

Kate Brown
Governor



Memo

To: Governor Kate Brown

From: Berri Leslie, Deputy Chief of Staff

Cc: Nik Blosser, Chief of Staff

RE: Office of State Chief Information Office (OSCIO) Assessment

Background

Under HB 3099 (2015), the State Chief Information Officer became responsible for ensuring alignment between statewide IT policy and operations, advising the Governor on enterprise technology and telecommunications, implementing the IT Governance framework, and establishing the state of Oregon's long-term IT strategy.

The State CIO generally oversees IT initiatives in excess of \$150,000 and those involving Level 3 data— providing project planning, quality assurance, and overseeing implementation of the Joint OSCIO/LFO Stage Gate review process. In carrying out these responsibilities, the State CIO possesses independent oversight and IT procurement authority—including contract enforcement abilities as a third-party beneficiary.

In 2014, a new framework for Enterprise IT Governance (EITG) was developed and an EITG Steering Team was established. The IT governance framework differentiates between utility services, shared services and unique agency functions. Comprised of the State CIO, staff from DAS, the Governor's office and small, medium and large agencies, the EITG Steering Team was charged with identifying and prioritizing the implementation of shared and utility services.

In 2015, the State CIO, in cooperation with the Legislative Fiscal Office, established the Stage Gate process. This process established a common framework, regulated project lifecycle and incremental funding model to identify, approve, monitor, and support IT investments across all state agencies.

The Office of the State CIO works with agencies to broker resources, identify and resolve IT project issues, and strike the balance between central service delivery and agency flexibility.

The IT Governance Framework and EITG Steering Team should guide decisions regarding project prioritization and approval, and where the project will be managed and maintained – at

the agency, shared service, or enterprise level. Once approved, Strategic Technology Officers within the OSCIO should help agencies move a project through the oversight process.

Recently, the state CIO office embarked on several enterprise-wide initiatives, including centralization of the phone system and centralization of cybersecurity functions.

The 2017 Legislature is evaluating legislation that would make further changes to the state CIO office, including:

- Putting the CIO into its own state agency separate from DAS;
- Centralizing IT procurement, either under DAS procurement or under the CIO.

In addition, it is clear that some members of the Legislature are interested in further centralization of state IT down the road. Many of the proposed policies could be enacted through Executive Order by the Governor and do not require legislation.

The Governor and the Legislature have a clear interest in effective state IT management. IT management is a critical function of the Executive Branch under the Governor. Before further policies are put permanently into statute, it is imperative that the Governor's Office assess the changes to date and evaluate their effectiveness.

Assessment Scope

This assessment is a report from stakeholders about how effectively the office of the state CIO has:

- Matured enterprise technology governance;
- Leveraged investments in shared services;
- Ensured transparency and provided project oversight;

In addition, the assessment reviewed the transfer of the CIO reporting structure from the DAS Director to the Governor, the resulting decision-making and communication challenges, and opportunities for improvement.

Stakeholder Interview List

Pat Allen, DCBS Director, Enterprise Leadership Team member (ELT); and Enterprise IT Governance (EITG) Co-Chair (ask if they want to include their CIO)

Kris Kautz, DOR Deputy Director and EITG Co-Chair (ask if they want to include their CIO)
Lynne Saxton, OHA Director and ELT member (ask if they want to include their CIO)

Clyde Saiki, DHS Director, ELT member and former DAS Director (ask if they want to include their CIO)

Katy Coba, DAS Director (ask if they want to include their CIO)

Fred Boss, DOJ Deputy Attorney General (ask if they want to include their CIO)

Skip Newberry, Technology Association of Oregon – SB 90. Cybersecurity Center of Excellence

Sen. Riley, Co-Chair, Joint Committee on Information Management and Technology (JLCIMT)

Rep. Nathanson, Co-Chair, JLCIMT; Co-Chair of Ways & Means (W&M)

Rep. Smith, Co-Chair, W&M Subcommittee on General Government

Terrence Woods, OSCIO Deputy State CIO

Lois Brooks, Oregon State University – SB. 90. Cybersecurity Center of Excellence; and State Wide Area Network (WAN) Core Replacement and RFP Development for Last-Mile Services (working title. “Oregon Fiber Partnership”)

Sandy Wheeler, ETS Data Center Administrator

Stefan Richards, OSCIO Chief Information Security Officer

Feedback and Recommendations

Category One: Maturity of IT Governance (decision-making, prioritization, and evaluation criteria):

Feedback:

The majority of stakeholders interviewed do not have a clear idea about how the State of Oregon makes or prioritizes IT decisions and what criteria are used. Everyone expressed familiarity with the Enterprise Leadership Team (ELT), the Enterprise Information Technology Governance (EITG) Steering Team and the Joint OSCIO/LFO Stage Gate process, but few understand how they work in coordination or as a hierarchy. There is also confusion about how agencies make their own IT investment decisions as well as concerns that agencies may not be using best practice methodology in their own IT prioritization. Specific themes included:

- No clear communication channels or expectation setting between OSCIO and agency CIOs (if a process/channel exists, not everyone knows about it)
- Confusion surrounding state CIOs role, is he empowered to be a regulator, partner, both? Are agencies required to listen to the advice of his team?
- Multiple layers of accountability for IT projects between the executive and legislative branches increase the confusion by requiring agencies to report to multiple oversight bodies. This creates opportunity for confusion and competing recommendations.

Recommendations:

- A. OSCIO in partnership with the Governor’s office should lead a facilitated process of ELT and EITG as well as the ETS Customer Utility Board and the Legislative branch to identify the processes and expectations agencies and the enterprise should follow to deliver chosen projects and report on project status in a transparent and centralized way. The end result would be a living document serving as a process map posted to the OSCIO site and revisited through ELT at least semi-annually. **Delivered by January 2018**

- B. OSCIO, in partnership with ELT, should develop both an internal agency prioritization and enterprise prioritization model (best practices) for agencies to follow when it comes to IT investment decisions. **Delivered by September 2017**

Category Two: Since the change was made to have the state CIO report to the Governor instead of the DAS Director, have you noticed any changes? What has improved by this move? What are the remaining challenges?

Feedback:

The majority of stakeholders interviewed did not notice a difference between the effectiveness of OSCIO before or after the reporting structure changed from the DAS Director to the Governor. A common theme among respondents was confusion about who OSCIO is accountable to and how the OSCIO office interfaces with DAS. There is also broad confusion about the role of the state CIO. Should OSCIO function as a regulator, partner, or both? Participants agreed that clarifying the role of OSCIO for agencies and the legislature would significantly reduce confusion and likely result in stronger governance and reduced risk exposure.

Recommendation:

- A. Working with ELT and the OSCIO, the Governor's office should deliver to the state CIO and state agencies clear guidance on the role of the state CIO in managing IT projects, prioritization, and best practices. **Delivered by November 2017**

Category Three – How do OSCIO customers feel about communication from OSCIO and about the Stage Gate process?

Feedback:

The majority of stakeholders agree that the Stage Gate process is a really good idea. There was also broad agreement that the implementation of and participation in the Stage Gate process is really hard but that overall OSCIO has done a good job managing the process. Interviewees also agreed that formal communication from OSCIO is generally well done and that the information about the Stage Gate process is helpful.

Participants expressed general concern about Stage Gate related to:

- The first come, first serve project approach;
- Length of time the process takes and little up front direction about the anticipated length of the process;
- Limited number of staff at OSCIO to complete the work, leading to delays;
- Confusion about scope of authority of the OSCIO office once projects start. For example, when OSCIO makes a recommendation once a project is underway, does the agency have to comply with the recommendation?

Recommendations:

- A. OSCIO should develop, in cooperation with ELT and EITG, and as part of category one, a prioritization methodology for potential Stage Gate projects. This methodology would allow OSCIO staff to prioritize their work based on shared priorities and do a better job estimating the length of the Stage Gate process for potential project entrants. **Delivered by January 2018**
- B. OSCIO should develop a matrix establishing expected timelines based on project size and scope to help manage customer expectations. The matrix could help evaluate the need for additional staff support in the future and the impact on those timelines. **Delivered by October 2017**
- C. A process needs to be developed for having the OSCIO hold agencies accountable for following the recommendations of OSCIO staff during project implementation. That accountability process should be a model built in collaboration and agreement with ELT and the DAS Director.

Category Four: Experience with the State Data Center (SDC)

The majority of participants had positive experiences with the SDC. Most remarked that the service level and communication from SDC improves each year. The existing confusion from some stakeholders still exists in the areas of funding, return on investment, and rate setting. The broadest theme among participants is confusion around why we have a data center which is intended to build efficiencies if we don't require broad participation. Most agreed that we need to do an analysis that compares an all-in approach to using the data center vs. current state vs. returning to a decentralized model.

Recommendations:

- The OSCIO should submit the analysis outlined above to the Governor's office by **January 2018**.

Category Five - Should the OSCIO continue to implement the utility service recommendations approved by EITG and ELT, including telephony, enterprise email, and wide area and local area network services?

There was broad agreement among participants that it serves the state well from both a program and cost-effectiveness standpoint for these categories to be implemented as an enterprise. There was also consensus that the implementation of these utility services would work more smoothly if the recommendations listed under category one are implemented. Everyone identified implementation issues with enterprise projects (security executive order and the MUSIC program as examples). The central theme related to the implementation issues is that the lack of a governance structure and role clarity leads to the implementation chaos.