

# Reporting Enterprise IT Expenditures

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Preliminary Discussion

May 18, 2004

# Situation

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- Critical government services depend on information technology (IT) infrastructure and systems
- Hundreds of millions of dollars are spent to develop, operate, manage, maintain and support IT infrastructure and systems each biennium
- Increased scrutiny is being placed on state's ability to manage this area of operations
- To manage IT infrastructure and operations well, accurate, detailed, and timely IT-related information is required (e.g. asset inventory, project portfolio, performance data, expenditure information, etc.)

# Problem

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- Current budget, accounting, and state payroll systems are:
  - not designed to capture aggregate IT expenditure information across state government at a detailed level.
  - designed to control and report budget and cost information by organization and budget authority.
- Current systems and chart of accounts do not enable IT expenditure accounting/reporting at summary and detailed level.
- Verifiable enterprise view of IT Budgeting/Expenditures at a sufficient level of detail is not currently possible.

## Questions:

How do we know how much we are spending on IT?

How do we know what IT-related goods and services we are buying?

# Problem

## Selected Expenditures 1995-2003

	95-97 Actuals	97-99 Actuals	99-01 Estimates	99-01 Actuals	01-03 Requested	01-03 Estimates
Telecommunications (S&S) TOTAL	104,991,979	124,042,628	155,125,899	131,959,347	163,603,079	150,034,792
Data Processing (S&S) TOTAL	123,597,034	179,068,891	175,940,096	134,604,493	216,952,070	142,620,705
Data Processing (Software) TOTAL	2,601,380	5,118,991	4,723,674	4,159,695	6,141,355	5,732,416
Data Processing (hardware) TOTAL	20,603,531	18,515,293	19,375,530	24,640,057	27,395,375	15,198,105
Total Expenditures	\$251,793,924	\$326,745,803	\$355,165,199	\$295,363,592	\$414,091,879	\$313,586,018

Note: This information is taken from the Automated Budget Information System (ABIS and ORBITS)  
 It does not include:  
 \* Personal Services  
 \* Personal/Professional Services Contracts  
 \* Expendable Property (Assets with a value less than \$5000)

This information includes Oregon University Systems (not OHSU) Expenditure information  
 Does not Include Expenditure Information for the Lottery or the Legislative Administration

# Objective

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Produce regular, consistent, verifiable, and auditable IT expenditure data at a level necessary for enterprise management decision support purposes.

# Recommendation

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Modify existing administrative core systems.

- Identify and make required policy changes to support sustainable detailed reporting and IT decision making/management on an enterprise scale.
- Build common IT Definitions/Chart of Accounts.

## Benefits

- Leverages investments already made in current systems. Lessens the need for other, duplicative, manual reporting processes.
- Strengthens connection between BAM (budget), SCD (financial management & reporting), IRMD (information resources), HRSD (human resources) processes and decision making.
- Produce regular, consistent, verifiable, and auditable IT expenditure data

# Key Steps (Scope) and Current Status

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- Develop common set of definitions (aligned with IT Asset Management Domain Team Definitions) ~ ***Draft included***
- Collaboratively develop a statewide IT Chart of Accounts ~ ***Draft included***
- Policy Decision regarding number of accounts added to ORBITS ~ ***Done***
- Assess feasibility of making required changes to Statewide Budget and Expenditure Reporting Systems ~ ***In Progress***
  - ORBITS, SFMA, Agency Budget/Financial Systems
- Identify and assign key resources (business and technical staff, money)
- Make required changes to Statewide Budget and Expenditure Reporting Systems
- Collaboratively develop Agency Instructions
- Develop policies & procedures
- Communicate with agencies and develop/deliver agency education/training

# Participants

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## **DAS**

- Director's Office
- State Controller's Division
- Budget and Management Division
- Information Resources Management Division

## **Agencies**

- SFMA Users Group, CIO Council, Agency Finance Staff
- ODOT (TEAMS application)
- Corrections (JD Edwards system)
- Other

# 2005-2007 Budget Instructions (Page 34 & 35)

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- **ORBITS Chart of Accounts - (Expendable Property & Professional Services)**
  - Note: The chart of accounts available in ORBITS relating to Expendable Property and Professional Services has been expanded to distinguish between IT-related and Non-IT related budget items. Please contact your agency's budget analyst for any needed clarification regarding this change.
  
- **IT-related chart of accounts for 2005-2007 Expenditure reporting**
  - Further, IRMD and the State Controller's Division are working on an expanded IT-related chart of accounts for use during the expenditure reporting process in the 2005-07 biennium. The use of this expanded IT-related chart of accounts will be required to provide the detailed information necessary for quality, comprehensive, and state government-wide information resources management planning and coordination to occur.

# Proposed IT-Related Chart of Accounts

## Expenditure Reporting: *Services and Supplies*

### Telecommunications

Current	Break into five parts
Telecommunications	Repair services
Telecommunications	Maintenance/Support Agreements
Telecommunications	Rent/Lease Agreement
Telecommunications	Voice/Long Distance Charges
Telecommunications	Other

Note: Costs of equipment that support the environment are input in Expendable Property or Capital Outlay

### Data Processing

Current	Break into six parts
Data Processing	Maintenance/Support Agreements - Hardware
Data Processing	Maintenance/Support Agreements - Software
Data Processing	Software Licensing Agreements
Data Processing	Third-Party Repair Services
Data Processing	Rent/Lease Agreement (Hardware & Software)
Data Processing	Other

Note: Costs of equipment that support the environment are input in Expendable Property or Capital Outlay

### Professional Services

Current	Break into 2 parts - IT and Non-IT
Professional Services	Non-IT related professional services
Professional Services	IT-related professional services

### Expendable Property

Current	Break into Six parts
Expendable Property (<\$5,000)	WAN/LAN related hardware & software
Expendable Property (<\$5,000)	PC - related Hardware & Software
Expendable Property (<\$5,000)	Server-related hardware & Software
Expendable Property (<\$5,000)	Peripherals – Separately Purchased
Expendable Property (<\$5,000)	Other IT-Related
Expendable Property (<\$5,000)	Other Non-IT Related

# Proposed IT-Related Chart of Accounts

## Expenditure Reporting: *Capital Outlay*

### Telecommunications

Current	Break into three parts
Telecommunications	Voice - related Hardware and Software
Telecommunications	WAN/LAN (Data & Video) Related-Hardware & Software
Telecommunications	Other

### Data Processing Software

Current	Break into three parts
Data Processing Software (+\$5000)	Server-related Software
Data Processing Software (+\$5000)	Mainframe-related Software
Data Processing Software (+\$5000)	Other

### Data Processing Hardware

Current	Break into three parts
Data Processing Hardware (+\$5000)	Server-related Hardware
Data Processing Hardware (+\$5000)	Mainframe-related Hardware
Data Processing Hardware (+\$5000)	Other

# Proposed IT-Related Chart of Accounts

## Expenditure Reporting: *Definitions*

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### **Information Technology (IT)**

Information Technology (IT) includes, but is not limited to, all present and future forms of computer hardware, software and related services for data processing, office automation, and telecommunications. IT does not include embedded technologies.

### **Server**

A shared computer in a network that is used to provide services, such as access to files, shared peripherals (e.g. printers), the internet (web services), to applications, to data/databases, or the routing of E-mail, to other computers in the network. Also a computer program that provides services to other computer programs in the same or on other computers.

### **Maintenance Agreement**

Maintenance Agreement is a contract between the vendor and the agency specifying a level of ongoing support for a product or piece of equipment. Maintenance agreements often cover a one-year or longer time period.

# Proposed IT-Related Chart of Accounts

## Expenditure Reporting: *Definitions*

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### **Personal Computer (PC)**

A personal computer is a laptop or desktop computer plus components such as a monitor, keyboard, mouse, modem, and other parts. A personal computer may be connected to a local area network or be a stand-alone workstation.

### **Mainframe**

A powerful computer, used in a multipurpose environment at the corporate or major divisional level. A mainframe is a large-scale computer typically containing a large quantity of main memory, disk storage and is able to support thousands of simultaneous users.

### **Hardware**

The physical, touchable, material parts of a computer or other system.

### **Software**

The detailed instructions given to operate a computer. These instructions can be provided through the use of commercially available off-the-shelf software (COTS), custom development software or through a hybrid approach. For the purposes of these chart of accounts, this definition also includes operating systems, utilities and all other application software programs installed on a computer (i.e. mainframe, server, personal computer, etc.)

# Proposed IT-Related Chart of Accounts

## Expenditure Reporting: *Definitions*

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### **Wide Area Network (WAN)**

A Wide Area Network (WAN) provides video and data connectivity services across a large geographical area. A wide area network includes communications lines and equipment up to and including the router at a particular end user site, excluding local area networks (LANs)

### **Local Area Network (LAN)**

Local area network – A geographically limited communication network that connects users within a defined area.

### **Network**

A collection of computers and other computer related devices that are able to communicate with each other over some transmission media.

### **Rent/Lease Agreement**

A Rent/Lease Agreement is a contract between the vendor and the agency to use a product or piece of equipment for a specified length of time. The ownership of the product/equipment resides with the vendor and will be returned to the vendor at the end of the lease.

# Proposed IT-Related Chart of Accounts

## Expenditure Reporting: *Definitions*

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### **Peripherals (when purchased separately)**

A peripheral is a type of computer hardware that is added to the computer, in order to expand its abilities. More specifically the term is used to describe those devices that are optional in nature, as opposed to hardware that is either demanded, or always required in principle. Peripheral Devices can include keyboards, mice, display monitors, hard disk drives, CD-ROM players, printers, scanners, audio speakers and microphones, and other hardware devices. Some devices such as a hard disk drive or a CD-ROM drive, while physically inside the computer housing, are considered peripheral devices because they are separately installable and replaceable. Some peripherals are mounted in the same case with the main part of the computer as are the hard disk drive, CD-ROM drive, and NIC. Other peripherals are outside the computer case, such as the printer and image scanner, attached by a wired or wireless connection.

# Next Steps

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- Review, edit and adopt common set of definitions
- Review, edit and adopt IT Chart of Accounts
- Develop policies & procedures
- Make required changes to Statewide Budget and Expenditure Reporting Systems
- Collaboratively develop Agency Instructions
- Communicate with agencies and develop/deliver agency education/training