

**DEPARTMENT OF INFORMATION RESOURCES
OPEN BOARD MEETING**

Thursday, October 29, 2015, 9:30 a.m.

300 West 15th Street, Clements Building, Room 103 Austin, Texas 78701

MINUTES

- PRESENT** Keith Morrow (Board Chair)
Richard Moore
Arthur Troilo
Darran Anderson, ex-officio
Bowden Hight, ex-officio
David Mattax, ex-officio
- ACTION** *Mr. Morrow* called the meeting to order at 10:04 a.m., with a quorum present. *Mr. Morrow* indicating he will be chairing the meeting today.
- TOPIC** **2. Board administration**
- Consider approval of meeting minutes from the August 20, 2015, DIR Board Meeting.
- MOTION** A motion was made to approve the previous meeting minutes by *Mr. Moore* and seconded by *Mr. Troilo*.
- ACTION** The minutes were unanimously approved.
- TOPIC** **3. Executive Session**
- ACTION** *Mr. Morrow* recessed to executive session at 10:06 a.m., pursuant to the Texas Open Meetings Act to consult with its attorney pursuant to Section 551.071, Government Code, to deliberate certain information technology security-related matters pursuant to Section 551.089, Government Code, or to consider personnel matters under Section 551.074, Government Code. No actions will be taken.
- Mr. Morrow* called the meeting back to order at 10:40 a.m., following the executive session. A quorum of the board was present. The board did not vote or take action in the executive session. *Mr. Morrow* continued with the agenda.
- MOTION** A motion was made to approve the job performance of the Interim Executive Director, Todd Kimbriel. A motion was made by *Mr. Moore* and seconded by *Mr. Troilo*.
- ACTION** The job performance of the Interim Executive Director was unanimously approved.
- TOPIC** **4. Interim Executive Director's Report on Agency Performance**
- Mr. Todd Kimbriel*, Interim Executive Director, explained that there were a number action items on the agenda for the board to consider.
- Mr. Kimbriel* shared a legislative update. SB20 required significant changes to statewide procurement and it is his pleasure to report that the DIR team has implemented all the changes

necessary for the agency to be fully compliant with contracting changes required from Senate Bill 20, prior to the effective date of September 1st. This was a large team effort led by Grace Windbigler, Janet Gilmore and their staff. Mr. Kimbriel provided an update as to September sales, which was the first operational performance month impacted by SB20 changes. While we do not have final numbers because sales reports are still coming in, we do have sufficient data to say that September 2015 sales exceeded September 2014 sales by approximately 4%. The resulting administrative fee to be recovered by DIR increased by approximately 16%, year over year. While it is too early to draw any conclusions about this month and project that across the remainder of FY16, we nonetheless are encouraged by these results.

Regarding HB 1912, Mr. Kimbriel reported that DIR hired Ed Kelly, formerly the Chief Administrative Officer at the Texas Department of Agriculture, as the Statewide Data Coordinator. Mr. Kelly has been very busy building a vision and strategy for this function and has already met with, and gotten mission support, from a number of agencies. The board will start to hear progress reports from Mr. Kelly beginning at the February 2016 board meeting.

As required by HB1890, DIR has completed the competitive selection process for a third party tool to implement a shared Application Portfolio Management pilot. The pilot includes voluntary participation by DIR, TWC, TPWD, SORM, TXDPS, TDLR and OCA. This pilot is well underway from an implementation perspective. We also are required to operate a similar pilot for Business Intelligence and Analytics. This pilot is well into the planning stages and we will have platform and participation decisions complete and ready to report on at the February board meeting.

Mr. Kimbriel reported that the restructuring of the previous Chief Customer Office is complete. The business functions contained within that office were initially left intact and temporarily assigned to Nick Villalpando, our CFO. Since that time we have absorbed the functions into three existing groups. The communications function was moved into our Government Relations office and is now the Public Affairs Office, reporting to Amy Baillargeon Clay. The Business Development function has been absorbed into the Chief Technology Office, reporting to John Hoffman. Lastly the Customer Service function has been absorbed into the Chief Operations Office, reporting to Lori Ramirez under Dale Richardson. These actions complete the restructuring of the Chief Customer Office and I believe position DIR to scale these functions into the future and better support our customers.

Mr. Kimbriel took a minute to congratulate the Technology Planning and Policy & Governance (TPPG) team, led by Deborah Hujar, for the outstanding work done to produce the new 2016 to 2020 State Strategic Plan for Information Resources Management. The theme this year is "Balancing Tradition with Innovation" and it reflects the enormous effort it takes to produce this statutorily required report. TPPG will have more on this report today and this is an action item in today's agenda to consider approval of this report.

Mr. Kimbriel introduced our new DIR employees. The next Board meeting is scheduled for February 25, 2016.

TOPIC

5. Finance Update

DISCUSSION

Mr. Nick Villalpando, Chief Financial Officer, provided a finance update. He updated the Board on the fourth quarter financial statements for FY 2015. FY 2015 gross revenue of \$322.9 M exceeded fiscal year 2014 gross revenue by \$30.7 M, or 10.4%. However, the negative variance is primarily due to demand for Data Center Services in the fourth quarter not meeting forecast

for the quarter. DIR has ended the year with a \$2.8M fund balance, which is within maximum allowable fund balances.

Mr. Villalpando informed the board that the budget does not have any action items. Budget amendments that were approved by the Executive Director are within the Executive Director approval authority. Amendment 1 is reclassification of budgeted expenditure categories. Zero net impact to total agency budget. Amendment 2 is to transfer appropriation authority between strategies as allowed by the General Appropriations Act.

TOPIC

6. Internal Audit Update

DISCUSSION

Ms. Lissette Nadal-Hogan, Director of Internal Audit update on the Q4. Internal Audit has five action items for your approval. DIR Performance Measures Audit was conducted by McConnell and Jones firm. This report summarizes the scope and observations of the work performed in conducting the performance audit of DIR's key performance measures, reported to the state through the Automated Budget and Evaluation System of Texas (ABEST), operating budgets, and Legislative Appropriations Requests (LAR). This audit was included in the Fiscal Year 2015 Internal Audit Annual Plan.

We reviewed the performance measures definitions; reviewed written procedures to verify that the procedures were complete and that the process owners were following the procedures; conducted interviews; recalculated each of the 10 key performance measures reported between September 1, 2013 and March 31, 2015; and selected samples of each performance measure's supporting documentation. However, some of the current processes for collecting, calculating, and reporting certain performance measures have not mitigated inherent risks associated with such activities. Recommendations to strengthen existing controls and improve the performance measures data capturing and reporting processes were provided to DIR management.

Mr. Mattax commented there are couple topics I want touch on, if you could elaborate on issue 5 and issue 7. Issue 5 being the information technology controls, in the report the finding was these systems used to track and report on performance measures data do not have adequate controls. Please elaborate on what the concerns were and what we are going to do to fix it?

Ms. Lissette Nadal-Hogan noted the five discrepancies were: spreadsheet used was not available for review and the CAPPs System data fields used are not configured to require completion, some of the fields were missing; percent of customers satisfied with Capital Complex Telephone Service; percent of customers satisfied with TEX-AN – both used survey monkey and the auditors determine these tools to do not have the edit checks and the tracking functionality needed to ensured changes. The last two are number performance measure are state agency security assessments performed and data and state agency participation in DIR provided security trainings offerings. These two performance measures reside in DIR Security, currently excel workbook used to capture data, auditors found the workbook is not protected to that the data accidentally overwritten or lost. Security office will move these workbooks to the Electronic Governance, Risk and Compliance (eGRC) system. They will move the performance measures data to this system.

Mr. Mattax commented regarding the performance measure training, which reads training is not sufficient to ensure that business processes for the collection, calculation, review, reporting, and retention of performance measures documentation are consistently performed in instance of employee turnover. What's solutions have been brought about that problem.

Ms. Lissette Nadal-Hogan responded the auditors recommended to DIR that more than one individual can perform all the tasks involved in with processes for the performance measure.

The division responsible that are responsible for these recommendation have already started their corrective action plan to start assign a back-up person and cross train individuals.

Mr. Troilo asked this indicated draft, when we have the final report?

Ms. Lissette Nadal-Hogan responded this is the final report, it still has the draft watermark because we do not considered it final until the board approves it. Once the board approved the report we remove the draft and issue report to the oversight entities.

Mr. Troilo asked this report is ready.

Ms. Lissette Nadal-Hogan responded yes.

MOTION A motion was made to approve the DIR Performance Measures Audit Report #15-102 by *Mr. Moore*, then seconded by *Mr. Troilo*.

ACTION The motion was unanimously approved.

DISCUSSION Ms. Lissette Nadal-Hogan, Director of Internal Audit discussed the FY16 Internal Audit Annual Plan. The Texas Internal Auditing Act (Texas Government Code 2102) requires the DIR Director of Internal Audit to prepare an annual audit plan that uses risk assessment techniques and that identifies the individual audits to be conducted during the year. To comply with state law, DIR Internal Audit prepared this report that documents the agency's Fiscal Year 2016 Internal Audit Annual Plan.

The plan describes the priorities of the Internal Audit function for Fiscal Year 2016 which are consistent with the agency's goals and objectives. The plan includes DCS Security Compliance and CFO Revenue Assurance and Forecasting but right now we do not have the resources to conduct these audits. These audits were discussed with the Audit Subcommittee meeting.

Mr. Mattax commented on the second tier you have the DCS Security Compliance, noted yesterday there are not hours allocated to do compliance audit. As part of contract management, all our contracts with our vendors require them to have adequate security in place. Even though an actual audit of what they're doing is not going to take place from your shop. We are expecting our contract management to work with the security folks to make sure that the vendors do have the adequate security they agreed to in their contracts and we will continue to monitor that. One to make a point of that just because an audit is not being done that it is not being done on a regular basis.

MOTION A motion was made to approve the amended FY16 Internal Audit Annual Plan by *Mr. Moore*, then seconded by *Mr. Troilo*.

ACTION The motion was unanimously approved

DISCUSSION Ms. Lissette Nadal-Hogan, Director of Internal Audit discussed the FY15 Internal Audit Annual Report to State Leadership. The purpose of the annual report is to provide information on the planned and conducted assurance services, consulting services, non-audit services, and other activities of the Internal Audit function and to assist oversight agencies in their planning and coordination efforts. The DIR Fiscal Year 2015 annual report has been prepared in accordance with the SAO guidelines and will be published in the DIR website.

- MOTION** A motion was made to approve the amended FY15 Internal Audit Annual Report to State Leadership by *Mr. Moore*, then seconded by *Mr. Troilo*.
- ACTION** The motion was unanimously approved
- DISCUSSION** Ms. Lissette Nadal-Hogan, Director of Internal Audit discussed the FY16 Finance and Audit Subcommittee Charter and FY 16 Internal Audit Charter. The Finance and Audit Subcommittee (Subcommittee) approves the Internal Audit charter, annual plan, annual report, IA resources, and all audit or investigative reports. The Subcommittee reviews the DIR's financial statements, operating budget, legislative appropriations request, and budget amendments.
- The Internal Audit Charter (IA) is authorized and has access to all DIR's activities, programs, property, personnel, and records relevant to the performance of audit services. IA determines the objectives and scope of its audits and the content of the audit reports
- MOTION** A motion was made to approve the amended FY16 Finance and Audit Subcommittee Charter and Internal Audit Charter by *Mr. Moore*, then seconded by *Mr. Troilo*.
- DISCUSSION** Mr. Moore commented these charters will be approved annually if nothing else to make sure there in compliance.
- ACTION** The motion was unanimously approved
- TOPIC** **7. Texas Administrative Code (TAC)**
- DISCUSSION** Mr. Martin Zelinsky, General Counsel, presented seven rules to issue an order adopting the amendment, or repeal and replacement, in the *Texas Register*, for Board consideration and approval.
- 1) 1 Texas Administrative Code, Chapter 201, concerning General Administration
 - 2) 1 Texas Administrative Code, Chapter 203, concerning Management of Electronic Transactions and Signed Records
 - 3) 1 Texas Administrative Code, Chapter 211, concerning Information Resources Managers
 - 4) 1 Texas Administrative Code, Chapter 212, concerning Purchase of Commodity Items
 - 5) 1 Texas Administrative Code, Chapter 215, concerning Statewide Technology Centers for Data/Disaster Recovery Services
 - 6) 1 Texas Administrative Code, Chapter 216, concerning Project Management Practices
 - 7) 1 Texas Administrative Code, Chapter 217, concerning Procurement of Information Resources
- Mr. Zelinsky informed the board no comments were received on these rules.
- MOTION** *A motion was made to issue an order adopting the seven rule chapters and for publication for in the Texas Register by Mr. Troilo, then seconded by Mr. Moore.*
- ACTION** *The motion was unanimously approved.*
- DISCUSSION** Mr. Zelinsky informed the board that there is a proposed rule for 1 TAC 202, Information Security Standards. The significant change is to clarify that public junior colleges are not subject to DIR oversight and compliance with TAC 202. This came to our attention over the last few months, working with the Higher Education Coordinating Board. This proposed rule was sent to the Information Technology Council for Higher Education as required by our statues for their

review and they have approved. Mr. Zelinsky requested the board to authorize publication of the proposed changes to 1 TAC 202 for public comment.

MOTION *A motion was made to approve publication for 1 TAC 202 in the Texas Register by Mr. Moore, then seconded by Mr. Troilo.*

ACTION *The motion was unanimously approved.*

TOPIC **8. Chief Technology Office Update**

Deborah Hujar, Director of Planning, Policy, and Governance, presented the State Strategic Plan for Information Resources Management. Purpose of the state strategic plan provides the strategic direction to information resources managers in state government for the next 5 years. The partner report, the biennial performance report, assess progress towards this plan and includes recommendations to the legislature to move IT forward in the state. This year, DIR moved away from 10 technology priorities and toward 5 strategic goals, in an effort to better reflect the connection between business and program areas and the technology that supports them. The plan is developed with input from our advisory committee which you appointed earlier this year; as well as state and higher education business and IT leaders.

Endi Ollis' commitment and vision carried us through as we transitioned this plan to what we hope is a useful guide to our state IT staff, and informative to state leadership. This truly was a team effort and reflects the expertise of DIR staff and demonstrates the support of our managers, leaders and experts. This is our State Strategic Plan and I'm very proud of it and we would appreciate your approval.

Mr. Moore asked did you have a group of people to help you put this together.

Ms. Hujar responded yes, we had an advisory committee of 15 folks of all sectors of government, higher education, public, private and local. We did a focus workgroup, brainstorming session with them early on. We did a lot of research and worked with our staff at DIR.

MOTION *A motion was made to approve the State Strategic Plan by Mr. Moore, then seconded by Mr. Troilo.*

ACTION *The motion was unanimously approved.*

TOPIC **9. Digital Government Update**

DISCUSSION Ms. Janet Gilmore, Director for Digital Government Update and Ms. Jennifer Buaas, Assistant Director of Digital Government, provided an update on Texas.gov.

Ms. Buaas discussed Q4 transaction and revenue trends. The slight revenue and state share downturn we saw in the third quarter continues into the fourth quarter. Texas.gov revenue is only \$1M below last year's Q4 and state share is roughly \$900,000 below last year. Consistent with every quarter this year, we have seen a decline in revenue that is due primarily to these two applications (eFiling and TxSmartBuy) that have successfully transitioned to their respective agencies, Office of Court Administration (OCA) and Comptroller of Public Accounts (CPA). The year over year decline in revenue is now minimal at the program level and reflects the previous

3 years program revenue without the eFiling and Tx Smartbuy revenue, showing that revenue is stable.

Ms. Buaas discussed Texas.gov is processing more transactions, approximately 6 M more transactions processed over last year's fourth quarter. This increase is primarily due to a change in the single sticker program that requires individual certificate sales instead of batch sticker sales. The volume of inspections has not changed just the method of payment.

Ms. Buaas discussed the reliability for Texas.gov applications for Q4. Required application reliability targets range from 99.8% to 99.9%. Reliability targets were met at 99% and 100% for applications during July and August, but June only had 66% of the reliability targets being met. June issues were caused by various contributing factors, but the main cause was old equipment and to address the issue, a tech refresh is scheduled for this upcoming weekend and most of the Texas.gov applications will be remediated. Even though 34% of the applications missed their target, the lowest service level was only slightly below at 99.55%. The State of Texas Open Data Portal continues to expand and has 9 state and local government customers. Most recently, the Comptroller of Public Accounts has been using data.texas.gov as the platform to provide citizens access to State of Texas economic data. This week, Texas Parks and Wildlife has begun to post boater registration data. Data is being added every day. Texas.gov program has received 17 awards this year.

DISCUSSION

Ms. Gilmore provided an update on HB 2305. In previous DIR Board meetings, we have provided updates on the HB 2305 (or single sticker) legislation that eliminates the vehicle inspection sticker.

As a result of this legislation, citizens pay their State inspection fees at their vehicle registration event, instead of at the inspection event. DPS agreement with the Texas.gov vendor provided for payment of the **Texas.gov inspection fee** based on an invoice of the prior month's inspections. In spite of the rule change, many citizens continued to get their inspection completed before the registration was due. The time gap and the volume of those citizens inspecting well ahead of registration has been much larger than anticipated. This has caused an unanticipated variance between amount invoiced and DPS funds available to pay those invoices.

We are requesting an adjustment to the Texas.gov Vehicle Inspection (VIC) fee that would temporarily suspend State Share contribution from Texas.gov Vehicle Inspection fees to help pay down the variance between the past due invoices and the vehicle inspection fees available to pay the invoices.

In May of 2015, it became apparent that DPS funds were not available to pay the full invoice. Between the end of April and now, the variance has grown to approximately \$7.5 M.

The proposal for the fee change will allow the vehicle inspection State Share from this September through February 2016 to be applied to the invoice variance. Once the invoice variances are paid in full, any additional inspection fees related to Phase 1 will be used to reimburse State Share. Beginning in March 2016, which is also the beginning of single sticker Phase 2 Texas.gov Vehicle inspection fee will be linked to the registration event and this will eliminate the possibility of a deficit going forward. DIR will reinstate vehicle inspection state share in March.

This change in recognizing Inspection fee revenue when the registration event has occurred is part of a contract amendment with Texas.gov that we will present as an action request.

MOTION

A motion was made to approve DPS Vehicle Inspection Fee Adjustment by Mr. Moore, then seconded by Mr. Troilo.

Mr. Moore stated that in the old process, the revenue was recognized or DPS got paid for the inspection stickers from the people that were doing the inspections and they would buy a bulk of stickers. The new process is the inspection fee is coming when the registration fee is done and goes through county office so there is normal lag time in processing the registration. How in the process that DPS didn't calculate/figure out that if they would go from a few thousand transactions with inspections stations to millions of transitions with individuals that it would not have cash flow implications?

Ms. Gilmore responded that the single sticker implementation involved three agencies, four if you count us. The flow of funds involved all three agencies and the counties. The realization that there would be significant delay for those funds coming through the county was not calculated in because of the multi-agency situation. The vehicle registration is being handled by DMV and up to forty-two day delay coming from the county that was not realize as well. I think a large part of it was also , lack realization that people would still continue to act out of habit and visual cues with regards to inspection stickers on their car indicating they needed to get their inspection even if their registration is not due even a year later. That was not calculated in, I think assumed that people would realize what the law was providing for them which was they didn't need to get their inspection until right before registration and with the invoice process it was also assumed that not as much delay and not as much citizen behavior inconsistent.

Mr. Moore asked Ms. Gilmore to talk about that the invoice process of what brought it about, if I understand it was change contractual arrangement that DPS entered into with the vendor in order to do the logistics involved to implement this program. The tactual and logistics that were involved to get this program rolled out, literally someone had to go out to 20,000 sites to install software and make sure printers work, tremendously logistical process. DPS agreed with vendor, if the vendor did that, they would pay them \$2.00 or some amount of money per inspection again. I thought we had a process in Texas.gov that those agreements would go through and people would scrutinize the business plan. Did this agreement go through that or do we need to improve process?

Ms. Gilmore indicated the fees did not change when the single sticker was implemented. The processes of the payment changed, which did not require board approval because the fees were not being changed. At the time they implemented single sticker, there were a lot of moving parts, and not the least which to actual implement the systems that would allow three agencies to share in this new process. Implementing the data base, the recording of inspection events that would allow registration events to check for the inspection events. Having new billing processes from not just from DPS but from DMV. All of this was the primary focus to implementing single sticker. As you said going out to 7,000 stations across the state to change them over from the sticker process to a certificate process, it was a lot of leg work and a lot of the focus. I don't think there was a certain process that was circumvented in doing this. At the time DPS agreed that they could pay the same inspection event \$2 or .25 that they been paying for that system, entire inspection event system that Texas.gov provides. Everything that was being asked new of the vendor was being able to accommodate within that fee to accommodate that new process.

Mr. Moore stated, in complicated things like this, a lot of agencies may need external review before agreements are entered into. Is there anything within the process that we need to strengthen in terms of making sure the business plan is going to work the way it needs to?

Ms. Gilmore responded that we realize that we need to be more involved when there is a complicate tri-agency process where Texas.gov is involved. We like to be included in any kind of planning meeting. Now for phase two of single sticker, we are attending the executive steering committees that involve DMV and TCEQ and able to have ears in the rooms in order to determine if there is any impact that we can foresee.

Mr. Moore asked are we a little over \$7 M behind in payment?

Ms. Gilmore responded yes.

Mr. Moore asked will this change mitigate this.

Ms. Gilmore responded yes.

ACTION The motion was unanimously approved.

TOPIC **10. Chief Operating Office Update**

TOPIC **11. Technology Sourcing Office Update**

DISCUSSION Ms. Grace Windbigler, Director, Technology Sourcing Office (TSO), informed the board of one action item of a Contract Amendment for Texas.gov for consideration.

Ms. Gilmore updated the board on the amendment. The master agreement includes the amendment asking you to consider and include several conditions. The vehicle inspection payment will be synchronized to the registration event. This also includes a number of other terms: vehicle inspection enhancements, guaranteed pricing for up to 36 months after expiration of master agreement, SaaS service include DPS over the counter application and payment engine service, enhancement and rerelease of Veteran’s Portal Application, year extension of the master agreement. Making the contract end date August 31, 2018.

Mr. Moore asked Ms. Gilmore to briefly talk about the master agreement, explain the scope of what is done under the contract.

Ms. Gilmore responded, the master agreement is the contract to provide all services that are required for the state portal and the collection of payments from state agencies.

Mr. Moore asked is this the contract that provides the vendor and the infrastructure that we rely on to operate Texas.gov?

Ms. Gilmore responded it provides applications, payment services, veteran’s portal, open data portal, technical operations and maintenance, helpdesk service, marketing efforts and all things Texas.gov

Mr. Moore asked, has the issue with the cash from the inspection sticker metastasized into a very large agreement that we are being asked to extend now for the last possible year that we can extend it under our master agreement?

Ms. Windbigler responded that is correct.

Ms. Gilmore responded that one of the big items in the conditions is that, but also the other items I mentioned are of significant value.

Mr. Moore responded the business deal is required but our strategy was to be in a re-procurement.

Ms. Gilmore responded yes.

MOTION *A motion was made to approve contract amendment 6 for Texas.gov master agreement by Mr. Troilo then seconded by Mr. Moore.*

ACTION The motion was unanimously approved.

DISCUSSION Ms. Windbigler provided an update for Cooperative Contracts program. The total sales through Q4 were \$2.07B. This is a .6% increase over Q4 of 2014. Total sales for 2014 were \$2.05B. Our top 5 customers in Q4 were two state agencies: HHSC at \$146.5M and DPS at \$48.9M, two education customers: Houston ISD at \$75.3M and University of Texas MD Anderson at \$59.6M and local government: City of Austin at \$63.9M

Ms. Windbigler provided an update for Historically Underutilized Business (HUB) program. For internal procurements, we finished Q4 with attaining 100% of the state and DIR HUB goals, reporting 31% spend in the Other Services category; and 74% spend in the Commodities category. Our total for the year was 42%. For external procurements (these are purchases made through the cooperative contracts by our eligible customers. The HUB purchases were \$717.4M which is a 2.8% increase compared to Q4 of 2014. For our Good Faith Effort participation, our HUB Coordinators attended 3 economic opportunity forums in the quarter and have 7 upcoming events in Q1 of 2016. We had 25 outreach opportunities conducted and 238 HUB Subcontracting plans were reviewed.

Mr. Moore commented he remains impressed with the HUB number and recognize your efforts and to Mr. Troilo.

Mr. Troilo give credit to Ms. Gilmore on Digital Government, Ms. Windbigler and HUB outreach team. The HUB numbers are quite impressive.

TOPIC **12. Data Center Services Update**

DISCUSSION Ms. Sally Ward, Director, provided an update on Data Center Services. The overall customer scores remain steady and positive. Key areas such as backup and recovery have shown marked improvement. The critical Service Level Agreement (SLA) performance continues to be strong with only one SLA minimum being missed in the past 12 months. Four of the past 12 months have achieved 100% expected critical targets. Consolidation forecast continues to project that we will meet our 75% consolidation target by the end of the consolidation program in August 2016. Staff continue to monitor agency planned consolidations and legacy server decommissions to ensure any potential issues are discovered and corrected quickly. The number of servers built in the last quarter increased substantially due to a focused effort to refresh aging hardware for virtual servers. Refresh in the virtualized environment is significantly faster than refreshing physical standalone servers. As the percentage of virtualization increases in the environment, the speed of refresh will increase as well. 79% of the servers in the consolidated data centers are virtualized.

TOPIC **13. Communications Technology Services Update**

DISCUSSION: Mr. Wayne Egeler, Director, presented the Q4 highlights. We currently have two network upgrades underway. The first is a Software Upgrade on our data network. This upgrade will allow for additional monitoring across the network and enhance our capacity management capabilities. It will also allow us to simplify and speedup the provisioning of data services for our customers. The next upgrade is our Domain Name Services Hardware and Software upgrade. This upgrade will refresh and virtualize the servers that manage a number of state IP and web addresses. The new servers will provide High-Availability for these mission critical services, allow for quicker setup and recovery, and provide automated failover capabilities in our production environment. Next we continue to transition from our legacy PBX phone system to our Voice over IP system. We currently have 1,100 phones transitioned. We have 7 agencies who are in the network readiness phase. We are currently working with the Texas Workforce Commission, they have 1500 phones they would like to transition this is slated to begin after the 1st of the year. The next item is the migration from our Legacy Data Network to a more advanced Network. We completed 142 circuits in the fourth quarter. We have just over 100 circuits left to migrate and we are on schedule to complete by the end of the year. Our customer base has increased 3.5% from Q4 of FY-14 for TEX-AN customers. The current sales in Quarter 4 are at \$22.4M dollars.

Mr. Morrow asked is the WAN conversion a cost saver?

Mr. Egeler responded it's a newer technology. There are some cost savings but the major benefit is in the advance features you gain from MPLS.

Mr. Moore asked how long this has been in the works or 3 or 4 years.

Mr. Egeler responded about 2 ½ years – 3 years.

TOPIC 14. Security Office Update

DISCUSSION Mr. Eddie Block, Chief Information Security Officer, updated the Board on the Chief Information Security Office (CISO). We have completed 48 agencies for controlled penetration testing. Program participation for the year was 86% of the agencies for penetration testing, security assessments and training. The Electronic Governance, Risk, and Compliance (eGRC) Tool Implementation monthly reporting is averaging 125 of the 143 agencies per month. We are working to identify and talking to the other agencies to figure out what we need to do to help them come into compliance. Several agencies have adopted the eGRC as their primary incident tracking tool.

TOPIC Public Testimony – No public testimony.

MOTION A motion was made to adjourn the meeting by *Mr. Troilo* and *Mr. Moore* seconded the motion.

ACTION The meeting adjourned at 12:13 pm.

Approved by the Board Chair:

Charles Bacarisse, Chair

Date