

# CNIC Governing Board Meeting Minutes – May 8, 2006

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Approved 6/12/06

Attendees:

Agency:	Board Representative:	CIO or Representative:
DAS	Lindsay Ball/Kris Kautz	Mike Zanon
DCBS	Greg Malkasian	Dan Adelman
Corrections		John Koreski
Education	Doug Kosty	Baron Rodriguez
Employment	Laurie Warner	Curt Amo
Forestry	Tim Keith	Sandy Jefferson
Housing & Community Services	Rick Crager	Bill Carpenter
Human Services	Fariborz Pakseresht	Bill Crowell
State Police	Peter Spirup	
Revenue	Elizabeth Harchenko	Stan McClain
ODOT	Matthew Garrett	Ben Berry
Veterans' Affairs	Paula Brown	Herb Riley

State Data Center: Julie Bozzi, Mark Reyer  
Project Office: Barbara Jensen, Sarah Miller  
Accenture: Mike Dawson, Kari Ensminger  
Others: Kate Coffey, George Dunford, Kay Erickson, Bill Fink, Raelynn Henson, Jerry Korson, Theresa Masse

## **1. Opening Comments**

**MOTION:** Elizabeth Harchenko moved to approve the April 10 minutes as written. Greg Malkasian seconded. The motion passed.

## **2. Administrator's Report, Mark Reyer**

Almost 300 servers have been moved into the SDC to date. Housing is the first agency to be completely moved. The ATL is up and operational. SAN storage migrations for DHS, DAS and ODOT are complete. More capacity will be procured (there are funds to do this). The mainframe will be tested today and ready to accept production testing next week. Mark noted that having done a few consolidations and moves, this is the best transition he has ever seen. The teams at the SDC in cooperation with the agency teams are working extremely well together. All issues are getting addressed and resolved quickly. Cross agency relationships that are being built are going to serve everyone well in the future. He knows that the transition is only one third complete, but wanted to note how well the migrations are going. Rick Crager of Housing affirmed that their transition went very well. They had a great deal of support from the SDC and appreciated everyone's hard work.

Mark addressed a software licensing issue. Vendors had to be notified that applications would be changing locations. It turns out that many applications are not properly sized to the processors on which they are running. There are also instances where the licenses on a machine are actually for a different machine. This must be addressed. (Maintenance agreements on hardware are a separate issue. Server licenses will not likely pose any problems as they tend to be one time.) There is not yet a full understanding of all license agreements and any changes that will need to be made, but the SDC is working to collect the information. The dollar volume could pose an issue. There were questions as to who will be responsible for "truing up" these licenses. Mark does not yet know but will have a better idea once all the information has been collected. Lindsay asked that the board to consider this issue and possible solutions until Mark returns with an update. He further suggested that directors make an attempt to visit the SDC and view the progress there.

## **3. Budget Status Report, George Dunford, Elizabeth Harchenko**

There will be some changes to the original 07-09 budget. The budget that was done months ago erroneously double counted some funds and this will be reconciled. The Finance Committee will offer solutions for dealing with this problem. The committee began meeting again last week.

Because of the way in which questions were asked in the December budget review some numbers will need to be reviewed for accuracy. The issue regarding federal funds is being evaluated by a third party specialist to understand the associated risks. The committee is working on developing an assessment model before the Legislature assesses the 07-09 budget. Another meeting is scheduled for next week to do an 05-07 true up and to discuss federal funding. Kris noted that the Steering Committee is facing several issues associated with the 07-09 model and asked for an expected timeline for resolving the budget. A rate model will not be available until at least six months into 07-09 but an assessment model is being done as quickly as possible. Agencies will be called upon as needed. It was announced that George Dunford is leaving DAS. Kate Coffey will serve a lead role with the Finance Committee in place of George.

#### **4. Human Resources Report, Jerry Korson**

Twelve individuals from the in-scope list chose not to apply for SDC positions. They have been contacted to confirm that they did not desire to apply. Each applicant qualifies for at least one of the positions for which they applied. All applicants will be notified by the end of this week which jobs they meet the minimum qualifications for. Interviews are currently scheduled to begin May 22 and will extend into June. The interview schedule is being developed. An update is going out to all of the in-scope staff today. Individuals will be transferred to the SDC at an appropriate "effective date" and not necessarily at the time they receive an offer of employment.

Jerry is working to understand how references are used within the agency HR departments. Reference checks will be handled according to those policies.

A post-hire strategy is being developed to help those who are not hired by the SDC and who do not have other options within the state (e.g. bumping rights). Representatives from the Governing Board are working with Jerry on this (Clyde Saiki and Matt Garrett).

Jerry encouraged everyone to be diligent about communicating with staff that the interview process will take time and that all applicants will be notified of job offers at the same time. There are 139 technical positions and 129 applicants. Within the next week, HR will know how many qualified applicants there are for each position.

#### **5. Steering Committee Report, Ben Berry**

Ben distributed an update on the IT asset transfer policy including information on procedures as requested by the Governing Board. He reviewed the policy as it was recommended by the CNIC Accounting Workgroup and approved by the Steering Committee. A written agreement has been reached between DAS and ODOT, as ODOT did not fit within the proposed transfer policy due to federal constraints. Process: As agencies move servers and mainframe to the SDC, their information will be entered into an inventory database. The SDC is procuring a Remedy Enterprise Asset Management database that will become the permanent database of all inventory and asset information. A workgroup comprised of SDC and agency staff is working through the 351 field options to develop a database that will best fit the needs of the agencies and the SDC. The inventory spreadsheet that is being used to populate and update the SDC's current inventory database will serve as the asset information template. Consensus was that the proposed process and database meets the needs of the agencies and the SDC.

MOTION: Elizabeth Harchenko moved to approve the Agency Asset Transfer Policy as presented. Rick Crager seconded. The motion passed.

#### **6. Audit Update, Lindsay Ball**

The Secretary of State Audits Division recently held an exit conference with Lindsay Ball regarding its audit of the CNIC Project. The greatest concern is a lack of responsibility and accountability as demonstrated by the Governing Board.

Other concerns to be included in the audit:

- Lack of a plan
- Major differences in in-scope server numbers from day to day
- Knowing what positions were in or out of scope
- Not understanding why the budget number kept moving (although SOS is feeling better about what they have seen in recent days)
- Contracts and whether or not the state is adequately following them.

There was a concern amongst some of the board that the exit conference did not happen with the entire Governing Board. Laurie Warner noted that the entrance conference was held with the executive committee of the Governing Board members and even this was done with a certain amount of reservation on the part of the auditors. Lindsay noted that their lack of confidence in the board likely has a lot to do with their desire to meet directly with him. He expects that in their report they will acknowledge what they see as positive action going forward. From 2004 to the present there will likely be a lot of negative commentary. Lindsay believes their message will include a statement that we just need to move on. There were many questions about accountability and responsibility. Laurie clarified that there was major disagreement early on with the Secretary of State about the structure and processes of the Governing Board. They wished to hold one individual accountable.

Lindsay will likely become the recommended responsible party for the CNIC project in the auditor's report (the auditors view the SDC as just another division of DAS). This issue could come up within the Legislature as well. The concept of shared services is an unknown concept in the state of Oregon. The subcommittee that researched shared services decided that housing the SDC within an already existing agency was the only solution that would allow for a structure governed by an advisory board. The other option was to make the SDC a separate state agency with an agency director. The decision was made to put the SDC in DAS as its own division. The original vision for the shared services model was that all agencies getting services from the SDC should participate in supporting and governing it.

The auditors consider that the Governing Board received advice from contractors and agencies which seemed to be disregarded. Concerns around "no plan" have to do with no *continuity of planning* throughout the project. They are holding the Governing Board responsible. Lindsay stated that ultimately the auditors understand that CNIC is going to be successful. This will likely be noted at the end of their report.

In four weeks, migrations to the SDC will be more than 75 percent complete. In six weeks, the mainframe will also be done. What the auditors have not seen are the detailed wave plans, the QA reports, or the scorecards that are all playing a huge part in the migrations. They were also asking for detailed *consolidation* plans and end dates. Mark Reyer stated that consolidation activities will not happen until next year and consequently, no such plans exist today. In IT, a detailed consolidation plan does not have a shelf life of a year. The appropriate planning for consolidation will occur, at the proper time. There is a philosophical difference in the way project leaders and the state auditors approach this project. The Secretary of State auditors admitted they have never audited a data center consolidation before.

The board will continue to look at ways to consolidate within the state and will consider better ways to approach such initiatives. Lindsay announced that IRMD is going to be restructured to fit an enterprise model. He had an opportunity to meet with the CIO Council the other day and noted his desire to begin other consolidation opportunities. The goal is to renew everyone's faith that the state can do IT consolidations successfully for the benefit of the people of Oregon. Those things that do not make sense to consolidate will be left alone.

ACTION: Lindsay will inquire with the Secretary of State as to whether or not they will meet with the Governing Board.

**7. Other Business**

No other business.

**Next Regularly Scheduled Meeting**

Monday, June 12, 2006

3 - 4:30 p.m.

DAS West ~ Conference Room B