



# Arizona House of Representatives House Majority Research MEMORANDUM

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TO: JOINT LEGISLATIVE AUDIT COMMITTEE  
Senator Blendu, Chairman  
Representative Knaperek, Vice Chairman

CC: Representative Konopnicki, Senator Waring

DATE: December 19, 2005

SUBJECT: Performance Audit & Sunset Review of the Government Information Technology Agency and the Information Technology Authorization Committee

Attached is the final report of the sunset review of the Government Information Technology Agency and the Information Technology Authorization Committee, which was conducted by the Senate Government and House of Representatives Government Reform & Government Finance Accountability Committee of Reference.

This report has been distributed to the following individuals and agencies:

Governor of the State of Arizona  
The Honorable Janet Napolitano

President of the Senate  
Senator Ken Bennett

Speaker of the House of Representatives  
Representative Jim Weiers

Senate Members  
Senator Jim Waring, Vice Chairman  
Senator Bill Brotherton  
Senator Jake Flake  
Senator Linda Gray  
Senator Harry E. Mitchell

House Members  
Representative Bill Konopnicki, Chairman  
Representative Ted Downing  
Representative Phil Lopes  
Representative John McComish  
Representative John Nelson

Government Information Technology  
Agency & Information Technology  
Authorization Committee  
Arizona State Library, Archives & Public Records  
Office of the Auditor General

Senate Majority Staff  
Senate Research Staff

House Majority Staff  
House Research Staff

**Senate Government and House of Representatives Government Reform & Finance  
Accountability Committee of Reference  
Committee of Reference Report**

**Government Information Technology Agency  
&  
Information Technology Authorization Committee**

***Background***

Pursuant to Arizona Revised Statutes section (A.R.S. § 41-2953), the Joint Legislative Audit Committee (JLAC) assigned the sunset review of the Government Information Technology Agency (GITA) and the Information Technology Authorization Committee (ITAC) to the Senate Government and House of Representatives Government Reform & Government Finance Accountability Committee of Reference for review. Pursuant to A.R.S. §41-1279.03, the Office of the Auditor General (OAG) completed a performance audit.

Established in 1996 under A.R.S. §41-3502, GITA is responsible for state-wide information technology (IT) planning and policy. These duties include; security by ensuring that agencies follow standards to keep hackers from breaking into IT systems; privacy by ensuring agencies protect personal information they collect and do not collect more personal information than they need; training by ensuring that state IT personnel are trained; procurement by helping the State evaluate IT contract proposals and planning by providing sound, strategic direction for state-wide IT needs. GITA's mission statement is "Partnering with state agencies and private sector organizations to improve technical and human information technology capabilities, to efficiently add value and improve delivery of public services for the people of Arizona."

ITAC was established in the same legislation that created GITA and is composed of members from the Legislature; state, federal, and local governments; and private industry. ITAC has a number of responsibilities related to information technology, such as working with GITA to review and approve agency information technology projects over \$1 million, reviewing established state-wide information technology standards, and monitoring information technology projects it considers major or critical.

***Committee of Reference Sunset Review Procedures***

The Committee of Reference held one public meeting on November 1, 2005 to review GITA's response to the 12 sunset factors, as well as four additional questions, as required by A.R.S. § 41-2954, subsections D and F, and to accept public testimony. The Committee of Reference received testimony from Jay Dunkleburger, Senior Performance Auditor, Arizona Office of the Auditor General and Chris Cummiskey, Director, GITA and State CIO.

***Committee of Reference Recommendations***

The Committee of Reference recommended that the Government Information Technology Agency be continued for ten years.

## *Attachments*

1. Agency Response
2. Meeting Notice
3. Minutes of the Committee of Reference Meeting



JANET NAPOLITANO  
GOVERNOR

CHRIS CUMMISKEY  
DIRECTOR

STATE OF ARIZONA  
GOVERNMENT INFORMATION TECHNOLOGY AGENCY  
100 N. 15<sup>th</sup> Avenue, Suite 440  
Phoenix AZ 85007

October 17, 2005

Steven Moortel  
Arizona House of Representatives  
1700 W. Washington  
Phoenix, AZ 85007

Dear Mr. Moortel:

Attached you will find GITA's response to the four questions required by 41-2954 F for the committee of reference. Please contact me if you have any questions.

Best wishes

A handwritten signature in black ink, appearing to read "Chris Cummiskey". The signature is written over the typed name and title.

Chris Cummiskey  
Director, State CIO  
Government Information Technology Agency

Attachment: GITA Response to JLAC

**1. An identification of the problem or the needs that the agency is intended to address.**

**No Independent Evaluation or Oversight of Projects**

Prior to the establishment of GITA, there was no mechanism to obtain independent evaluation of Information Technology (IT) projects. In this environment, agencies sometimes purchased IT systems that were unneeded, overpriced, or incompatible with other State systems. In an effort to control this situation, the legislature created GITA and empowered it to review and approve all IT projects over \$25,000. In addition the legislature created the Information Technology Authorization Committee (ITAC) to approve projects with a value of over \$1 million dollars. GITA serves as the staffing agency for ITAC and provides recommendations concerning each project's merit.

Once a project is approved, it enters the critical next phase of development. In order to reduce the risk of failure and improve effectiveness and efficiency GITA provides oversight of the project during this development phase.

**No Common Standards**

Before the establishment of GITA, there were no common standards for information technology in the state. Standards are important because they ensure that obsolete or proprietary "dead-end" software and hardware is not purchased by agencies. Standards also ensure that the software or hardware will be able to communicate and exchange information (where appropriate) between agencies. GITA provides common standards between agencies to ensure that the State's computer systems are compatible with one another. When purchasing new equipment and/or software all executive branch agencies must meet these state standards.

**No Centralized Planning**

Before the establishment of GITA, there was no centralized authority for developing statewide strategic IT plans or requiring individual agencies to develop plans. In this environment, agencies were not required to engage in long term IT planning, and there was no strategic IT plan for the State. GITA was given the authority to coordinate a statewide IT plan and review the IT plans from each agency.

**No Consistent Quality Assurance and Project Management Processes**

Before the establishment of GITA, there was no centralized authority for Quality Assurance (QA) and Project Management (PM). Experience has demonstrated that the utilization of QA and PM approaches has significantly reduced the risk of project failure, increased project quality and on-time completion. GITA is now working with agencies to encourage the use of QA and PM methodologies.

**2. A statement, to the extent practicable, in quantitative and qualitative terms, of the objectives of such agency and its anticipated accomplishments.**

**IT Project Review and Oversight**

GITA developed a Project Investment Justification (PIJ) process to review projects prior to their implementation. The PIJ process reviews the agency's business case for purchasing new

technology to ensure there is a business need for the project and that their cost projections are realistic. In addition, the PIJ process reviews the proposed technology to make sure it is consistent with the State's standards.

Once a project has been approved by GITA or ITAC, when necessary, the technology implementation is overseen by GITA staff as well. GITA staff reviews progress reports to ensure that agencies are meeting their milestones. If agencies fall behind schedule or have budget issues, GITA works with the agencies to get the project back on track.

The following table shows the total number of inactive projects, cancelled projects, and open projects that are being monitored using GITA's Project Investment and Justification (PIJ) process. In addition, the total number of completed projects is shown.

**Summary of Projects as of 10/03/05**

<b>Inactive/Cancelled Projects</b>	<b>Nbr</b>	<b>Development Cost</b>	<b>Total Cost</b>
Total Inactive Projects	16	50,750,000	62,838,000
Total Cancelled Projects	56	32,080,000	52,739,000

<b>Open Projects</b>	<b>Nbr</b>	<b>Development Cost</b>	<b>Total Cost</b>
ITAC Projects	26	258,661,000	301,895,000
GITA Projects	118	34,666,000	41,731,000
Total Open Projects	144	293,327,000	343,626,000

<b>Completed Projects</b>	<b>Nbr</b>	<b>Development Cost</b>	<b>Total Cost</b>
ITAC Projects	77	207,347,000	277,026,000
GITA Projects	604	78,889,000	89,034,000
Total Completed Projects	681	286,236,000	366,059,000
<b>Total Projects</b>	<b>897</b>	<b>662,393,000</b>	<b>825,263,000</b>

The following table shows the total number of projects that have been submitted to GITA since its inception.

**Total Projects to Date as of 10/03/05**

<b>Projects Submitted</b>	<b>Nbr</b>	<b>Development Cost</b>	<b>Total Cost</b>
Total Projects Submitted	977	1,073,202,000	1,569,266,000

<b>Projects Not Approved</b>	<b>Nbr</b>	<b>Development Cost</b>	<b>Total Cost</b>
Disapproved	10	50,151,000	99,644,000
Not Funded	9	2,605,000	3,411,000
Returned	29	36,627,000	58,283,000
Withdrawn	34	49,018,000	69,727,000

<b>Projects Approved</b>	<b>Nbr</b>	<b>Development Cost</b>	<b>Total Cost</b>
Standard Approvals	699	337,072,000	473,772,000
Conditional Approvals	189	546,786,000	796,034,000
Provisional Approvals	7	24,698,000	26,764,000
**Approvals Before GITA	2	26,141,000	41,527,000
<b>Total Projects Approved</b>	<b>897</b>	<b>934,698,000</b>	<b>1,338,097,000</b>

** Projects approved before GITA was established as an agency.
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**Strategic IT Planning**

GITA develops a Statewide Strategic IT Plan annually. This plan sets the direction for executive agencies to follow as they develop IT systems and plan for the future. The IT plan emphasizes the strategic goals of interoperability, security, and silo reduction.

The strategic planning process has been reengineered for the current cycle. This new process enables GITA to measure agency compliance in the areas of Enterprise Architecture, Quality Assurance, and IT Security. GITA uses the plan and its TISA application to identify gaps in the State's ability to meet security needs, determine compliance with Quality Assurance methodologies in program and project management, and determine conformance with Enterprise Architecture which, in turn, encourages interoperability between agencies.

**Enterprise Architecture-The State's Technology Building Code**

GITA has used Enterprise Architecture as the framework for developing the State's IT policies and standards. GITA has developed 45 policies and standards and maintains them on a biannual basis. These policies and standards serve as the technology building code for the State.

Enterprise Architecture focuses on five key areas:

1. Network Architecture defines the State's communication infrastructure.
2. Security Architecture identifies security technology, policies and standards necessary to protect the assets of the state.
3. Platform Architecture ensures interoperability among IT systems that deliver services within the State, regardless of their manufacturer or vendor.
4. Software Architecture identifies requirements for software items that automate business processes and enhance productivity.
5. Data/Information Architecture improves the business processes to help ensure that State services are executed in a timely, efficient, and cost-effective manner.

Agencies are required to follow these policies and standards when they acquire new information technology infrastructure. Enterprise Architecture will lead to increased interoperability and silo reduction because the State's IT infrastructure will eventually all be compatible.

### **IT Planning for Agencies**

Agencies use the Planning Application for Reporting IT Strategy (PARIS) to identify Trends, Issues, Agency Business Goals, IT Goals, IT Objectives, and IT Performance Measures. In addition, large agencies also complete the Technology Infrastructure and Security Assessment (TISA) to determine their compliance with the Statewide IT Standards.

### **Quality Assurance**

GITA is implementing a plan to improve Quality Assurance (QA) methodologies in the State. GITA is working to raise awareness of QA by holding stakeholder meetings and summits. At the first summit, over 100 state employees came to hear from industry leaders about QA methodologies.

### **IT Security & Privacy**

Information Technology security is of critical importance. As more state functions are conducted electronically, the risk of a compromise to the State's IT systems grows. GITA and the Arizona Office of Homeland Security (AOHS) jointly sponsor an Information Technology Security Advisory Committee (ITSAC) to ensure mission alignment with critical infrastructure protection mandates, such as Statewide IT Security, Business Continuity Planning, and IT disaster prevention/recovery efforts. ITSAC's role is the development of a statewide blueprint to educate, identify, and prioritize investment strategies for improving enterprise IT security awareness in Arizona. In addition, GITA is becoming more active in the area of information technology privacy and is developing standards and guidelines in this area.

Soon GITA will appoint a Chief Information Security Officer and a Chief Privacy Officer for the State to coordinate a comprehensive state plan for IT security & privacy.

**3. An Identification of any other agencies having similar, conflicting or duplicate objectives, and an explanation of the manner in which the agency avoids duplication or conflict with other such agencies.**

GITA's role as the strategic information technology organization is not shared with any other agency. GITA alone is given statutory authority to develop IT standards, review agency projects, and coordinate IT plans. Other agencies may develop internal IT standards, plans, and projects based on their own business needs, but their actions must conform to the statewide strategy as outlined by GITA.

Both the GITA Sunset Audit, (05-03) and the Department of Administration, Information Services Division Audit (05-11) reference the need for increased IT Security. To avoid conflicting objectives, GITA is meeting with the Arizona Office of Homeland Security, Arizona Department of Emergency & Military Affairs, and the Arizona Department of Administration to coordinate security approaches.

**4. An assessment of the consequences of eliminating the agency or of consolidating it with another agency.**

If GITA were eliminated, the State would lose a centralized coordination point for information technology. That means there would be no statewide IT standards which would lead to problems in interoperability and information sharing. Also, without an agency with the authority to review and oversee IT projects, the state would experience increased cost and project failure.

If GITA were consolidated into another agency, there would be no independent oversight of agency management and decision making. GITA's independent status gives the agency and its policies credibility with other state agencies and the legislature. GITA is often contacted by entities, such as the JLBC, who want an independent assessment of the technology needs of the State. If GITA were folded into another agency, that independent voice would be eliminated.

# ARIZONA STATE LEGISLATURE

Senate Government and House of Representatives Government Reform  
and Government Finance Accountability Committee of Reference for the  
Sunset Review of: Prescott Historical Society, Arizona State Personnel  
Board, Government Information and Technology Agency, and Arizona  
Department of Administration

Minutes of the Meeting  
Tuesday, November 1, 2005  
9:30 a.m., House Hearing Room 1

## Members Present:

Representative Bill Konopnicki, CoChair	Senator Jim Waring, CoChair
Representative Ted Downing	Senator Bill Brotherton
Representative Phil Lopes	Senator Linda Gray
Representative John McComish	Senator Harry Mitchell
Representative John Nelson	

## Members Absent:

Senator Jake Flake

## Staff:

Steve Moortel, House Assistant Legislative Analyst  
Nadine Sapien, Senate Government Analyst

Chairman Konopnicki called the meeting to order at 9:30 A.M. and the attendance was taken.

## Presentations

**Richard Sims, Director, Prescott Historical Society**, presented a brief overview of the Prescott Historical Society, also known as the Sharlot Hall Museum, its work both in and around Prescott, and some of the museum's accomplishments.

Senator Waring asked if the Prescott Historical Society is charging an admission fee to the museum. Mr. Sims stated through House Bill 2490 (2004), the Historical Society is allowed to charge an admission fee to the museum. The fee is \$5 for adults and children 18 and under are free.

Senator Waring asked Mr. Sims if it is true that the Historical Society wants to raise membership dues. Mr. Sims stated the membership program is run through the non-profit society which can charge more market rate dues instead of the low and outdated numbers in the State statute.

Representative McComish asked if the Historical Society's \$4 million capital campaign is being run through the non-profit society. Mr. Sims stated the campaign is being run through the non-profit.

Representative McComish asked how much of the Society's operating budget comes from the State and the non-profit. Mr. Sims stated the Society is matching the State funds of over \$600,000 with the non-profit activities.

Senator Lopes requested that the Historical Society report back as to what the impact is on the utilization of the museum as a result of the admission fee. Mr. Sims stated he would be happy to report that information back to the Committee.

Senator Brotherton asked what is the Historical Society's current budget. Mr. Sims stated the current budget is \$640,000 and has been in place for the last three years. Mr. Sims stated the budget had been reduced from \$800,000 due to budget cuts and as a result the museum had to cut five State positions.

Senator Brotherton asked if the loss of employees is an ongoing issue for the museum. Mr. Sims stated the loss of State personnel is an ongoing problem as a result of prior budget cuts.

Senator Brotherton asked Mr. Sims where he would want the budget to be on an annual basis. Mr. Sims stated he would like to see the budget fully recovered back to 18 full time employees.

Senator Gray asked how much money has come in from the \$5 admission fee. Mr. Sims stated that tracking back to last October the museum has budgeted for a little over \$50,000 based on daily attendance. Mr. Sims did not have the figures for the current quarter but he stated that he would report back to Senator Gray with those numbers.

Mr. Sims stated all of the money from State allocations goes towards personnel and risk management costs and everything else needed to run the museum comes from the non-profit revenue stream.

**Representative Lucy Mason** stated her appreciation for Mr. Sims' ability to run the museum with the resources that have been allocated and urged the committee to continue with the funding of the Historical Society.

Representative Konopnicki stated the Committee will do what it can to try to restore the museum's funding but he is not sure how soon, or if ever, funding can be re-established to agencies that have been cut.

Representative McComish stated the Historical Society has done a great job of working with the private sector and non-profits. Representative McComish added that this does bring up the question of how much responsibility the State

takes for buying certain items, such as mop heads, and how much do non-profits take.

Senator Waring moved to recommend the continuation of the Prescott Historical Society for ten years and the motion was seconded by Representative Lopes.

Roll call vote was taken on the recommendation and passed 9-0-1 (Attachment 1).

Senator Brotherton stated he supports the continuation and that he would like to see more of the non-profit monies that are raised being used for the extras that cannot be achieved through State funds instead of so much of it going towards the operational budget of the museum. Senator Brotherton also stated he does not believe it is fair to cut taxes and not to give money back to State agencies that have been cut and stretched thin for a long time.

Senator Gray commended Mr. Sims on the job that he is doing.

Representative Konopnicki commended the Prescott Historical Society on the job that it is doing and stated that while there has been talk of a tax cut, the Legislature has to be careful in the next few years with how they try to re-establish State agencies.

**Judy Henkel, Executive Director, Arizona State Personnel Board**, presented a brief history and overview of the Arizona State Personnel Board.

Representative Downing asked what the frequency is of whistleblower complaints and what savings the State may have incurred because of these complaints. Ms. Henkel stated the Board received approximately seven to ten whistleblower complaints last fiscal year and each hearing process costs approximately \$1,100.

Representative Downing asked how many of the whistleblowers' allegations were upheld. Ms. Henkel responded that in a majority of the cases the employee does not win because the whistleblower statute is very specific as to what has to be proven and in a majority of the cases those specifics were not met.

Representative Downing commented whistleblowers play an important role in government reform and fiscal responsibility and these people need to be protected in order for them to come forward with information.

Senator Waring asked how many responses the Board had received from the satisfaction surveys which are mailed to all parties involved in hearings. Ms. Henkel stated the Board hears about 48 cases or more each year and approximately half respond to the surveys.

Representative Lopes pointed out that appeals and complaints rose from 62 in 2004 to 101 in 2005 and asked Ms. Henkel if this increase in one year is normal and if this statistic concerns her.

Ms. Henkel stated the fluctuation varies and in some years the numbers have been much lower. Ms. Henkel added settlements have increased to 30% and as a result even though the Board has received 101 complaints most likely some of those have settled.

Ms. Henkel stated the only concern she has is if there were an increase in the number of appeals filed it would increase the Board's budget.

Representative Lopes asked what the difference in cost is between a case that settles and one that goes through the entire process. Ms. Henkel stated the average cost for a hearing is \$1,100 and the savings for a case that is settled is approximately half of that.

Representative McComish asked if the Board has a procedure to give feedback to an agency in order to learn from a complaint that has been filed. Ms. Henkel stated in the past agencies have contacted the Board and in some cases the Board has met with agency directors.

Senator Waring moved to recommend a continuation of the Arizona State Personnel Board for ten years and the motion was seconded by Representative Lopes.

Roll call vote was taken and the motion passed 9-0-1 (Attachment 2).

**Jay Dunkleberger, Senior Performance Auditor, Arizona Office of the Auditor General**, presented a PowerPoint presentation of the Office's Performance Audit and Sunset Review of the Government Information Technology Agency (GITA) and Sunset Review of the Information Technology Authorization Committee (ITAC) (Attachment A).

Senator Waring asked if it is a fair assessment that GITA is not performing the functions in the security and privacy areas that it should. Mr. Dunkleberger stated that he would not characterize it that way but GITA does need improvement in enforcing policies and standards.

Senator Mitchell commented that an Auditor General's report titled "Department of Administration Information Services Division Telecommunications Program Office," seems to be asking this office the same thing that the Auditor General is asking GITA to do. Senator Mitchell asked if there are two different agencies involved with security.

Mr. Dunkleberger responded GITA's role is to set the statewide standard and the Department of Administration (DOA) enforces security within its agency and has a role in the privatized telecommunications network. Mr. Dunkleberger added there is some overlap and in the recommendation, the Auditor General is looking for GITA to provide guidance for all agencies, including DOA's administration of the telecommunications project.

Senator Brotherton asked what mechanisms are available for enforcing policies that are already in place. Mr. Dunkleberger stated GITA asks agencies to self report their compliance with security standards each year and GITA will then meet with those agencies to attempt to improve problems that have been identified. GITA has also formed a statewide security committee that examines how to address security issues.

Senator Brotherton asked how GITA enforces policies if agencies do not comply. Mr. Dunkleberger stated unless there have been changes made to GITA's statutory requirement since the Auditor General's report, there is little in statute that allows them to make physical changes to State agencies.

Senator Brotherton commented if there is an enforcement issue, it will be something that the Committee needs to look at.

Mr. Dunkleberger commented the Auditor General did recommend the formation of a Chief Security Officer position and for GITA to look at the statutory need of this position and how it can be established in statute.

Senator Waring asked how many of GITA's projects fall between \$25,000 and \$200,000. Mr. Dunkleberger stated in 2004 there were 87 projects and half fell under \$200,000.

**Chris Cummiskey, Director, GITA, and State Chief Information Officer,** provided GITA's response to the Auditor General. Mr. Cummiskey stated GITA concurs with the overall findings and recommendations of the Auditor General and is working to track and implement strategies for each one.

Mr. Cummiskey stated GITA's role is to sit as an independent agency to review the work product of the other 114 agencies, boards, and commissions as it relates to Information Technology (IT) planning and projects and make sure they are working within a set of standards and protocols that have been agreed upon by industry and other state governments across the country as best products.

Mr. Cummiskey stated since its inception, GITA has done a good job of making sure that projects stay on budget, on time, and within the parameters set forth by the Legislature.

In regards to Senator Brotherton's previous questions regarding enforcement mechanisms, Mr. Cummiskey stated GITA's options for enforcing compliance is limited. The Project Investment Justification process (PIJ), by statute, requires agencies to report to GITA with a plan and seek approval before they can move forward with a project and the budget offices of both the Office of Strategic Planning and Budgeting (OSPB) and the Joint Legislative Budget Committee (JLBC) have been good about not authorizing the release of funds until this step has been satisfied.

Mr. Cummiskey added GITA has few options when it comes to telling agencies to change what they are doing. Mr. Cummiskey stated there are standards to which GITA points to and they also try to work with them to comply but their only option is to shut down the project funding.

Senator Waring asked Mr. Cummiskey if GITA has a plan to work with DOA regarding security and privacy issues. Mr. Cummiskey stated GITA has been working closely with DOA because it does have operational responsibility for the common relays for communications across the agencies. GITA is also working with an IT Security Advisory Committee, which consists of the three mainframe agencies, the Department of Economic Security (DES), the Department of Public Safety (DPS), and DOA, as well as other entities such as the Federal Bureau of Investigation (FBI) and the universities to work on what the State needs to do to protect the network in the best ways possible.

Mr. Cummiskey added GITA will appoint the Chief Security Officer position that the Auditor General recommended to serve as a strategic link with DOA, the Governor's Office for Homeland Security, and the Arizona Department of Emergency and Military Affairs (DEMA), who all have pieces of the puzzle for security.

Representative Konopnicki commented that security is the most important issue and GITA should be given more power to enforce security policies other than shutting down project funding.

Mr. Commiskey stated GITA has received good compliance from the agencies but because of the situation that GITA is in statutorily, the best way to get compliance is to work with agency directors and their teams and educate them as to why the IT standards are important as they relate to security and why they need to be invoked. However, with 114 agencies it is taking time to educate these agencies, especially those without large IT staffs.

Representative Konopnicki asked how important is it to firm up security issues with the smaller agencies. Mr. Cummiskey stated it is very important not to leave any agency or board behind. Mr. Cummiskey added GITA, in conjunction with DOA, is in the process of shutting down access points to the internet.

Representative Nelson commented that information in a response from GITA to JLAC in October 2005 shows that a great deal of money was expended for a number of projects that were not approved. Representative Nelson asked how GITA got to a point where money is being spent on projects that do not move forward.

Mr. Cummiskey stated that he could not answer what happened prior to January 2003 but since then he does not know of any projects that fall into this category. Mr. Cummiskey added that he will have his staff research this issue in order to find a resolution so this will not happen again in the future.

Senator Brotherton asked Mr. Cummiskey if he believed there is a need for additional enforcement tools or if the current mechanisms are adequate if used effectively. Mr. Cummiskey stated GITA is cautious with the Auditor General's recommendation of auditing an agency and going beyond simply requiring an agency to report on their progress as it relates to the standards. Mr. Cummiskey added GITA can go in and find out why an agency is not complying with the IT standards from a strategic standpoint as it relates to the standards, but they feel they do not have the expertise in-house to take over an agency's operation if they do not comply.

Senator Brotherton commented that information regarding agencies that do not comply with security standards should be more readily available to the Legislature.

Senator Brotherton asked Mr. Cummiskey to comment on the difference of opinion between the Auditor General and GITA in regards to consulting on the actual creation and implementation of projects.

Mr. Cummiskey stated GITA has adopted an Interagency Service Agreement with Enterprise Procurement Services to set out rules and responsibilities and sit in on committees that are established to look at large scale IT projects as technical advisors. Mr. Cummiskey added the point that GITA did not want to cross over was becoming voting members of those committees because they felt that it would compromise their ability to be independent and communicative with both the Governor's office as well as the Legislature.

Representative Downing asked if the Legislature receives a scorecard illustrating agencies' compliance with security standards and if such a scorecard would be useful. Mr. Cummiskey stated currently members of the Legislature are not being provided that information, however, it would be a useful tool and GITA is in the position to provide the members that information.

Representative Downing commented that having that information available to the members of the Legislature would be useful.

Representative Downing asked if GITA provides technical support to the Secretary of State. Mr. Cummiskey stated GITA has not provided technical assistance to the Secretary of State. Mr. Cummiskey added typically with the Secretary of State and other constitutionally elected officers, GITA will not provide assistance unless requested by a particular office.

Representative Downing asked if GITA should be assigned a statutory role to protect the security of the State's voting systems. Mr. Cummiskey stated there is value in having an agency that tracks and manages best practices involved in large scale technological acquisitions with the State.

Representative Downing recommended that the Legislature consider GITA having an active technical advisory role with the State's voting systems.

Senator Brotherton asked if there is a potential security risk with those offices that GITA does not provide technical support to. Mr. Cummiskey stated GITA does have a partnership with most of the State entities in State government. Mr. Cummiskey added there are some entities that decided they have enough in-house IT council and they do not need additional information from GITA. However, if these entities do connect to the State network they must comply with GITA standards and DOA has been vigilant about this.

Representative Konopnicki commented that he agreed with Senator Brotherton and it is important to make sure that all entities must comply with GITA standards if they connect to the State network.

Senator Waring moved to recommend a continuation of the Government Information Technology Agency for ten years and the motion was seconded

Roll call vote was taken and the motion passed 6-0-4 (Attachment 3).

**Dale Chapman, Performance Audit Manager, Arizona Office of the Auditor General**, presented a PowerPoint presentation of the Office's Performance Audit and Sunset Review of the Arizona Department of Administration (Attachment B).

Representative Lopes asked if the audit was able to determine if DOA was able to achieve its goals of limiting growth of health care costs and increase provider choice through the implementation of self-funded health benefits. Mr. Chapman stated it was too early to determine if the program has achieved any savings or reduction of costs. Mr. Chapman added the program has increased choice for employees.

Representative Lopes asked if there are any mechanisms in place to assure the consistency of workers' compensation claims awarded. Mr. Chapman stated DOA's processes, policies, and procedures were reviewed to determine if they did conform with statute and if the policies and procedures were followed. Mr.

Chapman added with a few exceptions it was found by and large that the policies and procedures are being followed.

Representative Lopes asked if the issue of timeliness was looked at in the review of DOA's plans for the oversight of procurement in the State. Mr. Chapman stated at the time of the audit DOA was implementing this program and the Department might be better able to answer that question.

**Bill Bell, Director, Arizona Department of Administration**, provided the Department's response to the Auditor General's recommendations. Mr. Bell stated the Auditor General's report provides an excellent diagram for how to begin to approach some of the problems that were identified and DOA plans to follow many of the recommendations.

**Kathy Peckardt, Director of Human Resources, Arizona Department of Administration**, provided the response to the Auditor General's recommendations for Human Resources Information System (HRIS) (Attachment B) which were to develop a plan for the completion for HRIS and enhance user participation.

Ms. Peckardt stated DOA has met with the large State agencies and developed a systematic methodology to develop a process to find what is important to the agencies as phase two of HRIS begins. This information will be used in developing a five year plan that will be completed approximately by January. Ms. Peckardt added DOA is also working on a data warehouse that will contain employee information such as turnover.

Senator Brotherton asked what the turnover rate is for DOA and if there is a target percentage for where they would like the turnover rate to be. Ms. Peckardt stated DOA's turnover rate is approximately on average with the State's overall turnover rate of 17.6% and would like to be more in line with rates of other states and local cities which is between 11% and 12%.

Senator Brotherton asked what issues need to be addressed in order to reduce the turnover rate. Ms. Peckardt stated if the issue of pay is addressed it will reduce the turnover rate significantly.

Representative Konopnicki asked where DOA is in the development of the comprehensive plan for HRIS. Ms. Peckardt stated DOA is currently in the process of obtaining agency involvement and asking for their input of priorities for the next five years. This information is expected to be received by the end of November and will then be prioritized in December. It is anticipated that a completed plan will be finalized in January.

**Tim Boncoskey, Assistant Director of Enterprise Procurement Services, Arizona Department of Administration,** responded to the Auditor General's five recommendations for improving oversight of procurement in the State (Attachment B). Mr. Boncoskey stated all five recommendations are in the process of being completed.

Senator Gray asked what areas of House Bill 2582 (2001), which allowed reverse bidding, have been implemented. Mr. Boncoskey stated DOA is currently working with vendors but there has not been any reverse bidding. Mr. Boncoskey added DOA is looking to have reverse bidding up and operating by the end of this fiscal year.

**Ray Di Ciccio, State Risk Manager, Arizona Department of Administration,** responded to the Auditor General's two recommendations for workers' compensation (Attachment B).

Mr. DiCiccio stated the first recommendation was to improve employee communication by providing more information through the phone system and website. Mr. DiCiccio stated both the phone system and website have been updated. Mr. DiCiccio added other items have been implemented to help with communication. These include an agency liaison that goes to the agencies and provides employees with information, semi-annual meetings with all of the agencies in order to discuss workers' compensation benefits, and a representative who is sent to employee orientations to explain reporting requirements and benefits.

In response to the second issue of the backlog of workers' compensation claims, DOA has already put a special emphasis on that and there is no longer a backlog.

Representative Konopnicki commented that in the audit it is mentioned that the employee makes the workers' compensation claim but in some cases the DOA was already acting on cases before they were reported and in others DOA waited until after the claim was reported. Representative Konopnicki stated this is an issue that needs to be looked at because all employees should be treated the same way.

Mr. DiCiccio stated it is important to act on the claims in a timely manner but he is not aware of any differences in how DOA is processing the claims because there is a manual that states the procedures to follow on each claim.

Kathy Peckardt, in response to health benefit complaints, stated DOA does have a help desk for the sole purpose of addressing complaints from employees regarding their health benefits.

Representative Downing commented a help desk is useful for an employee that has the capacity to complain but some employees are incapacitated and cannot call a help desk.

Mr. Bell stated DOA will be reviewing its procedures and auditing its vendors and if there is a structural problem, it will be fixed.

Representative Konopnicki commented that there was an immediate increase of 14% in the insurance premium, an upcoming increase of 17%, and consultant fees were \$6 or \$7 million and he wanted to know when this increase in spending will stop. Mr. Bell stated it is DOA's objective to reduce costs and make this a cost effective project while providing the kind of service that is expected to employees.

**Michael Totherow, Assistant Director of the Information Services Division (ISD) Chief Information Officer, Arizona Department of Administration,** provided DOA's response to the Auditor General's recommendations for ISD and the Telecommunications Program Office (Attachment B).

Mr. Totherow stated in regards to the Auditor General's findings, ISD embraces as many best practices as possible to provide security for the systems housed within DOA's data center and the services provided for other agencies. Mr. Totherow added ISD is a cost recovery operation not directly funded for security services and when money is limited, many agencies will focus on serving the constituency and security is often put to the side.

In regards to the recommendation of a state-wide security officer, Mr. Totherow stated there is an overlap with this recommendation and the recommendation for a chief security officer for GITA and DOA has been working with GITA to define what the best scenario would look like.

In regards to the recommendation for the need for the Telecommunications Office to oversee the inventory process, Mr. Totherow stated through next March agencies will continue to transition on to AZNET. During this time agencies will be taking what they are providing for their own telecommunications and data wide area network (WAN) and then turning it over to the program control of Accenture to run in an outsource fashion. This turn over of control is where agencies are looking at what their inventory is, signing off on what is in scope and out of scope, and concur that requirements are met.

Representative McComish asked what can be done when agencies do not want to pay for independent security assessments of their information systems at least once every three years as recommended by national standards. Mr. Totherow stated GITA adopts many of these national standards into their standards and policies that have been enforced upon agencies and the costs have become part of their budgetary process.

Mr. Bell stated there is a gap in security and a plan needs to be developed that encompass all of the agencies in regards to this gap and also develop a comprehensive program that can be administered consistently to help agencies with security issues.

Representative Konopnicki agreed with Mr. Bell and stated the State cannot afford to treat security like it has in the past.

Senator Brotherton asked if DOA can prevent an agency from connecting to the State network if they do not have the proper security standards. Mr. Totherow stated DOA does not have the authority to enforce security in other agencies, constitutional offices, the Legislature, or the courts and this is the gap that DOA would be working with GITA to address from a state wide perspective.

Senator Brotherton asked how talking to GITA will give DOA the authority to enforce security. Mr. Bell stated there are gaps and confusion as to DOA's responsibilities in regards to security and it is important for DOA to sit down with GITA and other agencies to find an answer to this problem.

Representative Konopnicki commented that the issue of security enforcement and responsibility needs to be solved as soon as possible and in order for that to happen GITA needs to play a large role and DOA's responsibilities need to be defined.

Mr. Bell stated whether it is GITA, DOA, or another agency that is responsible for security, it is important to find a solution and provide the security that everyone is seeking.

Representative Konopnicki stated the responsibility for security needs to go to a cabinet level agency where security polices can be set and enforced.

Senator Brotherton commented if the Legislature needs to do something, it needs to be done this legislative session.

Representative Konopnicki stated this is a non-political issue and an issue that is paramount to the security of Arizona. Representative Konopnicki added that DOA should take the lead and come back to the Committee with recommendations.

Mr. Bell stated DOA takes the Auditor General's report seriously and will be working diligently to implement their recommendations.

Senator Waring moved to recommend the continuation of the Arizona Department of Administration for ten years and was seconded by Representative McComish.

Roll call vote was taken and the motion passed 7-0-3 (Attachment 4).

Representative Konopnicki commented that the security issue jumped off the page in everything that was looked at and the Committee would not be doing its due diligence if they did not follow up on that issue and make something happen.

There being no further business, Representative Konopnicki adjourned the meeting at 12:35 p.m.

Respectfully submitted,



Bill Ritz  
Committee Secretary

(Tapes and attachments on file in the Secretary of the Senate's Office/Resource Center, Room 115.)

**SENATE GOVERNMENT AND HOUSE OF  
REPRESENTATIVES GOVERNMENT REFORM AND  
GOVERNMENT FINANCE ACCOUNTABILITY COMMITTEE OF  
REFERENCE FOR THE SUNSET REVIEW OF: PRESCOTT  
HISTORICAL SOCIETY, ARIZONA STATE PERSONNEL  
BOARD, GOVERNMENT INFORMATION AND TECHNOLOGY  
AGENCY, AND ARIZONA DEPARTMENT OF  
ADMINISTRATION**

**ARIZONA STATE LEGISLATURE  
FORTY-SEVENTH LEGISLATURE – ROLL CALL VOTE**

Recommendation: Continuation of the Prescott Historical Society for ten years.

MEMBER	AYE	NO	NOT VOTING
Rep. Downing	x		
Rep. Lopes	x		
Rep. McComish	x		
Rep. Nelson	x		
Senator Brotherton	x		
Senator Flake			x
Senator Gray	x		
Senator Mitchell	x		
Senator Waring, CoChair	x		
Rep. Konopnicki, CoChair	x		
	9	0	1

Committee Secretary



Date November 1, 2005

SENATE GOVERNMENT AND HOUSE OF REPRESENTATIVES GOVERNMENT REFORM AND GOVERNMENT FINANCE ACCOUNTABILITY COMMITTEE OF REFERENCE FOR THE SUNSET REVIEW OF: PRESCOTT HISTORICAL SOCIETY, ARIZONA STATE PERSONNEL BOARD, GOVERNMENT INFORMATION AND TECHNOLOGY AGENCY, AND ARIZONA DEPARTMENT OF ADMINISTRATION

ARIZONA STATE LEGISLATURE FORTY-SEVENTH LEGISLATURE – ROLL CALL VOTE

Recommendation: Continuation of the Arizona State Personnel Board for ten years.

MEMBER	AYE	NO	NOT VOTING
Rep. Downing	x		
Rep. Lopes	x		
Rep. McComish	x		
Rep. Nelson	x		
Senator Brotherton	x		
Senator Flake			x
Senator Gray	x		
Senator Mitchell	x		
Senator Waring, CoChair	x		
Rep. Konopnicki, CoChair	x		
	9	0	1

Committee Secretary 

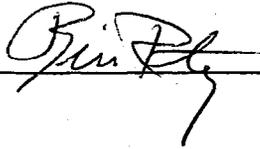
Date November 1, 2005

**SENATE GOVERNMENT AND HOUSE OF  
REPRESENTATIVES GOVERNMENT REFORM AND  
GOVERNMENT FINANCE ACCOUNTABILITY COMMITTEE OF  
REFERENCE FOR THE SUNSET REVIEW OF: PRESCOTT  
HISTORICAL SOCIETY, ARIZONA STATE PERSONNEL  
BOARD, GOVERNMENT INFORMATION AND TECHNOLOGY  
AGENCY, AND ARIZONA DEPARTMENT OF  
ADMINISTRATION**

**ARIZONA STATE LEGISLATURE  
FORTY-SEVENTH LEGISLATURE – ROLL CALL VOTE**

Recommendation: Continuation of Government Information Technology  
Agency for ten years.

MEMBER	AYE	NO	NOT VOTING
Rep. Downing			X
Rep. Lopes	X		
Rep. McComish	X		
Rep. Nelson			X
Senator Brotherton			X
Senator Flake			X
Senator Gray	X		
Senator Mitchell	X		
Senator Waring, CoChair	X		
Rep. Konopnicki, CoChair	X		
	6	0	4

Committee Secretary  Date November 1, 2005

**SENATE GOVERNMENT AND HOUSE OF  
 REPRESENTATIVES GOVERNMENT REFORM AND  
 GOVERNMENT FINANCE ACCOUNTABILITY COMMITTEE OF  
 REFERENCE FOR THE SUNSET REVIEW OF: PRESCOTT  
 HISTORICAL SOCIETY, ARIZONA STATE PERSONNEL  
 BOARD, GOVERNMENT INFORMATION AND TECHNOLOGY  
 AGENCY, AND ARIZONA DEPARTMENT OF  
 ADMINISTRATION**

**ARIZONA STATE LEGISLATURE**  
 FORTY-SEVENTH LEGISLATURE – ROLL CALL VOTE

Recommendation: Continuation of the Arizona Department of Administration for ten years.

MEMBER	AYE	NO	NOT VOTING
Rep. Downing	x		
Rep. Lopes			x
Rep. McComish	x		
Rep. Nelson			x
Senator Brotherton	x		
Senator Flake			x
Senator Gray	x		
Senator Mitchell	x		
Senator Waring, CoChair	x		
Rep. Konopnicki, CoChair	x		
	7	0	3

Committee Secretary 

Date November 1, 2005