WISCONSIN STATE LEGISLATURE ...
PUBLIC HEARING - COMMITTEE RECORDS

2005-06
(session year)

Joint
(Assembly, Senate or Joint)

Committee on Audit...

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**

January 31, 2005

Dear Suzanne Jeskewitz,

In the Thursday, January 25, 2005 edition of The Capital Times newspaper, there is a story on Page 3A titled <u>State contract audits requested</u>, regarding audits of state contracts soon to be performed by the Joint Legislative Audit Committee.

I am a State of Wisconsin employee who works in an agency that is **overflowing with highly-paid, full-time, permanent contractors**. When I say **full-time, permanent contractors**, that I literally mean **they are full-time, and permanent**! And the State of Wisconsin pays these contractors far higher salaries than state employees for doing the same work.

I will now identify this agency and give you specific details of this abuse. The name of this agency is the **Consolidated Court Automation Program (CCAP)**, which is a part of The Wisconsin Supreme Court. You may know this agency from their well-know web site (http://<u>wcca.wicourts.gov</u>), from which you can query the results of all court cases in Wisconsin. This agency is located literally across the street from the state capital at 110 E. Main St., Madison, Wisconsin. (It's located in the Tenney Building, on the corner of E. Main St. at Pinckney St.)

In this agency (CCAP) there are a total of 22 computer programmers. 11 of these programmers are state employees, and 11 are contractors. Some of these contractors work for contracting agencies, and some are independent (self employed). 100 percent of these contracting positions are permanent, full-time positions which are never, never eliminated. Whenever any of these contractors leaves CCAP, they are immediately replaced with a new contractor—never is the position eliminated, and never is the position replaced with a state employee. Here is a sample list of some contractors who work for CCAP, followed by how long they've been employed as contractors by CCAP.

<u>Kevin Grittner</u> (more than 10 years), <u>Reed Van Handel</u> (6 years), <u>Hani Elabed</u> (6 years), <u>Bill Blondeau</u> (approx. 3 years), <u>Jeff Kirby</u> (approx. 3 years).

There have been at least 2 instances at CCAP where state employees quit their CCAP job, and then were immediately re-hired by CCAP as independent (self employed) contractors at much higher salaries, for performing exactly the same job!!!

The latest example of this occurred last summer. After working for CCAP as a state employee for 4 years, John Hutchins quit his state job on July 30, 2004 and was rehired

three days later (August 2, 2004) as an independent contractor. He sits at the exact same desk, performing the exact same job as he did when he was a state employee, but at a far higher salary.

This crap has been going on for years and years! When is it going to be investigated and fixed???
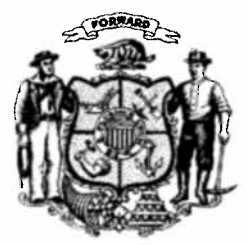
PS: **Please keep my name confidential!**

Thank you,

February 28, 2005

Representative Terese Berceau
208 North, P.O. Box 8952
Madison, WI 53708

Dear Representative Berceau

Thank you for your letter requesting us to direct the Legislative Audit Bureau to conduct an audit of state contracting procedures. We share your concern about the process for determining when a state department will enter into an outside contract rather than using in-house staff. Taxpayers should have confidence that their tax dollars are utilized in the most efficient manner possible. Media accounts to the contrary and the conflicting reports on the true cost of engineering contracts at the Department of Transportation suggest that some greater level of scrutiny is warranted.

If our ultimate goal is to ensure uniform and enforceable procedures for state departments to utilize when considering the use of an outside contractor, we believe our most expedient course of action is to support and pass SB56 and/or AB105. It would take a year or more before we would have results and recommendations from an audit. According to the Legislative Reference Bureau analyses, these bills would require agencies to conduct a uniform cost-benefit analysis of each proposed contractual service procurement in accordance with standards prescribed in the rules, and include a requirement for agencies to review periodically the continued appropriateness of contracting under each contractual services agreement.

It is our understanding that there is broad support for these bills. Because of the likely legislative action on these proposals, we have elected to place your request for an audit of state contracting procedures in pending status. Should legislative action not be forthcoming, we will revisit the request for an audit of state contracting practices at a later date.

Thank you again for your request.

Sincerely,

Senator Carol A. Roessler
Co-chairperson
Joint Legislative Audit Committee

Representative Suzanne Jeskewitz
Co-chairperson
Joint Legislative Audit Committee

SENATOR ROESSLER
P.O. Box 7882 • Madison, WI 53707-7882
(608) 266-5300 • Fax (608) 266-0423

REPRESENTATIVE JESKEWITZ
P.O. Box 8952 • Madison, WI 53708-8952
(608) 266-3796 • Fax (608) 282-3624

February 28, 2005

Representative Spencer Black
210 North, P.O. Box 8952
Madison, WI 53708

Dear Representative Black:

Thank you for your letter requesting us to direct the Legislative Audit Bureau to conduct an audit of state contracting procedures. We share your concern about the process for determining when a state department will enter into an outside contract rather than using in-house staff. Taxpayers should have confidence that their tax dollars are utilized in the most efficient manner possible. Media accounts to the contrary and the conflicting reports on the true cost of engineering contracts at the Department of Transportation suggest that some greater level of scrutiny is warranted.

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Co-chairperson
Joint Legislative Audit Committee

Representative Suzanne Jeskewitz
Co-chairperson
Joint Legislative Audit Committee

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REPRESENTATIVE JESKEWITZ
P.O. Box 8952 • Madison, WI 53708-8952
(608) 266-3796 • Fax (608) 282-3624

February 28, 2005

Representative Mary Hubler
119 North, P.O. Box 8952
Madison, WI 53708

Dear Representative Hubler:

Thank you for your letter requesting us to direct the Legislative Audit Bureau to conduct an audit of state contracting procedures. We share your concern about the process for determining when a state department will enter into an outside contract rather than using in-house staff. Taxpayers should have confidence that their tax dollars are utilized in the most efficient manner possible. Media accounts to the contrary and the conflicting reports on the true cost of engineering contracts at the Department of Transportation suggest that some greater level of scrutiny is warranted.

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Sincerely,

Senator Carol A. Roessler
Co-chairperson
Joint Legislative Audit Committee

Representative Suzanne Jeskewitz
Co-chairperson
Joint Legislative Audit Committee

SENATOR ROESSLER
P.O. Box 7882 • Madison, WI 53707-7882
(608) 266-5300 • Fax (608) 266-0423

REPRESENTATIVE JESKEWITZ
P.O. Box 8952 • Madison, WI 53708-8952
(608) 266-3796 • Fax (608) 282-3624

February 28, 2005

Senator Robert Jauch
130 South, P.O. Box 7882
Madison, WI 53707

Dear Senator Jauch:

Thank you for your letter requesting us to direct the Legislative Audit Bureau to conduct an audit of state contracting procedures. We share your concern about the process for determining when a state department will enter into an outside contract rather than using in-house staff. Taxpayers should have confidence that their tax dollars are utilized in the most efficient manner possible. Media accounts to the contrary and the conflicting reports on the true cost of engineering contracts at the Department of Transportation suggest that some greater level of scrutiny is warranted.

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Sincerely,

Senator Carol A. Roessler
Co-chairperson
Joint Legislative Audit Committee

Representative Suzanne Jeskewitz
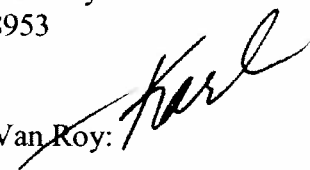Co-chairperson
Joint Legislative Audit Committee

SENATOR ROESSLER
P.O. Box 7882 • Madison, WI 53707-7882
(608) 266-5300 • Fax (608) 266-0423

REPRESENTATIVE JESKEWITZ
P.O. Box 8952 • Madison, WI 53708-8952
(608) 266-3796 • Fax (608) 282-3624

WISCONSIN STATE LEGISLATURE

Joint Audit Committee

Committee Co-Chairs:
State Senator Carol Roessler
State Representative Suzanne Jeskewitz

February 28, 2005

Representative Karl Van Roy
123 West, P.O. Box 8953
Madison, WI 53708

Dear Representative Van Roy:

Thank you for your letter requesting us to direct the Legislative Audit Bureau to conduct an audit of state contracting procedures. We share your concern about the process for determining when a state department will enter into an outside contract rather than using in-house staff. Taxpayers should have confidence that their tax dollars are utilized in the most efficient manner possible. Media accounts to the contrary and the conflicting reports on the true cost of engineering contracts at the Department of Transportation suggest that some greater level of scrutiny is warranted.

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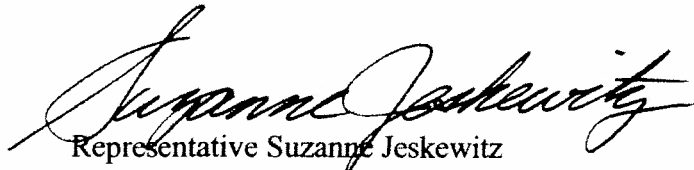
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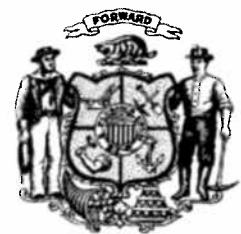
Thank you again for your request.

Sincerely,

Senator Carol A. Roessler
Co-chairperson
Joint Legislative Audit Committee

Representative Suzanne Jeskewitz
Co-chairperson
Joint Legislative Audit Committee

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P.O. Box 7882 • Madison, WI 53707-7882
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REPRESENTATIVE JESKEWITZ
P.O. Box 8952 • Madison, WI 53708-8952
(608) 266-3796 • Fax (608) 282-3624

John Gard

Speaker of the Assembly

January 30, 2006

Senator Carol A. Roessler and
Representative Suzanne Jeskewitz, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

Dear Senator Roessler and Representative Jeskewitz:

I am requesting a Legislative Audit Bureau audit of the State's Accountability, Consolidation and Efficiency (ACE) Initiative that was passed in the biennial budget, 2005 Wisconsin Act 25. As enacted, this initiative required lapses into the State's general fund for consolidations of human resource and payroll functions, consolidations of server and network support functions, the restructuring of procurement functions and for efficiencies gained with better space management. Notably, the Legislature inserted a provision that required the Department of Administration to report to the Joint Finance Committee by September 1, 2006 on the lapses in 2005-06 and to report additional requirements by April 1, 2007, but the Governor vetoed this requirement.

On March 15, 2005, the Governor proposed that this initiative would save up to $200 million over the next four years and that the consolidation of procurement would save $50 million over the next two years. I would expect an audit to include the status of cost savings in the ACE initiative.

While I realize that the initiative has only been in effect for a few months, recent headlines have caused me concern about its implementation. Specific attention should be paid to the people – state employees and hired consultants – that have been hired and used to implement this initiative. The Audit Bureau should explore whether this program has achieved, or is on a path to achieve, any of the savings that the program was designed to deliver. Are these gains, if any, one-time grabs or is the business of government changing to allow for longer term savings?
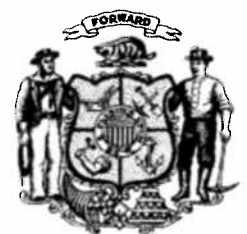
Thank you for your consideration.

Sincerely,

John G. Gard
Speaker of the Assembly

Diane Haubner
Certified Information Systems Auditor
Project Management Professional

February 8, 2006

Dear Senator Roessler and Representative Jeskewitz,

I am following up with you via email as recommended by your assistant Karen, regarding a published article concerning the audit of IT excesses. I am doing so simply because of my involvement in one of the items. I am an independent consultant that evaluated the UW payroll project and wrote the Risk Assessment that ultimately put that project on hold. Since my relationship with the UW is positive, I would hope that you respect the privacy of this communication at this time.

My reason for writing is that as you progress through the process of conducting your IT state audit, I would be happy to talk to you regarding your approach or other concerns since I believe I may have some useful thoughts for you. By the way, I am certified both as a CISA (Certified Information Systems Auditor) and an international PMP (Project Management Professional) just so you understand my credentials for making such an imposition on you by writing this email.

Good luck with your project and let me know if there is anything I can do for you.

Sincerely,

Cell # 414-659-3618

3:00

Diane Haubner
CISA, PMP

Chamber 262-251-2430
Jenny

Daniel P. Vrakas
County Executive

Waukesha
COUNTY

DEPARTMENT OF COUNTY EXECUTIVE

February 9, 2006

Representative Suzanne Jeskewitz
State Capitol
PO Box 8952
Madison, WI 53708

Dear Representative Jeskewitz:

Waukesha County read with interest the newspaper article elaborating the call for an audit of all Information Technology projects at the State of Wisconsin. There is one other area that we feel the audit should also investigate; that is, the lack of attention paid by State Information Technology initiatives to county and municipal interface requirements.

Too many of these systems are developed in a perceived vacuum. One would think that a major objective for any state system would be to accommodate the requirements of all end users, which does not stop at the Madison city limits. One of the major Information Technology initiatives coming out of the state has been the concept of Share Services. This is to be applauded. However, if the requirements of local government are not incorporated into the solution, there is little chance that we will be able to participate in that solution.

What results when the state IT professionals continue with this myopic view of government systems are highly customized, complicated, expensive systems that do not make it easy for local governments to interface with these systems. This, in essence creates an unfunded mandate on local governments. We are required to develop, on our budgets, system interfaces that will allow our systems to work with the state systems. There are several clear examples of this. The most audacious example is the state WiSACWIS system. This system was required by DHFS to be installed of the county's systems and was designed to function as a stand-alone system. In order to integrate this system into our county's existing management system, Waukesha County had to develop interfaces to take already entered information and translate it into the WiSACWIS system. The caseworker is required to work in two systems. In order to keep the two systems synchronized, Waukesha County has to develop custom interfaces to pass the information to WiSACWIS, and to bring the added information from WiSACWIS back

into the County system. Another example is the recently deployed state DA/ Protect system. We again applaud the idea of centralizing this component of the state justice system; however, it has been difficult to marry the Protect system with the State Courts system, CCAP, and quite a challenge for Waukesha County to extract relevant data from both systems to aid the County justice professionals with data they need to analyze their issues. This especially frustrates our law enforcement professionals because they consider that data, our data. Waukesha County has made strides in this area, but it has been a long and frustrating journey.

There are technologies available to the state that would mitigate these issues, but a basic shift in mindset at the state level has to happen before those technologies can be embraced.

It is requested that your audit of the State Information Technology projects investigate and evaluate the scope to which local governments are included in the development of strategic requirements for these projects. Are data sharing technologies incorporated into these efforts? Is the questioned asked, "If this project is fully deployed, what will the impact be on our local government partners?"

Your consideration of this issue during the audit is appreciated.

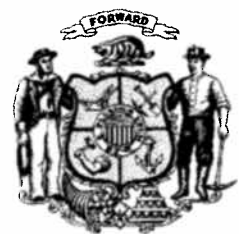We are here to assist in any manner that might be requested.

Sincerely,

Daniel P. Vrakas
County Executive

DPV:sh

Daniel P. Vrakas
County Executive

Waukesha
COUNTY
DEPARTMENT OF COUNTY EXECUTIVE

February 9, 2006

Representative Suzanne Jeskewitz
State Capitol
PO Box 8952
Madison, WI 53708

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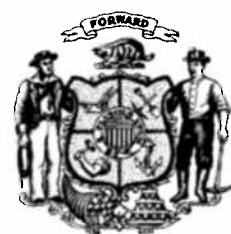We are here to assist in any manner that might be requested.

Sincerely,

Daniel P. Vrakas
County Executive

DPV:sh

From:	Matthews, Pam
Sent:	Thursday, February 16, 2006 10:14 AM
To:	Matthews, Pam
Subject:	Glitches in DOA e-mail system

Follow Up Flag:	Follow up
Flag Status:	Blue

Yet another state software woe

Glitches in DOA e-mail system

By Anita Weier

Yet another computer software problem is plaguing state government.

This time it's the Oracle Collaboration Suite e-mail system, which was installed in November at the Department of Administration as a test for a system meant to cover all agencies in the executive branch of state government.

But the department is now reviewing the operation of the system, installed by Virginia-based DLT Solutions Inc. under a $2.6 million contract.

The system was meant to ultimately provide more efficient centralized e-mail transmission using fewer servers, but it has so far suffered from slow message transmission and in some cases failed message delivery.

"We went through this conversion in November," Department of Administration spokesman Scott Larrivee said today.

"Now we are evaluating how it is working. This is part of an effort to consolidate servers to be more efficient and cost-effective. DOA was the first agency to go through the implementation, so we go through the troubleshooting here. We plan to convert by July."

The system needs to be adjusted moving forward, he said, but it is "premature" to say that it might be dropped.

"We want to make sure we are basing decisions on fact instead of opinion. We are still moving forward with the idea of rolling this out," Larrivee said.

"The problems we are working through now are more with individual users rather than the system. There was an issue where a distribution list was made up of other distribution lists, and for a while e-mail addresses were not filling in so messages were not getting to everybody."

Microsoft e-mail systems were previously used in most departments.

Larrivee stressed that the DLT Solutions contract was $6 million cheaper than the next lowest bid.

State agencies have encountered serious problems with several multimillion-dollar software systems. Long-running difficulties have hampered a Department of Transportation vehicle registration and titling system, an Elections Department voter registration database, a University of Wisconsin payroll system and a Department of Revenue sale and use tax collection and distribution system.

The Oracle Collaboration Suite e-mail installation contract with DLT is entirely separate from a $29 million no-bid software maintenance contract that previously raised questions because of donations by company executives

· to the re-election campaign of Gov. Jim Doyle.

The e-mail software was not purchased separately from Oracle Corp.

E-mail: aweier@madison.com
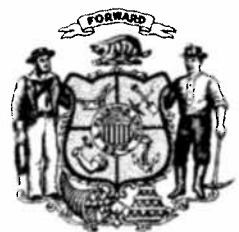Published: February 15, 2006

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Pamela B. Matthews
Research Assistant
Office of Representative Sue Jeskewitz

Madison: 608.266.3796
Toll free: 888.529.0024
pam.matthews@legis.state.wi.us

2976 Chapel Valley Road, Apt. 204
Fitchburg, Wisconsin 53711-7418
February 27, 2006

The Honorable Suzanne Jeskewitz
24th Assembly District
State Capitol, Room 314 North
115 East Capitol
Post Office Box 8952
Madison, Wisconsin 53708-8952

Dear Representative Jeskewitz:

Media accounts about computer projects and computer security at the State of Wisconsin have caught my interest.

In many ways, these topics are two facets of a complex relationship that we have with information technology and computers. It is challenging for anyone to not become acclimated to widely perceived views of accepted computer practices that are less than 100% viable. Imperfect computer practices are a recipe for logical disasters.

Oversight is challenging when the assurances on the "industrial-strength" aspect of various practices come from the same sources that the State Legislature is overseeing. Even people with the strongest credentials in technology whom are involved in government computer practices have a critical (very human) limitation. That limitation is the well-researched human tendencies to:

* become immune to the very familiar;
* advocate what is familiar and that is core to one's self-identity; and
* postpone taking actions where the probability of an outcome is low even though the outcome is disastrous.

While "standardization" of software and hardware computer systems intuitively implies an economy of scale; it is counter-balanced by a natural susceptibility to the effects of a mono-computer software/hardware environment, especially by market-dominant software providers. An interesting insight on this is that marketing theory is based on encouraging a sense of familiarity (less questioning) and discouraging a sense of unfamiliarity (increased skepticism). An effective computer usage policy for the State of Wisconsin must address the reality of human tendencies to simplify in order to avoid:
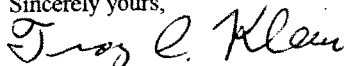
* computer software which is innately dependent on a mono-culture of software environments;
* computer software which is designed to work at a specific point in time by the developers (*e.g.*, formal delivery) *vs.* maintainable by non-developers over the very long-term;
* computer security practices which innately assume usage of a specific software environment; and
* computer design practices which increase the likelihood of security breeches.

Oversight of computer technology will improve by using independent reviewers with significant technological backgrounds in multiple hardware, operating system, computer language, and other computer environment factors; and whom in addition have an awareness and background in critically related endeavors such as econometrics, contract law, human psychology, security, and project management.

Improving the technology oversight function will greatly minimize the mono-culture tendencies for using complex technology and evaluating the true short and long-term cost of technological choices. Much like we have building codes designed to minimize consequences for future occupants, we need to consider technology codes which will provide the people of Wisconsin with computer technology chosen to maximize long-term benefits and minimize long-term consequences. Adopting too short a time perspective window for validating technological choices is unlikely to produce retrospective high-quality long-lasting decisions.

I am interested in becoming involved in improving the technological quality and security of computer usage at the State of Wisconsin. My background has significant accomplishments in long-term project viability, flexibility, and security. A background that is end-user focused instead of provider/supplier focused.

Sincerely yours,

Troy C. Klein, Consultant
608-217-8598
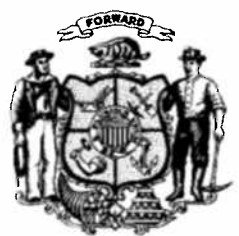
Matthews, Pam

From:	Handrick, Diane
Sent:	Wednesday, March 01, 2006 3:28 PM
To:	Matthews, Pam
Subject:	FW: Tom Rhatican's phone number for Pam
Follow Up Flag:	Follow up
Flag Status:	Yellow

— Adm of Veteran's affairs
→ exemption from IT conversion

From: Ginger, Krista [mailto:GingerK@opd.wi.gov]
Sent: Wednesday, March 01, 2006 3:28 PM
To: Handrick, Diane
Subject: Tom Rhatican's phone number for Pam

264-7619

Senate Bill 613 is the Veteran's Affairs bill.

Krista Ginger

Legislative Liaison

Office of the Wisconsin State Public Defender

315 North Henry Street

Madison, WI 53703
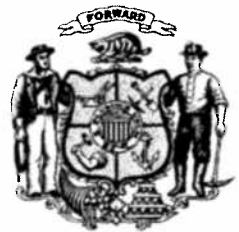
phone (608) 264-8572

fax (608) 267-0584

Cabinet Deputy
d Deputy
→ people feeding info to Legislat

* given gag on
→ can answer direct questions, but now

N

03/08/2006

Media Advisory

FOR IMMEDIATE RELEASE

March 22, 2006

For further information, contact:
Senator Carol Roessler
Representative Suzanne Jeskewitz

(608) 266-5300
(608) 266-3796

Committee Considers Proposed Audits of IT Systems, Wetlands, and CWD

(Madison)… On **Wednesday, April 5**, the Joint Legislative Audit Committee, co-chaired by Senator Carol Roessler (R-Oshkosh) and Representative Suzanne Jeskewitz (R-Menomonee Falls), will hold a public hearing to consider directing the nonpartisan Legislative Audit Bureau to conduct audits of information technology (IT) systems projects in state agencies, wetland permitting and mitigation programs administered by the Department of Natural Resources, and chronic wasting disease eradication.

The hearing will be held:

Wednesday, April 5, 2006
10:00 A.M.
411 South
State Capitol
Madison, Wisconsin

At the hearing, the Committee will review three memoranda drafted by the Legislative Audit Bureau, which describe the parameters of each proposed audit. Copies of each memorandum are available on the Legislative Audit Bureau's website at www.legis.state.wi.us/lab. Extra copies will be available in Room 411 South on the day of the hearing.

The hearing will be broadcast live on the Internet. The audio stream may be accessed from Legislative Audit Bureau's Web site.
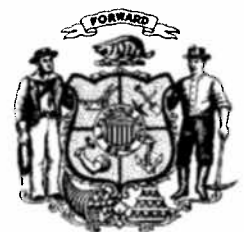
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SENATOR ROESSLER
P.O. Box 7882 • Madison, WI 53707-7882
(608) 266-5300 • Fax (608) 266-0423

REPRESENTATIVE JESKEWITZ
P.O. Box 8952 • Madison, WI 53708-8952
(608) 266-3796 • Fax (608) 282-3624

March 22, 2006

Mr. Stephen E. Bablitch, Secretary
Department of Administration
101 East Wilson Street, 10th Floor
Madison, Wisconsin 53703

Dear Mr. Bablitch:

The Joint Legislative Audit Committee will hold a public hearing at 10:00 a.m. on Wednesday, April 5, 2006, in Room 411 South of the State Capitol. At that time, the Committee will consider a proposed audit of information technology systems projects in state agencies.

As this proposed audit relates to the activities of all state agencies, we ask that you, or appropriate members of your staff, be present at the hearing to offer comments on the proposed audit and to respond to questions from committee members. The Legislative Audit Bureau will forward a memorandum outlining the scope of the proposed audit for your review in advance of the hearing.

Please contact Ms. Karen Asbjornson in the office of Senator Carol Roessler at 266-5300 to confirm your participation at the hearing. Thank you for your cooperation and we look forward to seeing you on April 5th.

Sincerely,

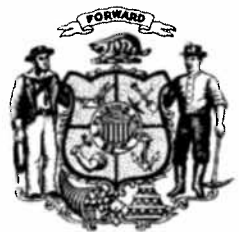Senator Carol A. Roessler, Co-chair
Joint Legislative Audit Committee

Representative Suzanne Jeskewitz, Co-chair
Joint Legislative Audit Committee

Enclosure

cc: Janice Mueller
        State Auditor

SENATOR ROESSLER
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REPRESENTATIVE JESKEWITZ
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Sue Jeskewitz

From: "Matthews, Pam" <Pam.Matthews@legis.state.wi.us>
To: "Sue Home" <sjjeskewitz@wi.rr.com>; "Asbjornson, Karen"
<Karen.Asbjornson@legis.state.wi.us>; "Chrisman, James"
<James.Chrisman@legis.state.wi.us>; "Shannon, Pam" <Pam.Shannon@legis.state.wi.us>
Sent: Tuesday, March 28, 2006 8:55 AM
Subject: Just in case you miss this...

Consulting execs give Doyle $45K
Donations made after firms win state contracts
By David Callender
Months after landing lucrative state contracts, executives from two out-of-state consulting firms gave donations totaling nearly $45,000 to Gov. Jim Doyle's re-election campaign.

The donations to Doyle marked the first time that anyone from either company - Chicago-based Equis Corp. and Indianapolis-based Crowe Chizek - gave significant cash to any candidate in Wisconsin, according to an analysis of campaign finance records by the nonpartisan Wisconsin Democracy Campaign.

In the case of Equis Corp., the firm's president and his wife gave Doyle nearly the maximum contribution allowed under state law - $10,000 each - less than a year after the state approved a contract amendment potentially worth millions to the firm.

The firm's chief operating officer and three other top executives gave Doyle a total of more than $7,000 in the same period.

Crowe Chizek officials, meanwhile, gave Doyle a total of $17,500, beginning with a donation of $2,500 from one of the firm's executives only months after the firm won a $6.7 million contract.

Both contractors submitted low bids for their work, but Wisconsin Democracy Campaign director Mike McCabe said the donations renew questions about so-called "pay-to-play" practices in state government.

"This is a classic pattern where campaign contributions flow in after a company wins a contract, where before you didn't see any big donations from folks and then all of a sudden they give these huge amounts," McCabe said. "It could be coincidence, but it creates the appearance that government is for sale," he added.

McCabe noted that only a small fraction of Wisconsin residents ever give money to campaigns, "so it's even more unusual for someone from out-of-state who has given no money before to suddenly jump in with both feet and give the maximum possible."

A spokeswoman for Gov. Jim Doyle's campaign denied any relationship between the approval of the contracts and the donations.

"People support this governor because of the great work he has done in this state," said Doyle's campaign press secretary Melanie Fonder. "There is a firewall between the campaign and state government."

Company officials in both firms said they had never contributed to Wisconsin candidates before because they had never done business in Wisconsin before. The officials said their firms were impressed

by Doyle's leadership.

Doyle's aggressive fundraising tactics - and the volume of donations from firms that do business with the state - have been under scrutiny since last year.

Federal, state and local authorities are investigating the relationship between key administrative decisions - including the awarding of state contracts - that benefited major campaign donors to the governor.

A federal grand jury in January indicted Department of Administration procurement officer Georgia Thompson on charges that she allegedly steered a $750,000 state travel contract toward a Milwaukee-based firm whose executives gave money to Doyle.

Investigators are also examining donations from executives of two utility firms to Doyle that came just as the state Public Service Commission was acting on the sale of the nuclear power plant in Kewaunee.

Doyle has maintained that there was no wrongdoing by any top officials in his administration in either decision and that neither he nor any of his top aides played a role in the outcomes. The governor insists that there is a clear line separating campaign activities and governing in his administration.

The two contracts now under fire are both part of Doyle's Accountability, Consolidation and Efficiency Initiative.
The initiative aims to save taxpayers $200 million over the next four years by consolidating some state functions - including information technology services, purchasing, human resources and real estate management - that have been scattered over a host of state agencies.

Critics have warned that although the program may promote greater efficiencies by consolidating state contracts, it also reduces the number of vendors involved and increases the value of those contracts, which in turn may make decisions about awarding the contracts subject to more political pressure.

Lucrative amendments: Both the Equis and Crowe Chizek contracts were approved in April 2004. The state hired Equis to review all of its property holdings and leases for possible savings and sales, said Sean Dilweg, executive assistant for the Department of Administration.

The current state budget calls for $36 million in sales of state property and $4.2 million in lease savings over the next two years. Equis is primarily responsible for meeting those targets, Dilweg said.

Following a request for proposals, Equis was the lowest of three bidders, Dilweg said, coming in at $572,000 compared to $3 million for accounting giant Deloitte & Touche and $1 million for CB Richard Ellis.

Equis came in lowest "because it has a lot more experience with other states on this," said Dilweg. "They know what they're handling."

The two other firms outranked Equis on other selection criteria in the bidding process, with Ellis coming ahead on general qualities, including organizational capabilities, and Deloitte ranking highest on technical aspects.

The critical variable in awarding the contract appeared to be cost, at least according to CB Ellis

3/28/2006

officials who offered a modified bid at the last minute. The firm proposed deferring 50 percent of their fee until they could demonstrate their promised savings to the state.

Equis also had better Wisconsin connections, bringing in First Weber Realty, the J.P. Cullen & Sons construction firm, and the Madison-based law firm of La Follette Godfrey & Kahn as "advisers" on the contract.

But Equis' $572,000 bid has now grown to a contract worth more than $2.5 million, according to the state's own estimates.

In December 2004, the state approved the first of two amendments to the contract, which requires the state to pay Equis a commission of up to 25 percent of the gross on all sales of state property it arranges. Dilweg estimated that agreement is worth at least $1 million.

Then in March 2005, the state agreed to pay Equis another $1 million for developing a governance plan and inventory of all state-owned properties.

The checks from Equis officials to Doyle's campaign began showing up in June 2005, three months after the second amendment was approved.

On June 30, Equis President Michael Silver, and his wife, Mary, gave Doyle $5,750, while Chief Operating Officer David Montross and Executive Vice President John Niemi each gave Doyle $1,000.

Four months later, on Oct. 12, Silver and his wife gave Doyle another $14,000, raising their total contributions to the governor to $19,750, just $250 shy of the maximum a couple can give to any gubernatorial candidate in Wisconsin.

Three other Equis executives gave Doyle a total of $5,500 on the same date, for a total of $27,250 from company officials after winning the $2.5 million contract.

In an interview, Montross, the firm's chief operating officer, said Equis has a policy not to contribute to officials in any state where the company is bidding on a contract.

But after Equis won the contract, Montross said, "we were asked and invited to participate in a couple of events." He recalled two Chicago fundraisers Doyle held in mid-May and mid-October 2005, which roughly correspond to the dates of the donations.

Equis spokeswoman Christine Peterson said the Doyle campaign mailed the company invitations. "Our standard line is we tell our folks, it's your decision and it's not condoned by the company," said Montross. He added that he was unaware of how much employees had donated to Doyle.

"We do a ton of operational work in Wisconsin. We do work for Ameritech, we have people working out of Milwaukee, and we do a lot of work in the state of Wisconsin," he said. "We're asked to participate in campaigns all over the country. It's a personal decision by the individual about what they think of the politician and their politics."

Montross said "a couple of our management team members" attended the events "because the governor doesn't want to go into empty rooms."

Fonder, Doyle's campaign spokeswoman and former gubernatorial press secretary, confirmed the dates of the two fundraisers but suggested that one or both of the firms might have played a role in organizing them.

3/28/2006

"It's not unusual for businesses large and small to offer to support the governor because of his strong pro-business record," she said in a statement today.

"They worked with us to put together events - which is not unusual for businesses that support the governor and appreciate the great progress he's made in Wisconsin for business," she said.

Montross praised Doyle as "a wonderfully nice man and a very smart man. When I've had interactions with him on our real estate work, he is a very, very bright man."

Computer savings: Crowe Chizek was hired as part of an effort by the Department of Administration to consolidate the number of computer servers used by state agencies.

DOA executive assistant Dilweg said there are more than 2,400 servers scattered among different state agencies, compared to roughly 300 for private-sector firms with roughly the same number of employees. The state aims to reduce that number to 1,500 servers by 2007.

The reductions should produce savings of about $8 million annually when fully phased in, he said. The state has already paid Crowe Chizek more than $6.1 million on the contract to oversee that reduction.

Dilweg acknowledged that the server cuts will also result in the elimination of some jobs in state government.
In addition to Crowe Chizek, six firms bid for the server consolidation contract: BearingPoint, Deloitte & Touche, SBC, Inacom, MaryVille and AE.

As with Equis, the firms' bids were evaluated on three measures: general requirements, technical requirements and cost.
But this time, Crowe Chizek and Deloitte tied on cost and technical requirements, but Crowe Chizek won on general requirements. On that basis, the state awarded Crowe Chizek the contract, Dilweg said.

Money from Crowe Chizek began showing up in Doyle's campaign reports roughly two months later.
According to the Democracy Campaign's database of campaign donations, Robert Lazard, an executive in Crowe Chizek's Indianapolis office and a partner in the Crowe Group, the holding company for Crowe Chizek, gave Doyle $2,500 in June 2004.

A year later, on June 21, Lazard and another Crowe Group partner, Kevin Ohl, each gave Doyle $1,000.
In December 2005, again at about the same time as Doyle's Chicago fundraiser, Ohl and Lazard each gave Doyle another $1,000, for a total of $4,500 from Lazard and $2,000 from Ohl.

Six other Crowe employees - including two managers for the server project who are now listed on the Department of Administration's staff list - gave Doyle contributions totaling $10,000 at the same time.

Crowe spokeswoman Suzanne Robinson said executives from the firm have not contributed to Wisconsin candidates before because the firm has not previously done business in the state.

"Once we started working in Wisconsin, individuals had seen firsthand Gov. Doyle's leadership in transforming Wisconsin's government and they as individuals wanted to support him," she said.

Accountability, Consolidation, Efficiency (ACE) Initiative – Update to Legislators

Components

1. Procurement reform / strategic sourcing *— Consolidating*
2. Shared information services *— server consolidation — elim. 47 positions — net reduction*
3. Facility portfolio management and asset sales *— Bldgs/occupancy/land*
4. Human resources staffing *— consolidate small HR operations*
5. Enterprise resource planning (ERP) system *— IT*

↳ 50 IT systems
*↳ Acctg, payroll, HR,* *↘ IBIS*

Implementation

- Act 25 authorized the following: *— net of implementation costs*

    o $35.5 million lapse from state agency operations appropriations to the general fund
    o Sale of at least $36 million in state buildings with proceeds deposited in general fund
    o Reduction and reallocation of positions associated with procurement, shared information services and human resource staffing changes
    o Reduction of $30 million GPR in UW budget associated with business process changes and potential asset sales

- Actions to date include:

    o First of two invoices for FY06 sent to state agencies to collect the following:

        ➤ Allocation of state agency lapse to agencies (commensurate with anticipated savings)
        ➤ Allocation of implementation costs (ERP and consultant contracts)

    o Sanger Powers land sale netted $9.1 million for the general fund.
        ↳ mean GB
    o Implementation of two waves of consolidated procurement contracts

    o Construction of state data center (for implementation of Shared Information Services initiative)

    o Selection of software vendor for enterprise resource planning system (Wisconsin's system as been named the Integrated Business Information System (IBIS))

Current Issues

1. Evaluation of waves 3 and 4 of procurement consultant proposal
    o Reviewing feasibility of commodity options
    o Progress on knowledge transfer to state staff
    o Reviewing consultant performance

2. Project timetable
    o HR and Procurement staff consolidation on schedule *- by end of FY*
    o Data center approval and construction
    o Shared information services staffing
    o Negotiation of IBIS software contract
        ↘ PeopleSoft
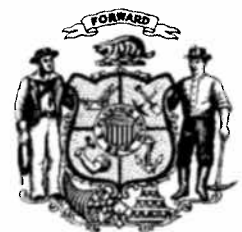
Matthews, Pam

From:	Jim Jeskewitz [sjjeskewitz@wi.rr.com]
Sent:	Monday, April 03, 2006 1:25 PM
To:	Matthews, Pam
Subject:	Fw: Systems Projects Issues

Attachments: Systems Projects Issues.doc

Systems Projects
Issues.doc (3...

        Pam, please send John the scope for the IT audit.   Thanks, Sue
----- Original Message -----
From: "John Treffert" <Treffert.John@basco.com>
To: <sjjeskewitz@wi.rr.com>
Sent: Monday, April 03, 2006 9:59 AM
Subject: Systems Projects Issues

Sue,
Attached is the revised listing of thoughts/considerations on systems
project issues. Needless to say, it is in a "rough draft"state intended as
a discussion outline.

I really enjoyed our conversation Friday and trust you found it beneficial
also.   I learned several things about the challenges Wisconsin is facing.
Your insights on Interfaces and other issues were very valuable.

As things progress I stand ready to review any scope documents and to chat
again at your convenience.

Best regards,

John Treffert, Trustee, Thiensville

1

Systems Projects Issues
Random Thoughts/Considerations

John Treffert   Treffert.John@Basco.com   414-259-5638   3/31/06
ROUGH DRAFT

1. Audit Candidates
A. Recent success: what went right

B. Medium size disappointment- what went wrong
"Lessons Learned" should be part of any project wrap up.

C. Just getting launched- not "old news", get on-going benefits
- Project plans with Milestones and Toll Gates
- Controls: progress reporting
- Budget
- Steering Committee
- Implementation team.

2. Project Types
A. Packaged software: installed as is- should be the goal.
"Buy slacks off the shelf, no tailoring"

B. Customized Packaged Software: usually the most common
- "Buy a suit, have it tailored"

C. Develop from scratch: should be rare
- "custom measure/ a hand made suit".

3. Dedicated Project Implementation Team of Users-
Critical for success.
A. Who has the time? The best candidates are hard to free-up.

B. What job do they go back to when the project wraps up.

4. Scope Creep: #1 problem

A. User's won't accept the system unless modifications are made.
- who can "force" them to use it.?
B. Users realize that if they don't get the change now, they may never get it.

4A. Total Costs:
1. Hard(out of Pocket): Software, Professional Services & Travel
Hardware Upgrades
2. In house: IT(could be working on other things) & Users teams, training time(the 1st thing short cutted)
3. Opportunity costs : Not getting benefits of new system
4. Compliance costs: extra costs to meet requirements(Voter Reg.)

5. User community issues.

    A. No one likes change, new software= change.

    B. Could change/eliminate their job

    C. Too busy to test/ tryout the new system
       - just trying to keep their head above water with existing duties.
       -

6. IT or software provider or consultant not understanding true Business or functionality requirements

    A .Just say the system will "do it" during the sales process.
       - then try to make it happen later: scope crepe.

7. IT under budgeting Hardware: Poor system performance/ response times

    A. Today's new software usually not a good steward of hardware resources
    B. Hardware is cheap, so why waste time trying to make software efficient
    C. IT can't get the money required approved up front in the project's budget

7A. Interfaces with other systems: critical but frequently underestimated

    A. Must remain aware of their systems plans also: their systems may change during the time another project is being developed and goes live.
    B. Like leading a duck when hunting- must aim where they are going to be not where they are now.
       - same can be said about systems requirements in general:
       - needs /regulations can change while a system is being developed

8. IT personnel enamored with latest tools instead of system functions.

    A. Wanting to work on new systems to keep their resume looking good- "Fail to finish what they started".

9. Software providers make the most money on new sales.

    A. no profits it fixing what they sold earlier.
    B. on-sight people would really like to fix things, but no support from home office

10. Consultants use the "STAR" system to sell the job

    A, Staff it with rookies.

11. Always need prototypes and Pilot departments

    A. avoid "big bang"/ flip the switch start ups

    B. pick an easy area 1st: build credibility

    may be criticized as "cherry picking"

12: Problem solving: Example poor performance/response time
    A. must be a team effort/ not just technicians
    B. "not my problem" should not be tolerated

13. Training and Testing
    A. The 1st thing short cutted: Software not ready or users to busy
                Once launched: "nobody showed me how to use this"
    B. the 2nd thing shorted when a project is behind schedule is testing

14. Citizen's Advisory Committee: Lots of talent in Wisconsin(project mgrs).
    A. Meet every other month to hear how the audit and projects are going.
    B. Wrap session to report to Legislators and head of Audit: Here's the "scoop".
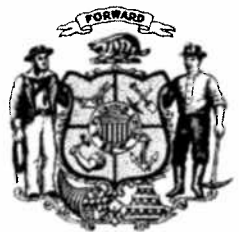
Matthews, Pam

From: Jim Jeskewitz [sjjeskewitz@wi.rr.com]
Sent: Friday, April 07, 2006 1:38 PM
To: Matthews, Pam
Subject: Re: State Audit for IT Projects spending

very interesting, let's keep a copy

----- Original Message -----
From: Matthews, Pam
To: Jim Jeskewitz
Sent: Friday, April 07, 2006 12:03 PM
Subject: FW: State Audit for IT Projects spending

From: Asbjornson, Karen
Sent: Friday, April 07, 2006 11:55 AM
To: Chrisman, James; Shannon, Pam; Matthews, Pam
Subject: FW: State Audit for IT Projects spending

fyi...

From: Mohammed Hashim [mailto:Mohammed.Hashim@bit360.com]
Sent: Friday, April 07, 2006 11:40 AM
To: Sen.Roessler
Subject: State Audit for IT Projects spending

Honorable Senator Roessler:
As a tax paying citizen of Wisconsin, it was a relief for me to read that you are taking a keen interest in identifying the problems associated with cost over runs and delays in almost all major IT projects. I am sure the audit will find individuals responsible for this wastage and may also find out some underlying details or justification. As an outsider IT professional with over 25 years of experience in IT, I wan to give you my two cents worth:

1. Project costs overruns and delays are typically caused by not adhering to proven repeatable processes for software development and absence of best practices frameworks that are proven globally to be instrumental in delivering projects within budgets and within timeframes. Examples of such frameworks will be Carnegie Mellon University – Software Engineering Institute's CMMI model, CERT Model, ITIL model, MOF Model etc. SEI's CMMI model was developed by using US Department of Defense funding and almost all contracts awarded by DoD, are based on the contractor's maturity level in the model. Every contractor has to be at a certain CMMI level (1 to 5, 5 being the best) for undertaking any software development project from DoD. Other Federal and State agencies are quickly adapting to the frame work related approach. If such approach could be mandated while awarding the contracts then I can almost guarantee you that the variance in project cost and delivery will be reduced within 4 to 5 % just because the repeatable processes are used for the development life cycle which means at the end, there is no need for redoing any work. Redoing is actually where most to the over runs occur.

2. To my understanding, Wisconsin Department of Administration has shown some interest in the past about getting some of its own people certified in CMMI and ITIL process etc. However, there is a lack of commitment from the top management to see the benefits of the frameworks approach and make it a policy mandate for all software contract related vendors to be one of the related frame-work compliant and either already certified or appraised by the State to be in compliance. In addition, whatever number of State employees are trained and certified in these frameworks, they are either not directly responsible for the delivery or financial controls and/or they move from agency to agency.

I am sure, if there is some interest from the legislature in looking at the root causes of the problem, this may be a good starting point to look at so that the problem is not solved on a temporary basis but the root cause of the

04/10/2006

problem is addressed. Please let me know if I could be of any assistance to you in this regard.
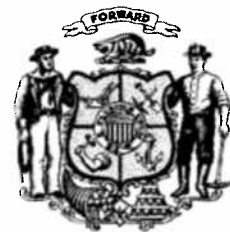Thanks

Mohammed Hashim
Managing Director
bIT360
608.278.8243 (office)
608.278.8246 (fax)
www.bit360.com

04/10/2006

April 20, 2006

2nd Draft

I think that x to Should this to Must Buy perfect

HAND-DELIVERED

Governor Jim Doyle
115 East Capitol
Madison, WI

Dear Governor Doyle,

As you know, the Joint Legislative Audit Committee approved an audit by the nonpartisan Legislative Audit Bureau (LAB) of information technology (IT) system contract management statewide on April 5, 2006. The LAB will not complete the audit until sometime in early 2007.

~~Today~~ I ~~write to~~ *also* request that you reach out and tap the wealth of knowledge *this* Wisconsin citizens have to offer for improving the State's IT contracting process. I continue to be approached, in person, by phone and by e-mail from concerned citizens statewide who want to offer their thoughts and suggestions. This could be done through a citizen advisory group. None who have contacted me were doing so for personal gain, but rather out of their desire to help fix what's broken so their tax dollars can be spent more wisely. *This advisory council could.*

During a recent meeting with Deputy Secretary Gina Frank-Reece to discuss your ACE initiative, I made a suggestion that the Department of Administration (DOA) assign two or more people who have expertise in crafting IT contracts to review all contracts from state agencies before they are let. With IT changing at such a rapid pace we need to ensure that the contracts we enter into are properly evaluated by someone who has the expertise to do so and I think we can agree that it would not be cost effective or realistic to expect each agency to have that expertise.

I continue to enjoy good relationships with your Department Secretaries and know that you too want tax dollars to be spent wisely. I look forward to your timely response to my requests.

Sincerely,

Sue Jeskewitz
State Representative
24th Assembly District

further information until the audit is completed

Create policy that outlines a procedure for procuring IT contracts. Assign several persons in DOA to review IT contracts before being signed.

There are many methodologies that project managers use. Those could be researched

And agencies could be given a
number of choices in determining
their procedures.

It is has been —— that with the
system that we have been using

With the complications that she existing
with our IT Contracts & systems it is
evident that we are doing something many things wrong.

I ask that a temporary solution
be put in place until we can
get the recommendations from
the audit bureau
extensive audit that LAB will be conducting.

1st Draft

April 20, 2006

HAND-DELIVERED

Governor Jim Doyle
115 East Capitol
Madison, WI

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Today I write to ask that you immediately impose a moratorium on the letting of IT contracts until the audit is completed. The state cannot afford to make any more serious misjudgments or miscalculations that result in the loss of more tax dollars. The people of this state expect both you and the Legislature to be better stewards of their hard earned dollars. Unlike the Legislature, you have the authority to stop letting IT contracts *without delay* until we can realize any benefits from the audit.

While we wait for the audit recommendations, I request/suggest that you reach out and tap the wealth of knowledge Wisconsin citizens have to offer for improving the State's IT contracting process. I continue to be approached, in person, by phone and by e-mail from concerned citizens statewide who want to offer their thoughts and suggestions. This could be done through a citizen advisory group. None who have contacted me were doing so for personal gain, but rather out of their desire to help fix what's broken so their tax dollars can be spent more wisely.

Yesterday I met with Deputy Secretary Gina Frank-Reece to discuss your ACE initiative. During that meeting I told her that the Department of Administration (DOA) should hire/assign two or more people who have expertise in crafting this type of contract to review all contracts from state agencies before they are let. IT is constantly changing and often during the design of a system change may be needed. I think we can agree that it is unrealistic to expect this expertise be available in each agency.

I continue to enjoy good relationships with your Department Secretaries and know that you too want tax dollars to be spent wisely. I look forward to your timely response to my requests.

Sincerely,

Sue Jeskewitz
State Representative
24th Assembly District

MMETZGER@
BANKWITH
CORNERSTONE.
COM

April 20, 2006

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