



# Legislative Audit Division

State of Montana

Report to the Legislature

October 2005

## Information System Audit

### Enterprise IT Management

Department of Administration

This report contains recommendations addressing management commitment to executing the centralized management and control of IT as required by state law, no documented implementation plans, lack of documented management methods and policies, and lack of coordination with the budget office.

Direct comments/inquiries to:  
Legislative Audit Division  
Room 160, State Capitol  
PO Box 201705  
Helena MT 59620-1705

05DP-06

Help eliminate fraud, waste, and abuse in state government. Call the Fraud Hotline at 1-800-222-4446 statewide or 444-4446 in Helena.

## INFORMATION SYSTEM AUDITS

Information System (IS) audits conducted by the Legislative Audit Division are designed to assess controls in an IS environment. IS controls provide assurance over the accuracy, reliability, and integrity of the information processed. From the audit work, a determination is made as to whether controls exist and are operating as designed. In performing the audit work, the audit staff uses audit standards set forth by the United States Government Accountability Office.

Members of the IS audit staff hold degrees in disciplines appropriate to the audit process. Areas of expertise include business, accounting and computer science.

IS audits are performed as stand-alone audits of IS controls or in conjunction with financial-compliance and/or performance audits conducted by the office. These audits are done under the oversight of the Legislative Audit Committee which is a bicameral and bipartisan standing committee of the Montana Legislature. The committee consists of six members of the Senate and six members of the House of Representatives.

### MEMBERS OF THE LEGISLATIVE AUDIT COMMITTEE

Senator Joe Balyeat  
Senator John Brueggeman  
Senator Jim Elliott  
Senator Dan Harrington  
Senator Lynda Moss  
Senator Corey Stapleton

Representative Dee Brown  
Representative Hal Jacobson  
Representative Christine Kaufmann  
Representative Scott Mendenhall  
Representative John Musgrove  
Representative Janna Taylor

# LEGISLATIVE AUDIT DIVISION

Scott A. Seecat, Legislative Auditor  
John W. Northey, Legal Counsel



Deputy Legislative Auditors:  
Jim Pellegrini, Performance Audit  
Tori Hunthausen, IS Audit & Operations  
James Gillett, Financial-Compliance Audit

October 2005

The Legislative Audit Committee  
of the Montana State Legislature:

We conducted an Information Systems audit of Enterprise IT Management responsibilities of the Department of Administration. Our audit focused on the department's statewide policy, planning, and management responsibilities as required by the Montana Information Technology Act (MITA).

This report contains recommendations addressing management commitment to implementing the Montana Information Technology Act, documentation of implementation plans, and documentation of management methods and policies.

We wish to express our appreciation to the department for their cooperation and assistance.

Respectfully submitted,

/s/ Scott A. Seecat

Scott A. Seecat  
Legislative Auditor

# **Legislative Audit Division**

---

## **Information System Audit**

# **Enterprise IT Management**

**Department of Administration**

Member of the audit staff involved in this audit was David P. Nowacki.

## Table of Contents

---

Appointed and Administrative Officials .....	ii
Executive Summary .....	S-1
<b>Chapter I - Audit Scope and Methodology .....</b>	<b>1</b>
Introduction.....	1
Objectives .....	2
Scope and Methodology .....	3
<b>Chapter II - Statewide IT Management and Control.....</b>	<b>5</b>
Introduction.....	5
DofA Management Perspective .....	6
CIO Vacancy .....	7
No Active Enforcement .....	7
Conclusion.....	8
<b>Chapter III – Implementation Plans .....</b>	<b>11</b>
Not Every Element of MITA Has Been Addressed.....	11
Implementation Plans .....	11
Conclusion.....	12
<b>Chapter IV – IT Process and Policy .....</b>	<b>13</b>
Documentation is Minimal and Inconsistent .....	13
Conclusion.....	16
Lack of Coordination with the Budget Office .....	17
Conclusion.....	18
<b>Department Response.....</b>	<b>B-1</b>
Department of Administration .....	B-3

## **Appointed and Administrative Officials**

---

### **Department of Administration**

Janet Kelly, Director

Steve Bender, Deputy Director

Jeff Brandt, Acting Chief Information Officer

---

### Executive Summary

The Montana Information Technology Act (MITA) was enacted to facilitate effective deployment of information technology resources in Montana, and reduce unnecessary duplication of information technology (IT) resources. MITA assigns responsibility for enterprise IT management to the Department of Administration (DofA). Enterprise IT management describes the goal of coordinating the efforts, spending, and resources for IT across the greater organization of the State of Montana. Where resources used to address these common elements can be shared, instead of duplicated, the state benefits in savings of money, time, hardware/software, and employees.

The scope of this audit included determining responsibilities for addressing MITA implementation, and the effectiveness of the management, policy, planning, and enforcement requirements of MITA. Scope was comprised of three primary objectives, including: to determine whether the rules and procedures established by DofA to implement MITA are consistent with legislative intent, to determine whether the agency IT planning process is effectively achieving the intent of MITA, to determine whether process used by DofA to establish statewide policies present effective and sound policy. Audit work included interviews with DofA management and personnel, and reviewing rules and existing documentation related to MITA, including policies, IT plans, process documents, templates and forms for tasks such as IT purchase requests, and position descriptions. We also attended monthly Information Technology Management Council (ITMC) meetings, a weekly meeting of the Policy and Planning Services Bureau business analyst team, an ITMC sub-committee meeting to discuss two policies, and surveyed agency IT managers regarding DofA's statewide policy and planning activities.

DofA has made some progress towards MITA implementation in select areas, but does not have an established process to ensure the IT planning and overall requirements of MITA are addressed and implemented consistent with legislative intent. Documentation of rules, policy and procedures is minimal and inconsistent. This report contains findings and recommendations addressing the overall implementation of MITA and areas of shortcoming.

# Chapter I - Audit Scope and Methodology

---

---

## Introduction

Effective July 1, 2001, the legislature enacted the Montana Information Technology Act (MITA) to facilitate effective deployment of information technology resources in Montana, and reduce unnecessary duplication of information technology (IT) resources. MITA assigns responsibility for enterprise IT management to the Department of Administration (DofA). Enterprise IT management describes the goal of coordinating the efforts, spending, and resources for IT across the greater organization of the State of Montana, rather than the local IT management of the individual agencies. Each agency has specific tasks and needs for their IT, but they also share common elements. Where resources used to address these common elements can be shared, instead of duplicated, the state benefits in savings of money, time, hardware/software, and employees. The increasing importance of coordinating and organizing IT resource development and deployment is evidenced by the more than \$110 million in IT expenditures by state agencies in fiscal year 2004.

Statutorily, MITA establishes the following:

Chief Information Officer (CIO) – an individual appointed by the director of DofA to carry out the duties and responsibilities relating to statewide information technology issues.

Strategic Planning – each state agency, including the Department of Administration, is required to develop and maintain an IT plan. The DofA must also establish and enforce a strategic IT plan for the State of Montana to guide all agencies. DofA must review and approve all agencies IT plans.

Implementation and Enforcement – DofA is charged with implementing MITA and all subsequent IT related initiatives. State law requires DofA to establish and enforce statewide IT policy, standards, and rules.

## Chapter I - Audit Scope and Methodology

---

Procurement Approval – agency specifications and procurement methods for the acquisition of IT resources must be reviewed and approved by the DofA.

Information Technology Board (ITB) – an advisory board was created, providing a forum to assist with the management of information technology used by the State.

DofA reorganized part of its Information Technology Services Division (ITSD) structure and appointed the first CIO in 2002. Two Deputy CIO positions were created: one focused on managing service operations, and one focused on managing policy and planning. A set of rules were written to specify dates for submission of agency IT plans, as well as provide high-level descriptions of the processes for IT procurement requests (ITPR), and requesting policies, standards, and exceptions to them.

The Policy and Planning Service Bureau (PPSB) was established and assigned the most significant responsibilities for addressing MITA requirements. The Office of Cyber Protection (OCP) and Project Management Office (PMO) were also established.

In 2004, the CIO instituted a reorganization of ITSD with a significant change involving the consolidation of the Deputy CIO positions. This has been the status for the past year.

---

### Objectives

The objectives of this audit were:

- ▶ To determine whether the rules and procedures established by DofA to implement MITA are consistent with legislative intent.
- ▶ To determine whether the agency IT planning process is effectively achieving the intent of MITA.
- ▶ To determine whether the process used by DofA to establish statewide policies create effective and sound policy.

### Scope and Methodology

The scope of this audit included determining responsibilities for addressing MITA implementation, and the effectiveness of the management, policy, planning, and enforcement requirements of MITA. We established the legislative ‘intent’ of the Act through readings of the MITA statutes, review of the meeting minutes from the Appropriations, State Administration, and Energy and Telecommunications committees regarding Senate Bill 131 (Chapter 313, Laws of 2001). The intent of MITA was to create a management function to manage and control the use of IT in state agencies as an enterprise, providing centralized oversight, rule making authority, and creating accountability structures to accomplish the statutory goal of developing IT resources in an organized, deliberative and cost-effective manner. DofA must establish information technology policies, standards, and objectives for the state as a whole, and is charged with ensuring this is done via enforcements and rules. The management function was intended to be a leadership role, and was specifically drawn to ensure inter-agency cooperation, greater control of spending approval to eliminate redundancy and waste, and to create a clear vision of the goals of Montana as a state with regards to IT.

We reviewed rules and obtained existing documentation related to MITA from the DofA management. We compared the documentation with statute content and our established legislative ‘intent’ document for completeness and effectiveness in the implementation of MITA. The documents acquired from DofA included: policies, IT plans, process documents, templates and forms for tasks such as IT purchase requests, and position descriptions.

We conducted individual and group interviews with the DofA management to acquire a verbal representation of their procedures used to address MITA implementation. Interviews also included the Project Management Office and Office of Cyber Protection within DofA. We attended three monthly Information Technology Management Council (ITMC) meetings between April and June 2005. We attended a weekly meeting of the PPSB business analyst team, and an ITMC sub-committee meeting to discuss two policies.

## **Chapter I - Audit Scope and Methodology**

---

Finally, we surveyed agency IT managers regarding DofA's statewide policy and planning activities.

This audit was conducted in accordance with government auditing standards published by the United States Government Accountability Office.

# Chapter II – Statewide IT Management and Control

---

## Introduction

The Montana Information Technology Act (MITA) presents the state with an opportunity to have centralized management and control of IT. Having one agency managing and leading the direction of IT provides the state with many potential benefits, including: improved consistency across systems due to standardized hardware, software, and IT practices; clarity regarding statewide IT goals and strategies; ensuring agency alignment with statewide strategies; increased organization due to statewide policy procedures; integration of systems and data; and reduction in IT procurement and operations costs. Accountability can be maintained because one agency is responsible for centralized management and oversight.

With the enactment of MITA came an expectation from legislators for significant change in the way statewide IT operations are managed and overseen, and a change in how the Department of Administration (DofA) interacts with agencies. In addition to the service-oriented approach that has historically driven ITSD within DofA, the Department would have to actively take charge through management, oversight, initiative, and leadership of state agencies regarding information technology. MITA requires change via strong language that requires an active approach to statutory responsibilities.

Examples of strong language are included in the statute that outlines the powers and duties of the department, section 2-17-512, MCA. It states the department shall:

- ▶ “promote, coordinate, and approve the development and sharing of shared information technology application software, management systems, and information that provide similar functions for multiple state agencies,”
- ▶ “establish and enforce a state strategic information technology plan,”
- ▶ “establish and enforce statewide information technology policies and standards,”

## Chapter II - Statewide IT Management Control

---

- ▶ “review and approve state agency information technology plans,”
- ▶ “review and approve state agency specifications and procurement methods for the acquisition of information technology resources,”
- ▶ “review, approve, and sign all state agency contracts and shall review and approve other formal agreements for information technology resources provided by the private sector and other government entities,” and
- ▶ “implement this section, and all other laws for the use of information technology in state government.”

The language not only establishes responsibilities for department action through promoting, coordinating, and establishing activities, but also gives the department control through enforcing, approving, and implementing responsibilities.

The enforcement responsibility is strengthened in section 2-17-514, MCA, which states, “If the department determines that an agency is not in compliance with the state strategic information technology plan, the agency information technology plan, or statewide information technology policies and standards, the department may cancel or modify any contract, project, or activity that is not in compliance.” MITA further outlines enforcement methods through coordination with the budget office for IT requests, and allowing the transfer of funds, equipment, facilities and employees from agencies to ensure the cost-effective use of IT resources. These responsibility areas are clearly outlined in state law.

---

### **DofA Management Perspective**

DofA has not established itself as a management-oriented body, instead choosing a passive approach by offering IT management services to the agencies while allowing agency consensus to dictate direction of IT management issues. Only select sections of MITA are being actively addressed, as opposed to an approach achieving each of the objectives and establishing the organizational management and control structures outlined in statute. Of the sixteen sections of MITA that fell under the scope of this audit, nine are not being implemented and enforced to the intent outlined in state law.

## Chapter II - Statewide IT Management Control

---

A key issue in implementation of MITA is the perspective on the management and leadership role as it relates to MITA. We discussed the intent of MITA with the DofA - Information Technology Services Division (ITSD) management, and asked management to provide us with their current perspective on MITA. ITSD management has stated that their perspective on the charges of MITA was to build consensus and provide management services to the agencies. When compared with our observations of ITSD interaction with the agencies, their stated concept of service to the agencies was well established. DofA's stated perspective on MITA is also based on the interpretation that the Act was to minimize large problems or flagrant abuse of resources for IT. While this is part of the intent of MITA, the Act is far more rooted in the idea of increasing the efficiency of IT resource utilization and reducing redundancy of efforts across the enterprise IT of Montana.

---

### CIO Vacancy

DofA is largely dependant upon the CIO position to guide statewide IT progress, but has fallen short in terms of documenting rules, policies, procedures and guidelines used by the department since the inception of MITA, and thus does not have an effective way to carry forward operations in case of CIO turnover. A CIO vacancy existed for more than a year, and a vacuum of direction and decision within ITSD has created an environment in which the agencies perceive no actual management action. ITSD maintains that the goal of consensus building has been their strategy. Upon review of agency responses to our survey, the consensus building is being viewed as a lack of decisiveness and leadership. At meetings of the Information Technology Management Council (ITMC), we observed agency representatives request guidance, and instead are given responses that turn the question back on them by asking how they would like a situation handled, or how they feel about the circumstance at hand.

---

### No Active Enforcement

ITSD relies on a system of self-reporting, and stated they do not want to micro-manage agencies. Management commented that they do not want to be monitoring and policing the agencies because they do not have the adequate staffing, but added that just because something is difficult, that does not relieve them of the statutory

## **Chapter II - Statewide IT Management Control**

---

responsibility. Regarding staffing, we asked the DofA management if they had requested additional resources, such as employees, to aid in executing the requirements of MITA. They indicated that they had not.

The department has not actively addressed issues of enforcement for agency non-compliance with policies, decisions, or even the statutes established within MITA. For example, DofA must review and approve agency IT plans as well as IT procurement requests (ITPRs). Through MITA and DofA rules, all agency procurement must be based on efforts described within an approved IT plan for the agency. When asked how agencies without approved IT plans were able to procure new IT resources, the DofA staff explained that when ITPRs are submitted, they treat the request as if their plan was approved. Staff also indicated that there was five agencies without approved IT plans. The discussion was held in May 2005 and places each of these plans approximately one year past the statutory approval date, or half of the current biennium.

---

### **Conclusion**

The DofA actions relating to the intent of MITA have been limited to preventative measures for extremely serious abuses of the procurement and use of IT resources. DofA has taken the strategy of allowing agency consensus to dictate decisions as opposed to issuing and enforcing policy or operational rules, and have not accepted the responsibility to enforce and monitor the agency compliance with a centralized IT management. The passive approach to management has allowed non-cooperation by state agencies to be a cause for DofA not fulfilling their statutory obligations. DofA has made some progress towards MITA implementation in select areas, but does not have an established process to ensure the IT planning and overall requirements of MITA are addressed and implemented consistent with legislative intent. Documentation of rules, policy and procedures is minimal and inconsistent. The following chapters further discuss findings and recommendations addressing the overall implementation of MITA and areas of shortcoming.

## Chapter II - Statewide IT Management Control

---

**Recommendation #1**

**We recommend DofA commit to and execute the centralized management and control of IT required by the Montana Information Technology Act.**



## Chapter III – Implementation Plans

---

---

### Not Every Element of MITA Has Been Addressed

The Montana Information Technology Act (MITA) charges the Department of Administration (DofA) to appoint a Chief Information Officer (CIO) and structure a centralized coordination for the State's information technology (IT). MITA states that the development of IT resources for the state must be conducted in "an organized, deliberate, and cost-effective manner." During our work, it was difficult to substantiate that these goals are being met. We requested documentation related to the implementation plans for addressing MITA, as well as policies, rules, and supporting documentation of how DofA is managing the organization of these goals. We expected to see the following areas addressed, and evidence that DofA and the agencies are using them:

- 1) A plan to address each element of MITA, including interpretations and timetables for compliance and implementation.
- 2) Documents that define the processes of developing, as well as maintaining, enterprise IT policies and other standards.
- 3) A set of policies, standards, rules, and other procedural documents governing how DofA and the agencies would become compliant with MITA.
- 4) A complete and approved IT plan and biennial performance report for each agency as well as for the overall State of Montana as required by statute.

We did not see all the areas addressed. Implementation is discussed in this chapter, while the three remaining areas are discussed in Chapter IV.

---

### Implementation Plans

We asked DofA management for their overall approach to MITA. They explained that no organized attempt has been made to review, interpret, and plan for the implementation of each element of MITA. Likewise, documentation of their approach does not exist. In interviews with management, their philosophy on MITA has taken the approach of consensus building rather than dictating or micromanaging the agencies. Management stated that they felt there was a range of interpretations to MITA and chose to interpret it as more of an effort to work with the agencies instead of dictating

## Chapter III – Implementation Plans

---

policy to them. They stated that they viewed the goal of MITA was to prevent the big problems, and that perhaps the focus needed to be shifted.

---

### Conclusion

DofA has not made significant progress towards an organized, deliberate, and cost-effective approach to addressing each area of responsibility and authority provided in MITA. In selective instances, they have attempted to address areas of planning and procurement, but have not established the rules for enforcement and implementation of the majority of MITA.

#### **Recommendation #2**

**We recommend DofA develop and document implementation plans addressing each section of MITA.**

## Chapter IV – IT Process and Policy

---

### **Documentation is Minimal and Inconsistent**

DofA is charged with rulemaking; policy and standard establishment; and enforcement, in conjunction with the statutory requirements of MITA. In the four years since MITA was enacted, DofA has made minimal progress in construction of such a framework. There is no documented process defining how DofA uses management methods and documents to ensure statewide compliance with MITA, including: writing policy, standards, enforcement guidance; rulemaking, communication and dissemination of the aforementioned documents; or the approval of IT plans and IT procurements for the agencies.

State law states that DofA shall adopt rules to implement MITA and specifies fourteen areas that are to be included as rules in the rulemaking section of MITA. DofA's adopted rules related to MITA responsibilities number only eight and do not cover all of the areas outlined in the rulemaking section. Of the eight, two are the introduction and definitions of terms used within that section of the Administrative Rules. It is important to document policies and procedures used to implement statutes, as well as any interpretations or discretion of how or when a specified statute or policy would be applied or enforced.

No overall approach to MITA has been established, as described in Chapter III of this report. This makes it difficult to measure the standards, policies, and procedures that might be necessary to effectively address MITA. We did, however, review the content of existing policies and standards to determine if gaps exist between the statutory charges of MITA and DofA's progress in addressing them with documentation. Our review noted the majority of existing policy applies to the security aspect of information technology, which comprises one of the more than twenty sections within the scope of MITA. Upon review, the documents themselves lack consistency from one policy to the next, regarding content, required details, and appearance. For example, only half of the policies we reviewed contained a clearly defined statement of purpose.

## Chapter IV – IT Process and Policy

---

DofA has a template outlining four content areas for policies, but the template is at a high level that does not describe the detail required in each content area, and not all policies conform to the template.

DofA does not have a process to ensure policies are consistent and clear. Further, there are not procedures to maintain and periodically review and update policies to ensure consistency, applicability, and effectiveness. While software-related standards have been established, and term contracts exist for some hardware, other areas of IT such as procedural practices have not been addressed. Standards and policies are not established in areas of practice in IT, such as project management. For example, regular interaction with the Project Management Office could be required through a statewide policy, and standards could be set for project management methodologies.

The following examples illustrate the gaps in policies and standards and the implementation of MITA. These examples are in the areas of:

- ▶ IT procurement
- ▶ agency IT plans
- ▶ performance reports

### **Review and approval of agency IT resources and systems - section 2-17-518(1), MCA**

DofA's rules state that each agency shall submit a request for approval for all IT procurements and all IT development efforts. DofA is not currently collecting requests for all procurements and development efforts as it has delegated the authority to agencies for internally approving select procurement requests. The rule wording is inconsistent with current practice. Additionally, DofA staff and management informed us that currently, agencies must self-report procurements and development efforts in order for DofA to be aware that they are going on. Staff further explained that some agencies are unaware as to what constitutes a development effort, and therefore, do not notify DofA that the development is occurring. As written, the rule is inconsistent with current DofA practices and does not

clearly and accurately identify the IT resource procurement and development efforts that must be approved. DofA has defined the information that agencies are required to provide for IT procurements through their Information Technology Procurement Request (ITPR) form. However, DofA does not have a form specified for internal IT development efforts. The lack of request form for internal IT development efforts contradicts the implications presented in the rules, stating that agencies shall submit requests for approval for all IT development efforts.

### **Approval of IT investments – section 2-17-523(3), MCA**

DofA staff stated that although there currently are agencies that do not have an approved IT plan, they have never rejected an IT procurement request based solely on the fact that the IT plan is not approved. One of the reasons given for unapproved IT plans is unwillingness of agencies to cooperate in expanding and clarifying plan content. By approving IT procurements to agencies without approved plans, DofA is not effectively utilizing a statutorily defined enforcement mechanism that would compel agency cooperation.

### **Development of agency IT Plans – section 2-17-518(2), MCA**

DofA has defined the content requirements for agency IT plans by referencing the statutory section of MITA that lays out the form and content of IT plans. DofA has also developed a template for agencies to use in developing IT plans. However, the template and content requirements do not include another statutory requirement in Section 2-15-114(6), MCA that states that each agency IT plan should include a general description of the agency security program and future plans for ensuring the security of data.

Rules related to guidelines for DofA's approval decision for agency IT plans mention the use of 'criteria', but do not specify approval criteria. DofA staff in charge of reviewing agency IT plans stated that it is difficult to consistently review agency plans because of the wide range of experience in IT planning throughout the agencies. DofA staff also stated that the level of detail required in the plans was not as defined as it should be, and some agencies have much

## Chapter IV – IT Process and Policy

---

more trouble than others. Further, in response to our survey of agency information technology managers, 22 of 26 respondents (84 percent) replied that they do not understand the criteria used by DofA in approving the IT plans.

### **Reviewing and approving agency IT plans – section 2-17-512(f), MCA**

MITA outlines dates by which all agencies' IT plans must be approved. DofA has established a timeline for the submission, review, and approval process. However, DofA staff stated that there are five agencies' IT plans for 2004 that have not been approved, over a year past the statutorily required approval date of June 30 of even-numbered years to coincide with the budget process. Additionally, DofA staff stated that all currently approved agencies' IT plans are posted on the Information Technology Services Division webpage. However, upon review of the webpage, only 20 of the 34 agency plans posted were the current 2004 IT plans, which indicates the number might be greater. In our survey, 13 of 26 responses (50 percent) indicate agency IT plans had been approved by the required dates in each of the last two biennial cycles.

### **Agency biennial performance reports - section 2-17-524(3), MCA**

DofA conducts a biennial survey to collect information from each agency used in creating the statewide biennial report. Some of the statistical survey responses displayed in the statewide biennial report for fiscal years 2004 and 2005 showed a significant amount of non-responses to the survey. DofA does not require additional biennial performance reports from agencies that evaluate progress toward individual agency IT plans, as required by statute.

---

### **Conclusion**

DofA cannot ensure consistent and continued application of policy, procedures, enforcement, or coordination of resources without an established and documented process of utilizing the management methods available to them. During meetings, department management acknowledged that they lack an overall framework for building rules, policies, standards, and other documentation for addressing MITA.

**Recommendation #3**

**We recommend DofA:**

- A. Establish and document the process of using policies to ensure DofA and state agencies comply with the Montana Information Technology Act.**
- B. Establish and document procedures to maintain enterprise IT policies and standards.**

**Lack of Coordination with the Budget Office**

The Montana Information Technology Act (MITA) states the department shall “coordinate with the office of budget and program planning to evaluate budget requests that include information technology resources.” Further, section 2-17-523(3), MCA states “New investments in information technology can be included in the governor's budget only if the project is contained in the approved agency information technology plan.” The current coordination between DofA and the Office of Budget and Program Planning (OBPP) contains several inconsistencies with what MITA requires.

The interaction between OBPP and DofA is typically initiated by OBPP. OBPP specifies agencies must substantiate the need for new budget requests for projects costing at least \$300,000 over a biennium. DofA also adopts this threshold in its definition of new projects or initiatives that must be included in agency IT plans. OBPP only evaluates new budget requests (new money) related to IT expenditures. The “new” investments defined in MITA do not equate only to new budget requests, because new investments in IT can be made within existing budgets for under the \$300,000 threshold without being contained in an approved technology plan as required by law. The current process initiated by OBPP will not detect this situation or reduce unnecessary IT spending.

An agency without an approved IT plan, by law should not be permitted to make any “new” investments in IT. However, if an agency does not request new funding, OBPP would not question the IT requests in their base budget. When asked whether OBPP was informed of the IT plans that were not approved, as discussed in Chapter III, OBPP management stated that the office did not recall

## Chapter IV – IT Process and Policy

---

whether they were informed of the existence of unapproved agency IT plans, but did not know for sure.

---

### Conclusion

Close interaction between DofA and OBPP is essential to ensuring agency compliance with statutory requirements and statewide policies and standards. By ensuring new investments are only approved for agencies that comply with statutes, policies, and standards, agencies will be compelled to cooperate if they want IT operations funded. By not conducting the IT planning and budget approval processes in conjunction, or consistent with statute, the state is missing out on a key enforcement mechanism.

#### **Recommendation #4**

**We recommend DofA coordinate with the Office of Budget and Program Planning to enforce the statutory requirement that new IT investments be included in the governor’s budget only if the project is included in the approved agency information technology plan.**

# Department Response



DEPARTMENT OF ADMINISTRATION  
DIRECTOR'S OFFICE



BRIAN SCHWEITZER, GOVERNOR

MITCHELL BUILDING

STATE OF MONTANA

(406) 444-2032  
FAX 444-2812

PO BOX 200101  
HELENA, MONTANA 59620-0101

October 18, 2005

David Nowacki  
Senior Information Systems Auditor  
Legislative Audit Division  
PO Box 201705  
Helena, MT 59620-1705

RECEIVED

OCT 18 2005

LEGISLATIVE AUDIT DIV.

Dear Mr. Nowacki:

We have reviewed the October 2005 Enterprise IT Management audit report and the recommendations contained therein. Our response to the recommendations appears below:

Recommendation #1

We recommend DofA commit to and execute the centralized management and control of IT required by the Montana Information Technology Act.

Response:

We concur. The department will carry out its statutory responsibilities of the Montana Information Technology Act (MITA ) by taking a strong leadership role in the management and control of IT. The department remains committed to considering agency recommendations regarding information technology while retaining decision-making authority.

Recommendation #2

We recommend DofA develop and document implementation plans addressing each section of MITA.

Response:

We concur. The department will develop an implementation plan that will address all of its statutory responsibilities of MITA, section by section.

Recommendation #3

We recommend DofA:

- A. Establish and document the process of using policies to ensure DofA and state agencies comply with the Montana Information Technology Act.
- B. Establish and document procedures to maintain enterprise IT policies and standards.

Response:

A. We concur. The department will provides clear direction and guidance to all state agencies to ensure MITA compliance through the use of ARM, policies, procedures, standards, and sanctions resulting from non-compliance.

B. We concur. The department will:

- review existing procedures for establishing and maintaining policies and standards to ensure they reflect the intent of MITA, and provide guidance for uniformity and consistency.
- review existing ARM, policies, and standards for consistency and MITA compliance;
- identify areas that are not currently or adequately addressed by existing ARM, policies and standards; and establish appropriate ARM, policies, procedures or standards.

Recommendation #4

We recommend DofA coordinate with the Office of Budget and Program Planning to enforce the statutory requirement that new IT investments be included in the governor's budget only if the project is included in the approved agency information technology plan.

Response:

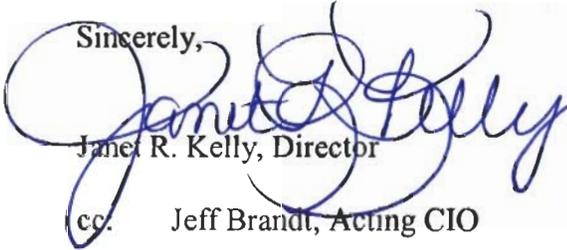
We concur. The DofA will work with the Office of Budget and Program Planning (OBPP) to develop the necessary policies and procedures to enforce the statutory provisions of MITA. Specifically, we will:

- A. Develop a policy that defines a major new IT investment.
- B. Develop a process to review major new IT investments that are contained in an agency's existing budget or its new budget proposal.
- C. Develop a process to ensure major new IT investments are included in an agency's original or amended IT Plan, whether the new IT investment is contained in the agency's existing budget or its new budget proposal.

We recognize the magnitude of the challenges associated with implementing these recommendations; but, we are committed to implementing the MITA in a manner consistent with the audit recommendations.

Thank you and your staff for conducting the audit in a professional manner.

Sincerely,

A handwritten signature in blue ink, appearing to read "Janet R. Kelly". The signature is written in a cursive style with large, flowing loops.

Janet R. Kelly, Director

cc. Jeff Brandt, Acting CIO