



# COMMONWEALTH of VIRGINIA

Lemuel C. Stewart, Jr.  
CIO of the Commonwealth  
Email: lem.stewart@vita.virginia.gov

## Virginia Information Technologies Agency


110 South 7<sup>th</sup> Street  
Richmond, Virginia 23219  
(804) 225-VITA (8482)

TDD VOICE -TEL. NO.  
711

July 1, 2005

### MEMORANDUM

TO: The Honorable John H. Chichester, Chair, Senate Finance Committee  
The Honorable Walter A. Stosch, Chair, Senate General Laws Committee  
The Honorable Vincent F. Callahan, Jr., Chair, House Appropriations Committee  
The Honorable Joe T. May, Chair, House Science and Technology Committee  
The Honorable John S. Reid, Chair, House General Laws Committee

FROM: Lemuel C. Stewart, Jr. 

SUBJECT: VITA Quarterly Report

Governor Mark R. Warner's Executive Order 50 (03), and Item 463.B.4, 2004 Appropriations Act, direct the Chief Information Officer (CIO) to prepare Quarterly Reports, beginning July 1, 2003, providing the status of IT reform implementation in the Commonwealth. This document represents the quarterly submission due July 1, 2005, covering activities occurring from March 16, 2005 to June 15, 2005 (except where noted).

I am pleased to report that the Virginia Information Technologies Agency (VITA) continues to make substantial progress in all areas of operations. This edition of the Quarterly Report highlights the development of the Commonwealth's Enterprise Business Architecture, summaries of Information Technology Investment Board activities, audit results, an update on the Public Private Educational Facilities and Infrastructure Act (PPEA) process, customer satisfaction initiative, collaborative solutions, technology management, and finances.

As always, I would welcome the opportunity to discuss with you any aspects of VITA and the IT integration efforts underway.

#### Attachment

c: The Honorable Mark R. Warner, Governor of Virginia  
The Honorable William H. Leighty, Chief of Staff  
The Honorable Eugene J. Huang, Secretary of Technology  
Information Technology Investment Board Members  
The Honorable Lacey E. Putney, Chairman, Joint Legislative Audit and Review Commission  
The Honorable Thomas K. Norment, Jr., Chairman, SFC Sub-Committee for General Government  
The Honorable L. Preston Bryant, Jr., Chairman, HAC Sub-Committee for Commerce & Technology  
The Honorable Harry J. Parrish, Chairman, House Finance Committee  
The Honorable Richard L. Saslaw, Member, Senate of Virginia  
The Honorable Janet D. Howell, Member, Senate of Virginia  
The Honorable Samuel A. Nixon, Jr., Member, Virginia House of Delegates

Virginia Information Technologies Agency



# VITA Quarterly Report

July 1, 2005



**expect the best**

*March - June 2005*

In keeping with our commitment to cost savings, this report was produced in limited quantities, in-house, utilizing an existing color printer and binding equipment.

Prepared and Published by:  
**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](mailto:VITACOMMS@vita.virginia.gov).

Please submit written correspondence to:

Lemuel C. Stewart, Jr.  
Chief Information Officer of the Commonwealth  
Virginia Information Technologies Agency  
110 South Seventh Street  
Richmond, VA 23219

This report is available online at:  
[www.vita.virginia.gov](http://www.vita.virginia.gov)

#### 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): Loyd Lane, Director of Business Development; Lance Higley, IT Specialist III and 2005 VITA Agency Star recipient; Peggy Ward, Director of Internal Audit Services and graduate of the Virginia Executive Institute; and Travis Howard, Computer Operator Technician and 2005 VITA Agency Star nominee. Their combined state service represents more than 60 years of contributions to the Commonwealth.



# Table of Contents

<b>Quarterly Highlights</b> .....	<b>1</b>
Enterprise Business Architecture .....	1
Information Technology Investment Board Highlights .....	1
Audit Activity .....	2
Business Development Activity.....	3
Governor’s Office Relocation .....	4
Greater Richmond Technology Council 2005 Leadership Award .....	4
<b>IT Transformation</b> .....	<b>5</b>
Infrastructure PPEA Status .....	5
Enterprise Applications PPEA Status.....	6
Department of Social Services PPEA Status.....	7
Customer Satisfaction Program .....	8
<b>Collaborative Solutions</b> .....	<b>9</b>
Learning Management System (LMS) .....	9
Enterprise Professional Licensing .....	9
Enterprise Geographic Information Systems (GIS) .....	10
VITA-Sponsored Collaborative Groups.....	10
<b>Technology Management</b> .....	<b>11</b>
Strategic Planning and Portfolio Management.....	11
Program Management .....	11
Project Oversight and Reporting.....	12
Project Management Division Annual Report .....	14
<b>Finances</b> .....	<b>15</b>
April 2005 Financial Results.....	15
Rates Development .....	15
Savings Update .....	16
FY 2006 Operating Budget .....	16



## Quarterly Highlights

### Enterprise Business Architecture

At the direction of the Information Technology (IT) Investment Board, VITA published the *Enterprise Business Architecture* (EBA) in April 2005 to gain a better understanding of the business of the Commonwealth and ensure that IT investments effectively support critical business needs. The EBA contains the organization, business strategies, business functions, and the current “as is” baseline for all three branches of state government, encompassing activities and services of 200 agencies and institutions, representing 1,600 locations in the Commonwealth, more than 100,000 employees, and millions of transactions with citizens.

VITA modified the *Federal Enterprise Architecture Business Reference Model* developed by the Office of Management and Budget to reflect the activities of state government. The result is a model for facilitating adoption in other states, and is the subject of an upcoming National Association of State Chief Information Officers (NASCIO) Research Brief on the comparison of IT management frameworks.

The EBA is a valuable tool for decision-makers to not only align technology with critical business needs, but also to identify and pursue opportunities for overall transformation of state government services to citizens and businesses. The EBA found, for example, 18 agencies conduct retail sales, 22 agencies perform debt collection, 39 agencies administer grants, and 44 agencies collect user fees.

The Council on Virginia’s Future has adopted the EBA as the business owner and primary driver for implementation and further development. The Governor has required Executive agencies to reference the EBA as they create their strategic business plans for the upcoming 2006 – 2008 biennium, creating a common business language for the Commonwealth. Read the EBA: <http://www.vita.virginia.gov/ITIB/docs/050413/EBAFullReport04-13-2005.pdf>

### Information Technology Investment Board Highlights

During this quarter, the IT Investment Board met on April 13 and June 20. At the April meeting, the Board received a briefing from the Council on Virginia’s Future. At the June meeting, Board Chairman Eugene J. Huang announced the resignation of John C. Lee, IV, effective June 8.

Significant actions of the Board for this quarter are:

- Approved the *Enterprise Business Architecture* and *A Refresh of The Commonwealth of Virginia Strategic Plan for Technology*.
- Approved VITA’s proposed operating budget for fiscal year (FY) 2006.
- Approved two sets of rate requests for submission to the Joint Legislative Audit and Review Commission (JLARC). The first set was approved by JLARC on June 13; the second set will be considered by JLARC in the next quarter.

- Approved recommendations to improve the content, criteria, and format of the *Recommended Technology Investment Projects* (RTIP) Report due to the Governor and General Assembly September 1.
- Approved a change in customer payment terms from 30 days to 10 days to improve cash flow.
- Approved VITA's Initiatives Benefits Methodology for submission to the Secretary of Finance. The methodology provides a detailed mechanism to capture benefits of VITA initiatives in the areas of savings, cost avoidance, and productivity gains.
- Sent a letter to Governor Warner requesting he appoint the Secretary of Technology to the higher education "charter university" negotiations committee. The Governor responded affirmatively.
- Changed the name of the IT Project and Review Committee to the Strategic Planning and Review Committee (SPARC) to represent the Committee's broader, strategic role.

## Future Meetings

The IT Investment Board will meet monthly over the next two quarters to consider recommendations related to Public-Private Educational Facilities and Infrastructure Act (PPEA) proposals.

- **July 25:** Special Board meeting to review and approve the recommendations of the Infrastructure PPEA Steering Committee to proceed (or not) into negotiations.
- **August 10:** Regular Board meeting, including status briefings on both PPEA tracks.
- **September 8:** Special Board meeting to review and approve the recommendations of the Enterprise Applications PPEA Steering Committee to proceed (or not) into negotiations.
- **October 5:** Regular Board meeting rescheduled from October 12. Potential closed session to review and approve Comprehensive Agreements for both tracks.

## Audit Activities

### New Audit Reports

#### APA June 2005 VITA Performance Audit Report

A new 2005 Performance Audit Report was issued by the Auditor of Public Accounts (APA) in June 2005. This Audit was for the period 7/1/2002 – 6/30/2004 and found:

- Revenue and expenses are properly reported in the Commonwealth Accounting and Reporting System.
- Compliance with all applicable laws and regulations.
- Management has established and maintained internal controls except for one finding, "develop policies and procedures for granting, evaluating, and terminating employees in PeopleSoft." The recommended policy and procedure has been developed.

## **APA April 2005 Wireless E-911 Services Board Report**

In April 2005, the APA released a report on the financial statements of the Wireless E-911 Services Board as of, and for the year ended, June 30, 2004. The audit report was favorable as there were no findings.

## **Internal Audit Services June 2005 Small Purchase Charge Card Audit Report**

VITA Internal Audit Services issued a Small Purchase Charge Card (SPCC) Audit Final Report which includes the Action Plan. The report contained seven audit results with 16 recommendations. The primary result addressed VITA's need to increase usage of the SPCC. On June 6, the Finance and Audit Committee of the IT Investment Board reviewed and approved the VITA SPCC Action Plan, with full Board approval on June 20.

## **Prior Audit Reports**

### **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, three of the 15 actions have been completed; three actions have revised due dates; and the remaining nine 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. Three of the four corrective actions are completed and the remaining one is reported to be on schedule.

## **Business Development Activity**

A new Business Development unit within VITA has been created, to support incorporation of an overarching business orientation into VITA's processes. The primary business goals of the unit are to assist, develop and manage VITA's customer base and to identify opportunities to improve services and lower costs. Business Development is now providing leadership for customer relationship management, product pricing and costing.

## **Current Initiatives**

### **Vendor Relations for Enterprise Solutions**

Business Development has assumed management of VITA's business interests and vendor partner relationships for enterprise-wide solutions. Current partners include Systems Automation (licensing), Indigitech (Dashboard), Mitem (GESI), and Virginia Interactive (e-government).

### **Business Research Project**

In partnership with the Center for Survey Research of the Weldon Cooper Center for Public Service at the University of Virginia, VITA has embarked on a long-term business research project. Phase I will query in-scope agency customers to determine how VITA's service, products and costs are perceived by its primary market. Subsequent phases are planned in the coming fiscal year.



## Business Direction for Virginia Interactive

To improve e-government application deployment across the enterprise, Business Development has assumed management of the business direction of Virginia Interactive (formerly known as VipNet). Business Systems Services continues to direct the architectural and technical elements of the service.

## Local Government Outreach

To increase awareness and use of VITA contracts and services by local government entities and other out-of-scope customers, a monthly e-mail/web-enabled marketing program, the *VITA Service Bulletin*, has been developed and will launch in July 2005. A specific customer service process was created to handle and track inquiries, and both quantitative and qualitative results will be utilized to optimize the program. Development communications included outreach to presidents of locality organizations (VaLGITE, VML, VACo, VLSSE, g2g-Va.org, VAGP, LGov.org).

## Governor's Office Relocation

As part of the Capitol Area renovations, the Governor's Offices (including cabinet Secretaries and their staffs), were moved to the newly renovated Patrick Henry Building. In preparation for this move, VITA relocated the network and server hardware supporting these customers from the 9th Street Office Building to VITA Operations Center in September 2004.

During the following months, VITA and the Department of General Services (DGS) upgraded and expanded the Metropolitan Area Network (MAN) to support the consolidation of the IT infrastructure for the deployment of Voice over IP (VoIP) service. VoIP provides converged voice and data services, and this installation is the first of its type for VITA and Verizon. The Governor's office and cabinet, DGS, and the Department of Planning and Budget (DPB) are piloting the Central Office based VoIP services.

During two weekends in April, VITA successfully coordinated the move of 200+ devices supporting these customers from four buildings in the Capitol area into the Patrick Henry Building, and deployed the new VoIP service. Over the next few months VITA will continue to consolidate VITA resources in the new building and will analyze the VoIP service to determine feasibility for future deployment.

## Greater Richmond Technology Council 2005 Leadership Award

In recognition of his leadership role in the transformation of Virginia's IT infrastructure, the Greater Richmond Technology Council (GRTC) presented Chief Information Officer (CIO) of the Commonwealth Lemuel C. Stewart, Jr., with the 2005 Leadership Award on May 11. This prestigious award is given to the individual who has served as a key catalyst for positive technology-related activity in the greater Richmond community. Mr. Stewart accepted the award on behalf of all VITA employees who have worked so hard to reform IT in the state.







The Public-Private Educational Facilities and Infrastructure Act of 2002 (referred to as PPEA) continues to be a promising vehicle for approaching future VITA 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). VITA is the primary coordinating agency for both tracks. VITA did not receive any new PPEA proposals in this reporting period.

## Infrastructure PPEA Status







The Detailed Review Phase for the Infrastructure PPEA proposals continued during this quarter, as IBM and Northrop Grumman teamed with functional and technical subject matter experts within VITA to document the baseline operations of the agency. Working in a cooperative partnership, the team established the “as-is” environment across eleven “towers,” or potential service categories.

Internally, VITA developed a preliminary version of the Comprehensive Agreement (CA) that includes Statements of Work (SOWs) and Service Level Requirements (SLRs) for the services that VITA may choose to procure from its partner(s), as well as the terms and conditions that will govern the partnership. VITA was assisted in this effort by several well-known industry sourcing consultants, including Gartner, Gordon & Glickson, and CN Johnson Associates.

The base-lining effort and development of the draft SOW/SLR/terms and conditions was completed in mid-April. IBM and Northrop Grumman used these documents to develop their Detailed Proposals, which were submitted to VITA June 20. As the quarter ended, a broad cross-section of stakeholders and subject matter experts commenced an intensive review of the proposals.

Oral presentations from the proposal teams began June 27. The PPEA Infrastructure Steering Committee will develop recommendations for next steps, based on input from the evaluation teams, in late July. Should the Steering Committee recommend negotiations with one or both of the offerors, those negotiations will occur in August and September. The Governor has established a target for presentation of a CA for his review and signature by mid-October. The Infrastructure PPEA initiative is on schedule, as seen in Exhibit A below.

**Exhibit A**  
**Infrastructure PPEA Status Dashboard**

Milestone	Start Date	End Date	Status	Comments
<b>Program Planning</b>	1/10/2005	1/27/2005		Develop plan for the detailed review of the VITA PPEA infrastructure proposals. Conduct initial planning meetings. Establish Infrastructure PPEA Steering and Finance Review Committees.
<b>Due Diligence</b>	1/27/2005	4/15/2005		Establish the base case/current processes and automated systems which support them.
<b>Draft SOW/SLR/Ts &amp; Cs</b>	3/28/2005	4/28/2005		Develop Statements of Work (SOW), Service Level Requirements (SLR) expectations and draft terms and conditions. Provide to proposers for completion of detailed proposals.
<b>Develop Detailed Proposals</b>	4/29/2005	6/20/2005		Proposers develop detailed proposals in response to base case, SOW/SLR and Terms & Conditions
<b>Review Detailed Proposals</b>	6/21/2005	7/25/2005		Commonwealth team reviews detailed proposals
<b>Negotiate Comprehensive Agreement</b>	7/26/2005	10/15/2005		Negotiate Comprehensive Agreement (CA) for infrastructure services.

## 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.

As with the Infrastructure PPEA Detailed Proposal process, the vendors for the EA PPEA—CGI-AMS and IBM—conducted a base-lining effort, or due diligence, to capture the “as is” status of the Commonwealth’s business processes. The vendor teams joined subject matter experts from state government to establish a joint team. Using the *Enterprise Business Architecture* as the foundation of their efforts, the joint team identified 19 discrete business processes that represented four “towers,” or groupings of business functions, as the focus of review, including administrative management, financial management, human resources management, and supply chain management.

Based on these definitions, the joint team developed a detailed, Web-based survey of “as-is” practices. Approved by the EA Steering Committee, the survey was completed by 46 agencies. There were a number of factors considered when determining which agencies to ask for participation. These included (but were not limited to) the following: number of employees, types and volumes of transactions, diversity of collection/receivable types, number of physical locations, volume of annual payments, and federal fund usage. Including follow-up meetings and interviews, more than 90 meetings were conducted with the participating agencies. Finally, data was gathered from central systems to validate the information received from the agencies.

Also in this quarter, the EA PPEA team developed the EA SOWs and draft CA terms and conditions. With assistance from Gordon & Glickson and Gartner, the Commonwealth team prepared a proposal package that has been submitted for review by the EA Steering Committee. The proposal teams from CGI-AMS and IBM will receive this guidance for the preparation of their Detailed Proposals on or about June 27. Detailed proposals are due to the Commonwealth on August 5, at which time a review and negotiation process similar to that followed by the Infrastructure PPEA team is envisioned. The Governor has established a mid-October target for presentation of a CA for his review. The EA PPEA initiative is on track, as seen in Exhibit B.

### Exhibit B Enterprise Applications PPEA Status Dashboard

Milestone	Start Date	End Date	Status	Comments
<b>Start-up</b>	3/22/2005	4/11/2005		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.
<b>Due Diligence</b>	4/11/2005	6/23/2005		Establish the base case, including current processes and the automated systems which support them.
<b>Draft SOW/Ts &amp; Cs</b>	5/2/2005	6/23/2005		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.
<b>Release Proposal Package to Offerors</b>	6/27/2005	6/27/2005		The Proposal Package, consisting of the Due Diligence Data, Draft SOWs and Draft Terms and Conditions is released to the offerors
<b>Develop Detailed Proposals</b>	6/27/2005	8/5/2005		Proposers develop proposals in response to base case, SOW/SLA and Terms & Conditions.
<b>Evaluate Detailed Proposals</b>	8/5/2005	9/16/2005		Commonwealth team evaluates proposals.
<b>Negotiate Comprehensive Agreement</b>	9/16/2005	10/15/2005		Negotiate the Comprehensive Agreement for Enterprise Applications and obtain senior management approval.

## Department of Social Services PPEA Status

The Department of Social Services (DSS) continued the review of a PPEA proposal it received for modernizing business processes, technology, and applications. VITA is consulting with DSS on their agency PPEA review process with respect to IT infrastructure components. It is anticipated that VITA staff will participate in the Conceptual Review Phase for infrastructure components during the coming quarter. Also, the EA PPEA Project Manager is communicating with DSS to understand any potential relationship between the DSS PPEA and the EA PPEA.

## Customer Satisfaction Program

VITA launched a customer satisfaction program in May, which is operating on three parallel tracks:

1. VITA has engaged the University of Virginia's Center for Survey Research to develop an independent customer satisfaction survey. The survey will initially target in-scope agencies and will be expanded in future iterations to include other stakeholders, such as potential customers.
2. All VITA employees completed a customer service basics course, with advance training planned for the coming quarter.
3. VITA initiated a customer satisfaction charter with initial focus on internal customer satisfaction. The goal is to improve customer service to internal customers, thereby promoting excellent service to external customers.



From its inception, the Information Technology Investment Board (ITIB) has focused significant attention upon the identification and pursuit of multi-agency and intergovernmental collaboration initiatives.

## Learning Management System (LMS)

The enterprise Learning Management System (LMS), branded as the Commonwealth of Virginia Knowledge Center (CoVA KC), enables access to online learning opportunities and collaborative knowledge for all state employees. Currently, eight agencies, including VITA, are participating in this enterprise system. The vision is for all state agencies to use the CoVA KC for their online learning needs.

VITA launched its installation on March 1, 2005. VITA's Knowledge Center (VITA KC) offers employees 24/7 access to nationally-recognized online technical and business training courses and online reference books. This investment in workforce development is strengthening the knowledge base and sharpening the skills of all VITA employees. During the quarter, VITA employees accessed more than 430 online courses in topic areas such as customer service, desktop and network applications, and general management. Also during the quarter, VITA deployed a customized customer service training course for more than 1,000 employees who are geographically dispersed throughout the Commonwealth. By delivering this course online, VITA avoided \$20,000 in instructor-led training and travel costs.

## Enterprise Professional Licensing

VITA and Virginia Interactive (formerly known as VIPNet) continue to work with the Department of Professional and Occupational Regulation (DPOR) and other interested agencies on an enterprise licensing solution, based on System Automation's License 2000 product. Within the Commonwealth, there are 32 state regulatory entities tasked with providing professional/occupational licensing, permitting, certification, and/or registration services to approximately 1.5 million customers. Currently, only three agencies offer online licensing solutions.

The enterprise contract with System Automation was signed in October 2004. DPOR was the first agency to begin development, with a projected Summer 2006 implementation. The Department of Charitable Gaming (DCG) was the first agency to launch an online registration system through the enterprise contract for bingo callers and managers. Launched in mid-June, the online system allows bingo callers and managers to apply for a registration certificate at their convenience, 24/7. To receive a certificate, workers must meet certain requirements, including training and passing a criminal history background check.

## Enterprise Geographic Information Systems (GIS)

Enterprise GIS services development continues on three parallel tracks: (1) establishing a collaborative enterprise partnership across state agencies through a managed governance process; (2) Managing ongoing local support through existing local government partners' collaborative network; (3) Developing, marketing, and deploying geospatial enterprise services.

The state agency governance process is divided into two fundamental areas, Demand and Supply.

- Three "demand" work groups, representing 20 agencies, reviewed service options, identified priority enterprise services and specifications, and collaborated on geospatial data requirements and specifications. The groups are completing a "demand" requirements and recommendations document that will then be used to guide the "supply" work groups in evaluating solutions.
- Three "supply" work groups, representing natural resources, base mappings, and socio-economics, will convene next quarter to evaluate the requirements and recommendations of the "demand" work groups, prioritize service solutions, and determine supplier responsibilities.

The Virginia Geographic Information Network (VGIN) held sixteen regional GIS manager workgroup meetings across Virginia to work with local government partners to build a seamless, consistent, statewide digital road centerline and address file. In August, VGIN will hold statewide workshops to initiate ongoing updates of this data by local governments.

VGIN installed a state-of-the-art enterprise GIS technology platform at VITA. Starting next quarter, the platform will support comprehensive enterprise services including the Virginia metadata clearinghouse, the Virginia geospatial data library/archive and exchange services, Internet map services, system support services, and production services.

For the upcoming quarter, VGIN will deliver the initial implementation of the Virginia Readiness, Response, and Recovery GIS (VR3); the geocoding (addressing) component of the Commonwealth's Voter Election and Registration Information System (VERIS); and the statewide digital road centerlines and address file for the Wireless 911 Service Board's 137 public safety answering points.

## VITA-Sponsored Collaboration Groups

The IT Investment Board and VITA value and encourage broad participation of stakeholders. VITA has established a number of formal and informal groups since the agency was formed in 2003 to facilitate stakeholder participation. Examples of collaboration groups are:

- The Finance Council provides a forum for communication among agency fiscal officers concerning VITA financial and supply chain issues and assistance with providing solutions.
- The Information Security Officers group addresses enterprise security and governance issues and provides input into statewide policies and standards.
- Community of Interest (CoIns) groups have formed in areas such as networking and servers, to address operational and strategic/standardization issues.

In future quarters, VITA plans to establish "centers of excellence" throughout the Commonwealth, in areas such as geographic information systems (GIS).

## 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. Dates for finalizing agencies' IT plans and associated data submissions are 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)

The June 15 submissions also serve 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. Currently, the RTIP process is on track, with a draft report for IT Investment Board review in July.

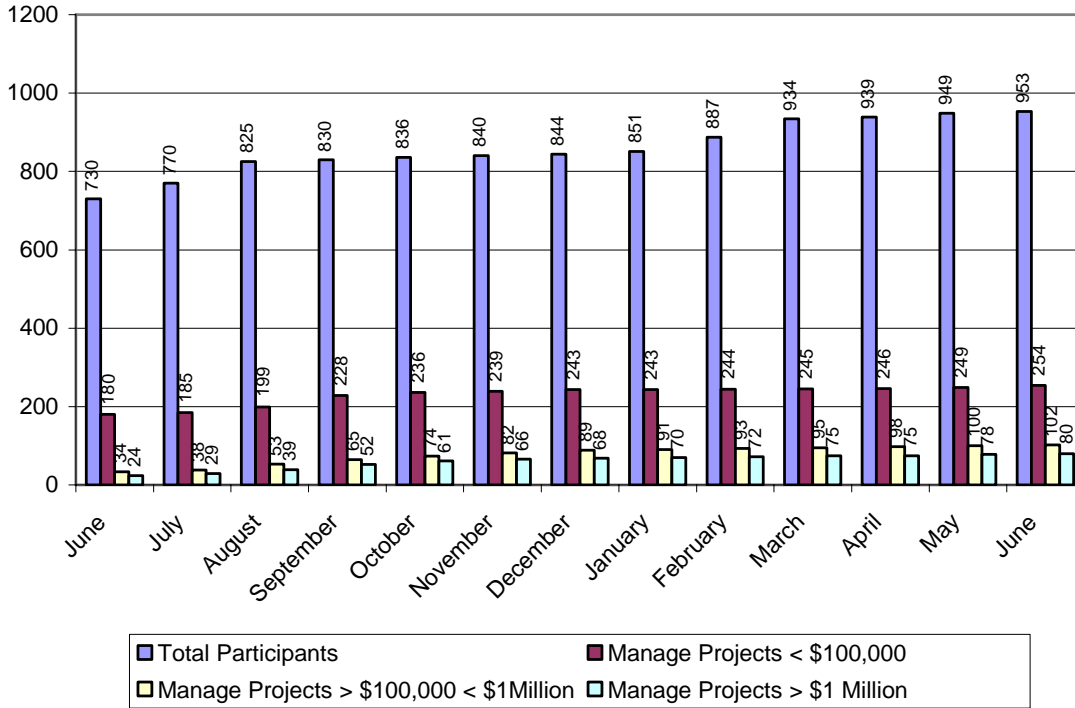
As additional input to the RTIP process, the ITIB Strategic Planning and Review Committee (SPARC) received the last in a series of Cabinet Secretariat presentations designed to improve the committee's understanding of the business needs of state agencies. The presentations addressed agency lines of business, their critical business issues and priorities, and major technology initiatives.

## 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 C. Growth in program participation and achievement of project management qualification standards is expected to continue at the current rate.



**Exhibit C**  
**Participation in the Project Manager Development Program**



## Project Oversight and Reporting

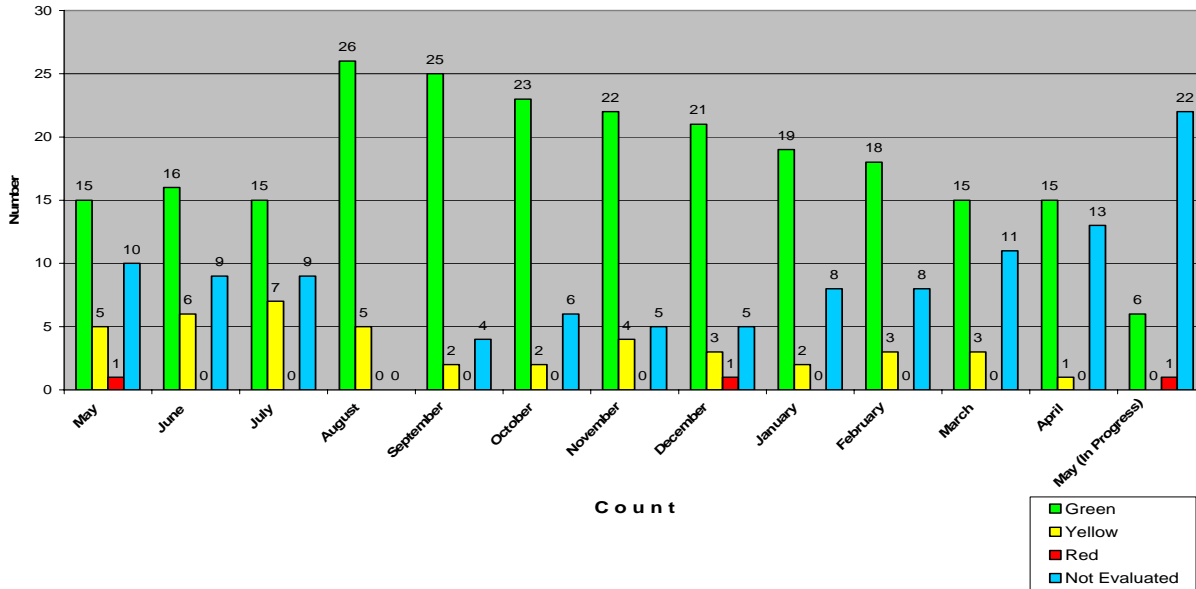
The Commonwealth Major IT Project Status Report Dashboard continues to be the primary management tool for supporting the oversight of major IT projects at all management levels. The Dashboard presents the CIO, sponsoring Secretariats, and proponent agencies with a succinct and timely summary of the status of their major projects. For each meeting of the IT Investment Board, information from the Dashboard is summarized in the ITIB Major IT Project Status Report.

Each month the status of a project is evaluated by the Chair of the proponent Secretariat Oversight Committee as either:

- Green: On Track
- Yellow: Warning—consider corrective action or monitor previous corrective action
- Red: Problem—immediate corrective action required
- Blue: Not Evaluated

Exhibit D indicates the status of Dashboard projects through the latest reporting period. (The increased number of projects shown as Not Evaluated in later months reflects lag times in reporting at the Secretariat level, in some instances reflecting new appointees.)

**Exhibit D  
Major IT Projects Status Dashboard Evaluation Summary**



**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. 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. After a thorough review of the documents, VITA will promulgate the templates and guidance in July 2005 and plans to implement the program during FY 2006.

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). As previously reported, IV&V reviews were conducted for 21 selected major IT projects from November 2004 to January 2005. Of those projects, two were rated yellow, and one was rated red. The CIO required agencies to submit corrective action plans for those three projects. The corrective actions are now complete, and the current ratings of those three projects are shown in Exhibit E.

**Exhibit E  
Major IT Projects Rated Yellow or Red by IV&V**

Organization	Project	IV&V Rating	Current Status
VA Dept. of Transportation	Asset Management	Y	G
VA Dept. of Transportation	Web Inventory Management System	Y	G
Virginia State University	Business Process Reengineering	R	Y

# Project Management Division Annual Report

At the June 20 IT Investment Board meeting, VITA's Project Management Division (PMD) summarized the results of FY 2005 activities in its various program areas through May 31, as well as plans for FY 2006. Highlights of that presentation include:

- The Major IT Projects Dashboard showed a monthly average of 36 projects with an estimated total value averaging \$850 million.
- There were no failed major projects for the second year in a row.
- 161 procurement requests worth \$122 million were reviewed for CIO approval. As compared with FY 04 statistics:
  - Agencies are spending less on hardware, likely reflecting dollars saved through consolidation and leveraging statewide contracts.
  - Services purchases have increased, with agencies exhibiting greater tendency to buy solutions versus developing their own.
  - Increased maintenance purchases reflect correcting gaps in service spotlighted in the transition to VITA as well as a trend toward more multi-year contracts.
- IT spending still tends to increase significantly toward the end of the fiscal year, indicating that, in many cases, IT remains a discretionary (vs. budgeted) expense.
- Participation in the Project Manager Development Program continues to be strong, with over 900 total participants and 252 qualified project managers, including 80 qualified to manage major projects. Continued growth is expected, albeit at a slower pace.

For FY 06, major PMD initiatives include:

- Expanding major IT project oversight, including implementing an IV&V program;
- Reengineering several current processes—Agency IT Strategic Plan, Agency Procurement Request, and RTIP reporting—to better serve agencies and the ITIB;
- Procuring and implementing a commercial IT Portfolio Management tool to provide better IT Investment Management (ITIM) capabilities for agencies and the ITIB alike;
- Completing the current suite of ITIM guidance documents with standards covering strategic planning/portfolio management and project oversight.

The complete PMD annual report presentation can be viewed at

[http://www.vita.virginia.gov/ITIB/docs/050620/PMD\\_Annual\\_Report\\_05-06-20.ppt](http://www.vita.virginia.gov/ITIB/docs/050620/PMD_Annual_Report_05-06-20.ppt).



## April 2005 Financial Results

Financial activity through the first ten months of fiscal year 2005 in all funds is shown in Exhibit F. Internal service fund activity is below expectations, primarily due to the timing of on-boarding agencies in the first two quarters of the year and lower-than-projected spending.

### Exhibit F April 2005 Financial Results

	<i>FY2005 Adjusted Budget</i>	<i>April 2005</i>
<b>Operating Revenues, including transfers</b>	<b>\$263,520,186</b>	<b>\$188,317,636</b>
<b>Expenses, including transfers</b>	<b><u>267,286,832</u></b>	<b><u>182,317,795</u></b>
<b>Net Change</b>	<b>(3,766,646)</b>	<b>5,899,841</b>
<b>Ending Retained Earnings</b>		<b><u>\$51,267,070</u></b>

Detailed information on VITA's finances as of April 2005 can be found at

[http://www.vita.virginia.gov/ITIB/committees/Finance/docs/050606/D-June\\_Finance\\_Report5-27-05.pdf](http://www.vita.virginia.gov/ITIB/committees/Finance/docs/050606/D-June_Finance_Report5-27-05.pdf).

As previously reported, VITA's cash balances were depleted as a result of timing differences between payment for goods and services and receipts of revenues. A small projected negative balance for the fiscal year will be covered by a Treasury loan from the Department of Accounts. Accounts receivable are sufficient to repay this loan in FY 2006.

## Rates Development

Since the December 2004 report, VITA has implemented five new services including virtual servers (VMWare and SQL Server) and shared e-mail and Blackberry server support. VITA also implemented one rate reduction for the Government to Government Enterprise Services Initiative (GESI). VITA is also submitting requests to JLARC staff in June for rates for two additional services in support of the Seat of Government Campus network and one telecommunications rate reduction.

VITA is currently developing the first set of shared services rates. This initiative is an interim step to effect full shared services rates by moving all payroll expenses to a common environment. It facilitates the sharing of personnel resources and provides a foundation in support of Transformation.

VITA staff worked with customer agencies to build and evaluate this methodology; associated draft rates are being calculated for customer review and comment, and subsequent impact analysis by VITA. Following approval by the IT Investment Board, a formal rate request submission will be made to JLARC staff in August 2005.

## Savings Update

VITA has implemented cost savings and cost avoidance initiatives to date, resulting in the savings shown in Exhibit G. Many of the savings resulting from VITA leveraging statewide contracts for IT goods and services are retained by public bodies that are not in-scope (i.e. part of state executive agencies' IT infrastructure), including local government, higher education, K-12 schools, libraries, and independent agencies.

**Exhibit G**  
**VITA Cost Savings and Cost Avoidances**  
((\$000))

	FY04	FY05Est	FY06Est
Savings	\$15,858	\$24,583	\$28,009
Cost Avoidance	875	3,455	2,320
<b>Total</b>	<b>\$16,733</b>	<b>\$28,038</b>	<b>\$30,329</b>

## FY 2006 Operating Budget

VITA's FY 2006 operating budget includes a reduction in discretionary spending to fund legislated salary increases in FY 2005 and FY 2006. The budget reprioritizes initiatives to fully support Transformation, with approximately 25 percent supporting Transformation and growth activities and 75 percent for retaining current operations. Budgeted priorities include enhancing customer service, growing VITA business, and transforming the IT infrastructure. The IT Investment Board approved the FY 2006 operating budget on June 20, as shown in Exhibit H. Negative net change amounts are covered by fund balances in these accounts.

**Exhibit H**  
**VITA FY 2006 Operating Budget Projections – All Funds**

Projections	Total	ISF	GF	Enterprise	Special	Federal
<b><u>Operating Revenues</u></b>	<b><u>\$249,176,872</u></b>	<b><u>\$202,756,029</u></b>	<b><u>\$2,885,187</u></b>	<b><u>\$39,005,656</u></b>	<b><u>\$3,580,000</u></b>	<b><u>\$950,000</u></b>
<b><u>Operating Expenses</u></b>	<b><u>\$248,458,316</u></b>	<b><u>\$201,611,740</u></b>	<b><u>\$2,885,187</u></b>	<b><u>\$39,005,656</u></b>	<b><u>\$3,733,401</u></b>	<b><u>\$1,222,332</u></b>
<b><u>Net Change FY 2006</u></b>	<b><u>\$718,556</u></b>	<b><u>\$1,144,289</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>(\$153,401)</u></b>	<b><u>(\$272,332)</u></b>