Virginia Information Technologies Agency

VITA Quarterly Report
October 1, 2005

expect the best

June 16 – September 15, 2005

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Virginia Information Technologies Agency

Comments and recommendations on the Quarterly Report from all interested parties are welcomed and encouraged. Suggestions may be conveyed electronically to VITACOMMS@vita.virginia.gov. Please submit written correspondence to:

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About the Cover:

VITA equals people first, is customer-driven and customer-focused, and is committed to growing its people through ongoing training/re-training throughout their professional careers. In our logo, we highlight individuals of our agency that make VITA a success seven days a week, 365 days a year. We are currently featuring the following outstanding VITA employees in our logo (from left to right): Laans Hokanson, LAN Administrator for Department of Mental Health, Mental Retardation & Substance Abuse Services; Jenny Hunter, Special Assistant for Communications; Genevieve Nelson, Administrative & Programming Specialist for Finance; and Dan Gayk, IT Manager for the Virginia Department of Transportation. Their combined state service represents more than 50 years of contributions to the Commonwealth.

Table of Contents

Quarterly Highlights

Information Technology Investment Board Highlights

During this quarter, the IT Investment Board held an electronic meeting on August 10 and a special meeting on September 8. At the August meeting, the Board elected James F. McGuirk, II, chairman and The Honorable Eugene J. Huang vice-chairman for two-year terms. The Chairman announced the reappointment of Dr. Mary Guy Miller and welcomed new member Kenneth S. Johnson, Sr., founder of Johnson, Inc., who was appointed by Governor Warner on July 18. At the September meeting, Chairman McGuirk announced the resignation of Christopher G. Caine, effective September 1. The Board approved Committee assignments and set its schedule of meetings for the remainder of 2005 and for 2006.

Johnson

Significant actions of the Board for this quarter are:

- Approved VITA to begin formal negotiations with both Infrastructure Public-Private Educational Facilities and Infrastructure Act (PPEA) proposal teams from IBM and Northrop Grumman on August 10.

- Submitted the 2005 *Recommended Technology Investment Projects* Report on September 1 to the Governor and General Assembly.

- Clarified their roles in the PPEA review process on September 8. The Board is the business owner of the Infrastructure track. The Board will approve major IT projects or procurements that arise from the Enterprise Applications track as it would any other major IT project in the portfolio.

- Directed the Chief Information Officer (CIO) of the Commonwealth to release redacted versions of the detailed Infrastructure PPEA proposals by September 12.

- Initiated the process for developing the four-year Commonwealth strategic plan for technology, to be released April 2006.

The Board will meet on October 18 and December 8. Meetings for 2006 have been moved from the second Wednesday to the second Thursday of every other month to increase attendance:

February 9	June 8	October 12
April 20	August 10	December 14

2005 Commonwealth of Virginia IT Symposium

With the theme of "The Promise of Digital Government," the seventh annual Commonwealth of Virginia Information Technology Symposium (COVITS) was held September 18-20 at the Greater Richmond Convention Center. Hosted by Governor Mark R. Warner and Secretary of Technology Eugene J. Huang, the conference included keynote speakers former Secretary of Homeland Security Tom Ridge, former CIA Director Dr. Robert Gates, CNN Special Correspondent Frank Sesno, and Former FCC Chairman Michael Powell. CIO of the Commonwealth Lemuel C. Stewart, Jr. addressed more than 1,100 registered delegates from government, business, and academia.

Governor's Technology Awards

VITA and a workgroup of the Council on Technology Services worked with the Secretary of Technology's Office to reinstitute the Governor's Technology Awards, last awarded in 2003. The Governor's Technology Awards ceremony was held on September 18, with nearly 550 attendees and keynote speaker Cathilea Robinett, Executive Director, Center for Digital Government. Secretary Huang presented the awards:

- E-Government Category: Fairfax County
- Entrepreneur Category: Luna Innovations
- Innovative Technology Category: Department of Mines, Minerals & Energy
- Public Private Partnership Category: Department of Taxation and CGI-AMS

More information about COVITS 2005 and the Awards is available at http://www.covits.org.

Local Government Outreach

Mary Davis-Barton joined the VITA Customer Relationship Management division in July to serve as Enterprise Business Director for Localities. In this capacity, she is responsible for developing IT business solutions that improve citizen services and deliver cost savings through use of state contracts and services. Ms. Davis-Barton brings solid experience in promoting measurable economic development initiatives, most recently with the Department of Agriculture & Consumer Services.

Davis-Barton

In partnership with Virginia Interactive, on July 20, VITA launched the first monthly VITA Service Bulletin, an electronic newsletter promoting service and savings opportunities to local government. The initial Bulletin was sent to 2,263 local government contacts and featured telecommunications services. The Bulletin was opened 5,282 times, which is more than twice the number delivered, indicating a high initial level of interest among targeted recipients. Exhibit A displays other results of the initial outreach.

Exhibit A
July Service Bulletin Outreach Statistics

Measurement	Industry Norm	VITA Actual Result
Click through rate	11%	23%
Unique open rate	34%	48%
Open rate	37%	225%

VITA released Service Bulletins in August and September to more than 4,000 local government contacts each month, featuring the services of Virginia Interactive and VITA's enterprise contract for destruction of surplus IT equipment. To view or subscribe to the Service Bulletins, visit http://www.vita.virginia.gov/news/vitaBulletins/vitaBulletins.cfm.

# 2005 *Recommended Technology Investment Projects* Report

At the direction of the IT Investment Board, VITA submitted the *Recommended Technology Investment Projects* (RTIP) Report for the 2006-2008 budget biennium on September 1 to the Governor and General Assembly. The Board focused on IT projects offering enterprise solutions and opportunities for collaboration in its recommendations. The evaluation process heavily weighted projects that demonstrated alignment with Commonwealth and agency strategic business objectives and identifiable benefits to the Commonwealth. Only projects supported by a strong business case were considered as priorities for funding. All information contained in the 2005 RTIP Report is based on agency data submitted by July 15, 2005.

The Commonwealth Major IT Project Portfolio includes 79 projects with a total estimated cost to complete of nearly $1.2 billion. The projects are in various stages of planning or execution, including 24 active projects representing $708 million—or 60.7 percent—of the total value of the portfolio.

A total of 39 projects are included on the 2005 Priority Technology Investment Projects (PTIP) list, representing investments of $751 million for the upcoming biennium. For the first time, the ITIB has specified projects not recommended for funding. These 18 projects are either too early in the planning process (reflected in incomplete business cases) or will be superseded by enterprise investments or proposals submitted under the PPEA. Agencies may submit these projects for funding consideration upon completion of detailed business cases. The 2005 RTIP Report is online: http://www.vita.virginia.gov/ITIB/rtip/rtip2005.cfm.

2005 Best of the Web Awards

On September 29, the Center for Digital Government ranked Virginia's state portal, Virginia.gov, 5th nationally in its 2005 Best of the Web Contest, which recognizes and celebrates the innovations and resulting maturity in providing solutions and communicating well with citizens and businesses. Virginia is the only state in the nation that has ranked in the top five state portals for five straight years, achieving a first place ranking in 2002.
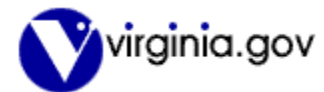
At the local level, the Center for Digital Government recognized six Virginia counties in the 2005 Best of the Web Top 10 Digital Counties, across four population levels. Fairfax County was ranked first nationally for counties with population of more than 500,000. Prince William and Loudoun Counties were ranked first and second, respectively, among counties with populations between 250,000 and 499,999. Roanoke County won first place in the 150,000 to 249,999 population category, with Arlington County tied for third place with Hamilton County in Indiana. For counties with less than 150,000 residents, Albemarle County ranked eighth nationally.

The Center for Digital Government also presented its Digital Achievements Awards on September 29. Virginia won two Digital Achievement Awards. In the Government to Citizen category, Virginia won for the Department of Game and Inland Fisheries Point of Sale project. In the Government to Government category, Virginia won for the Dashboard Services program through VDOT and VITA.

With the successful integration of the IT infrastructure assets and the staff who support them from 90 executive branch agencies to VITA, the next phase of the overall IT reform effort is Transformation. The Transformation of IT in the Commonwealth includes four tracks:

1. **IT Services Transformation**, including the modernization of IT infrastructure; consolidation of facilities, equipment, and services; creation of an efficient, 21st century IT infrastructure; provision of services that are cost effective, consistent, and measurable; and establishment of a common IT infrastructure foundation for improving service delivery to citizens and businesses.

2. **Organizational Transformation**, including the creation and implementation of VITA's organizational design to support the IT Services Transformation and management of service providers, alignment of VITA customer relationship management staff with customer agencies, and organizational service delivery planning.

3. **Procurement Transformation**, including continued implementation of Procurement Reform, increased opportunities and access for small, women- and minority-owned businesses (SWAM), contract consolidation, and leveraging of purchasing power.

4. **Cultural Transformation**, including promotion of enterprise thinking vs. agency-centric thinking, change management activities to help employees and stakeholders through the significant changes posed by the overall IT transformation effort, and continued emphasis on strategic alignment and customer satisfaction.

IT Services Transformation

The Public-Private Educational Facilities and Infrastructure Act of 2002 (referred to as PPEA) continues to be a promising vehicle for implementing the majority of IT Services Transformation initiatives. As directed by the Secretary of Technology, the four proposals currently under review have been divided into two categories or tracks: Infrastructure (IBM and Northrop Grumman) and Enterprise Applications (IBM and CGI-AMS). The IT Investment Board is the business owner of the Infrastructure track and the Secretaries of Administration and Finance are the business owners of the Enterprise Applications track, which is discussed in more detail under Collaborative Solutions.

Infrastructure PPEA Status

VITA received detailed Infrastructure PPEA proposals from IBM and Northrop Grumman on June 20. During this quarter, VITA completed a highly-collaborative review by stakeholders and subject matter experts, including 60 people representing 14 agencies. The detailed proposals were also reviewed by a Cabinet Secretary, two deputy Secretaries, two IT Investment Board members, the CIO of the Commonwealth, and a workgroup of the Council on Technology Services, which included representation from the Legislative and Judicial branches, local government and higher education.

The Finance PPEA Review Committee, a team chaired by Deputy Secretary of Finance Pamela Currey and consisting of members from the Departments of Planning and Budget, Accounts, and Treasury, also evaluated the proposals. The Virginia Economic Development Partnership evaluated the economic development aspects of the proposals and Gartner, a global IT consulting firm, conducted an

independent evaluation. The results of the team evaluations were reported to the Infrastructure PPEA Steering Committee, which scored the proposals and developed a recommended course of action on August 5.

On August 10, 2005, the ITIB reviewed and approved the Steering Committee's recommendation to move forward into negotiations with both IBM and Northrop Grumman. Negotiations commenced on August 15 and are scheduled to conclude on or about September 30. The negotiations are focused on three primary areas:

Employee treatment

- A potential partner MUST ensure VITA employees are treated fairly.

- No mass layoffs. Reductions in force managed through attrition, vacancies, retirement, etc.

- Employees must receive comparable (or better) employment packages, including salary, benefits, career development, and training.

- Employees who perform work that is in-scope to the agreement will receive an employment offer from the partner.

- Employees who receive these offers have the choice of accepting them or remaining an employee of the Commonwealth of Virginia.

- If they remain state employees, they will continue to do the same or similar work and receive technical direction from the partner.

Economic development

- A potential partner MUST invest in Virginia, particularly economically disadvantaged areas of the Commonwealth.

- Services and facilities will be situated in the Commonwealth, and will stimulate economic growth and new job development.

- There will be no off-shoring of services.

- The primary data center facility will be located in the Richmond metropolitan area. Additional facilities will be located in Southwest Virginia.

Pricing

- A potential partner MUST transform the Commonwealth's outdated, 1980s infrastructure with no new funding.

- Partners must find innovative ways to finance the upfront capital.

- Partners must ensure that annual payments do not exceed the current technology spend for equivalent services.

- The partner must also avoid impacting Virginia's pristine AAA bond rating.

- This means the partner will share in the risk up front and in the rewards of a leaner, more efficient 21st century infrastructure in the later years of the contract.

After negotiations, a final review of the potential Comprehensive Infrastructure Agreement by both the Finance PPEA Review Committee and the Infrastructure PPEA Steering Committee will lead to a final recommendation to the IT Investment Board. The Board is scheduled to meet October 18.

If the Board approves a recommendation to go forward with a Comprehensive Infrastructure Agreement (CIA) with at least one of the proposers, a briefing will be conducted for the Cabinet prior to submission of the agreement to the Governor, on or about November 1, for his approval. The Steering Committee could also recommend cessation of the PPEA process without signing a comprehensive agreement or recommend further negotiations to address unresolved issues and concerns. Exhibit B is the Infrastructure PPEA status report.

Exhibit B
Infrastructure PPEA Status Dashboard

| Milestone	Start Date	End Date	Status	Comments
Program Planning	1/10/2005	1/27/2005	G	Develop plan for the detailed review of the VITA PPEA infrastructure proposals. Conduct initial planning meetings. Establish Infrastructure PPEA Steering and Finance Review Committees. **Completed**
Due Diligence	1/27/2005	4/15/2005	G	Establish the base case/current processes and automated systems which support them. **Completed**
Draft SOW/SLR/Ts & Cs	3/28/2005	4/28/2005	G	Develop Statements of Work (SOW), Service Level Requirements (SLR) expectations and draft terms and conditions. Provide to proposers for completion of detailed proposals. **Completed**
Develop Detailed Proposals	4/29/2005	6/20/2005	G	Proposers develop detailed proposals in response to base case, SOW/SLR and Terms & Conditions. **Completed**
Review Detailed Proposals	6/21/2005	8/10/2005	G	Commonwealth team reviews detailed proposals. **Completed**
Negotiate Comprehensive Agreement	8/15/2005	11/1/2005	G	Negotiate Comprehensive Agreement (CA) for infrastructure services.

Organizational Transformation

Concurrent with the Infrastructure PPEA review process, VITA is undergoing an internal transformation of its organizational design to support service management and IT services transformation. Last quarter, VITA leadership engaged in intensive work sessions to define the "to be" organization. The design is intended to enable and support transformation toward service delivery excellence, business growth, and best business practices. The model is adaptable to a PPEA partnership scenario or no partnership, and will be implemented regardless of the outcome of the PPEA process. Implementation planning is concluding this quarter.

Regionalization

With Integration completed in January 2005, VITA now supports at least one facility in every county in the Commonwealth. In connection with the IT services transformation and as a subset of VITA's internal transformation to a service management environment, VITA is moving to a regionalized service model. Planning activities occurred over the past quarter, with implementation specifics

hinging on the Infrastructure PPEA decision. Regionalization focuses on local, geographic-based service delivery vs. the agency-specific service delivery in practice today. Under a regionalization service model, VITA can ensure close local oversight of services, establishment of metrics and service level agreements, and pooling of resources to address problems and provide local services. Exhibit C is the proposed regionalization map dividing the Commonwealth into three Regions.

Exhibit C
Regionalization Map

Collaborative Solutions
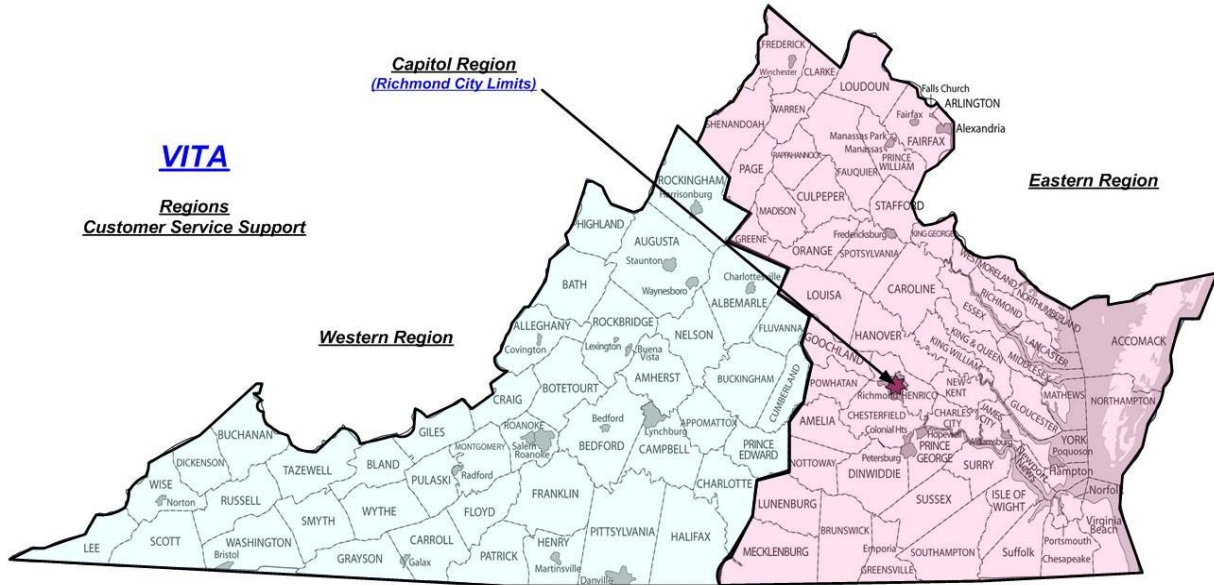
From its inception, the Information Technology Investment Board (ITIB) has focused significant attention upon the identification and support for multi-agency and intergovernmental collaboration initiatives. This section includes an update on the Enterprise Applications PPEA effort and updates on collaborative solutions VITA supports.

Enterprise Applications PPEA Status

The Secretaries of Administration and Finance (the Commonwealth business owners), in coordination with the Secretary of Technology and VITA, are responsible for the Enterprise Applications (EA) PPEA initiative. While there are significant differences between the scope and focus of the Enterprise Applications PPEA and Infrastructure PPEA tracks, the review process is similar. Project Manager Tim Bass, working with the proponent Secretaries, established the EA Steering Committee, comprised of senior leaders from the Executive branch. The purpose of that committee is to provide guidance to the project team and to review and approve the approach and results of the team's efforts.

During this quarter, IBM and CGI-AMS prepared and submitted Detailed EA Proposals and the EA Project team, PPEA Finance team, and EA Steering Committee evaluated those proposals. Currently, the Secretary of Administration and the Secretary of Finance are considering the results of the evaluations and whether to proceed into negotiations.

Exhibit D
Enterprise Applications PPEA Status Dashboard

Milestone	Start Date	End Date	Status	Comments
Start-up	3/22/2005	4/11/2005	G	Develop Plan for the detailed review of the PPEA Enterprise Applications proposals. Conduct initial meetings with IBM and CGI-AMS. Establish program organization, to include steering committee. **Completed**
Due Diligence	4/11/2005	6/23/2005	G	Establish the base case, including current processes and the automated systems which support them. **Completed**
Draft SOW/Ts & Cs	5/2/2005	6/23/2005	G	Develop Statements of Work (SOW) and draft terms and conditions, to define the services that the Commonwealth envisions obtaining from the offerors and the Commonwealth's initial view of the legal details of the agreement. **Completed**
Release Proposal Package to Offerors	6/27/2005	6/27/2005	G	The Proposal Package, consisting of the Due Diligence Data, Draft SOWs and Draft Terms and Conditions is released to the offerors. **Completed**
Develop Detailed Proposals	6/27/2005	8/5/2005	G	Proposers develop proposals in response to base case, SOW/SLA and Terms & Conditions. **Completed**
Evaluate Detailed Proposals	8/5/2005	9/30/05	G	Commonwealth team evaluates proposals.

Milestone	Start Date	End Date	Status	Comments
Negotiate Comprehensive Agreement	9/16/2005	11/1/05	G	Negotiate the Comprehensive Agreement for Enterprise Applications and obtain senior management approval.

Enterprise Business Licensing

VITA and Virginia Interactive continue to work with the Department of Professional and Occupational Regulation (DPOR), Department of Charitable Gaming (DCG), and other interested agencies on implementing the enterprise licensing solution from System Automation (SA).

Charitable Gaming has launched Phase II to convert 5 types of license renewals from their current SQL application to SA License 2000. Additionally, this phase includes converting their financial reporting system hosted at Virginia Interactive to the SA License 2000 application. The financial reporting system is to be implemented and ready for online customer reporting on April 1, 2006.

The Department of Professional and Occupational Regulation, as reported previously, continues development, moving towards a late summer 2006 implementation.

For small licensing/permitting agencies in the Commonwealth, System Automation is negotiating with the Virginia Racing Commission to perform a proof of concept (POC) that will show the COTS software can be implemented with little customization. The objective of the POC is to convert VRC's current permitting systems with a price equal to the small agencies' budgets. The POC start date is tentatively set for November 2005.

Technology Management

Strategic Planning and Portfolio Management

This year's IT Strategic Planning effort is integrated as a component of the Department of Planning and Budget (DPB) Agency Strategic (business) Planning effort. On May 13, VITA distributed to agencies *Guidance for Agency IT Investment Planning* as a supplement to the DPB strategic planning instructions. Data collection for IT strategic planning began on May 16. Due dates for finalizing agencies' IT plans and associated data submissions were as follows:

- **June 15**—Major IT project portfolio (inventory) information

- **July 15**—Agency IT Strategic Plans, as well as remaining IT portfolio information (for non-major projects as well as major and non-major procurements)

Major IT project portfolio information collected as part of the strategic planning process served as input for the RTIP Report, whereby the IT Investment Board reports its recommendations for funding priorities for major IT projects to the Governor and General Assembly each September 1. The 2005 RTIP Report was presented to the IT Investment Board for approval on August 10 and was delivered to the Governor and General Assembly September 1.
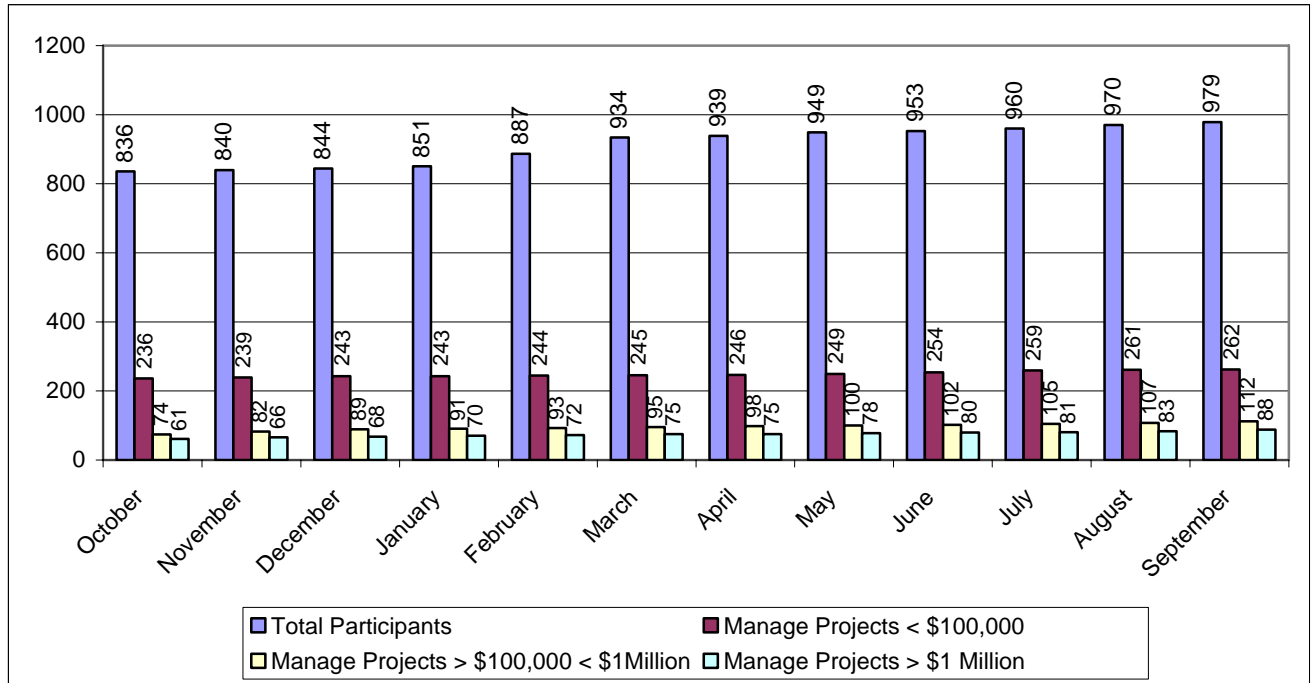
The next step in the strategic planning process is the submission of budget decision packages and capital projects by agencies for funding technology investments to the Department of Planning and Budget (DPB) and the Project Management Division (PMD). PMD evaluations of the technology components in these budget decision packages and capital projects are due to DPB as follows:

- **October—**Capital Projects

- **November—**Budget Decision Packages

Program Management

Participation in the Commonwealth Project Manager Development Program (PMDP) continues to grow. Results to date, including the total number of PMDP participants and identification of those meeting qualification requirements for various project categories, are shown in Exhibit E. As of September, there were 979 participants in the program, including 262 who have met the qualification requirements for managing projects in the Commonwealth. Growth in program participation and achievement of project management qualification standards is expected to continue at the current rate.

Exhibit E
Participation in the Project Manager Development Program

Legend:
- Total Participants
- Manage Projects < $100,000
- Manage Projects > $100,000 < $1Million
- Manage Projects > $1 Million
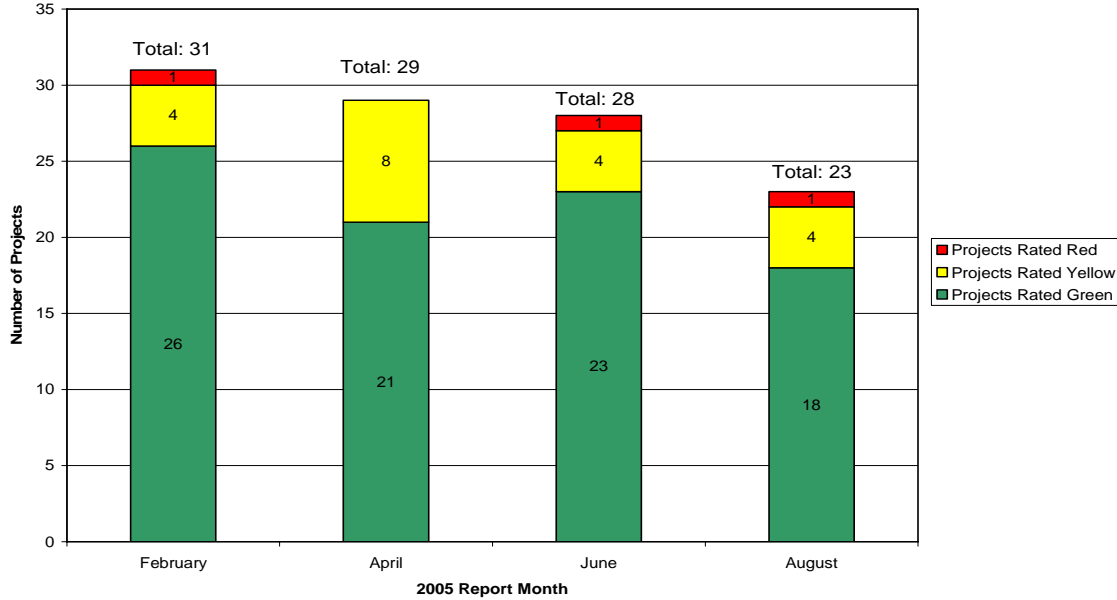
Project Oversight and Reporting

Starting in 2005, at each meeting of the IT Investment Board (ITIB), the CIO provides his assessment of the status of Major IT Projects. His assessment is drawn from reports submitted through the Commonwealth Major IT Project Status Report Dashboard, proponent Secretariat evaluations, and Project Management Division (PMD) Analysis. Each project is assessed either:

- Green: On Track
- Yellow: Warning—consider corrective action or monitor previous corrective action
- Red: Problem—immediate corrective action required

Exhibit F summarizes the CIO assessments, as presented to the ITIB, for 2005. To date, on average, 79% of the projects were assessed as Green, 18% as Yellow, and 3% as Red. During this period, the number of active major projects has dropped from 31 to 23, due to projects being completed at the end of FY05 and slowed project approval due to consideration of the PPEA infrastructure and enterprise application proposals. The Major IT Project Status Report Dashboard is available to the public at http://www.vita.virginia.gov/projects/pubDashboard.cfm.

CIO Assessment of Major IT Projects, as Reported to the IT Investment Board

Independent Verification and Validation (IV&V)

As a key refinement in project oversight activities, the IT Investment Board has directed the development of a more consistent and comprehensive Independent Verification and Validation (IV&V) program for major IT projects. All major projects initiated since January 2005 have been required to contract with IV&V providers using the Advance IT Services contract and to conduct IV&V reviews as specified in the Commonwealth Project Management Standard (GOV2004-02.3.2). VITA retained CACI, Inc. to assist with development of the procedures and templates for the IV&V program. The templates and program guidance are complete, and are being validated on newly initiated major IT projects. VITA will officially promulgate the validated templates and guidance in a planned November update to the Commonwealth Project Management Standard.

Fiscal Year 2005 Year-End Update

June financial activity exceeded expectations, resulting in a positive cash balance in internal service funds slightly in excess of $17 million, allowing an early pay off of the $1 million Department of Treasury loan. VITA also produced a special year-end customer bill on June 23 at our customers' request.

Rates for New and Shared Services

Shared Service Rates

The IT infrastructure operations of 90 state agencies were successfully integrated into VITA during calendar year 2004. VITA assumed responsibility for staff, contracts, procurements, maintenance, etc. Establishment of a direct bill funding mechanism enabled VITA to pay all associated expenses and obtain reimbursement from the affected agencies, with an administrative charge of 5.52 percent added.

This temporary arrangement was one that the ITIB and VITA leadership always intended to replace with a shared services rate structure as soon as possible. Several months ago, staff began developing rates to provide a bridge between direct billing and complete assimilation of transitioned agency staffs into VITA; until system-wide hardware, software, and service standards are mandated, full shared services rates cannot be affected.

Interaction with users was a key component in drafting the shared services rates proposal. The rate structure and its rationale were thoroughly reviewed and commented on by VITA staff and customers, including direct providers of desktop, server, and network services as well as customer agency IT and financial managers, throughout the development process. Customers recently responded to surveys identifying their anticipated requirements for these services. Using their input, VITA Finance staff analyzed the financial impact, compared to the current direct bill charges, of the proposed rates on each customer agency.

The financial impact analysis revealed that a number of agencies would experience excessive increases or decreases in their IT infrastructure costs upon implementation of the proposed rates. These findings led to a reconsideration of the process and its timing. VITA management decided accordingly to defer its planned shared services rate development and subsequent submission to JLARC this month. In addition, an uncertain but critical variable is the outcome of ongoing evaluations of PPEA vendor proposals--they are expected to affect both service delivery and payment practices, if partnering with the private sector is determined to be in the best interests of the Commonwealth.

Mandated Governance Rates

During the FY 2005 update to the state's 2004-06 biennial budget, both the Governor and General Assembly members offered general fund amendments to address (1) unfunded Code mandates in the areas of project management and IT security and (2) findings of the APA and JLARC directing VITA to improve its performance in meeting legislative directives related to enterprise architecture, project management, and incident management, among others.

These general fund amendments were not considered favorably. Legislators accepted JLARC's assertion at a January 2005 Senate Finance Committee subcommittee meeting that internal service funds are the only appropriate source for budgeting VITA's expenses for these statewide governance activities. Accordingly, VITA is developing rates to fully support mandates for project management and IT security. This rate proposal is on track to provide information to agencies to use in developing their FY 2006 – 2008 biennial budget submission but will likely not be presented to JLARC for approval before October 2005.

Change to the JLARC Rate Approval Process

On July 11, 2005, JLARC approved a motion to delegate to its Internal Service Fund Subcommittee the approval of certain internal service fund rates for VITA, specifically those shared rates related to direct billed goods and services. The Commission's delegation is intended to ensure that VITA has the flexibility to implement those rates in a timely manner. If necessary, the Subcommittee will meet twice a year, in May and November, to consider pending requests for new services. However, VITA may request a special meeting of the Subcommittee at any time to consider rates for new services that offer a compelling savings or operational need for the service.

Savings Update

VITA IT initiatives continue to produce significant financial benefits (both cost savings and cost avoidances) to the Commonwealth and to customer localities. A list, with estimated benefits if available, is shown in Exhibit G. This information is available by VITA customer and was provided to VITA customers and the Governor's Cabinet in September 2005 and posted online at http://www.vita.virginia.gov/docs/misc/transformationBenefitsNarrative.doc. VITA currently has new initiatives such as contract license consolidation including anti-virus that will yield additional savings in FY 2006.

Exhibit G
IT Savings Initiatives ($000)

	FY04	FY05	FY06	FY04-FY06 Cumulative
Projected Savings	$15,858	$30,023	$31,878	$77,759
Projected Avoidance	875	13,455	17,395	$31,725
Total	**$16,733**	**$43,478**	**$49,273**	**$109,484**

Audit Activities

New Audit Reports

Auditor of Public Accounts (APA) 2005 VITA "Review of Security Controls Over Information Technology" Audit Report

A 2005 "Review of Security Controls Over Information Technology " Audit Report as of July 15, 2005 was issued by the Auditor of Public Accounts (APA) in September 2005. The Report contained the following four findings/recommendations:

- "Develop Policies, Procedures, and Standards for Infrastructure"
- "Update MOAs and Maintain Documentation for Exceptions to Server Policies"
- "Improve Policies and Procedures over Change Management"
- "Complete Business Impact and Risk Assessment"

A corrective action plan is being drafted for consideration and adoption by the Finance and Audit Committee and the Board at their October meetings.

Prior Audit Reports

APA June 2005 VITA Internal Control and Compliance Audit Action Status

The corrective action for the sole finding in the APA Internal Control and Compliance Audit Report issued June, 2005 for the period 7/1/2002 – 6/30/2004 has been completed.

Internal Audit Services June 2005 Small Purchase Charge Card Audit Report

For the 2005 VITA Internal Audit Services Small Purchase Charge Card (SPCC) Audit Actions, twelve of the 16 actions are reported as complete.

APA January 2005 VITA Performance Audit Action Status

For the 2005 APA Performance Audit Actions in response to the APA Performance Audit Report as of December 15, 2004, ten of the 15 actions have been reported as completed and the remaining five actions are reported to be on schedule.

APA March 2005 Statewide Single Audit Report/VITA April, 2004 SAS 70 Audit Report

The one finding and four recommendations from the 2004 APA SAS 70 Audit Report were also included in the APA 2005 Statewide Single Audit Report issued March 2005 for the year ended June 30, 2004. All corrective actions are reported as completed.

APA audit reports are available online at http://www.apa.virginia.gov/reports.htm.