

ORIENTATION: LFC AS OVERSIGHT OVER INFORMATION TECHNOLOGY MANAGEMENT

A Report Prepared for the
Legislative Finance Committee

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Legislative Fiscal Division



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ORIENTATION: LFC AS OVERSIGHT OVER INFORMATION TECHNOLOGY MANAGEMENT

State law lists duties of the Department of Administration and Legislative Finance Committee associated with information technology (IT) governance. The state chief information officer (CIO), in the Department of Administration, is the primary contact between the executive and legislature for statewide IT issues. During the legislative interim, the Legislative Finance Committee is the key legislative committee for oversight of statewide IT systems, policies, and standards. IT issues specific to a single agency receive interim oversight primarily by the legislative interim committee statutorily assigned oversight of the respective agency. So, what are the duties of the Department of Administration and Legislative Finance Committee (LFC) for statewide IT governance and how do, or should, the two interact during the 2005/2006 interim?

DEPARTMENT OF ADMINISTRATION

The Montana Information Technology Act, found in Title 2, Chapter 17, part 5, MCA, lists the duties of the Department of Administration regarding governance and strategic planning of statewide IT resources. The key duties of the department for IT resources are:

- Plan for and operate statewide IT equipment and networks (computing, telecommunication, and data)
- Facilitate updates to statewide IT strategic plans
- Develop and enforce statewide IT policies and standards
- Advise, oversee, and approve procurement of IT resources
- Report to the legislature and appropriate legislative interim committee on IT activities of the department
- Facilitate and support activities for the exchange of information between users and stakeholders of state IT resources and policies (primarily through the activities of the IT board and as a representative for the state on IT issues)

The department interacts with the LFC to fulfill the key duty of reporting to the appropriate legislative interim committee on IT activities of the department as follows:

- Reports to the committee at regularly scheduled meetings on the status of major IT projects, changes to IT policies and standards, and exemptions granted to IT policies, standards, or requirements of the Montana Information Technology Act
- Provides the updated state strategic information technology plan to the committee at its next scheduled meeting after March 1 of each even-numbered year (the state strategic information technology plan establishes the strategic direction for how state agencies develop and use information technology resources to provide state government services)

During the 2003/2004 interim, the department presented regular reports to the LFC on the status of major IT projects. The department worked with the committee to adapt the presentation to committee concerns and ended the interim using a presentation format typical of the three basic slides shown in Appendix A:

- A slide defining the key fields in subsequent slides
- A series of slides listing and describing all major IT projects in the state portfolio of major projects
- A series of slides summarizing key status information for each project in the portfolio

LEGISLATIVE FINANCE COMMITTEE

State law, Title 5, Chapter 12, MCA, lists powers and duties of the LFC. These duties include the requirement to monitor IT policy issues to:

- Identify IT issues likely to require future legislative attention
- Evaluate proposed IT policy changes and the fiscal implications of the proposed changes

Hand-in-hand with its IT policy monitoring function, the LFC is required to provide written responses to the Department of Administration communicating the committee's position and concerns on proposed policy changes.

Beyond its monitoring and reporting duties, the committee has the power to:

- Accumulate, compile, analyze, and provide information relevant to existing or proposed legislation on how information technology can be used to impact the welfare of the state
- Prepare legislation to implement any proposed changes involving information technology

Committee Opportunities and Objectives

LFC oversight of statewide IT provides two opportunities for the committee regarding IT policy changes and statewide IT strategic planning:

- 1) An up-front legislative reality check; and
- 2) Legislative contacts for communicating IT policy issues to other legislators and legislative leadership.

The committee can provide written comments of any concerns it may have over changes to IT policies and the state's strategic direction for IT and any fiscal constraints associated with that policy change or strategic direction. As key legislative members for state fiscal policy, the committee members can also function as conduits for communicating to other legislators and legislative leadership the issues surrounding IT policy changes and strategic initiatives.

PROCESS FOR LFC AND DOA INTERACTION – IT GOVERNANCE

In previous interims, the LFC has adopted a process for interacting with the department in fulfilling its IT oversight duties. The LFC may wish to adopt the same or a similar process described below and developed with the following goals:

- Have a single source of official consolidated information on IT policy issues
- Provide written information in time to allow staff review and be included in committee mailings
- Determine committee consensus through a vote
- Review IT policy issues
- Review potential legislation

The previous process is as follows:

- All issues and information coming before the committee should be funneled through Montana's chief information officer (CIO)
- When bringing an IT policy issue before the committee, the CIO should assess the policy as it relates to the most current statewide IT strategic plan and determine the fiscal impacts of the issue
- The CIO should document the evaluation and fiscal impacts in a written report to the Legislative Fiscal Analyst (LFA) one week in advance of committee mailings that occur prior to each

regularly scheduled committee meeting (mailings occur two weeks prior to committee meetings). Therefore, the CIO should schedule report delivery so the LFA receives it three weeks prior to the LFC meeting

- The mailings to committee members prior to LFC meetings should include any report prepared by the CIO and an accompanying summary, prepared by committee staff, that highlights key issues for committee deliberation and comment
- When deemed appropriate, the committee should deliberate the identified issues and reach a committee consensus on concurrence or concerns regarding the issues. The consensus position of the committee on IT policy issues shall be recorded in the committee minutes
- Following the committee meeting, staff shall, when the committee directs, prepare and distribute a written response to the CIO documenting committee concurrence or concerns regarding the IT policy issues discussed at the meeting
- The CIO shall update the committee, when appropriate, on the status and actions taken in regard to IT policy issues with which the committee raised concerns
- Updates should follow the process proposed above for CIO report mailings to the LFC
- For IT related legislation, the CIO should present proposals to the second regularly scheduled LFC meeting of each even-numbered year
- A copy of all communications sent to LFC members regarding IT policy issues shall be provided to the Legislative Fiscal Analyst

LFC Action

A formalize process between the LFC and the Department of Administration for interactions on IT policy issues would clarify the expectations of the committee for dealing with IT policy oversight during the 2005/2006 interim. The LFC may wish to consider the following options for adopting such a formalized process:

Option 1: Adopt the process described above (or a different process defined by the committee) for interacting with the Department of Administration on IT policy issues.

Option 2: Do not adopt a formalized process for interacting with the Department of Administration on IT policy issues.

APPENDIX A

Major Project Status Presentation

Report Key

Stoplight Reporting: **Green** = Good/Low Risk **Yellow** = Caution/Medium Risk **Red** = Danger/High Risk

Project Status: on hold, pending or active

PMO: project management office being used

IV&V: Independent Verification & Validation of project status

Budget: Overall Project Budget in U.S Dollars

Project Size: Small = < \$300,000 Medium = \$300K - \$750K Large = > \$750,000

Risk: overall risk assessment **H= High, M= Medium, L= Low**

Due: Scheduled project completion date

Overall Condition: evaluation (**good, caution or danger**) of project's scope, budget & schedule

Scope, Budget, Schedule: actual & planned progress as a percentage of the total plan or subplan

Risks: top 3 risks affecting the project & their associated severity

NOTE: Agencies do not use a consistent project methodology for project accounting at this time. Analysts are required to interpret the reports and make adjustments to fit a common format.



INFORMATION TECHNOLOGY SERVICES DIVISION



Major IT Project Portfolio

Department of Justice - Team 261

The project is focused on applying Business Process Reengineering (BPR) and supporting technology to improve efficiency and services within the Department of Justice, Motor Vehicle Division. The project is made up of three components: Titling and Registration, Driver Control and Driver Licensing.

Judiciary - Court Automation

This project will update the Judicial case management systems through an implementation of Full Court; and the development/rollout of a graphical user interface for the Judicial Case Management System (JCMS).

Department of Commerce – Call Center

The project involves developing a new Call Center, inventory management and marketing system for the Montana Promotions Division's Travel Montana Program.

Department of Administration - Public Safety Radio

This project will create a state-wide public safety radio system implemented through a series of regional installations.

Department of Labor and Industry – MICA

The new system will take Unemployment Insurance Claims over the Internet. The objective is to reduce claim center workload and delays in filing.



INFORMATION TECHNOLOGY SERVICES DIVISION



Montana State Fund – ClaimCenter Project

ClaimCenter is a claims processing package application system being installed as a replacement for the existing Claims Management System (CMS). The project has completed the Initiation and Requirements phases. It is currently in the Design phase.

Project Status: Active		Overall Condition: Good												
Sponsor: Layne Kertamus 444-5993 PMO: yes	Budget: \$2.5 million Size: Large Risk: Medium Due: 10/1/2005	<table border="1"> <caption>Performance Comparison (Planned vs Actual)</caption> <thead> <tr> <th>Category</th> <th>Planned (%)</th> <th>Actual (%)</th> </tr> </thead> <tbody> <tr> <td>Scope</td> <td>~10</td> <td>~10</td> </tr> <tr> <td>Budget</td> <td>~10</td> <td>~10</td> </tr> <tr> <td>Schedule</td> <td>~10</td> <td>~10</td> </tr> </tbody> </table>	Category	Planned (%)	Actual (%)	Scope	~10	~10	Budget	~10	~10	Schedule	~10	~10
Category	Planned (%)	Actual (%)												
Scope	~10	~10												
Budget	~10	~10												
Schedule	~10	~10												
Issues:	Risks: H M L	Next Steps:												
1. Upgrade to ClaimCenter 3.0	R1-H: Data Warehouse Interface R2-L: Medical Payment Timeline	<ul style="list-style-type: none"> • Complete Design of Package Application, Interfaces, and Conversion system. • Get final user and sponsor sign-off of system design • Finalize Construction project phase based on design documents • Begin Construction Phase 												
	INFORMATION TECHNOLOGY SERVICES DIVISION													