

# NORTH DAKOTA LEGISLATIVE COUNCIL

## Minutes of the

### INFORMATION TECHNOLOGY COMMITTEE

Tuesday, August 8, 2006  
Roughrider Room, State Capitol  
Bismarck, North Dakota

Senator Larry J. Robinson, Chairman, called the meeting to order at 9:00 a.m.

**Members present:** Senators Larry J. Robinson, Randel Christmann, Tom Seymour, Rich Wardner; Representatives Bette B. Grande, David Monson, Bob Skarphol, Robin Weisz; Chief Information Officer Lisa Feldner

**Members absent:** Senator Randy A. Schobinger; Representatives Eliot Glasheim, Keith Kempenich

**Others present:** John D. Olsrud, Legislative Council, Bismarck

See attached appendix for additional persons present.

Representative Lois Delmore, member of the Legislative Council, was also in attendance.

**It was moved by Representative Skarphol, seconded by Representative Monson, and carried on a voice vote that the minutes of the June 8, 2006, meeting be approved as distributed.**

#### LEGISLATIVE APPLICATIONS REPLACEMENT SYSTEM PROJECT

Mr. John D. Olsrud, Director, Legislative Council, provided information regarding the status of the legislative applications replacement system project. He said the Legislative Assembly in its 2005-07 biennium budget request included \$4.2 million from the general fund for replacing legislative computer applications. He said the Legislative Assembly removed the funding and allowed for the continuation of any unspent 2003-05 biennium appropriation authority of the legislative branch to be used for costs of the legislative applications replacement system project. He said there is approximately \$1.5 million available from 2003-05 carryover funds for the project. He said Enterprise Solutions has been hired as the project manager for the project and Parametric Technology Corporation (PTC) has been hired to complete Phase 1 of the project, which includes the development of a cost estimate for completion of the project for consideration by the 2007 Legislative Assembly. He said the goal of the project is to have the new system operational for the 2009 legislative session.

Mr. Jim Gienger, President, Enterprise Solutions, Bismarck, provided information regarding the status of the legislative applications replacement system project. He said PTC completed an extensive interview process to determine the business

processes of the legislative branch and the requirements for a new system. He said PTC is in the process of completing a return-on-investment analysis, cost-benefit analysis, and an implementation plan for Phase 2 of the project.

Chairman Robinson requested the Legislative Council staff provide committee members with copies of the return-on-investment analysis, cost-benefit analysis, and implementation plan for the project.

#### REPORT FROM THE CHIEF INFORMATION OFFICER

Ms. Lisa Feldner, Chief Information Officer, Information Technology Department, provided information regarding the department's second data center and the status of the state's wide area network upgrade. A copy of the information is on file in the Legislative Council office. She said the department has established a second data center in Mandan to meet disaster recovery and availability requirements. She said data is sent to the Mandan data center on a regular basis so recovery of critical services can occur in less than 24 hours. She said the data center is shared with Montana-Dakota Utilities Company. She said the department is in the process of upgrading the state's wide area network, commonly referred to as STAGEnet. She said the current wide area network consists of multiple ATM links between Bismarck and Fargo and the upgraded network will consist of an optical ring between Bismarck, Fargo, Grand Forks, and Minot. She said the upgraded network will allow the department to significantly increase services to its customers. She said at the present time the upgrade has been delayed because of delays in the delivery of equipment.

In response to a question from Senator Wardner, Ms. Feldner said the initial cost for the Mandan data center was approximately \$1 million for the facility and equipment. She said the department pays approximately \$7,000 per month for costs of the Mandan data center.

In response to a question from Senator Robinson, Ms. Feldner said the department has no employees located at the Mandan data center.

In response to a question from Senator Christmann, Ms. Feldner said the close proximity of the Mandan data center to the department's primary data center at the State Capitol is a concern; however, the Mandan location was the most cost-effective.

**CONNECTND SYSTEM**

Ms. Pam Sharp, Director, Office of Management and Budget, and Mr. Rich Lehn, North Dakota University System, Grand Forks, provided information regarding costs associated with implementing the ConnectND system for state government and higher education. A copy of the information is on file in the Legislative Council office. Ms. Sharp and Mr. Lehn provided the following summary of the budgeted and actual costs associated with the implementation of the ConnectND system for state government and higher education through June 2005:

	State Government	Higher Education	Total
Budgeted costs	\$14,575,010	\$20,531,648	\$35,106,658
Actual costs	17,610,063	31,610,393	49,220,456
Over (under) budget	\$3,035,053	\$11,078,745	\$14,113,798

Ms. Sharp said the difference between the budgeted and actual costs for implementing the ConnectND system for state government is summarized as follows:

PeopleSoft software	\$2,364
Contract amendments	948,706
Equipment and hosting	(140,511)
Staffing and training	2,224,494
<b>Total</b>	<b>\$3,035,053</b>

Ms. Sharp said the increase in contract amendments of \$948,706 is due primarily to the following three amendments to the contract with Maximus for the implementation of the system:

Description	Cost
Amendment 1 - Hosting services for the system while in the development phase and assistance in creating a hosting environment. The cost of the amendment was paid for from the \$7.5 million general fund appropriation provided by the 2001 Legislative Assembly for the ConnectND system initiative.	\$325,628
Amendment 3 - Customizations relating to a monthly payroll with no lag. The software had a semimonthly payroll with a timelag. The cost of the amendment was paid for by the Office of Management and Budget.	450,000
Amendment 8 - Extension of the go-live date by one month from September 2004 to October 2004. The cost of the amendment was paid for by the Office of Management and Budget.	90,000
<b>Total</b>	<b>\$865,628</b>

Ms. Sharp said the increase in the costs of staffing and training is due in part because the original budget estimate did not include expenses associated with Information Technology Department software developers. She said the Information Technology Department spent approximately \$800,000 on software developers in the 2001-03 biennium and approximately \$1.9 million in the 2003-05 biennium.

In response to a question from Representative Delmore, Ms. Sharp said the 2003 Legislative Assembly appropriated \$20 million of special funds from revenue bond proceeds for the ConnectND system initiative. She said the Legislative Assembly

provided that debt service on the bonds must be available from users of the system with 29 percent of the debt service being the responsibility of state agencies and 71 percent of the debt service being the responsibility of higher education.

In response to a question from Representative Skarphol, Ms. Sharp said the payroll dates for state government did not change with the implementation of the ConnectND system; however, the functionality of the payroll system is different with the ConnectND system.

In response to a question from Representative Skarphol, Mr. Mike Ressler, Deputy Chief Information Officer, Information Technology Department, said the software developers from the Information Technology Department were existing employees. He said many of the employees were working on the Statewide Accounting and Management Information System (SAMIS) prior to the implementation of the ConnectND system.

In response to a question from Senator Christmann, Ms. Sharp said it would be possible for state government employees to be paid twice a month; however, such a change would require programming changes to the ConnectND system.

Mr. Lehn said the difference between the budgeted and actual costs for implementing the ConnectND system for higher education is summarized as follows:

PeopleSoft software	\$1,299
Contract amendments	2,888,927
Equipment and hosting	166,004
Bond costs	(1,483)
Staffing and training	7,563,064
Ancillary software systems	460,934
<b>Total</b>	<b>\$11,078,745</b>

Mr. Lehn said the increase in the area of contract amendments of \$2,888,927 is due primarily to the following five amendments to the contract with Maximus for the implementation of the system:

Description	Cost
Amendment 5 - Postproduction support for higher education institutions that were "live" with the financials and human resource components of the system.	\$382,800
Amendment 6 - Additional assistance with the student administration component of the system.	644,800
Amendment 7 - Extension of assistance for all components of the system due to the delay of the go-live date at four higher education institutions.	655,850
Amendment 12 - Postproduction functional services for various aspects of the system.	767,520
Amendment 13 - Additional postproduction support.	290,700
<b>Total</b>	<b>\$2,741,670</b>

Mr. Lehn said the increase in the area of staffing and training of \$7,563,064 is due in part to the fact that the original budget estimate did not include staffing costs of approximately \$6.9 million for permanent ConnectND staff who were formerly Higher Education Computer Network staff dedicated to administrative systems support. He said these salary

costs have been historically appropriated as part of the North Dakota University System technology pool. He said during implementation of the ConnectND system, the staff simultaneously managed the Higher Education Computer Network and also worked on the implementation of the ConnectND system. He said the increase was also the result of approximately \$650,000 in additional costs resulting from the delay in the go-live date at four higher education institutions because of concerns with the features offered by the system's grants and contracts module.

Mr. Lehn said the increase in the area of ancillary software systems of \$460,934 is because of costs associated with customization and maintenance of the room scheduling system and credit card system which were not included in the original budget since they were unknown at that time.

In response to a question from Senator Robinson, Mr. Lehn said the actual costs reported for the implementation of the ConnectND system are costs incurred through June 30, 2005. He said at that date the system was considered to be implemented.

In response to a question from Representative Skarphol, Mr. Lehn said the \$6.9 million of staffing costs associated with permanent ConnectND staff would have been incurred regardless of whether the ConnectND system was implemented or not.

Ms. Laura Glatt, Vice Chancellor for Administrative Affairs, North Dakota University System, said the Information Technology Committee should provide guidance to state agencies as to costs to be included in information technology project budgets, including whether costs associated with current staff and indirect support costs that will be shifted to the new project should be included.

Representative Monson suggested the North Dakota University System revise the summary of the budgeted and actual costs associated with the implementation of the ConnectND system for state government and higher education to reflect in a separate category the portion of the costs reported for implementing the ConnectND system that historically was incurred for support of the legacy system.

In response to a question from Senator Christmann, Ms. Glatt said student fees were approved by the State Board of Higher Education for support of the ConnectND system because the legislature chose not to invest sufficient funding for the project.

In response to a question from Representative Grande, Ms. Glatt said to date higher education institutions have collected \$16 million of revenue from the ConnectND student fees.

Representative Skarphol suggested the Information Technology Committee consider establishing guidelines for costs to be included in information technology project budgets.

Senator Seymour said the ConnectND system has provided additional functionality to higher education institutions.

Ms. Bonnie Neas, Interim Deputy Chief Information Officer and Executive Director for ConnectND, North Dakota University System, provided information on the status of the ConnectND system, including information on the number of full-time equivalent (FTE) positions and the amount of funding necessary to adequately support the system. A copy of the information is on file in the Legislative Council office. She said Mr. Randall Thursby, former Vice Chancellor for Information and Instructional Technology and Chief Information Officer for the University of Georgia, has joined the North Dakota University System as interim Chief Information Officer. She said the two of them are working to address several critical business function issues associated with the ConnectND system. She said the custom comprehensive effort reporting solution for the grants and contracts module has been improved but needs further development and testing. She said a consultant has been engaged for that purpose. She said a comprehensive solution has also been developed and implemented for determining satisfactory academic progress for financial aid purposes. She said a new group of institutional representatives is being established to provide advice on institutional branding and other needed portal enhancements. She said the University System has contracted with Oracle and Microsoft for an evaluation of the system performance. She said two graduate students were hired August 1 to work with end-users to revise the human resource component manuals.

Ms. Neas said the North Dakota University System, along with state government, has started an upgrade to the human resource component of the ConnectND system. She said the targeted go-live date for the upgrade is October 2006; however, the University System has fallen behind in the timeline for the implementation of the upgrade. She said the University System and state government are also discussing the timing for an upgrade to the financials component of the system.

Ms. Neas said the following is a summary of additional funding included in the North Dakota University System budget request for the 2007-09 biennium for the ConnectND system:

Permanent base funding to sustain the one-time funds allocated by the State Board of Higher Education during the 2005-07 biennium from the State Board of Higher Education initiative fund	\$1,500,000
Base funding to eliminate the need to transfer \$920,000 per biennium from student technology fee revenues that were previously committed to repayment of networking bonds	920,000
Funding to stabilize critical business functions, assist with costs associated with future upgrades and enhancements, and provide a contingency for unforeseen needs	1,700,000
<b>Total</b>	<b>\$4,120,000</b>

Ms. Neas said there is a tremendous need to increase the number of permanent staff supporting the ConnectND system; however, unless there is

assurance the funding will continue in the future, the University System is limited to using consulting assistance. She said the ConnectND support team has requested an additional 11.5 FTE positions. She said she plans to review the request to determine an appropriate number of additional positions.

In response to a question from Representative Skarphol, Ms. Neas said one software programmer is working part-time on the "institutional branding" issue. Representative Skarphol said he understands the individual institutions need to identify or "brand" their portal but he would like them to deter this activity until the system is completed.

In response to a question from Representative Delmore, Ms. Neas said students experiencing problems with registration for the fall 2006 semester should contact the registrar at the appropriate higher education institution.

In response to a question from Senator Robinson, Ms. Neas said at the present time, the North Dakota University System has six consultants working on the ConnectND system. She said the University System is paying approximately \$200 per hour for each consultant.

In response to a question from Representative Skarphol, Ms. Neas said state government and the North Dakota University System will need to adequately plan for the future upgrade to the new Oracle Fusion software. She said the planning for the upgrade will begin during the 2007-09 biennium.

**HIGHER EDUCATION INFORMATION TECHNOLOGY INITIATIVES**

Mr. Thursby provided information regarding proposed higher education information technology initiatives for the 2007-09 biennium. A copy of the information is on file in the Legislative Council office. He said the following is a summary of additional higher education information technology funding included in the North Dakota University System budget request for the 2007-09 biennium, excluding funding for the ConnectND system:

Common information services pool - Parity costs	\$2,096,200
Wide area network growth	250,000
Standards-based interface to the ConnectND system	161,000
Northern Tier Network annual maintenance	900,000
On-line Dakota Information Network web programmer	150,000
<b>Total</b>	<b>\$3,557,200</b>

Mr. Thursby said the State Board of Higher Education has also identified the following requests for one-time information technology funding for the North Dakota University System for the 2007-09 biennium:

Common collaborative suite - Phase 1	\$1,000,000
Campuses network upgrade	2,000,000
Northern Tier Network	2,700,000
<b>Total</b>	<b>\$5,700,000</b>

**ELEMENTARY AND SECONDARY INFORMATION TECHNOLOGY INITIATIVES**

Mr. Dan Pullen, Director, Educational Technology Council, Fargo, provided information regarding:

- The status of elementary and secondary information technology initiatives, including the status of the council's efforts in assisting school districts with the selection and implementation of a data warehousing system.
- The council's budget request for the 2007-09 biennium.

A copy of the information is on file in the Legislative Council office.

Mr. Pullen said the Fargo, Bismarck, Grand Forks, and Minot School Districts began a process in early September 2005 to identify data warehousing systems that would meet their needs. He said the four school districts asked the Educational Technology Council to take the lead on a request for proposal (RFP) process to identify a single data warehousing system that could be purchased by all the state's school districts. He said an RFP was issued on February 3, 2006, and four finalists were selected. He said the four finalists provided product demonstrations in May 2006 and Sagebrush was selected as the top-rated product. He said a notice of intent to award has been issued and final contract negotiations with Sagebrush are underway. He said the status of the schools involved in the data warehousing initiative is:

Implementation in the summer of 2006 for the 2006-07 school year	Bismarck
	Grand Forks
	North Central Education Cooperative (pilot in 3 to 4 schools)
	Jamestown
Implementation in 2006-07 for the 2007-08 school year	West Fargo
	Minot (tentative)
	Fargo
Other schools that have expressed interest	Devils Lake (tentative)
	Williston
	Missouri River Education Cooperative

Mr. Pullen said the estimated costs for implementing the Sagebrush data warehousing system include:

- \$75,000 of one-time startup costs to set up the North Dakota data model, purchase licenses for software, and fund project management and initial training.

- \$5.50 per student year one costs to set up warehouse and support school implementation.
- \$1 per student per year costs for hosting fees.

Mr. Pullen said the Educational Technology Council is seeking funding options for the first-year startup costs so the costs would not have to be borne solely by the schools that choose to implement the system that year.

In response to questions from Senator Christmann and Representative Skarphol, Mr. Pullen said many smaller school districts are not as interested in implementing a data warehousing system because the schools lack the staff to implement and use the system.

Mr. Pullen said the Educational Technology Council base budget and optional budget requests for the 2007-09 biennium are:

Base budget request	
Salaries and wages	\$270,332
Operating expenses	267,265
Grants to schools - Classroom transformation grants	349,000
<b>Total base budget request</b>	<b>\$886,597</b>
Optional budget request	
United streaming video statewide license	\$675,500
Collaborative communication systems	195,000
Data warehouse state-level development and support	75,000
<b>Total optional budget request</b>	<b>\$945,500</b>

In response to a question from Senator Christmann, Mr. Pullen said the united streaming video service provides curriculum-based instructional videos in all kindergarten through grade 12 subject areas. He said the videos are delivered by broadband telecommunications directly to the desktop of teachers and students. He said currently 185 North Dakota school buildings, approximately 45 percent of the total, subscribe to the service. He said these buildings include 55 percent of the students in the state. He said a statewide license would provide economics of scale and make the resource available equitably to all students in all North Dakota schools.

In response to a question from Senator Wardner, Mr. Pullen said the Educational Technology Council budget request for the 2007-09 biennium does not include funding for grants to schools for video classrooms.

The committee recessed for lunch at 12:10 p.m. and reconvened at 1:00 p.m.

### LARGE INFORMATION TECHNOLOGY PROJECTS

Mr. Mark Molesworth, Information Technology Department, provided information regarding the quarterly summary status report on large information technology projects in the planning and execution phase, including project status and any department concerns regarding the projects. A copy of the information is on file in the Legislative Council office.

He said for the period ending June 30, 2006, the following four projects were reported in the planning stage:

- Secretary of State - Knowledge base.
- Workforce Safety and Insurance - Information technology transformation project.
- Legislative Assembly - Legislative applications replacement system.
- Public Employees Retirement System - Legacy application system replacement.

Mr. Molesworth said the following seven projects were moved into the execution phase:

- Job Service North Dakota - Case management system.
- Department of Public Instruction - State automated reporting system (STARS) (online reporting system replacement).
- Department of Human Services - Medicaid management information system rewrite project Phase I.
- Department of Human Services - Temporary assistance for needy families diversion.
- Department of Human Services - National provider index.
- Department of Transportation - Priority systems rewrite.
- Secretary of State - Central voter file.

Mr. Molesworth said the following three projects have been completed and have postimplementation reviews that are either under review or overdue:

Agency	Project	Postimplementation Review Status
Office of Management and Budget and North Dakota University System	ConnectND system	Incomplete - Portions under review
Department of Transportation	CVISN	Under review
Bank of North Dakota	Core banking	Under review

Mr. Molesworth said the following four projects have reported budget or schedule variances and are being monitored closely:

Agency	Project	Budget or Schedule Variance
Department of Human Services	Medicaid management information system rewrite Phase I	The project is executing without an overall project plan; however, a project plan and control processes are in place for the work being performed.
Department of Public Instruction	STARS	The project did not have a final project plan in place as of June 30, 2006.
Information Technology Department	Mainframe migration	The project continues to fall behind schedule. The executive steering committee for the project has directed the project team to completely replan the project and propose a new project schedule.

Agency	Project	Budget or Schedule Variance
Information Technology Department	STAGenet infrastructure services	The project is experiencing delays because the vendor is experiencing equipment delays.

Representative Skarphol suggested the Information Technology Department be asked to provide the committee with information regarding the appropriate costs to be included in a budget for an information technology project.

**Information Technology Department - Mainframe Migration Project**

Mr. Ressler provided information regarding the status of the mainframe migration project. A copy of the information is on file in the Legislative Council office. He said the Information Technology Department signed a contract with Software AG, Inc., to complete the migration of information technology systems from the mainframe environment to a Linux platform. He said the department has borrowed \$6 million from the Bank of America at the interest rate of 3.57 percent for the project. He said the estimated total cost of the project is approximately \$8,270,000. He said the project was originally to be completed by June 30, 2007; however, because of staffing resources being overcommitted, the project completion date has been revised to July 2008. He said the loan from the Bank of America for the project was originally to be paid off in December 2010; however, due to the delay in the project, the loan will not be paid off until December 2011. The following is a summary of the revised project approach:

Phase 1 November 2005- September 2006	Attorney General Bank of North Dakota Insurance Department Office of Management and Budget State Department of Health Information Technology Department (part 1) Workforce Safety and Insurance
Phase 2 August 2006- June 2007	Game and Fish Department State Treasurer's office Public Employees Retirement System Job Service North Dakota Information Technology Department (part 2) Department of Human Services (stand-alone applications)
Phase 3 March 2007- January 2008	Department of Transportation Highway Patrol Department of Emergency Services - Division of State Radio North Dakota University System Department of Public Instruction
Phase 4 December 2007- May 2008	Department of Human Services Secretary of State

**Tax Department - Integrated Tax System Project**

Mr. Cory Fong, Commissioner, Tax Department, provided information regarding the status of the integrated tax system project. He said the 2005 Legislative Assembly authorized the Tax Commissioner to purchase; finance the purchase; or lease equipment, software, and services to establish an integrated tax processing system. He said the Tax Department decided to implement a commercial off-the-shelf integrated tax system--GenTax--developed by FAST Enterprises and has arranged for financing for the project through Bank of America. He said the project is on schedule and is approximately \$919,000 under budget as of July 31, 2006.

Ms. Cathie Forsch, Director of Operations, Tax Department, provided information regarding the status of the integrated tax system project. A copy of the information is on file in the Legislative Council office. She said in June 2006 the department completed the second phase of the implementation of the integrated tax system, which included the processing of estate taxes, motor fuel taxes, and withholding taxes. She said for those taxes implemented in the second phase of the project, the department has processed 14,452 returns and collected approximately \$59,370,000. She said the remaining phases of the project include:

Phase 3 - January 8, 2007	Individual income tax Fiduciary income tax Partnerships Small business
Phase 4 - June 4, 2007	Corporate income tax Airlines tax Telecommunications tax

**Secretary of State - Election Administration System**

Mr. Jim Silrum, Deputy Secretary of State, provided a project startup report regarding the agency's election administration system. A copy of the information is on file in the Legislative Council office. He said the election administration system will complete the agency's election improvement program by tying together the uniform election system and the election management system under the umbrella of the PowerProfile EE. He said the election administration system will provide the state and all 53 counties a uniform and single administration tool in order to more efficiently and effectively manage elections. He said the total estimated cost for the project is \$1,523,574 and the estimated completion date for the project is August 31, 2007.

**Department of Public Instruction - State Automated Reporting System**

Mr. G. David Massey, Assistant Superintendent, Department of Public Instruction, provided information regarding the department's state automated reporting system. A copy of the information is on file in the Legislative Council office. He said the department

implemented an online reporting system in the fall of 1997. He said the system used Microsoft ASP technologies, including Visual Basic. He said Microsoft will no longer support the current version of Visual Basic, effective March 2008, and will be moving to a new programming language called Visual Basic.NET. He said in order for the department to maintain the functionality of the online reporting system, a new upgraded version of the system will need to be in place by the fall of 2007. He said the new upgraded version, referred to as STARS, will be capable of reporting data in a manner that will comply with No Child Left Behind Act requirements, Education Data Exchange Network requirements, and other federal and state reporting requirements.

### **Department of Corrections and Rehabilitation - Offender Management System Upgrade**

Mr. Dave Krabbenhoft, Director of Fiscal Affairs, Department of Corrections and Rehabilitation, provided a project closeout report regarding the department's offender management system upgrade. A copy of the information is on file in the Legislative Council office. He said the department's offender management system provides for all aspects of offender management at all the department's incarceration facilities in the state, including contract facilities. He said the offender management system upgrade replaced obsolete system hardware and software and migrated existing production data to the updated system hardware and software. He said the project was completed on schedule and was under budget with expenditures of \$369,134 compared to the budget of \$411,650. He said the single most important lesson learned from the project is the need to manage the expectations of the project stakeholders.

In response to a question from Senator Seymour, Mr. Krabbenhoft said although the scope and breadth of the project was clear to the project team, it was not so obviously understood by various other members of the department.

### **Retirement and Investment Office - Teachers' Fund for Retirement Pension System Replacement**

Ms. Faye Kopp, Deputy Executive Director, Retirement and Investment Office, provided a project closeout report regarding the agency's Teachers' Fund for Retirement pension system replacement. A copy of the information is on file in the Legislative Council office. She said the purpose of the project was to replace the mainframe-based pension administration system that was outdated and becoming increasingly difficult to maintain. She said the agency selected CPAS v5 pension software to serve as the foundation for Teachers' Fund for Retirement pension administration processes. She said the project was completed four months later than

budgeted and was under budget with expenditures of \$1,932,362 compared to the budget of \$2,000,000. She said the schedule for the project was impacted by the agency's need to complete an imaging project during the same timeframe.

In response to a question from Senator Christmann, Ms. Kopp said the project was funded with special funds.

## **OTHER ITEMS**

### **Information Technology Department Information System Audit Report**

Mr. Donald LaFleur, Audit Manager, Information Systems Audit Section, State Auditor's office, presented the information system audit of the Information Technology Department for the year ended December 31, 2005. He said the audit report is intended to provide interested parties with information sufficient to understand the general controls of the Information Technology Department. He said the State Auditor's office received a 2005-07 general fund appropriation of \$100,000 to test information technology system security in the Information Technology Department and, as a result, the State Auditor's office contracted with ManTech Security and Mission Assurance, a group of ManTech International Corporation, to conduct a security study of the state's wide area network. He said the work of ManTech Security and Mission Assurance is incorporated into this audit. He said the audit report contains the following eight recommendations:

- Develop a security plan that provides centralized direction and control over information security.
- Limit the information available externally regarding the state's wide area network.
- Extend vulnerability scanning to all state systems which provide services on the Internet.
- Establish a policy for remote management of Windows systems mandating encryption of userids and passwords and all session data.
- Implement a formal incident response program.
- Review all firewall configurations to ensure the rules are necessary and applicable.
- Implement IP-based access controls for state Internet systems.
- Develop a systematic risk assessment framework.

In response to a question from Representative Skarphol, Mr. LaFleur said the State Auditor's office will include \$100,000 in its budget request for the 2007-09 biennium to conduct other tests of information technology system security in the Information Technology Department.

In response to a question from Representative Skarphol, Mr. LaFleur said overall the security in the Information Technology Department is satisfactory.

### **Networking Capabilities**

Mr. Kent Blickensderfer, Public Affairs Manager, Qwest Communications, Bismarck, provided information regarding the extent maps summarizing networking capabilities are available and reasons for entities not wanting to disclose the information. A copy of the information is on file in the Legislative Council office. He said generally Qwest Communications does not provide detailed maps of its networking capabilities to the public. He said two of the most obvious reasons for not providing the information are network security and protection of competitively sensitive information. He said Qwest Communications does provide customers and the public with all kinds of information about the services it provides.

Mr. Evan Hass, General Manager, Dakota Carrier Network, provided information regarding the extent maps summarizing networking capabilities are available and reasons for entities not wanting to disclose the information. He said Dakota Carrier Network provides telecommunications services to the citizens of North Dakota. He said a map of Dakota Carrier Network's fiber option network is available on the company's web site. He said Dakota Carrier Network would have concerns with security and competition if the state considered creating a repository of information regarding the networking capabilities in the state.

### **Information Technology Council of North Dakota**

Ms. Stacey Fiedler, Assistant to the Executive Director, Information Technology Council of North Dakota, Mandan, provided information regarding the Information Technology Council of North Dakota. She said the council represents more than 100 information technology-related software developers, telecommunications companies, Internet providers and content developers, systems integrators, educational institutions, and manufacturers across North Dakota. She said the council's vision is to build a stronger North Dakota through information technology excellence by pursuing initiatives focused on achieving its mission of actively encouraging the use, growth, and development of information technology in North Dakota.

Mr. Doug Remboldt, Vice President, Technical Services, National Information Solutions Cooperative, Mandan, provided information regarding benefits resulting from the implementation of the state's wide area network and future information technology needs. A copy of the information is on file in the Legislative Council office. He said National Information Solutions Cooperative is an information technology company that develops and supports software and hardware solutions for utility and telecommunications cooperatives and companies across the nation. He said the cooperative's greatest resource is its employee base. He said attracting and retaining staff is one of the cooperative's greatest

challenges. He said the cooperative has noted a marked improvement in the quality of technical education from North Dakota's public and private higher education institutions. He said the cooperative would like the state to consider taking additional steps to offer statutory provisions that better safeguard the creation of intellectual property in North Dakota by strengthening regulations that better protect trade secrets and allow the use of noncompetitive contract protections with program designers involved in creating intellectual property, such as software development.

In response to a question from Representative Monson, Mr. Remboldt said the legislature could work with the Congressional Delegation on patent reform.

Mr. Peter Traynor, Business and Operations Manager, Webcom U.S. Communications, Bismarck, provided information regarding benefits resulting from the implementation of the state's wide area network and future information technology needs. A copy of the information is on file in the Legislative Council office. He said Webcom U.S. Communications provides computer repair, software support, web development, wireless Internet service provider, graphic design, and printing services. He said the company is in the process of establishing a free high-speed wireless Internet service for the Bismarck and Mandan area. As a small business, he said, the company needs as much support as possible in the form of advertising and sponsorship from local businesses and state agencies.

### **Space Data Corporation**

Mr. John Kostraba, Vice President for Engineering, Space Data Corporation, provided information regarding the status of the demonstration of providing wireless services using weather balloons. He said Space Data Corporation anticipates completing a demonstration of providing wireless services using weather balloons in North Dakota in September 2006. He said the corporation anticipates the technology would be commercially available in March 2007.

## **COMMITTEE DISCUSSION AND STAFF DIRECTIVES**

The Legislative Council staff presented a memorandum entitled [Proposed Information Technology Bill Drafts](#). The memorandum provides a summary of the proposed information technology bill drafts being considered by the Information Technology Committee.

Representative Skarphol requested representatives of the North Dakota University System provide a status report on the ConnectND system at the committee's next meeting.

Chairman Robinson said the committee's next meeting is tentatively scheduled for Wednesday, October 11, 2006.



The committee adjourned subject to the call of the chair at 3:50 p.m.

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Roxanne Woeste  
Senior Fiscal Analyst

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Jim W. Smith  
Legislative Budget Analyst and Auditor

[ATTACH:1](#)