Safety and several other regional groups. He also discussed Cyber Patriot, a national high school cyber defense competition.

Mr. Moore suggested moving Information Security further up in the agenda; the CISO has a lot of important items going on and will have more time to discuss.

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 12:25 pm.

Approved by the Board Chair:

Charles Bacarisse, Chairman

Date