



Oregon

Kate Brown, Governor

Department of Administrative Services

Office of the Chief Operating Officer

155 Cottage Street NE

Salem, OR 97301

PHONE: 503-378-3104

FAX: 503-373-7643

December 11, 2018

Kip Memmott, Director
Secretary of State, Audits Division
255 Capitol St. NE, Suite 500
Salem, OR 97310

Dear Mr. Memmott,

This letter provides a written response to the Audits Division's final draft audit report titled **Department of Administrative Services, Office of the State Chief Information Security Officer: Significant Cost Savings Can Be Achieved by Modernizing Oregon's Procurement Systems and Practices.**

Thank you for providing the Department of Administrative Services (DAS) and Office of the State Chief Information Office (OSCIO) the audit report. We appreciate the collaborative approach taken by the Audits Division and value its work.

The report highlights the importance for DAS to modernize its strategic sourcing efforts and for the OSCIO to strengthen the IT investment oversight process. Related to the strategic sourcing efforts, DAS is fully engaged in the process to purchase a new eProcurement system and intends to make a funding request to the legislature early in the 2019 session.

Prior to 2015, the State Chief Information Office (CIO) lacked independence and provided only nominal authority over statewide IT policy, which included a limited role in IT project oversight. In 2015, by executive order of Governor Kate Brown and later confirmed in HB 3099, the State CIO, among other things, was provided with independent procurement authority, project oversight responsibilities and contract enforcement capabilities. As part of a commitment to fulfill the intent of HB 3099, the OSCIO adjusted its organizational structure in part to include effective management of IT vendor relationships, implementation of the IT governance framework and independent quality assurance services.

The State CIO, State Chief Procurement Officer (CPO), Deputy State CIO, Director for Enterprise IT Governance and Director of Enterprise Shared Services have reviewed the audit results and generally agree with the finding and recommendations. We are pleased that the findings recognize the progress.

Below is our detailed response to each recommendation in the audit.

We recommend DAS:

RECOMMENDATION 1		
Identify options, and seek funding, for the acquisition and implementation of an enterprise eProcurement system that would provide purchase data of sufficient detail to allow for robust spending analysis and identification of opportunities for strategic sourcing and cost savings. Additionally, develop processes to ensure the results of this analysis are available to agencies, legislatures, and the public.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 6 months)	Name and phone number of specific point of contact for implementation
Agree	6/30/21.	Debbie Dennis 503-378-2631

Narrative for Recommendation 1

The Department of Administrative Services has submitted a policy option package (POP) for consideration by the 2019 Legislative Assembly. If approved, the package would provide resources and funding to transform the current OregonBuys system to an enterprise solution. The implementation project would take 24 months to complete. Once implemented, the data captured by the OregonBuys system will provide state procurement staff enhanced spend analysis and tools for the identification of opportunities for strategic sourcing and cost savings. DAS Procurement Services will develop and provide training to systems users on how to maximize these new resources in order to drive savings and best value in public contracting.

We recommend the OSCIO:

RECOMMENDATION 2
Fully develop and implement stage gate processes to ensure they are effective and repeatable. Specific processes that should be developed include: <ul style="list-style-type: none">a. Specifying how projects of different sizes and complexity will be evaluated to ensure each project receives the appropriate amount of oversight.b. Establishing more robust criteria and guidance regarding required elements for stage gate deliverables, including templates and examples, and a training program

for oversight staff to promote consistent application of the project oversight framework.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 6 months)	Name and phone number of specific point of contact for implementation
Agree	June 2019	Jennifer de Jong 503-378-5996

Narrative for Recommendation 2

We agree that the Enterprise Information Technology Governance Committee (EITGC) can further clarify what project management artifacts are required for oversight. Revised requirements have already been drafted and the matrix is currently in review with agency stakeholders, the Legislative Fiscal Office (LFO), and OSCIO leadership. Oversight models in other states will be evaluated to determine the benefits of utilizing different requirements based on project size and complexity. The entire suite of oversight templates is currently under review. PMBOK templates and templates from other states and consulting services will be considered as part of the revision. Once the updated documentation requirements and template package is complete, communication and training will be developed for agency staff.

EITGC work flow processes are currently being documented. This documentation will not only serve as reference for agency and OSCIO staff but will be incorporated into new employee onboarding and training.

RECOMMENDATION 3		
Establish minimum knowledge (i.e. education or training) and experience requirements for project managers who manage major IT investment projects. Knowledge and experience requirements should be scaled to be commensurate with project risk determined by the OSCIO.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 6 months)	Name and phone number of specific point of contact for implementation
Agree in part	December 2019	Jennifer de Jong 503-378-5996

Narrative for Recommendation 3

While OSCIO agrees that oversight processes are the responsibility of EITGC, agencies are ultimately responsible for training, hiring and assigning skilled project managers who

understand the value and importance of sound project management practices. This includes assigning project managers that understand how to facilitate project management processes that support delivery of mature project management artifacts.

OSCIO will develop project manager experience requirements that will take into account demonstrated hours of project management work, technical training, and professional certifications. These requirements will be commensurate with the project complexity, project duration and project budget.

RECOMMENDATION 4		
Work with stakeholders to define, periodically review, update, and approve key performance indicators for the oversight process. Once Key Performance Indicators (KPIs) are defined, the agency should develop processes to collect and periodically review performance data, and report progress compared to performance targets to key stakeholders.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 6 months)	Name and phone number of specific point of contact for implementation
Agree	June 2019	Jennifer de Jong 503-378-5996

Narrative for Recommendation 4

KPIs are currently under development with the assistance of a professional consultant. This will be an iterative development process. Initial KPIs will be developed with the data currently available and more robust, complex KPIs developed as the maturity of portfolio management increases. Progress will be reported in a periodic dashboard to key stakeholders.

RECOMMENDATION 5		
Establish a method to track quality assurance (QA) report distributions to ensure that reports are sent to all appropriate stakeholders as required by state law.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 6 months)	Name and phone number of specific point of contact for implementation
Agree	May 2019	Dave Scheuch 503-373-2069 Ying Kwong 503-586-8010

Narrative for Recommendation 5

The independent QA contractors are contractually required (as described in an exhibit of each independent QA contract) to send independent QA deliverables to a list of required state recipients. The QA program will track to determine that independent QA contractors have sent reports to the appropriate stakeholders.

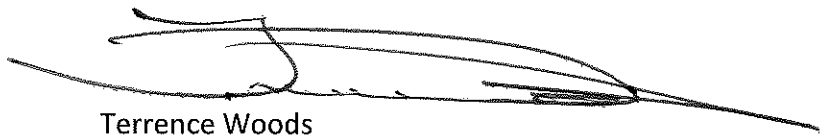
At a regular time (quarterly), determination will be made that contractual requirements for deliverable distributions have been completed. The statewide QA program will work with independent QA contract's authorized representatives and the Basecamp program to confirm contractual compliance, by reviewing records and tracking.

Please contact Lisa Upshaw, DAS Chief Audit Executive at 503-378-3076 with any questions.

Sincerely,



Katy Coba
Chief Operating Officer / DAS Director



Terrence Woods
State Chief Information Officer

cc:

Teresa Furnish
Matthew Owens
Brian DeForest
Debbie Dennis
Jennifer Bjerke