



COMMONWEALTH of VIRGINIA

Office of the Governor

P.O. Box 1475
Richmond, Virginia 23218

April 1, 2009

The Honorable Timothy M. Kaine
Governor of Virginia
Patrick Henry Building, Third Floor
Richmond, Virginia 23219

Dear Governor Kaine:

Item 54.10, Chapter 3, 2006 Acts of Assembly, Special Session I (Appropriation Act), established the Enterprise Applications Public-Private Partnership Project Office (EAPPPPO) effective July 1, 2006, for the purpose of modernizing central administrative systems through an Enterprise Applications Public-Private Partnership. The appropriation act language requires the project office director to provide you with reports on the status of the project as well as funding needs, areas of risk, and any major problems.

The following is an outline of Chief Applications Officer (CAO) activities that have taken place since the last Virginia Enterprise Applications Program (VEAP) status report dated January 1, 2009.

Major Activities of the CAO

The Financial Management System evaluation team is currently reviewing proposals for a financial system for Virginia Department of Transportation (VDOT) and a base financial system for the Commonwealth's General Ledger and Accounts Payable functions. The base system will have the ability to replace the thirty year old Commonwealth Accounting and Reporting System. While VDOT has provided the resources and personnel to the lead in the initial development of the system, VEAP and Department of Accounts (DOA) are responsible for resources, additional personnel and setting enterprise standards of the base system. An award is expected by the end of this fiscal year.

On February 2, the Virginia Information Technologies Agency (VITA) Supply Chain Management group received proposals for a new Performance Budgeting system. Evaluations are currently underway, with a contract award expected by the end of the fiscal year. This new capability will replace the thirty year old PROBUD system currently in use by the Department of Planning and Budget. It will also provide an agency budgeting capability with the expectation that other branches of the government will use the capability.

VEAP has established a Business Intelligence (BI) shared services environment, hired the BI Competency Center Manager, procured LogiXML BI software, and installed it in the shared "test" environment. Business Intelligence provides reporting, analytics, and dashboards to help "unlock" the information within data. The first major BI implementation was the very successful Stimulus.Virginia.Gov website. VEAP is working with the Department of Health, the Department of Mental Health, Mental Retardation and Substance Abuse Services, the Department of Medical Assistance, the Department of Social Services, the Virginia Employment Commission, the Department of General Services, the Department of Accounts, the Department of Planning and Budget, the Virginia Information Technologies Agency, and the State Board of Elections on other implementations. As planned, the BI Competency Center is finalizing a cost recovery model, which will be implemented in year two of the program.

The CIO/CAO Operations Plan, approved by the Information Technology Investment Board in April 2008, contained three distinct action plans - data management, application portfolio, and application strategies.

Work continues with our central agency data stewards on the development of data standards to support the VDOT/DOA Financial Management Project. Supplier data standards are on target for adoption in July 2009, and Purchase Order and Contract data standards are targeted for adoption in September. A new, more flexible Chart of Accounts is targeted for year end 2009. These data standards, when implemented, will begin to establish data consistency across our application environment and provide a foundation for transparency of Commonwealth data. In addition, VEAP is working with VITA resources to firmly establish the requirement that all new data exchanges will be

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VEAP, along with agencies, VITA and the IT Investment Management Customer Council developed a "Commonwealth of Virginia Strategic Plan for Applications." The document defines a vision for the "To-Be" applications environment and establishes goals, objectives and strategies which support achieving the vision. The document is aimed at providing a new application management framework. The CAO submitted the document to the ITIB for approval in March. The CAO and VITA continue partnering to incorporate key elements of the Strategy into the Recommended Technology Investment Projects and Project Management process. Following approval of the Applications management strategy, the CAO will work with key stakeholders to develop a Commonwealth Applications Governance Framework. The applications management strategy and applications governance framework provides the Commonwealth with a new applications model for improved management of application investments.

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While there is a continual need for better data quality and data transactions, 90% of Commonwealth data is unstructured. Most of our knowledge is found in e-mails, paper reports, CDs, etc. The Enterprise Content Management (ECM) initiative strives to put order and organization to this unstructured data and move towards an e-government environment. VEAP continues to work with VITA to obtain firm pricing for the hardware infrastructure of the ECM Shared Service designed by a multi-agency and locality ECM Working Group. VEAP and its partner, Virginia Correctional Enterprises (VCE), require this pricing to finalize the costing model and corresponding price for interested agencies and localities. This will allow VEAP and VCE to obtain their commitment and begin the process of investing in the platform. There are over 20 agencies and localities as well as a consortium of local social services agencies that have significant interest in the Shared Service. The ECM Working Group is also developing and documenting a governance program for Commonwealth-wide ECM that includes an ECM Center of Excellence, Commonwealth-level and Shared Services-specific oversight and governance bodies, and a Change Leadership effort to facilitate ECM-related education and greater user acceptance. Without ECM, the Library of Virginia cannot meet their statutory requirement dealing with records management.

VEAP is pursuing a Time, Attendance and Leave shared service offering that builds upon an existing Virginia Department of Alcoholic Beverage Control human resource solution, known as "MyABC." More than 15 agencies have expressed a strong interest in this solution and together VEAP and the Department of Human Resources Management are assisting those agencies in better understanding the capabilities of the ABC solution as well as identifying required enhancements. The implementation of an enhanced version of this solution will automate an intensely manual process (one that is prone to error and unnecessarily reliant on paper processing) as well as provide a potential foundation for meeting other human resource types of functions (e.g., employee performance planning and evaluation). With this shared service the Commonwealth can create an option for cost savings/avoidance that was not previously available. The Department of Accounts supports this initiative and its potential for the Payroll Service Bureau.

VEAP continues to support Business-One-Stop (BOS). BOS Phase I, initiated in May 2008, has been used by more than 8,000 applicants to register new businesses in the Commonwealth. Phase II of the project is currently in planning with an expected launch date of July 15, 2009. The project is a collaborative effort with the Department of Business Assistance, Department of Taxation, Department of General Services, and Department of Minority Business Enterprise. The project will increase the functionality, data sharing and commonality of BOS, and decrease the number of overlapping vendor portals facing citizens. VEAP will provide the initial funding for Phase II, with initial cost to be recovered in three years. The funds for cost recovery and maintenance of the system will come from Delegate Moran's legislation allowing Business Assistance to collect fees for the BOS service.

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VEAP and the State Board of Elections (SBE) have executed a cooperative agreement that enables statements of work to be put in place for various types of VEAP services (e.g., Help Desk support or system Build support) for the Virginia Election and Registration Information System (VERIS). VEAP and SBE have already executed a statement of work under this new cooperative agreement and are in the process of developing others. This model (i.e., a cooperative agreement with statements of work that attach to it) provides SBE with flexibility in tailoring the level of VERIS support SBE needs.

The Secretary of Finance is working to ensure fair and equitable resources are placed into the Virginia Information Technologies Fund as part of a benefits stream for the approved Working Capital Advance (WCA) for VEAP initiatives. As reported last quarter, the TAX enhanced collections work is producing positive returns, but at a level below the assumed baseline for the benefits stream. All agree that the vendor is providing a positive benefit with collections above historical yearly averages. The Department of Accounts and Department of Medical Assistance Services are in discussions with the Secretary of Finance to pursue additional benefits streams for the WCA.

I will continue to advise you on the progress made on these projects. In addition, I will be glad to update you on the program at anytime. Please let me know if you have any questions or concerns.

Sincerely,



Peggy A. Feldmann
Chief Applications Officer

Enclosures

VEAP Budget Status through February 2009

GENERAL FUND

Category	Annual Budget	Actual YTD	Remaining Budget
Personnel	610,000	316,548	293,452
Office Space	20,432	28,518	-8,086
Operational Costs	13,000	1,000	12,000
Other	50,000	30,194	19,806
Contracts	405,764	155,928	249,837
Office Supplies	3,000	2,252	748
Travel/Business Meals	2,000	1,452	548
 Sub-Total	 <u>1,104,196</u>	 <u>535,891</u>	 <u>568,305</u>
 Budget Reduction	 -179,708		 -179,708
 Total	 <u>924,488</u>	 <u>535,891</u>	 <u>388,597</u>

WORKING CAPITAL FUND

Category	Annual Budget	Actual YTD	Remaining Budget
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Office Space	30,256	34,381	-4,125
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1/4 of contractor cost	-725,000		-725,000
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The Honorable Charles J. Colgan
Chairman, Senate Finance Committee
Virginia General Assembly
10677 Aviation Lane
Manassas, VA 20110-2701

The Honorable Lacey E. Putney
Chairman, House Appropriations Committee
Virginia General Assembly
P.O. Box 127
Bedford, VA 24523

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Chair, ITIB
AKLM Consulting Inc.
18341 Buccaneer Terrace
Leesburg, VA 20176

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VEAP and the State Board of Elections (SBE) have executed a cooperative agreement that enables statements of work to be put in place for various types of VEAP services (e.g., Help Desk support or system Build support) for the Virginia Election and Registration Information System (VERIS). VEAP and SBE have already executed a statement of work under this new cooperative agreement and are in the process of developing others. This model (i.e., a cooperative agreement with statements of work that attach to it) provides SBE with flexibility in tailoring the level of VERIS support SBE needs.

The Secretary of Finance is working to ensure fair and equitable resources are placed into the Virginia Information Technologies Fund as part of a benefits stream for the approved Working Capital Advance (WCA) for VEAP initiatives. As reported last quarter, the TAX enhanced collections work is producing positive returns, but at a level below the assumed baseline for the benefits stream. All agree that the vendor is providing a positive benefit with collections above historical yearly averages. The Department of Accounts and Department of Medical Assistance Services are in discussions with the Secretary of Finance to pursue additional benefits streams for the WCA.

I will continue to advise you on the progress made on these projects. In addition, I will be glad to update you on the program at anytime. Please let me know if you have any questions or concerns.

Sincerely,



Peggy A. Feldmann
Chief Applications Officer

Enclosures

VEAP Budget Status through February 2009

GENERAL FUND

Category	Annual Budget	Actual YTD	Remaining Budget
Personnel	610,000	316,548	293,452
Office Space	20,432	28,518	-8,086
Operational Costs	13,000	1,000	12,000
Other	50,000	30,194	19,806
Contracts	405,764	155,928	249,837
Office Supplies	3,000	2,252	748
Travel/Business Meals	2,000	1,452	548
 Sub-Total	 <u>1,104,196</u>	 <u>535,891</u>	 <u>568,305</u>
 Budget Reduction	 -179,708		 -179,708
 Total	 <u>924,488</u>	 <u>535,891</u>	 <u>388,597</u>

WORKING CAPITAL FUND

Category	Annual Budget	Actual YTD	Remaining Budget
Personnel	2,306,600	14,468	2,292,132
Office Space	30,256	34,381	-4,125
Operational Costs	12,500	0	12,500
Other	0	0	0
Contracts	9,330,280	1,582,434	7,747,846
Office Supplies	2,800	90	2,710
Travel/Business Meals	1,000	402	598
 Sub-Total	 <u>11,683,436</u>	 <u>1,631,776</u>	 <u>10,051,660</u>
 Unallotment for PB:	 -5,469,320		 -5,469,320
1/4 of contractor cost	-725,000		-725,000
PB RFP	32,000		32,000
Carryover	704,764		704,764
Agency Funds	215,000		215,000
Virginia Interactive	165,000		165,000
 Total	 <u>6,605,880</u>	 <u>1,631,776</u>	 <u>4,974,104</u>