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Details: Public hearing on 3/27/2008 on state information technology projects

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WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2009-10

(session year)

Joint

(Assembly, Senate or Joint)

Committee on ... Information Policy and Technology (JC-IPT)

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
 - (**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
 - (**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

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WISCONSIN LEGISLATIVE COUNCIL

Terry C. Anderson, Director
Laura D. Rose, Deputy Director

TO: MEMBERS OF THE JOINT COMMITTEE ON INFORMATION POLICY AND TECHNOLOGY
FROM: Dan Schmidt, Senior Analyst
RE: Statutes Relating to the Management of State Information Technology Projects
DATE: March 25, 2008

The memorandum is a reference document that provides the text of state statutes that relate to the management of computer- based state information technology projects in the Executive Branch of state government by the Department of Administration (DOA) and oversight of that management by the Joint Committee on Information Policy and Technology, Joint Committee on Finance, and Information Technology Management Board.

Unless further qualified in these statutes, references to "department" are to the DOA and to "board" are to the Information Technology Management Board.

The memorandum does not address appropriations for information technology programs and projects in ch. 20, Stats., specific information technology projects in agencies besides DOA, or the provision of telecommunications services to state agencies, schools and other entities.

Table with 2 columns: Item Name and Page. Items include Joint Committee on Information Policy and Technology, Membership and Operation, Powers and Duties, Joint Committee on Finance - Specific Powers and Duties on Information Technology, Information Technology Management Board, and Membership and Operation.

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If you have any questions on the statutes identified in this memorandum, please feel free to contact either of us directly at the Legislative Council staff offices.

Joint Committee on Information Policy and Technology

Membership and Operation

13.58 (1) CREATION. There is created a joint standing committee on information policy and technology composed of 3 majority party and 2 minority party senators and 3 majority and 2 minority party representatives to the assembly, appointed as are the members of standing committees in their respective houses.

(2) OFFICERS. In making appointments of the members of each house, each house shall designate a cochairperson.

(3) STAFF. The committee shall be staffed as are other standing committees of the legislature.

(4) MEETINGS. The committee shall meet as often as necessary to perform its duties and functions.

Powers and Duties

13.58 (5) POWERS AND DUTIES. (a) The committee shall do all of the following:

1. Review information management and technology systems, plans, practices and policies of state and local units of government, including their responsiveness to the needs of state and local units of government for delivery of high-quality services on an efficient, effective and economical basis, their data security and integrity, their protection of the personal privacy of individuals who are subjects of databases of state and local governmental agencies and their provision of access to public records under s. 19.35 (1). [*the Open Records Law.*]

2. Review the effects on the needs identified under subd. 1. of proposals for the expansion of existing information technology and the implementation of new information technology by the state.

3. Review the impact of proposed legislation on existing technology utilization by state and local units of government.

5. Upon receipt of strategic plans from the department of administration, the joint committee on legislative organization and the director of state courts, review and transmit comments concerning the plans to the entities submitting the plans.

(b) The committee may do any of the following:

1. Direct the department of administration to conduct studies or prepare reports on items related to the committee's duties under par. (a).

2. Make recommendations to the governor, the legislature, state agencies or local units of government regarding the policies, practices, proposals, legislation and reports reviewed under subd. 1. and par. (a).
3. Direct the board of regents of the University of Wisconsin System to prepare and submit to the committee such reports as the committee requests pursuant to the committee's responsibilities under par. (a).
4. With the concurrence of the joint committee on finance, direct the department of administration to report semiannually to the committee and the joint committee on finance concerning any specific information technology system project which is being designed, developed, tested or implemented and which the committees anticipate will have a total cost to the state exceeding \$1,000,000 in the current or any succeeding fiscal biennium. The report shall include all of the following:
 - a. The major stages and substages of the project, including an assessment of need, design, implementation and testing stages and their major substages.
 - b. The scheduled, estimated and actual completion dates for each major stage and substage of the project.
 - c. The budgeted amounts and amounts actually expended on each major stage and substage of the project.
 - d. An evaluation of the project, including any problems encountered or risks associated with proceeding to the next stage of the project, if any.
5. Review any University of Wisconsin System, institution, or college campus information technology project identified in a report submitted to the committee by the Board of Regents under s. 36.59 (7) to determine whether the project should be continued or implemented. The committee may forward any recommendations regarding the project to the governor and to the legislature under s. 13.172 (2).

Joint Committee on Finance - Specific Powers and Duties on Information Technology

13.101 (14) With the concurrence of the **joint committee on information policy and technology**, [the joint committee on finance may] direct the department of administration to report to the committee concerning any specific information technology system project in accordance with s. 13.58 (5) (b) 4. [see above]

Information Technology Management Board

Membership and Operation

15.105 (28) INFORMATION TECHNOLOGY MANAGEMENT BOARD. There is created an information technology management board that is attached to the department of administration under s. 15.03. The

board shall consist of the governor, the cochairpersons of the **joint committee on information policy and technology** or a member of the legislature from the same house as a cochairperson designated by that cochairperson, one member of the minority party in each house of the legislature, appointed in the same manner as members of standing committees are appointed, 2 heads of departments or independent agencies appointed to serve at the pleasure of the governor, 2 other members appointed to serve for 4-year terms, and the secretary of administration or his or her designee.

15.07 (2) SELECTION OF OFFICERS. (intro.) At its first meeting in each year, every board shall elect a chairperson, vice chairperson and secretary each of whom may be reelected for successive terms, except that:

15.07 (2) (L.) The governor shall serve as chairperson of the information technology management board and the secretary of administration or his or her designee shall serve as secretary of that board.

Powers and Duties

16.978 INFORMATION TECHNOLOGY MANAGEMENT BOARD. **(1)** The board shall provide the department with its recommendations concerning any elements of the strategic plan of an executive branch agency that are referred to the board under s. 16.976 (3) [on page 16].

(2) The board may advise the department with respect to management of the information technology portfolio of state government under s. 16.977 [on page 16].

(3) The board may, upon petition of an executive branch agency, review any decision of the department under this subchapter affecting that agency. Upon review, the board may affirm, modify, or set aside the decision. If the board modifies or sets aside the decision of the department, the decision of the board stands as the decision of the department and the decision is not subject to further review or appeal.

(4) The board may monitor progress in attaining goals for information technology and telecommunications development set by the department or executive branch agencies, other than the board of regents of the University of Wisconsin System, and may make recommendations to the department or agencies concerning appropriate means of attaining those goals.

DOA, Finance, Subchapter III, Chapter 16, Stats.

16.43 BUDGET COMPILED. The secretary shall compile and submit to the governor or the governor-elect and to each person elected to serve in the legislature during the next biennium, not later than November 20 of each even-numbered year, a compilation giving all of the data required by s. 16.46 [*relating to the biennial state budget report*] to be included in the state budget report, except the recommendations of the governor and the explanation thereof. The secretary shall not include in the compilation any provision for the development or implementation of an information technology development project for an executive branch agency that is not consistent with the strategic plan of the agency, as approved under s. 16.976 [on page 15]. The secretary may distribute the budget compilation in printed or optical disk format.

DOA, Purchasing, Subchapter IV, Chapter 16, Stats

16.70 (4m) "Information technology" has the meaning given in s. 16.97 (6) [on page 7].

16.71 (1m) The department shall not delegate to any executive branch agency, other than the board of regents of the University of Wisconsin System, the authority to enter into any contract for materials, supplies, equipment, or contractual services relating to information technology or telecommunications prior to review and approval of the contract by the department. No executive branch agency, other than the board of regents of the University of Wisconsin System, may enter into any such contract without review and approval of the contract by the department. Any executive branch agency that enters into a contract relating to information technology under this section shall comply with the requirements of s. 16.973 (13). Any delegation to the board of regents of the University of Wisconsin System is subject to the limitations prescribed in s. 36.11 (49) [*relating to limits on telecommunications services*].

16.75 (6) (am) Subsections (1) and (3t) [*relating to procurement from lowest responsible bidder and purchasing from state institutions and prison industries, respectively*] do not apply to procurements by the department relating to information technology or telecommunications. Annually not later than October 1, the department shall report to the governor, in the form specified by the governor, concerning all procurements relating to information technology or telecommunications by the department during the preceding fiscal year that were not made in accordance with the requirements of subs. (1) and (3t).

16.752 (12) (i) Paragraph (a) [*relating to procurement from work centers for severely handicapped individuals*] does not apply to procurements by the department relating to information technology or telecommunications.

16.78 Purchases from department relating to information technology or telecommunications. (1) Every agency other than the board of regents of the University of Wisconsin System or an agency making purchases under s. 16.74 [*relating to legislative and judicial branch purchasing*] shall make all purchases of materials, supplies, equipment, and contractual services relating to information technology or telecommunications from the department, unless the department requires the agency to purchase the materials, supplies, equipment, or contractual services pursuant to a master contract established under s. 16.972 (2) (h) [on page 13], or grants written authorization to the agency to procure the materials, supplies, equipment, or contractual services under s. 16.75 (1) or (2m) [*relating to procurement from lowest responsible bidder and use of competitive sealed bidding, respectively*], to purchase the materials, supplies, equipment, or contractual services from another agency or to provide the materials, supplies, equipment, or contractual services to itself. The board of regents of the University of Wisconsin System may make purchases of materials, supplies, equipment, and contractual services relating to information technology or telecommunications from the department.

(2) Sections 16.705 to 16.767 and 16.77 (1) [*relating to state procurement requirements and audits of bills*] do not apply to the purchase of materials, supplies, equipment, or contractual services by any agency from the department under sub. (1).

DOA, Information Technology, Subchapter VII, Chapter 16, Stats.

Definitions

16.97 Definitions. In this subchapter:

(1m) "Agency" has the meaning given in s. 16.70 (1e) [*"an office, department, agency, institution of higher education, association, society or other body in state government created or authorized to be created by the constitution or any law, which is entitled to expend moneys appropriated by law, including the legislature and the courts, but not including an authority"*].

(2) "Authority" has the meaning given in s. 16.70 (2) [*"a body created under subch. II of ch. 114 or subch. III of ch. 149 or under ch. 231, 232, 233, 234, 235, or 237"*].

(2m) "Board" means the information technology management board.

(3) "Computer services" means any services in which a computer is utilized other than for personal computing purposes.

(4) "Data processing" means the delivery of information processing services.

(5m) "Executive branch agency" has the meaning given in s. 16.70 (4) [*"an agency in the executive branch but does not include the building commission"*].

(5p) "Form" means any written material, by whatever means printed, generated or reproduced, with blank spaces left for the entry of additional information to be used for the purpose of providing information, collecting information or requiring action in any transaction involving this state.

(5s) "Forms management" means the system of providing forms to accomplish necessary operations efficiently and economically, including analysis and design of forms, improvement of methods of procurement, distribution and disposition of forms and improvement of methods to keep to a reasonable level the public's duty to report. "Forms management" includes the elimination of unnecessary forms and of unnecessary data collection and standardizing, consolidating and simplifying forms and related procedures.

(6) "Information technology" means the electronic processing, storage and transmission of information including data processing and telecommunications.

(6m) "Information technology portfolio" means information technology systems, applications, infrastructure, and information resources and human resources devoted to developing and maintaining information technology systems.

(7) "Local governmental unit" means a political subdivision of this state, a special purpose district in this state, an instrumentality or corporation of such a political subdivision or special purpose district, a combination or subunit of any of the foregoing or an instrumentality of the state and any of the foregoing.

(8) "Personal computing" means utilizing a computer that is located at the same work station where the input or output of data is conducted.

(8m) "Public contact form" means a form generated and used by any agency in transactions between the agency and a member of the public.

(9) "Supercomputer" means a special purpose computer that performs in a scientific environment and that is characterized by a very high processing speed and power.

Responsibilities of Department

16.971 Responsibilities of department. (2) The department shall:

(a) Ensure that an adequate level of information technology services is made available to all agencies by providing systems analysis and application programming services to augment agency resources, as requested. The department shall also ensure that executive branch agencies, other than the board of regents of the University of Wisconsin System, make effective and efficient use of the information technology resources of the state. The department shall, in cooperation with agencies, establish policies, procedures and planning processes, for the administration of information technology services, which executive branch agencies shall follow. The policies, procedures and processes shall address the needs of agencies, other than the board of regents of the University of Wisconsin System, to carry out their functions. The department shall monitor adherence to these policies, procedures and processes.

(ae) Except as provided in sub. (2m), review and approve, modify or reject all forms approved by a records and forms officer for jurisdiction, authority, standardization of design and nonduplication of existing forms. Unless the department rejects for cause or modifies the form within 20 working days after receipt, it is considered approved. The department's rejection of any form is appealable to the public records board. If the head of an agency certifies to the department that the form is needed on a temporary basis, approval by the department is not required.

(am) Make as cost effective as possible the procurement and use of forms by agencies.

(ap) Prescribe a forms management program for agencies.

(b) Develop and maintain information technology resource planning and budgeting techniques at all levels of state government.

(c) Develop and maintain procedures to ensure information technology resource planning and sharing between executive branch agencies. The procedures shall ensure the interconnection of information technology resources of executive branch agencies, if interconnection is consistent with the strategic plans formulated under pars. (L) and (m).

(cf) Implement, operate, maintain, and upgrade an integrated business information system capable of providing information technology services to all agencies in the areas of accounting, auditing, payroll

and other financial services; procurement; human resources; and other administrative processes. The department may provide information technology services under this subsection to any executive branch agency under s. 16.70 (4). The department may also provide information technology services to any local governmental unit under this subsection.

(cm) Prescribe standards for data, application, and business process integration that shall be used by executive branch agencies, to the extent consistent with the statewide strategic plan formulated under par. (m), and that enable local governmental units to integrate their data, application, and business processes into state systems whenever feasible.

(d) Develop review and approval procedures which encourage timely and cost-effective hardware, software, and professional services acquisitions, and review and approve the acquisition of such items and services under those procedures.

(e) Collect, analyze and interpret, in cooperation with agencies, that data necessary to assist the information technology resource planning needs of the governor and legislature.

(f) Provide advice and assistance during budget preparation concerning information technology resource plans and capabilities.

(g) Ensure that management reviews of information technology organizations are conducted.

(h) Gather, interpret and disseminate information on new technological developments, management techniques and information technology resource capabilities and their possible effect on current and future management plans to all interested parties.

(i) Ensure that a level of information technology services are provided to all agencies that are equitable in regard to resource availability, cost and performance.

(j) Ensure that all executive branch agencies develop and operate with clear guidelines and standards in the areas of information technology systems development and that they employ good management practices and cost-benefit justifications.

(k) Ensure that all state data processing facilities develop proper privacy and security procedures and safeguards.

(L) Require each executive branch agency, other than the board of regents of the University of Wisconsin System, to adopt and submit to the department, in a form specified by the department, no later than March 1 of each year, a strategic plan for the utilization of information technology to carry out the functions of the agency in the succeeding fiscal year for review and approval under s. 16.976 [on page 15].

(Lg) 1. Develop, in consultation with each executive branch agency, other than the Board of Regents of the University of Wisconsin System, and adopt the following written policies for information technology development projects included in the strategic plan required of each executive branch agency under par. (L) and that either exceed \$1,000,000 or that are vital to the functions of the executive branch agency:

a. A standardized reporting format.

b. A requirement that both proposed and ongoing information technology development projects be included.

2. The department shall submit for review by the joint legislative audit committee and for approval by the **joint committee on information policy and technology** any proposed policies required under subd. 1. and any proposed revisions to the policies.

(Lm) No later than 60 days after enactment of each biennial budget act, require each executive branch agency, other than the board of regents of the University of Wisconsin System, that receives funding under that act for an information technology development project to file with the department an amendment to its strategic plan for the utilization of information technology under par. (L). The amendment shall identify each information technology development project for which funding is provided under that act and shall specify, in a form prescribed by the department, the benefits that the agency expects to realize from undertaking the project.

(m) Assist in coordination and integration of the plans of executive branch agencies relating to information technology approved under par. (L) and, using these plans and the statewide long-range telecommunications plan under s. 16.979 (2) (a) [*relating to telecommunications*]. The department shall, no later than September 15 of each even-numbered year, submit the statewide strategic plan to the cochairpersons of the **joint committee on information policy and technology** and the governor.

(n) Maintain an information technology resource center to provide appropriate technical assistance and training to small agencies.

(2m) The following forms are not subject to review or approval by the department:

(a) Forms that must be completed by applicants for admission to an institution of the University of Wisconsin System or by students of such an institution who are applying for financial aid, including loans, or for a special course of study or who are adding or dropping courses, registering or withdrawing, establishing their residence or being identified or classified.

(b) Forms the use of which is required by federal law.

(c) Forms used by teachers to evaluate a student's academic performance.

(d) Forms used by hospitals and health care providers to bill or collect from patients and 3rd parties.

- (e) Forms used by medical personnel in the treatment of patients.
- (f) Forms used to collect data from research subjects in the course of research projects administered by the board of regents of the University of Wisconsin System.
- (g) Forms used by the department of corrections in the investigation or processing of persons either under the control or custody of the department or under investigation by a court.
- (gm) Forms relating to youth corrections used by the department of health and family services in the investigation or processing of persons either under the control or custody of the department or under investigation by a court.
- (h) Forms that are not public contact forms.

(3) (a) The department shall notify the joint committee on finance in writing of the proposed acquisition of any information technology resource that the department considers major or that is likely to result in a substantive change of service, and that was not considered in the regular budgeting process and is to be financed from general purpose revenues or corresponding revenues in a segregated fund. If the cochairpersons of the committee do not notify the department that the committee has scheduled a meeting for the purpose of reviewing the proposed acquisition within 14 working days after the date of the department's notification, the department may approve acquisition of the resource. If, within 14 working days after the date of the department's notification, the cochairpersons of the committee notify the department that the committee has scheduled a meeting for the purpose of reviewing the proposed acquisition, the department shall not approve acquisition of the resource unless the acquisition is approved by the committee.

(b) The department shall promptly notify the joint committee on finance in writing of the proposed acquisition of any information technology resource that the department considers major or that is likely to result in a substantive change in service, and that was not considered in the regular budgeting process and is to be financed from program revenues or corresponding revenues from program receipts in a segregated fund.

(4) (a) The department may license or authorize executive branch agencies to license computer programs developed by executive branch agencies to the federal government, other states and municipalities. Any agency other than an executive branch agency may license a computer program developed by that agency to the federal government, other states and municipalities.

(b) Annual license fees may be established at not more than 25% of the program development cost and shall be credited to the agency which developed the program.

(c) In this subsection:

1. "Computer programs" are the processes for the treatment and verbalization of data.

2. "Municipality" has the meaning designated in s. 66.0901 (1) (a) [*"a county, city, village, town, school district, board of school directors, sewer district, drainage district, technical college district or any other public or quasi-public corporation, officer, board or other body having the authority to award public contracts"*].

(6) Notwithstanding sub. (2), the Legislative Reference Bureau shall approve the specifications for preparation and schedule for delivery of computer databases containing the Wisconsin statutes.

(9) In conjunction with the public defender board, the director of state courts, the departments of corrections and justice and district attorneys, the department may maintain, promote and coordinate automated justice information systems that are compatible among counties and the officers and agencies specified in this subsection, using the moneys appropriated under s. 20.505 (1) (ja), (kp) and (kq) [*relating to budget appropriations*]. The department shall annually report to the legislature under s. 13.172 (2) [*relating to distribution of state agency reports to the Legislature*] concerning the department's efforts to improve and increase the efficiency of integration of justice information systems.

(11) The department may charge executive branch agencies for information technology development and management services provided to them by the department under this section.

(13) [*relating to telecommunications*]

(14) [*relating to telecommunications*]

(15) [*relating to telecommunications*]

(16) [*relating to telecommunications*]

(17) [*relating to telecommunications*]

Powers of the Department

16.972 Powers of the department. (1) In this section:

(ag) "Qualified museum" means a nonprofit or publicly owned museum that has an educational mission.

(b) "Qualified postsecondary institution" means a regionally accredited 4-year nonprofit college or university having its regional headquarters and principal place of business in this state or a tribally controlled college located in this state.

(c) "Qualified private school" means a private school, as defined in s. 115.001 (3r) [*the general definition of a private school*], operating elementary or high school grades.

(d) "Qualified zoo" means a bona fide publicly owned zoo that has an educational mission.

(2) The department may:

(a) [*relating to telecommunications*]

(b) Except as provided in par. (a), provide such computer services and telecommunications services to local governmental units and the broadcasting corporation and provide such telecommunications services to qualified private schools, postsecondary institutions, museums and zoos, as the department considers to be appropriate and as the department can efficiently and economically provide. The department may exercise this power only if in doing so it maintains the services it provides at least at the same levels that it provides prior to exercising this power and it does not increase the rates chargeable to users served prior to exercise of this power as a result of exercising this power. The department may charge local governmental units, the broadcasting corporation, and qualified private schools, postsecondary institutions, museums and zoos, for services provided to them under this paragraph in accordance with a methodology determined by the department. [*remainder of provision relates to provision of telecommunications services only*]

(c) Provide such supercomputer services to agencies, local governmental units and entities in the private sector as the department considers to be appropriate and as the department can efficiently and economically provide. The department may exercise this power only if in doing so it maintains the services it provides at least at the same levels that it provides prior to exercising this power and it does not increase the rates chargeable to users served prior to exercise of this power as a result of exercising this power. The department may charge agencies, local governmental units and entities in the private sector for services provided to them under this paragraph in accordance with a methodology determined by the department.

(d) Undertake such studies, contract for the performance of such studies, and appoint such councils and committees for advisory purposes as the department considers appropriate to ensure that the department's plans, capital investments and operating priorities meet the needs of agencies local governmental units and entities in the private sector served by the department. The department may compensate members of any council or committee for their services and may reimburse such members for their actual and necessary expenses incurred in the discharge of their duties.

(e) Provide technical services to agencies in making hardware acquisitions to be used for computer services.

(f) Acquire, operate, and maintain any information technology equipment or systems required by the department to carry out its functions, and provide information technology development and management services related to those information technology systems. The department may assess executive branch agencies, other than the board of regents of the University of Wisconsin System, for the costs of equipment or systems acquired, operated, maintained, or provided or services provided under this paragraph in accordance with a methodology determined by the department. The department may also

charge any agency for such costs as a component of any services provided by the department to the agency.

(g) Assume direct responsibility for the planning and development of any information technology system in the executive branch of state government outside of the University of Wisconsin System that the department determines to be necessary to effectively develop or manage the system, with or without the consent of any affected executive branch agency. The department may charge any executive branch agency for the department's reasonable costs incurred in carrying out its functions under this paragraph on behalf of that agency.

(h) Establish master contracts for the purchase of materials, supplies, equipment, or contractual services relating to information technology or telecommunications for use by agencies, authorities, local governmental units, or entities in the private sector. The department may require any executive branch agency, other than the board of regents of the University of Wisconsin System, to make any purchases of materials, supplies, equipment, or contractual services relating to information technology or telecommunications that are included under the contract pursuant to the terms of the contract.

(i) Accept gifts, grants, and bequests, to be used for the purposes for which made, consistently with applicable laws.

16.974 Powers of the department. The department may:

(1) Establish and collect assessments and charges for all authorized services provided by the department, subject to applicable agreements under sub. (2).

(2) Subject to s. 16.972 (2) (b) [on page 12], enter into and enforce an agreement with any agency, any authority, any unit of the federal government, any local governmental unit, or any entity in the private sector to provide services authorized to be provided by the department to that agency, authority, unit, or entity at a cost specified in the agreement.

(3) Develop or operate and maintain any system or device facilitating Internet or telephone access to information about programs of agencies, authorities, local governmental units, or entities in the private sector, or otherwise permitting the transaction of business by agencies, authorities, local governmental units, or entities in the private sector by means of electronic communication. The department may assess executive branch agencies, other than the board of regents of the University of Wisconsin System, for the costs of systems or devices relating to information technology or telecommunications that are developed, operated, or maintained under this subsection in accordance with a methodology determined by the department. The department may also charge any agency, authority, local governmental unit, or entity in the private sector for such costs as a component of any services provided by the department to that agency, authority, local governmental unit, or entity.

(5) Review and approve, approve with modifications, or disapprove any proposed contract for the purchase of materials, supplies, equipment, or contractual services relating to information technology or

telecommunications by an executive branch agency, other than the board of regents of the University of Wisconsin System.

Duties of the Department

16.973 Duties of the department. The department shall:

- (1) Provide or contract with a public or private entity to provide computer services to agencies. The department may charge agencies for services provided to them under this subsection in accordance with a methodology determined by the department.
- (2) Promulgate methodologies for establishing all fees and charges established or assessed by the department under this subchapter.
- (3) Facilitate the implementation of statewide initiatives, including development and maintenance of policies and programs to protect the privacy of individuals who are the subjects of information contained in the databases of agencies, and of technical standards and sharing of applications among agencies and any participating local governmental units or entities in the private sector.
- (4) Ensure responsiveness to the needs of agencies for delivery of high-quality information technology processing services on an efficient and economical basis, while not unduly affecting the privacy of individuals who are the subjects of the information being processed by the department.
- (5) Utilize all feasible technical means to ensure the security of all information submitted to the department for processing by agencies, local governmental units and entities in the private sector.
- (6) With the advice of the government accountability board, adopt and enforce standards of ethical conduct applicable to its paid consultants which are similar to the standards prescribed in subch. III of ch. 19, [*the code of ethics for public officials and employees*] except that the department shall not require its paid consultants to file statements of economic interests.
- (7) Prescribe and revise as necessary performance measures to ensure financial controls and accountability, optimal personnel utilization, and customer satisfaction for all information technology functions in the executive branch outside of the University of Wisconsin System and annually, no later than March 31, report to the **joint committee on information policy and technology** and the board concerning the performance measures utilized by the department and the actual performance of the department and the executive branch agencies measured against the performance measures then in effect.
- (8) Offer the opportunity to local governmental units to voluntarily obtain computer or supercomputer services from the department when those services are provided under s. 16.972 (2) (b) or (c) [on page 12], and to voluntarily participate in any master contract established by the department under s. 16.972 (2) (h) [on page 13] or in the use of any informational system or device provided by the department under 16.974 (3) [on page 14].

(9) In consultation with the department of veterans affairs, administer a program to increase outreach to veterans regarding veterans services and benefits, and to provide training to employees of the department of veterans affairs and county veterans service officers.

(10) Promulgate:

(a) A definition of and methodology for identifying large, high-risk information technology projects.

(b) Standardized, quantifiable project performance measures for evaluating large, high-risk information technology projects.

(c) Policies and procedures for routine monitoring of large, high-risk information technology projects.

(d) A formal process for modifying information technology project specifications when necessary to address changes in program requirements.

(e) Requirements for reporting changes in estimates of cost or completion date to the department and the **joint committee on information policy and technology**.

(f) Methods for discontinuing projects or modifying projects that are failing to meet performance measures in such a way to correct the performance problems.

(g) Policies and procedures for the use of master leases under s. 16.76 (4) to finance new large, high-risk information technology system costs and maintain current large, high-risk information technology systems.

(h) A standardized progress point in the execution of large, high-risk information technology projects at which time the estimated costs and date of completion of the project is reported to the department and the **joint committee on information policy and technology**.

(11) Promulgate:

(a) A requirement that each executive branch agency review commercially available information technology products prior to initiating work on a customized information technology development project to determine whether any commercially available product could meet the information technology needs of the agency.

(b) Procedures and criteria to determine when a commercially available information technology product must be used and when an executive branch agency may consider the modification or creation of a customized information technology product.

(c) A requirement that each executive branch agency submit for approval by the department and prior to initiating work on a customized information technology product a justification for the modification or creation by the agency of a customized information technology product.

(12) (a) In this subsection, "master lease" has the meaning given under s. 16.76 (4).

(b) Annually, no later than October 1, submit to the governor and the members of the **joint committee on information policy and technology** a report documenting the use by each executive branch agency, other than the Board of Regents of the University of Wisconsin System, of master leases to fund information technology projects in the previous fiscal year. The report shall contain all of the following information:

1. The total amount paid under master leases towards information technology projects in the previous fiscal year.
2. The master lease payment amounts approved to be applied to information technology projects in future years.
3. The total amount paid by each executive branch agency on each information technology project for which debt is outstanding, as compared to the total financing amount originally approved for that information technology project.
4. A summary of repayments made towards any master lease in the previous fiscal year.

(13) (a) Except as provided in par. (b), include in each contract with a vendor of information technology that involves a large, high-risk information technology project under sub. (10) or that has a projected cost greater than \$1,000,000, and require each executive branch agency authorized under s. 16.71 (1m) to enter into a contract for materials, supplies, equipment, or contractual services relating to information technology to include in each contract with a vendor of information technology that involves a large, high-risk information technology project under sub. (10) or that has a projected cost greater than \$1,000,000 a stipulation requiring the vendor to submit to the department for approval any order or amendment that would change the scope of the contract and have the effect of increasing the contract price. The stipulation shall authorize the department to review the original contract and the order or amendment to determine all of the following and, if necessary, to negotiate with the vendor regarding any change to the original contract price:

1. Whether the work proposed in the order or amendment is within the scope of the original contract.
2. Whether the work proposed in the order or amendment is necessary.

(b) The department or an executive branch agency may exclude from a contract described in par. (a) the stipulation required under par. (a) if all of the following conditions are satisfied:

1. Including such a stipulation would negatively impact contract negotiations or significantly reduce the number of bidders on the contract.
2. If the exclusion is sought by an executive branch agency, that agency submits to the department a plain-language explanation of the reasons the stipulation was excluded and the alternative provisions the executive branch agency will include in the contract to ensure that the contract will be completed on time and within the contract budget.
3. If the exclusion is sought by the department, the department prepares a plain-language explanation of the reasons the stipulation was excluded and the alternative provisions the department will include in the contract to ensure that the contract will be completed on time and within the contract budget.
4. The department submits for approval by the **joint committee on information policy and technology** any explanation and alternative contract provisions required under subd. 2. or 3. If, within 14 working days after the date that the department submits any explanation and alternative contract provisions required under this subdivision, the **joint committee on information policy and technology** does not contact the department, the explanation and alternative contract provisions shall be deemed approved.

(14) (a) Require each executive branch agency, other than the Board of Regents of the University of Wisconsin system, that has entered into an open-ended contract for the development of information technology to submit to the department quarterly reports documenting the amount expended on the information technology development project. In this subsection, "open-ended contract" means a contract for information technology that includes one or both of the following:

1. Stipulations that provide that the contract vendor will deliver information technology products or services but that do not specify a maximum payment amount.
2. Stipulations that provide that the contract vendor shall be paid an hourly wage but that do not set a maximum limit on the number of hours required to complete the information technology project.

(b) Compile and annually submit to the joint committee on information technology the reports required under par. (a).

(16) No later than March 1 and September 1 of each year, submit to the **joint committee on information policy and technology** a report that documents for each executive branch agency information technology project with an actual or projected cost greater than \$1,000,000 or that the department of administration has identified as a large, high-risk information technology project under sub. (10) (a) all of the following:

- (a) Original and updated project cost projections.
- (b) Original and updated completion dates for the project and any stage of the project.

- (c) An explanation for any variation between the original and updated costs and completion dates under pars. (a) and (b).
- (d) A copy of any contract entered into by the department for the project and not provided in a previous report.
- (e) All sources of funding for the project.
- (f) The amount of any funding provided for the project through a master lease under s. 16.76 (4).
- (g) Information about the status of the project, including any portion of the project that has been completed.
- (h) Any other information about the project, or related information technology projects, requested by the **joint committee on information policy and technology**.

Access to Information

16.975 Access to information. The department shall withhold from access under s. 19.35 (1) [*the Open Records Law*] all information submitted to the department by agencies, authorities, units of the federal government, local governmental units or entities in the private sector for the purpose of processing. The department may not process such information without the consent of the agency, authority, unit or other entity which submitted the information and may not withhold such information from the agency, authority, unit or other entity or from any other person authorized by the agency, authority, unit or entity to have access to the information. The agency, authority, unit or other entity submitting the information remains the custodian of the information while it is in the custody of the department and access to such information by that agency, authority, unit or entity or any other person shall be determined by that agency, authority, unit or other entity and in accordance with law.

Strategic Plans for Executive Branch Agencies

16.976 Strategic plans for executive branch agencies. (1) As a part of each proposed strategic plan submitted under s. 16.971 (2) (L) [on page 9], the department shall require each executive branch agency to address the business needs of the agency and to identify all proposed information technology development projects that serve those business needs, the priority for undertaking such projects, and the justification for each project, including the anticipated benefits of the project. Each proposed plan shall identify any changes in the functioning of the agency under the plan. In each even-numbered year, the plan shall include identification of any information technology development project that the agency plans to include in its biennial budget request under s. 16.42 (1) [*relating to agency budget requests*].

(2) Each proposed strategic plan shall separately identify the initiatives that the executive branch agency plans to undertake from resources available to the agency at the time that the plan is submitted and initiatives that the agency proposes to undertake that would require additional resources.

- (3) Following receipt of a proposed strategic plan from an executive branch agency, the department shall, before June 1, notify the agency of any concerns that the department may have regarding the plan and provide the agency with its recommendations regarding the proposed plan. The department may also submit any concerns or recommendations regarding any proposed plan to the board for its consideration. The board shall then consider the proposed plan and provide the department with its recommendations regarding the plan. The executive branch agency may submit modifications to its proposed plan in response to any recommendations.
- (4) Before June 15, the department shall consider any recommendations provided by the board under sub. (3) and shall then approve or disapprove the proposed plan in whole or in part.
- (5) No executive branch agency, other than the board of regents of the University of Wisconsin System, may implement a new or revised information technology development project authorized under a strategic plan until the implementation is approved by the department in accordance with procedures prescribed by the department.
- (6) The department shall consult with the **joint committee on information policy and technology** in providing guidance for planning by executive branch agencies.

Information Technology Portfolio Management

16.977 Information technology portfolio management. With the assistance of executive branch agencies and the advice of the board, the department shall manage the information technology portfolio of state government in accordance with a management structure that includes all of the following:

- (1) Criteria for selection of information technology assets to be managed.
- (2) Methods for monitoring and controlling information technology development projects and assets.
- (3) Methods to evaluate the progress of information technology development projects and the effectiveness of information technology systems, including performance measurements for the information technology portfolio.

University of Wisconsin System, Information Technology, Chapter 36, Stats.

Strategic Plan

36.59 (1) Strategic plan. (a) The Board of Regents shall require the system and each institution and college campus to adopt and submit to the board, in a form specified by the board, no later than March 1 of each year, a strategic plan for the utilization of information technology to carry out the functions of the system, institution, or college campus in the succeeding fiscal year for review and approval under par. (b).

(b) 1. As a part of each proposed strategic plan submitted under par. (a), the Board of Regents shall require the system and each institution and college campus to address the business needs of the system, institution, or college campus and to identify all proposed information technology development projects that serve those business needs, the priority for undertaking such projects, and the justification for each project, including the anticipated benefits of the project. Each proposed plan shall identify any changes in the functioning of the system, institution, or college campus under the plan.

2. Each proposed strategic plan shall separately identify the initiatives that the system, institution, or college campus plans to undertake from resources available to the system, institution, or college campus at the time that the plan is submitted and initiatives that the system, institution, or college campus proposes to undertake that would require additional resources.

3. Following receipt of a proposed strategic plan from the system or an institution or college campus, the Board of Regents shall, before June 1, notify the system, institution, or college campus of any concerns that the Board of Regents may have regarding the plan and provide the system, institution, or college campus with its recommendations regarding the proposed plan. The Board of Regents may also submit any concerns or recommendations regarding any proposed plan to the information technology management board for its consideration. The information technology management board shall then consider the proposed plan and provide the Board of Regents with its recommendations regarding the plan. The system, institution, or college campus may submit modifications to its proposed plan in response to any recommendations.

4. Before June 15, the Board of Regents shall consider any recommendations provided by the information technology management board under subd. 3. and shall then approve or disapprove the proposed plan in whole or in part.

5. The system or an institution or college campus may not implement a new or revised information technology development project authorized under a strategic plan until the implementation is approved by the Board of Regents in accordance with procedures prescribed by the board.

6. The Board of Regents shall consult with the **joint committee on information policy and technology** in providing guidance for planning by the system and institutions and college campuses.

(c) The Board of Regents shall develop and adopt the following written policies for information technology development projects included in the strategic plan required of the system and each institution and college campus under par. (a) and that either exceed \$1,000,000 or that are vital to the functions of the system, institution, or college campus:

1. A standardized reporting format.

2. A requirement that both proposed and ongoing information technology development projects be included.

(d) The Board of Regents shall submit for approval by the **joint committee on information policy and technology** any proposed policies required under par. (c) and any proposed revisions to the policies.

Large, High-Risk Projects

(2) Large, high-risk projects. The Board of Regents shall promulgate:

(a) A definition of and methodology for identifying large, high-risk information technology projects.

(b) Standardized, quantifiable project performance measures for evaluating large, high-risk information technology projects.

(c) Policies and procedures for routine monitoring of large, high-risk information technology projects.

(d) A formal process for modifying information technology project specifications when necessary to address changes in program requirements.

(e) Requirements for reporting changes in estimates of cost or completion date to the board and the **joint committee on information policy and technology**.

(f) Methods for discontinuing projects or modifying projects that are failing to meet performance measures in such a way to correct the performance problems.

(g) Policies and procedures for the use of master leases under s. 16.76 (4) to finance new large, high-risk information technology system costs and maintain current large, high-risk information technology systems.

(h) A standardized progress point in the execution of large, high-risk information technology projects at which time the estimated costs and date of completion of the project is reported to the board and the **joint committee on information policy and technology**.

Commercially Available Products

(3) Commercially available products. The Board of Regents shall promulgate:

(a) A requirement that the system and each institution and college campus review commercially available information technology products prior to initiating work on a customized information technology development project to determine whether any commercially available product could meet the information technology needs of the system, institution, or college campus.

(b) Procedures and criteria to determine when a commercially available information technology product must be used and when the system or an institution or college campus may consider the modification or creation of a customized information technology product.

(c) A requirement that the system and each institution and college campus submit for approval by the board and prior to initiating work on a customized information technology product a justification for the modification or creation by the system, institution, or college campus of a customized information technology product.

Master Leases

(4) **Master leases.** (a) In this subsection, "master lease" has the meaning given under s. 16.76 (4).

(b) Annually, no later than October 1, the Board of Regents shall submit to the governor and the members of the **joint committee on information policy and technology** a report documenting the use by the system and each institution and college campus of master leases to fund information technology projects in the previous fiscal year. The report shall contain all of the following information:

1. The total amount paid under master leases towards information technology projects in the previous fiscal year.

2. The master lease payment amounts approved to be applied to information technology projects in future years.

3. The total amount paid by the system and each institution and college campus on each information technology project for which debt is outstanding, as compared to the total financing amount originally approved for that information technology project.

4. A summary of repayments made towards any master lease in the previous fiscal year.

High-Cost Projects

(5) **High-cost projects.** (a) Except as provided in par. (b), the Board of Regents shall include in each contract with a vendor of information technology that involves a large, high-risk information technology project under sub. (2) or that has a projected cost greater than \$1,000,000, and require the system and each institution and college campus that enters into a contract for materials, supplies, equipment, or contractual services relating to information technology to include in each contract with a vendor of information technology that involves a large, high-risk information technology project under sub. (2) or that has a projected cost greater than \$1,000,000 a stipulation requiring the vendor to submit to the board for approval any order or amendment that would change the scope of the contract and have the effect of increasing the contract price. The stipulation shall authorize the board to review the original contract and the order or amendment to determine all of the following and, if necessary, to negotiate with the vendor regarding any change to the original contract price:

1. Whether the work proposed in the order or amendment is within the scope of the original contract.

2. Whether the work proposed in the order or amendment is necessary.

(b) The Board of Regents may exclude from a contract described in par. (a) the stipulation required under par. (a) if all of the following conditions are satisfied:

1. Including such a stipulation would negatively impact contract negotiations or significantly reduce the number of bidders on the contract.

2. If the exclusion is sought by the system or an institution or college campus, the system or that institution or college campus submits to the board a plain-language explanation of the reasons the stipulation was excluded and the alternative provisions the system, institution, or college campus will include in the contract to ensure that the contract will be completed on time and within the contract budget.

3. The board submits for approval by the **joint committee on information policy and technology** any explanation and alternative contract provisions required under subd. 2. If, within 14 working days after the date that the board submits any explanation and alternative contract provisions required under this subdivision, the **joint committee on information policy and technology** does not contact the board, the explanation and alternative contract provisions shall be deemed approved.

Open-Ended Contracts

(6) **Open-ended contracts.** (a) The Board of Regents shall require the system and each institution and college campus that has entered into an open-ended contract for the development of information technology to submit to the board quarterly reports documenting the amount expended on the information technology development project. In this subsection, "open-ended contract" means a contract for information technology that includes one or both of the following:

1. Stipulations that provide that the contract vendor will deliver information technology products or services but that do not specify a maximum payment amount.

2. Stipulations that provide that the contract vendor shall be paid an hourly wage but that do not set a maximum limit on the number of hours required to complete the information technology project.

(b) Compile and annually submit to the joint committee on information technology the reports required under par. (a).

Reports

(7) **Reports.** No later than March 1 and September 1 of each year, the Board of Regents shall submit to the **joint committee on information policy and technology** a report that documents for each information technology project within the system with an actual or projected cost greater than \$1,000,000 or that the board has identified as a large, high-risk information technology project under sub. (2) (a) all of the following:

(a) Original and updated project cost projections.

(b) Original and updated completion dates for the project and any stage of the project.

(c) An explanation for any variation between the original and updated costs and completion dates under pars. (a) and (b).

(d) A copy of any contract entered into by the board for the project and not provided in a previous report.

(e) All sources of funding for the project.

(f) The amount of any funding provided for the project through a master lease under s. 16.76 (4).

(g) Information about the status of the project, including any portion of the project that has been completed.

(h) Any other information about the project, or related information technology projects, requested by the **joint committee on information policy and technology**.

Information Technology Reports

(7m) **Information technology reports.** The Board of Regents shall prepare and submit reports to the **joint committee on information policy and technology** upon request of the committee under s. 13.58 (5) (b) 3.

Computer Services Data Collection

(8) **Computer services data collection.** The Board of Regents shall collect and maintain data necessary to calculate numerical measures of the efficiency and effectiveness of the mainframe computer services provided by the board at the University of Wisconsin-Madison.

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WISCONSIN LEGISLATIVE COUNCIL

Terry C. Anderson, Director
Laura D. Rose, Deputy Director

TO: MEMBERS OF THE JOINT COMMITTEE ON INFORMATION POLICY AND TECHNOLOGY

FROM: ^{DWS} Dan Schmidt, Senior Analyst

RE: Powers and Duties of the Joint Committee on Information Policy and Technology

DATE: March 25, 2008

A. INTRODUCTION

This memorandum describes the general powers and duties of the Joint Committee on Information Policy and Technology, including the co-chairs of the Joint Committee, as set forth in s. 13.58, Stats. This summary is current for laws enacted through 2007 Wisconsin Act 20.

B. GENERAL POWERS AND DUTIES

1. Duties

The general duties of the Joint Committee on Information Policy and Technology include that it shall do all of the following:

- a. Review the information management and technology systems, plans, practices and policies of state and local units of government. This review shall include: (1) the responsiveness of these systems, plans, practices and policies to the needs of state and local units of government for the delivery of high-quality services on an efficient, effective and economical basis; (2) their data security and integrity; (3) their protection of the personal privacy of individuals who are subjects of data bases of state and local governmental agencies; and (4) their provision of access to public records under the State's Open Records Law, s. 19.35 (1), Stats.
- b. Review the effects on the needs identified under item a, above, of proposals for the expansion of existing information technology and the implementation of new information technology by the state.
- c. Review the impact of proposed legislation on existing technology utilization by state and local units of government. [s. 13.58 (5) (a) 1. to 5., Stats.]

d. Upon receipt of strategic plans from the Department of Administration (DOA), the Joint Committee on Legislative Organization and the Director of State Courts, review and transmit comments concerning the plans to the entities submitting the plans.

2. Powers

The general powers of the Joint Committee include that it may do any of the following:

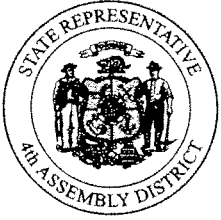
a. Direct the DOA or the Board of Regents of the University of Wisconsin (UW) System to conduct studies or prepare reports on items related to the Joint Committee's duties described in the preceding section. [s. 13.58 (5) (b) 1. and 3., Stats.]

b. Make recommendations to the Governor, the Legislature, state agencies or local units of government regarding the policies, practices, proposals, legislation and reports reviewed under item a and the duties specified in the preceding section. [s. 13.58 (5) (b) 2., Stats.]

c. With the concurrence of the Joint Committee on Finance, direct the DOA to report semiannually to the Joint Committee on Information Policy and Technology and the Joint Committee on Finance concerning any specific information technology system project which is being designed, developed, tested or implemented and which the two committees anticipate will have a total cost to the state exceeding \$1 million in the current or any succeeding fiscal biennium. The report must identify the stages of the project, the scheduled and actual completion dates for each stage, the budgeted and actual expenditures on each stage and an evaluation, including problems and risks associated with proceeding to the next stage in the project, if any. [s. 13.58 (5) (b) 4., Stats.]

d. Review any University of Wisconsin System institution, or college campus information technology project identified in a report submitted to the committee by the Board of Regents under s. 36.59 (7) to determine whether the project should be continued or implemented. The committee may forward any recommendations regarding the project to the Governor and to the Legislature under s. 13.172 (2). [s. 13.58 (5) (b) 6., Stats.]

DWS:wu:jal



Phil Montgomery

Serving the Communities of Allouez, Ashwaubenon, De Pere and Green Bay

Testimony of Phil Montgomery to the Joint Committee on Information Policy and Technology March 27, 2008

Welcome to the first meeting of the Joint Committee on Information Policy and Technology. I am pleased that this committee has been reconvened and am honored to Co-Chair this committee with Senator Pat Kreitlow. Being a member of this committee carries with it a responsibility to learn from our past IT project policy mistakes in order to chart a successful path in the future. It is a responsibility we share and I am sure we all welcome this responsibility in order to work together in a positive way for the state of Wisconsin.

The duties of this committee as they are written in statutes require us to review state IT systems, plans, practices and policies in order to provide constructive feedback to those implementing the IT program. We also will analyze studies relating to these programs in order to make recommendations to the Governor, legislature, and other units of government.

Let us use this authority and responsibility to work in a cooperative fashion with those constructing these IT projects and most importantly with our Department of Administration staff. In this committee, we will surely look back to learn from mistakes, but let us not become enamored in the negative; let us chart a positive/cooperative path forward so we benefit from successful IT project outcomes in the future.

Many of you may be familiar with how we came to be here today from your experience on the Speaker's Task Force on Information Technology Failures or by just reading the news media columns filled with millions of dollars being spent on failed IT projects. If you are not, allow me to briefly touch on the work of that Task Force, of which I was Chair, and briefly on those IT failures in order to refresh our memories.

The Speaker's Task Force was composed of IT experts and elected representatives of both parties. We conducted three hearings focused on past mistakes, ongoing IT projects, and recommendations for change. Largely, the past mistakes were detailed in an audit performed by the Legislative Audit Bureau. In the audit, large, high-risk IT projects [those with costs over \$1 million] constituted 92.7 percent of ongoing IT projects at that time.

This was sobering especially considering some large projects had already been suspended with huge losses at that time such as; the Department of Workforce Development program titled EnABLES which cost \$23.6 million before it was suspended. This audit

and an analysis of past mistakes helped to form recommendations that, coupled with Task Force and public input, constituted the final recommendations of the Task Force.

I would like to thank Jan Mueller and Kate Wade from the Legislative Audit Bureau who testified for the Task Force during those hearings regarding their audit on the state's Information Technology Projects, and for their diligent work on that audit. I would also like to thank Department of Administration Secretary Morgan and Oskar Anderson, the Director of Enterprise Technology. Oskar has been working diligently to implement the Task Force recommendations and to institute effective reforms to the current state IT project procedures. Also, Secretary Morgan's openness allowed the Task Force to recommend workable and effective solutions.

After the Task Force completed its hearings on past mistakes and ongoing projects, we formed recommendations focused on four broad categories which were: IT Project Needs Assessment and Identification; Project Development and Procurement; Implementation; and Oversight.

The recommendations included:

- Standardized written policies for IT project procedures; increased IT staffing accountability; smaller project sizes; and vendor-selection criteria that include a vendor's track record on similar projects.
- Uniform information technology policies and procedures across agency lines; use of off-the-shelf systems when possible, and required approval when project customization is necessary; vendor contracts that include clauses that require vendors to complete projects without additional payments, or prior approval to exclude the clause; more aggressive upgrade and innovation cycles; and a greater emphasis on cross-agency resource sharing.
- "Executive Sponsors" for all projects; reassigning ineffective project staff; education of human resources employees on the needs of the information technology staff; and providing an environment where employees can raise and resolve issues.
- Reinstating the Joint Committee on Information Policy and Technology and the Information Technology Management Board; careful review of all ongoing information technology projects; and the creation of a more cohesive Project Management Office within DOA.

The biennial budget bill directed the Department of Administration to address many of the items mentioned above. Those items are included in a Legislative Council memo prepared by John Stolzenberg and Dan Schmidt. That memo is included in materials provided to you all today along with the Task Force letter to Speaker Huebsch containing our final recommendations.

The Department of Administration has been working to implement these recommendations. Oskar Anderson will update this committee on the status of these implementations. I am confident in Oskar and his department and the cooperation by this committee will be vital to future success for Information Technology projects in Wisconsin.

The recommendation of the Task Force to convene this committee was a very important step to ensure effectual implementation of state IT projects. A standing legislative committee with the authority necessary to monitor and approve present and future IT projects will be important to provide the taxpayers of the state with assurance that the state will be good stewards of taxpayer dollars.

I am pleased that we have been given this important opportunity to look in depth at the state's Information Technology projects. We owe it to the people paying the bills in this state to spend their money in a responsible way. I would like the committee to move forward so we will not be inclined to repeat mistakes that have already been made and, indeed, learn as much as possible from them - always keeping a forward looking focus in order to be cooperative and have positive outcomes in state IT projects.

Again, thank you to all who are here today and for your participation on this committee. I look forward to working with you all and by putting our heads together and working hard we will make the most of this opportunity given to us.



Phil Montgomery

Serving the Communities of Allouez, Ashwaubenon, De Pere and Green Bay

MEMO

TO: Joint Committee on Information Policy and Technology

FROM: Representative Phil Montgomery

DATE: March 27, 2008

RE: Speaker's Task Force on Information Technology Failures
Recommendations

This memorandum contains:

- The recommendations of the Speaker's Task Force on Information Technology Failures and what in the biennial budget that passed last year addressed or related to them.
- The letter submitted to the speaker of the Assembly containing the Task Force recommendations regarding IT project oversight, implementation, policies, and procedures.



WISCONSIN LEGISLATIVE COUNCIL

Terry C. Anderson, Director
Laura D. Rose, Deputy Director

TO: REPRESENTATIVE PHIL MONTGOMERY *JSM*

FROM: John Stolzenberg, Chief of Research Services, and Dan Schmidt, Senior Analyst *DWS.*

RE: Information Technology Provisions in the State Budget and Recommendations of the Speaker's Task Force on State Information Technology Failures

DATE: March 24, 2008

This memorandum, prepared at your request, summarizes provisions in the recently enacted state budget law, 2007 Wisconsin Act 20, relating to state information technology other than telecommunications and appropriations for information technology programs and projects in ch. 20, Stats., and identifies whether these provisions implement or address the recommendations of the Speaker's Task Force on State Information Technology Failures. These recommendations were set forth in the document titled *Member Recommendations for Task Force Consideration*. The organization of this part is based on the four major areas of the task force's recommendations.

The summaries of provisions in Act 20 in this memorandum include a description of relevant provisions in 2007 Senate Bill 40, as passed by the Legislature and partially vetoed by the Governor when he signed Senate Bill 40 into law as Act 20.

BUDGET PROVISIONS IMPLEMENTING OR ADDRESSING THE TASK FORCE'S RECOMMENDATIONS

Task Force Topic 1. Needs Assessment and Identification Recommendations

Task Force Summary: Members have recommended standardized written policies for project procedures; increased staffing accountability; smaller project sizes; and vendor-selection criteria that include a vendor's track record on similar projects.

Relevant Budget Provisions

University of Wisconsin Strategic Plans

Act 20 directs the Board of Regents to require the University of Wisconsin (UW) System and each institution and college campus in the system to adopt and submit to the board no later than March 1 of each year, a strategic plan for the utilization of information technology to carry out the functions of these entities in the succeeding fiscal year. Each proposed plan must be reviewed and approved by the board.

The board must require the following elements as a part of each of these proposed strategic plans:

- The addressing of the business needs of the entity preparing the plan.
- The identification of all proposed information technology development projects that serve those business needs.
- The priority for undertaking these projects.
- The justification for each project, including the anticipated benefits of the project.
- The identification of any changes in the functioning of the entity under the plan.

Task Force Topic 2. Project Development and Procurement Recommendations

Task Force Summary: Members have recommended uniform information technology policies and procedures across agencies; use of off-the-shelf systems when possible, and required approval when project customization is necessary; vendor contracts that include clauses that require vendors to complete projects without additional payments, or prior approval to exclude the clause; more aggressive upgrade and innovation cycles; and a greater emphasis on cross-agency resource sharing.

Relevant Budget Provisions

Written Policies for Information Technology Development Projects

Act 20 directs the Department of Administration (DOA) to develop and adopt written policies for information technology development projects included in executive branch agencies' strategic plans required under prior law for agencies other than the Board of Regents of the UW System, and that either cost more than \$1 million or that are vital to the functions of the agency that address the following:

- A standardized reporting format.
- A requirement that both proposed and ongoing projects be included.

DOA must develop these policies in consultation with each executive branch agency other than the Board of Regents of the UW System. The Act establishes that these policies are not rules for purposes of the state's administrative procedures law in ch. 227, Stats.

In addition, DOA must submit these policies and proposed revisions to the policies for review by the Joint Legislative Audit Committee and for approval by the Joint Committee on Information Policy and Technology (JCIPT).

A nonstatutory provision in Senate Bill 40 directed DOA to submit by January 1, 2008 a preliminary draft of these written policies for review by the Joint Legislative Audit Committee and for approval by JCIPT. The Governor partially vetoed the January 1, 2008 deadline and the requirements in this provision for review of the preliminary draft by the Joint Legislative Audit Committee.

Large, High-Risk Information Technology Projects

Act 20 directs DOA to promulgate all the following relating to large, high-risk information technology projects:

- A definition of and a methodology for identifying these projects.
- Standardized, quantifiable project performance measures for evaluating these projects.
- Policies and procedures for routine monitoring of these projects.
- A formal process for modifying information technology project specifications when necessary to address changes in program requirements.
- Requirements for reporting changes in estimates of cost or completion date to DOA and JCIPT.
- Methods for discontinuing projects or modifying projects that are failing to meet performance measures in such a way to correct the performance problems.
- Policies and procedures for the use of master leases to finance new and maintain current large, high-risk information technology systems.
- A standardized "progress point" in the execution of these projects at which time the estimated costs and date of completion of the project is reported to DOA and JCIPT.

Senate Bill 40 included that DOA should promulgate the above items in consultation with the Legislative Audit Bureau and the Joint Legislative Audit Committee and that these items should be promulgated as administrative rules applicable to each executive branch agency, other than the Board of Regents of the UW System. This bill also directed DOA to submit a draft version of these rules to the Legislative Council Rules Clearinghouse no later than June 30, 2008. The Governor partially vetoed these consultation and administrative rule requirements and submittal deadline.

Act 20 also directs the Board of Regents to promulgate the same types of policies and procedures on large, high-risk information technology projects as the Act requires of DOA.

Senate Bill 40 included comparable consultation requirements and administrative rule requirements and submittal deadline for the Board of Regents as for DOA, and the Governor also partially vetoed these requirements and deadline.

Use of Commercially Available Information Technology Products

Act 20 directs DOA to promulgate all the following relating to the use of commercially available information technology products:

- A requirement that each executive branch agency review these products prior to initiating work on a customized information technology development project to determine whether any commercially available product could meet the information technology needs of the agency.
- Procedures and criteria to determine when these products must be used and when an executive branch agency may consider the modification or creation of a customized information technology product.
- A requirement that each executive branch agency submit for approval by DOA and prior to initiating work on a customized information technology product a justification for the modification or creation by the agency of the customized product.

Senate Bill 40 included that DOA should promulgate the above items as administrative rules applicable to each executive branch agency, other than the Board of Regents of the UW System. The Governor partially vetoed this administrative rule requirement.

Act 20 directs the Board of Regents to promulgate comparable types of requirements and procedures on the use of commercially unavailable information technology projects as the Act requires of DOA.

Senate Bill 40 included the same administrative rule requirement for the Board of Regents as for DOA, and the Governor also partially vetoed this requirement.

DOA and Board of Regents Approval for Changes in Information Technology Contracts

Act 20 directs DOA to, in general, include in each contract with a vendor of information technology for specified information technology projects a stipulation that does all the following:

- Requires the vendor to submit to DOA for approval any order or amendment that would change the scope of the contract and have the effect of increasing the contract price.
- Authorize DOA to review the original contract and the order or amendment to determine whether the work proposed in the order or amendment is within the scope of the original contract and is necessary, and, if necessary, to negotiate with the vendor regarding any change to the original contract price.

This provision applies to contracts for large, high-risk information technology projects and to contracts with a projected cost greater than \$1 million. In addition, DOA must require each executive

branch agency authorized by DOA to enter into contracts for information technology for these types of projects to include this stipulation in these contracts.

Either DOA or an executive branch agency may exclude the required stipulation from these contracts if all the following conditions are satisfied:

- Including such a stipulation would negatively impact contract negotiations or significantly reduce the number of bidders on the contract.
- If the exclusion is sought by an executive branch agency, that agency submits to DOA a plain-language explanation of the reasons the stipulation was excluded and the alternative provisions the agency will include in the contract to ensure that the contract will be completed on time and within the contract budget.
- If the exclusion is sought by DOA, the department prepares a plain-language explanation of the reasons the stipulation was excluded in the alternative provisions DOA will include in the contract to ensure that the contract will be completed on time and within the contract budget.
- DOA submits for approval by JCIPT in a 14-day passive review process any explanation and alternative contract provisions required under the preceding two points.

Act 20 also directs the Board of Regents to include in each of its contracts and in contracts entered into by a system institution or college campus with vendors of information technology the same stipulation for the same projects described above that DOA must include in its contracts and the contracts of other executive branch agencies with vendors of information technology.

The Act also authorizes the Board of Regents to exclude the required stipulation in these contracts under the same conditions that DOA may use to exclude the comparable stipulation.

Reports on Open-Ended Contracts for Information Technology Development

Act 20 directs DOA to require each executive branch agency, other than the Board of Regions of the UW System, which has entered into an open-ended contract for the development of information technology to submit quarterly reports to DOA. These reports must document the amount expended on the project.

As used in this provision, an "open-ended contract" is a contract for information technology that includes stipulations providing that the contract vendor will do one or both of the following:

- Deliver information technology products or services but does not specify a maximum payment amount.
- Be paid an hourly wage but does not set a maximum limit on the number of hours required to complete the project.

In addition, DOA must compile and submit the above reports to JCIPT.

Act 20 also directs the Board of Regents to require the system and each institution and college campus in the system that has entered into an open-ended contract for the development of information technology to submit to the board quarterly reports documenting the amount expended on the project. The Act defines open-ended contracts in this provision the same as in the comparable provision applicable to DOA described above. The Act also requires the board to compile and submit these reports to JCIPT.

Task Force Topic 3. Implementation Recommendations

Task Force Summary: Members have recommended assigning an “Executive Sponsor” to all projects; reassigning ineffective project staff; education of human resources employees on the needs of the information technology staff; and providing an environment where employees can raise and resolve issues.

Relevant Budget Provisions

There were no provisions in the budget act that related to Task Force Topic 3.

Task Force Topic 4. Oversight Recommendations

Task Force Summary: Members have recommended including reinstating JCIPT and the Information Technology Management Board; careful review of all ongoing information technology projects; and the creation of a more cohesive Project Management Office within DOA.

Relevant Budget Provisions

Use of Master Leases for Information Technology Projects

Act 20 directs DOA to annually by October 1 submit to the Governor and the members of JCIPT a report documenting the use by each executive branch agency, other than the Board of Regents of the UW System, of master leases to fund information technology projects in the previous fiscal year. These reports must contain all the following information:

- The total amount paid under master leases towards information technology projects in the previous fiscal year.
- The master lease payment amounts approved to be applied to information technology projects in future years.
- The total amount paid by each executive branch agency on each information technology project for which debt is outstanding, as compared to the total financing amount originally approved for that project.
- A summary of repayments made towards any master lease in the previous fiscal year.

Act 20 also directs the Board of Regents to report annually by October 1 to the Governor and members of JCIPT a report documenting the use by the UW System and each institution and college

campus in the system of master leases to fund information technology projects in the previous fiscal year. These reports must contain the same information as the comparable DOA reports on master leases required by the Act.

Reports on Executive Branch Agency Large Information Technology Projects

Act 20 directs DOA to submit biannually by March 1 and September 1 a report to JCIPT that documents each executive branch agency information technology project with an actual or projected cost greater than \$1 million or that DOA has identified as a large, high-risk project. These reports must include all the following for each covered project:

- Original and updated project cost projections.
- Original and updated completion dates for the project and any stage of the project.
- An explanation for any variation between the original and updated costs and completion dates identified in the preceding two points.
- A copy of any contract entered into by DOA for the project and not provided in a previous report.
- All sources of funding for the project, including the amount of funding through a master lease.
- Information about the status of the project, including any portion that has been completed.
- Any other information about the project, or related projects, requested by JCIPT.

Act 20 also directs the Board of Regents to submit biannually by March 1 and September 1 a report to JCIPT that documents each information technology project within the UW System with an actual or projected cost greater than \$1 million or that the board has identified as a large, high-risk project. These reports must include the same information on these projects as is required in the comparable reports from DOA described above.

Information Technology Server Consolidation Study

Senate Bill 40 prohibited DOA from requesting the Joint Committee on Finance (JCF) to supplement its specified appropriation for the purpose of continuing the consolidation of certain executive branch agency information technology functions until all the following occurred:

- DOA completes, in consultation with other executive branch agencies, a study of the ongoing information technology server consolidation project. This study must include a revised timeline for completion of server consolidation and a revised analysis of the costs and benefits of proceeding with the server consolidation project, including certain specified costs.
- DOA submits the study identified in the preceding point for review by JCF and JCIPT or, if JCIPT is not organized, the Joint Legislative Audit Committee.

The bill also specified that the JCF could not supplement this appropriation by any amount in fiscal year 2007-08 and by more than \$2,352,800 in fiscal year 2008-09.

The Governor partial vetoed all of these provisions relating to the information technology server consolidation study and supplemental appropriation.

Joint Committee on Information Policy and Technology and Joint Legislative Audit Committee

As noted in the summaries of budget provisions in this memorandum, many of the provisions involve reports to or approvals by the JCIPT.

Senate Bill 40 also established that, if the JCIPT is not organized, the Joint Legislative Audit Committee shall assume the new responsibilities assigned to the JCIPT in the bill. These responsibilities are described below. The Governor partially vetoed this assignment to the Joint Legislative Audit Committee.

If you have any questions on the information provided in this memorandum, please feel free to contact either of us at the Legislative Council staff offices.

JES:DWS:ksm



WISCONSIN LEGISLATURE

P.O. BOX 8952 • MADISON, WI 53708

January 29, 2008

Representative Mike Huebsch
Wisconsin State Assembly Speaker
Room 215 West
State Capitol
Madison, WI 53708

Speaker Huebsch:

Let us begin by thanking you for convening a task force charged to examine the state's recent Information Technology (IT) failures and to consider solutions aimed at preserving taxpayer dollars. The taxpayers of this state are justifiably frustrated by the tax dollars that have been wasted and misused. A closer look at these troubles was certainly in order.

The Speaker's Task Force on State Information Technology Failures, comprised of eight legislative members and eight private-sector Information Technology experts, sought to examine these problems in more detail. The Task Force conducted case studies, interviews and hearings devoted to learning from past mistakes in order to protect tax dollars in the future.

A state audit of Information Technology Projects finished its work shortly before our Task Force convened. The various recommendations of the audit have been examined closely throughout the work of the Task Force, and the audit team has provided invaluable assistance as we worked to ensure every effort was taken to protect the state from the types of failures that have come to light.

During the Task Force process members presented testimonies, offered suggestions and the public also submitted concerns. In addition, the legislature voted on a biennial budget bill that contained provisions aimed at curbing the culture of mismanagement which facilitated the waste of tax dollars on IT projects.

After considering the many factors which contribute to state IT delays or failures, Task Force members were asked to identify final proposals within four broad categories: IT Project Needs Assessment and Identification; Project Development and Procurement; Implementation; and Oversight.

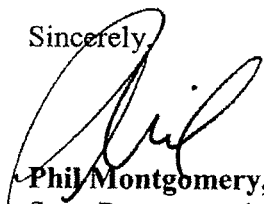
The recommendations include:

- Standardized written policies for IT project procedures; increased IT staffing accountability; smaller project sizes; and vendor-selection criteria that include a vendor's track record on similar projects.
- Uniform information technology policies and procedures across agency lines; use of off-the-shelf systems when possible, and required approval when project customization is necessary; vendor contracts that include clauses that require vendors to complete projects without additional payments, or prior approval to exclude the clause; more aggressive upgrade and innovation cycles; and a greater emphasis on cross-agency resource sharing.
- "Executive Sponsors" for all projects; reassigning ineffective project staff; education of human resources employees on the needs of the information technology staff; and providing an environment where employees can raise and resolve issues.
- Reinstating the Joint Committee on Information Policy and Technology (JCIPT) and the Information Technology Management Board; careful review of all ongoing information technology projects; and the creation of a more cohesive Project Management Office within DOA.

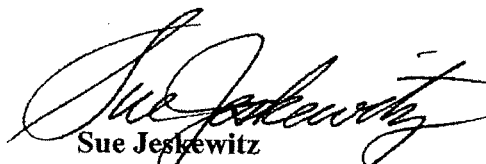
While the biennial budget bill directs the Department of Administration to address many of the items mentioned above, it is clear that the most glaring omission in the state's IT projects is consistent and careful oversight to ensure compliance with current state statutes prescribing effective management practices. Convening the JCIPT seems to be a necessary step to ensuring that provisions designed to preserve taxpayer funds directed toward state IT projects are not only conserved, but are utilized in a manner that provides effectual implementation of state IT projects.

Convening the Speaker's Task Force on State Information Technology Failures has been a key step in strengthening the state's IT procedures. Reconvening a standing legislative committee with the authority necessary to monitor and approve present and future IT projects will be the next important step in providing the taxpayers of the state with assurance that the state will continue to be good stewards of taxpayer dollars.

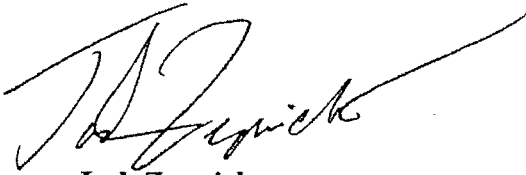
Sincerely,



Phil Montgomery, Chair
State Representative
4th Assembly District



Sue Jeskewitz
State Representative
24th Assembly District



Josh Zepnick
State Representative
9th Assembly District



Don Pridemore
State Representative
99th Assembly District



Louis Molepske
State Representative
71st Assembly District



Jeff Wood
State Representative
67th Assembly District



Jim Ott
State Representative
23rd Assembly District



Mike Sheridan
State Representative
44th Assembly District

cc: Public Members, Speaker's Task Force on State Information Technology Failures
Governor Jim Doyle
Secretary Michael Morgan, Department of Administration
Oskar Anderson, Department of Administration
John Stolzenberg, Legislative Council
Dan Schmitt, Legislative Council
Jan Mueller, Legislative Audit Bureau
Kate Wade, Legislative Audit Bureau