Department of Administrative Services

Joint Committee on Ways and Means

General Government Subcommittee

2021 Legislative Session

APPENDIX CONTENTS

Administrative Services, Department of

Annual Performance Progress Report

Reporting Year 2020

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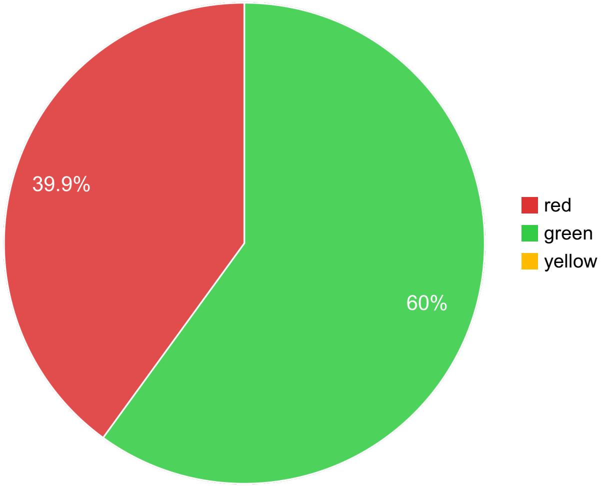
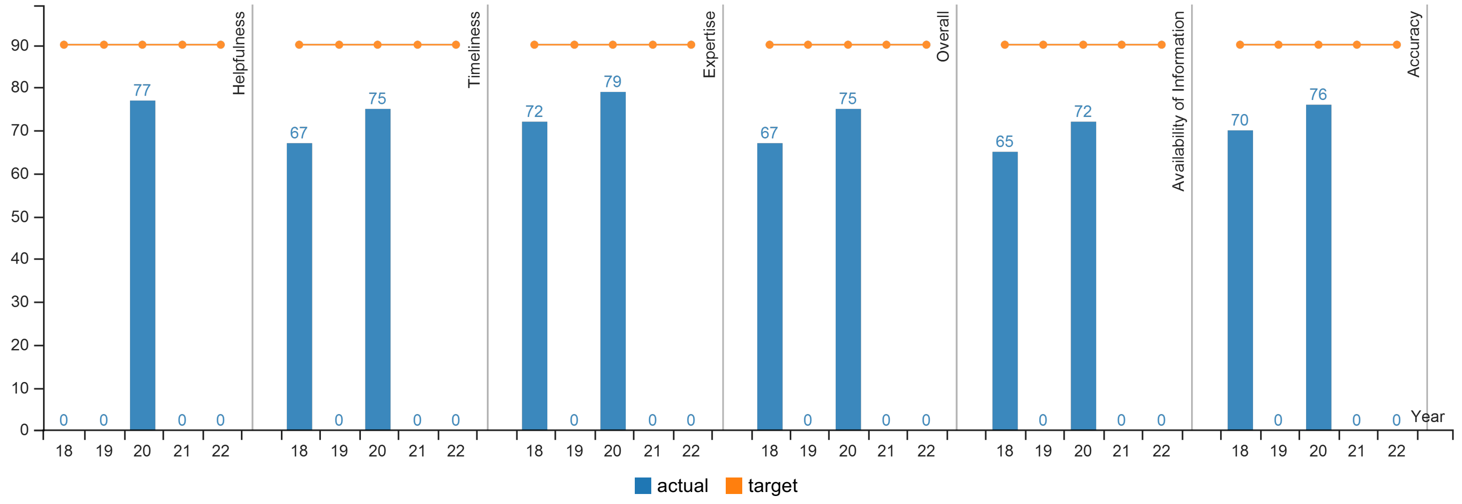
KPM #	Approved Key Performance Measures (KPMs)
1	CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.
2	FORECAST RELIABILITY - General Fund Forecast Tracking Metric
3	FINANCIAL REPORTING - Percent of Agencies receiving Gold Star Award (The Gold Star Award is the state agency equivalent of the GFOA Certificate of Achievement for Excellence in Financial Reporting)
4	WORKFORCE TURNOVER - Annual voluntary turnover rate for the State and DAS workforce.
5	WORKFORCE DIVERSITY - Racial/ethnic diversity in DAS and the state workforce as a percentage of the total civilian labor force.
6	FLEET ADMINISTRATION - Average Miles Per Gallon for DAS Permanently Assigned Fleet Vehicles.
7	RENT COSTS - DAS negotiated lease rates in private sector vs. average market rates.
8	INFORMATION SECURITY - Overall information security maturity rating based on a sample of state agencies. Rating achieved using a compilation and aggregate score based on the ISO 27002 standard and assigning a rating using the Carnegie-Mellon Capability Maturity Model. (3rd party conducting information security business risk assessments)
10	RISK MANAGEMENT - Annual number of Severe Worker's Compensation claims per 100 FTE
11	DATA CENTER - Percentage of time systems are available.

Proposal	Proposed Key Performance Measures (KPMs)
Delete	FLEET ADMINISTRATION - Average Miles Per Gallon for DAS Permanently Assigned Fleet Vehicles.
Delete	INFORMATION SECURITY - Overall information security maturity rating based on a sample of state agencies. Rating achieved using a compilation and aggregate score based on the ISO 27002 standard and assigning a rating using the Carnegie-Mellon Capability Maturity Model. (3rd party conducting information security business risk assessments)
New	INFORMATION SECURITY - Overall maturity rating for implementation of the Center for Internet Security's (CIS) Basic Six critical security controls. This rating is an aggregate score based on the Carnegie Mellon Capability Maturity Model Integration (CMMI), and is derived from cybersecurity assessments conducted by the Enterprise Information Services (EIS) Cyber Security Services (CSS) Assessment Team.
New	PERCENT OF STATE PROCUREMENT SPEND FACILITATED THROUGH THE OREGONBUYS SYSTEM - Measures statewide adoption of the OregonBuys e-Procurement system by measuring the overall percentage of state purchasing facilitated through the system.
New	GREENHOUSE GAS (GHG) EMISSIONS - Total GHG emissions and intensity from buildings and fleet.



Performance Summary	Green	Yellow	Red
	= Target to -5%	= Target -5% to -15%	= Target > -15%
Summary Stats:	60%	0%	40%

KPM #1	CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.
	Data Collection Period: Jan 01 - Aug 31



Report Year	2018	2019	2020	2021	2022
Helpfulness					
Actual	No Data	0%	77%	No Data	No Data
Target	90%	90%	90%	90%	90%
Timeliness					
Actual	67%	0%	75%	No Data	No Data
Target	90%	90%	90%	90%	90%
Expertise					
Actual	72%	0%	79%	No Data	No Data
Target	90%	90%	90%	90%	90%
Overall					
Actual	67%	0%	75%	No Data	No Data
Target	90%	90%	90%	90%	90%
Availability of Information					
Actual	65%	0%	72%	No Data	No Data
Target	90%	90%	90%	90%	90%
Accuracy					
Actual	70%	0%	76%	No Data	No Data
Target	90%	90%	90%	90%	90%

How Are We Doing

DAS has improved on every variable surveyed with the exception of a slight decrease in Helpfulness from 78% in 2016 to 77% in 2020.

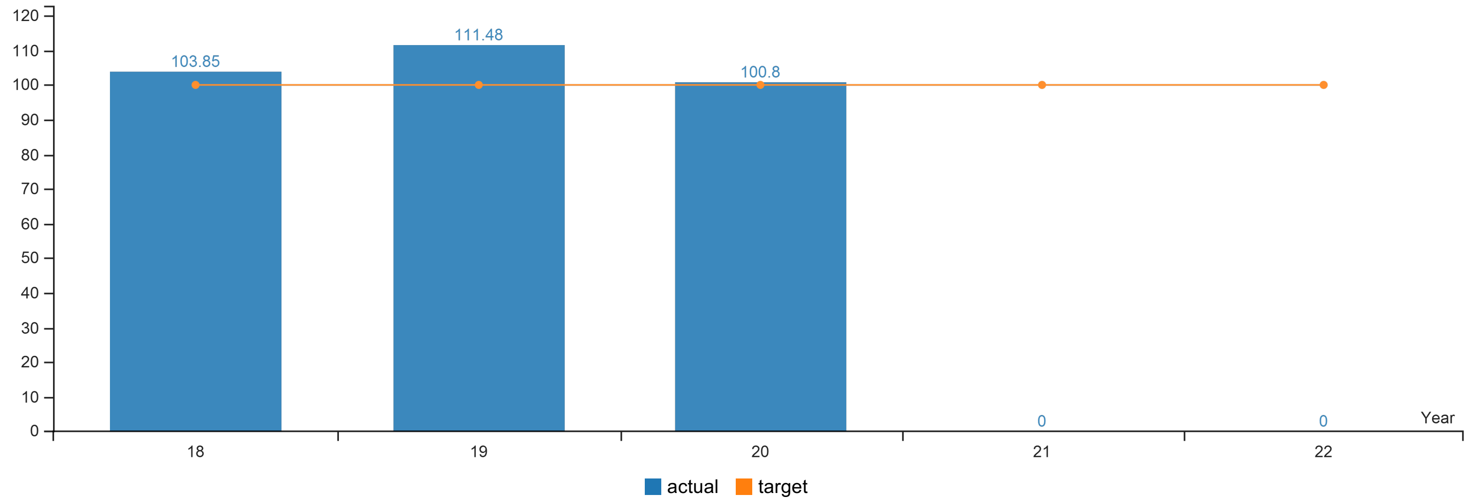
In reviewing the comments made, survey respondents mentioned knowledgeable staff who efficiently address problems for client agencies. Areas mentioned as areas to improve upon include communication with staff, especially those who presently work from home, timeliness of some direction, and changes made in IT platforms.

Factors Affecting Results

With this survey being run in the midst of COVID-19, DAS is pleased to see these results. The state enterprise has made significant shifts to a work from home model since March of 2020, and while there have been challenges, the state's work on behalf of Oregonians has largely continued uninterrupted.

KPM #2	FORECAST RELIABILITY - General Fund Forecast Tracking Metric
	Data Collection Period: Jul 01 - Jun 30

** Upward Trend = positive result*



Report Year	2018	2019	2020	2021	2022
General Fund Forecast					
Actual	103.85%	111.48%	100.80%	No Data	No Data
Target	100%	100%	100%	100%	100%

How Are We Doing

Actual General Fund revenues in the 2019-21 biennium are currently on track. There have been large fluctuations in the forecast this year. The June 2020 forecast was a large downward revision due to COVID-19 and the recession. However to date, while the economy remains in bad shape, state tax collections have yet to show any of these impacts. Tax collections are up. As such the current, September 2020 General Fund forecast is now back to being nearly identical to the Close of Session from 2019, upon which the budget was based.

Under Oregon’s kicker, errors larger than 2 percent are returned to taxpayers (for personal income taxes) as a credit on their tax returns or retained in the General Fund for additional education spending (corporate income taxes).

Factors Affecting Results

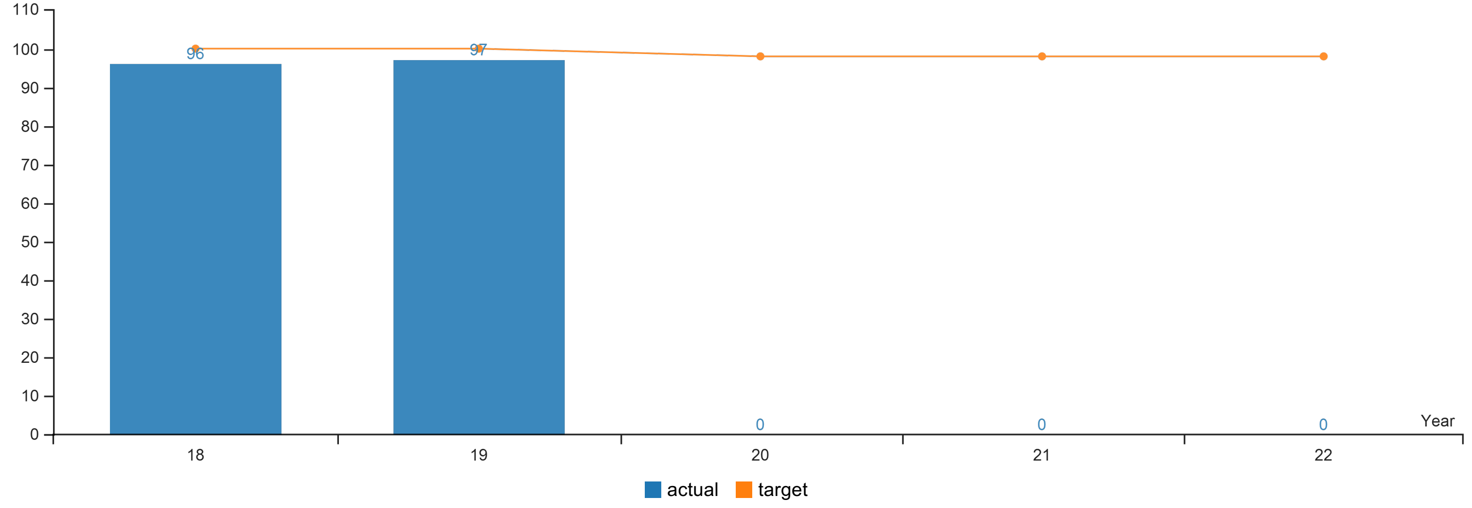
The state’s volatile underlying economy and current tax structure yield larger year-to-year swings than in the typical state. While Oregon comes out ahead of the typical state in both an economic and revenue sense over the entire business cycle, such variances are more challenging and difficult to accurately forecast.

Last biennium, 2017-19, our office’s economic forecast was accurate, however revenues, in part due to federal tax law changes, resulted in a large kicker. So far in 2019-21, the economic forecast is off due to the pandemic and recession, but revenues are not, in part due to federal policies like the CARES Act that have kept business and personal income intact, at least so far.

OEA Note: This is submitting the September 2020 forecast General Fund figures for the 2019-21 biennium, comparing them to the 2019 Close of Session forecast for the 2019-21 biennium.

KPM #3	FINANCIAL REPORTING - Percent of Agencies receiving Gold Star Award (The Gold Star Award is the state agency equivalent of the GFOA Certificate of Achievement for Excellence in Financial Reporting)
	Data Collection Period: Jul 01 - Jun 30

** Upward Trend = positive result*



Report Year	2018	2019	2020	2021	2022
Percent of agencies receiving the Gold Star Award					
Actual	96%	97%	0%	No Data	No Data
Target	100%	100%	98%	98%	98%

How Are We Doing

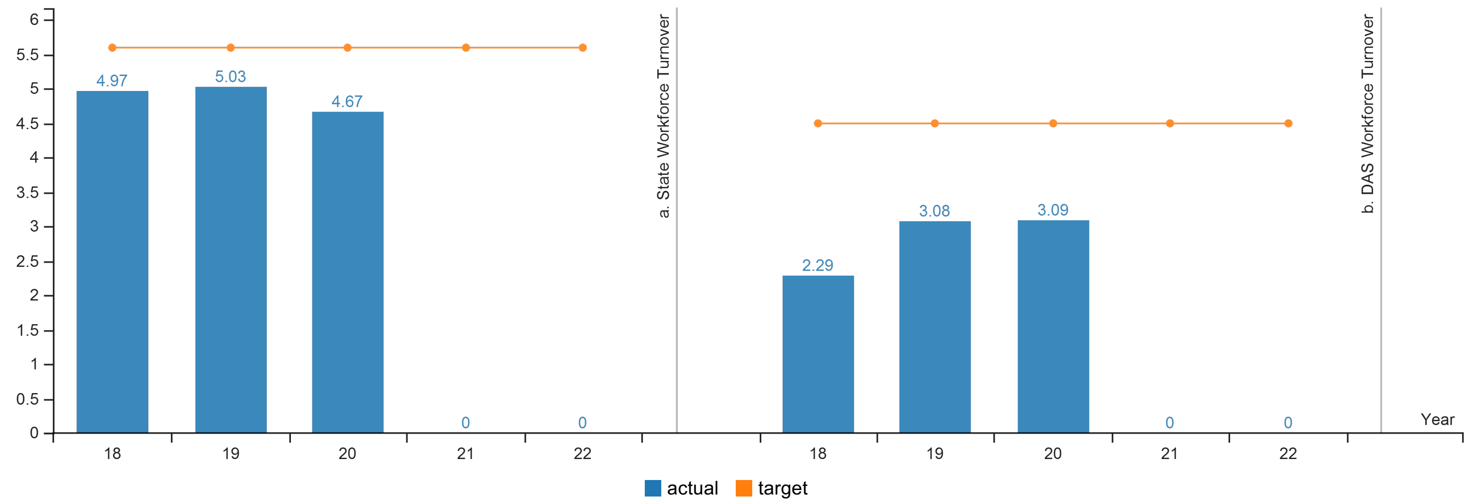
Agencies have been earning the Chief Financial Officer's Gold Star Award since 1990. The target percentage of agencies earning the Gold Star Award is 100%. We have fallen just short of our target for 2019 as three agencies did not earn the Gold Star Award.

Factors Affecting Results

The extent and complexity of new accounting and financial reporting standards issued by the Governmental Accounting Standards Board (GASB) affects the agency accounting process. Implementation of new standards on a statewide basis requires focused resources to plan, modify systems as needed, update policies, and provide training to state agencies. Another important factor affecting results include fiscal staffing levels at state agencies, level of staff expertise, turnover, and the ability of each agency to provide accurate and timely information for the fiscal year-end closing.

(The 2020 GSA percentage will be calculated around February 2021.)

KPM #4	WORKFORCE TURNOVER - Annual voluntary turnover rate for the State and DAS workforce.
	Data Collection Period: Jul 01 - Jun 30



Report Year	2018	2019	2020	2021	2022
a. State Workforce Turnover					
Actual	4.97%	5.03%	4.67%	No Data	No Data
Target	5.60%	5.60%	5.60%	5.60%	5.60%
b. DAS Workforce Turnover					
Actual	2.29%	3.08%	3.09%	No Data	No Data
Target	4.50%	4.50%	4.50%	4.50%	4.50%

How Are We Doing

The state's resignation rate (4a) for FY 20 is 4.67%. This is 0.93% lower than the benchmark of 5.60% set in 2010. The resignation rate for DAS (4b) is 3.09%, indicating a stable workforce. This is 1.41% lower than the benchmark of 4.50%. Resignation refers to voluntary separation from employment. Resignation does not include layoffs, involuntary terminations, or retirement. This conceptualization aligns with the definition of "quits" reported by the United States Bureau of Labor Statistics in the Job Openings and Labor Turnover Survey (JOLTS) data.

Factors Affecting Results

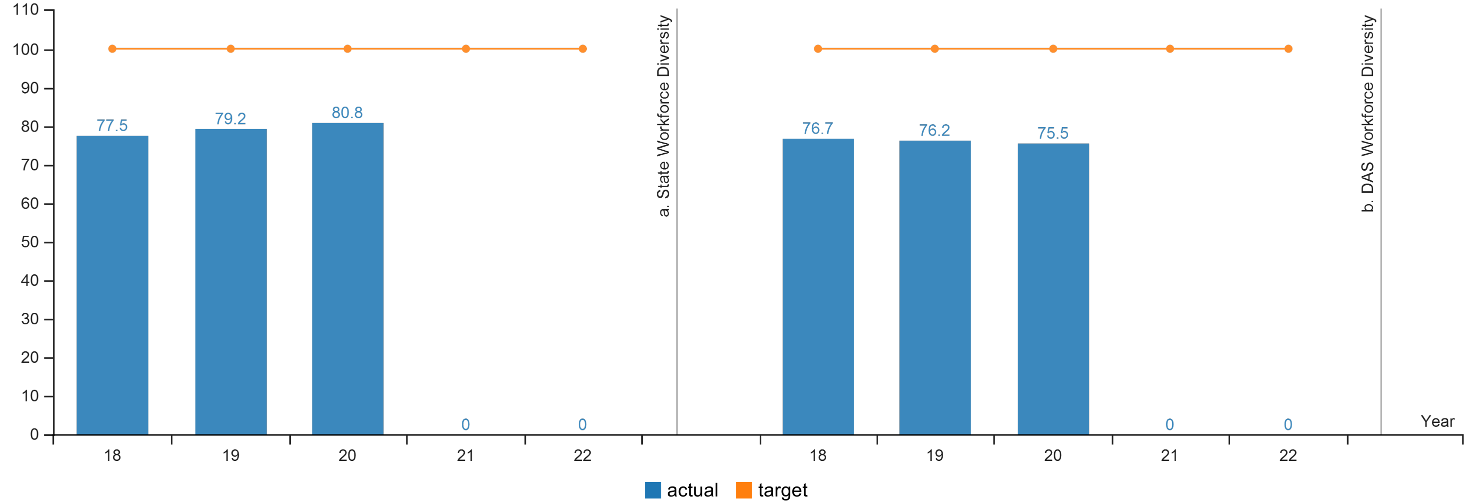
From FY 19 to FY 20, the State of Oregon's annual turnover rate remained stable, only decreasing by 0.36%. Even though it is an employee's job market with a low unemployment rate and a historically high number of job openings, the State of Oregon's workforce demonstrates relative stability. The following table lists reasons for employees leaving the state workforce in both FY 19 and FY 20. One interesting finding is that advancement and private sector opportunities emerged in FY 20 as top reasons for leaving state employment.

Table 1- Primary Reason for Leaving (Top 5)

FY'20
Personal / Not Disclosed / Other - 62.76%

Advancement Opportunities - 7.82%
Private Sector Opportunities - 7.46%
Relocation - 6.43%
Family Reasons - 5.71%

KPM #5	WORKFORCE DIVERSITY - Racial/ethnic diversity in DAS and the state workforce as a percentage of the total civilian labor force.
	Data Collection Period: Jul 01 - Jun 30



Report Year	2018	2019	2020	2021	2022
a. State Workforce Diversity					
Actual	77.50%	79.20%	80.80%	No Data	No Data
Target	100%	100%	100%	100%	100%
b. DAS Workforce Diversity					
Actual	76.70%	76.20%	75.50%	No Data	No Data
Target	100%	100%	100%	100%	100%

How Are We Doing

As of the end of FY 20, the racial and ethnic diversity of the state workforce was 19.8%. This is an absolute increase of 1.1% from the previous fiscal year. While Oregon’s civilian workforce is more diverse than Oregon State Government employees, this key performance measure continues to show improvement.

Calculation: 19.8% / 24.5% = 80.8% of the goal of 100% reflection of the Oregon workforce

As of the end of FY’20, the racial and ethnic diversity of the DAS workforce was 18.5%.

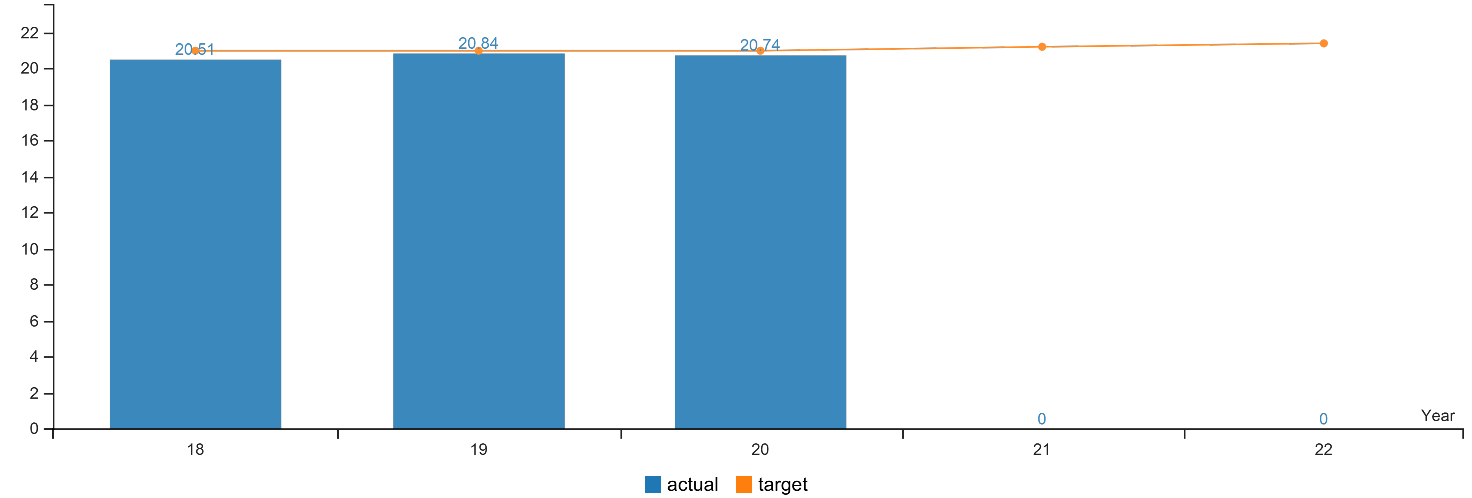
Calculation: 18.5% / 24.5% = 75.5% of the goal of 100% reflection of the Oregon workforce

Factors Affecting Results

One key area of focus for the Department of Administrative Service’s Chief Human Resource Office is to be considered the employer of choice for the people of Oregon, especially for ethnic and racial minority groups. During FY2020 staff from DAS CHRO completed training through the Government Alliance on Race and Equity. As a result of this training, we began looking at position descriptions, job announcements, policies, and procedures through a racial equity lens, to attempt to eliminate unconscious biased language that might be keeping people of color from applying for jobs or, in the case of policies and procedures, language that may inadvertently be negatively impacting racial minority groups, therefore impacting retention of those employees. Additionally, our new HRIS, Workday, is allowing us to much more accurately track diversity data across the enterprise than our previous system, providing us more reliable data.

KPM #6	FLEET ADMINISTRATION - Average Miles Per Gallon for DAS Permanently Assigned Fleet Vehicles.
	Data Collection Period: Jul 01 - Jun 30

** Upward Trend = positive result*



Report Year	2018	2019	2020	2021	2022
Average Miles Per Gallon					
Actual	20.51	20.84	20.74	No Data	No Data
Target	21	21	21	21.22	21.41

How Are We Doing

The 2020 average has increased from the 2017 and 2018 values and we have exceeded the target to achieve the 10% increase over 2007 levels by 2020. Currently we are at a 10.7% increase over the 18.73 MPG 2007 baseline.

The stated target of 21 MPG for 2019 is an error as 20.6 MPG represents a 10% increase over the 2007 baseline. **DAS has submitted a request to delete this KPM and establish a new one to increase fuel efficiency another 10% over 2019 values by 2030.**

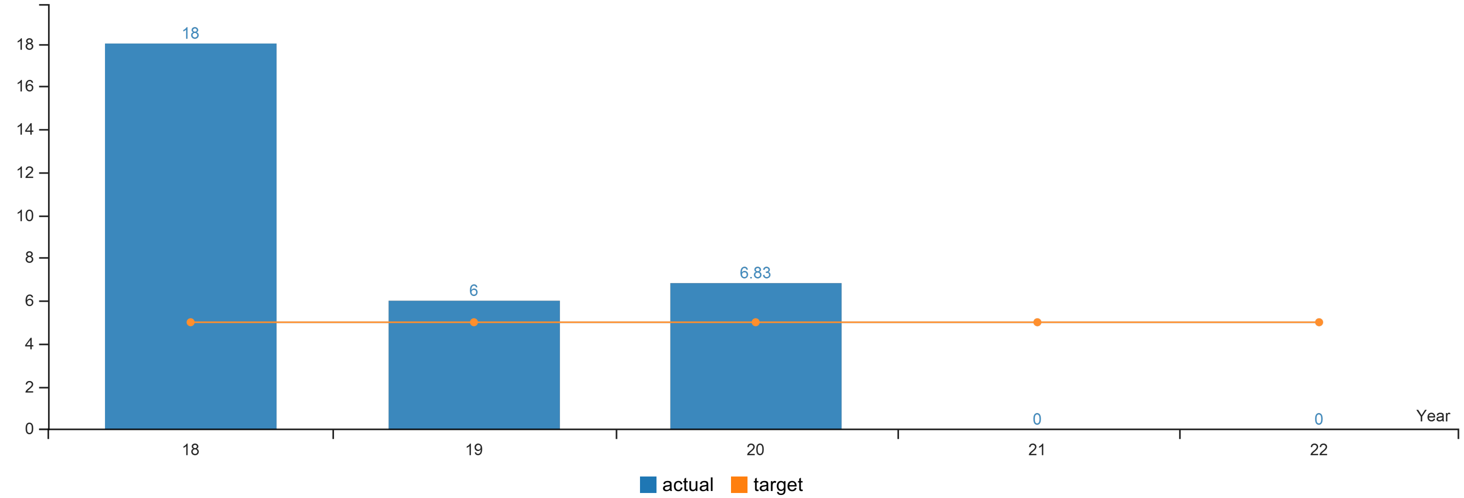
Factors Affecting Results

Vehicles continue to increase in efficiency and DAS Fleet continues to use fuel efficiency as a main selection factor when purchasing vehicles. DAS has a large project to install EV charging infrastructure in the Capital Mall and Salem Motor Pool. Adding more of these vehicles over the next several biennia will further increase fuels efficiency and help meet Legislative and Governor's goals for Zero Emission Vehicle adoption.

The slight decrease in efficiency from 2019 to 2020 could be attributed to the sharp decrease in travel due to COVID-19 in the latter part of the FY. A higher overall percentage of short range trips and drop in highway travel would yield a drop in fuel efficiency.

KPM #7	RENT COSTS - DAS negotiated lease rates in private sector vs. average market rates.
	Data Collection Period: Jul 01 - Jun 30

** Upward Trend = positive result*



Report Year	2018	2019	2020	2021	2022
DAS negotiated lease rate vs. average market rate (Salem/Keizer)					
Actual	18%	6%	6.83%	No Data	No Data
Target	5%	5%	5%	5%	5%

How Are We Doing

The 2019-20 measure period was a difficult market with little inventory, placing negotiation power in the hands of the Landlords for the market as a whole. This year, Real Estate Services (RES) has seen an increase of Agency requirements for larger-sized office spaces, but a decline in office space requirements as a whole. Additionally, the market-inventory is low and demand for construction is high, pushing market costs even higher than in previous years. However, through many factors (such as external resources, leveraging the buying power of the state as a creditworthy tenant, and negotiating longer-term leases at more favorable prices), RES has been able to continue to lease under the market rate.

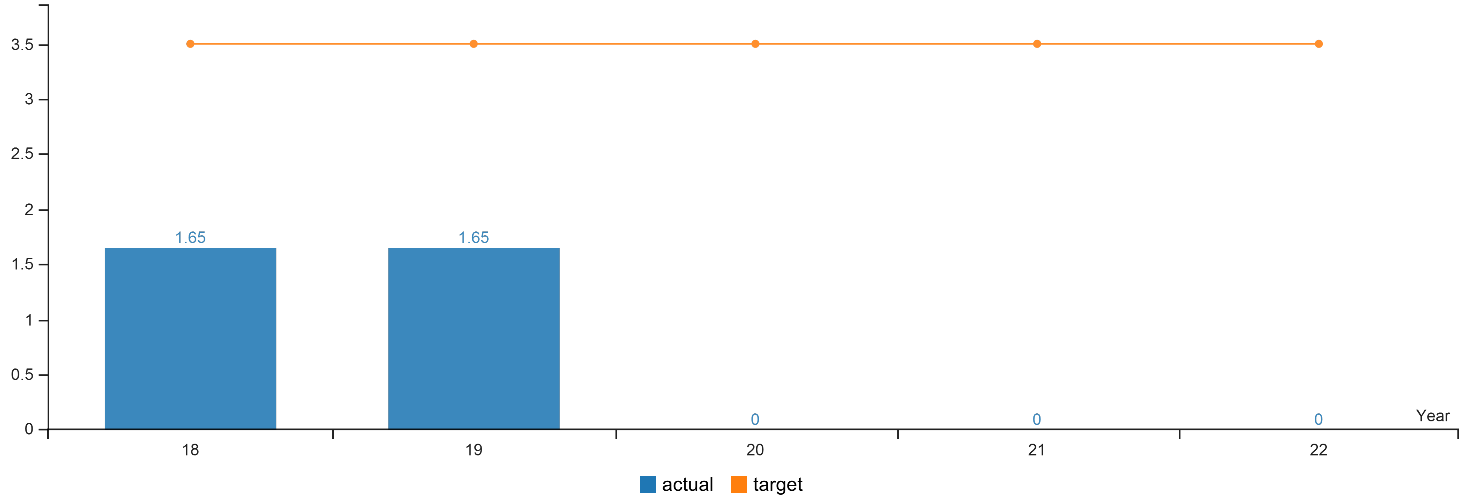
Factors Affecting Results

Year over year, RES has continued to accumulate vast savings in facility costs for state agencies. Moving forward in the next few measure periods, the market shows a potential swing from low commercial office space inventory to a higher inventory, due in most part to the recent COVID-19 office restrictions, along with a large number of public and private employers exiting the market in an attempt to reduce costs in this uncertain time, in order to take advantage of the potential reduction in overhead costs by shifting employees from an in-office style of work into the telecommuting environment.

Considering these factors, among others, RES expects to see that market leverage will continue to shift towards the Tenants. Therefore, RES could see an advantage from a negotiation standpoint over the next couple of measure periods, when searching for space. However, RES also expects other aspects of the market to continue to be volatile, and anticipates other market increases, such as the cost of janitorial services. Recently, for example, RES has seen a large spike in janitorial service costs, due to COVID-19 safety standards and regulations.

KPM #8	INFORMATION SECURITY - Overall information security maturity rating based on a sample of state agencies. Rating achieved using a compilation and aggregate score based on the ISO 27002 standard and assigning a rating using the Carnegie-Mellon Capability Maturity Model. (3rd party conducting information security business risk assessments)
	Data Collection Period: Jul 01 - Jun 30

** Upward Trend = positive result*



Report Year	2018	2019	2020	2021	2022
Information Security					
Actual	1.65	1.65	0	No Data	No Data
Target	3.50	3.50	3.50	3.50	3.50

How Are We Doing

We have proposed a new metric to be approved during the 21-23 Legislative session. KPM #8 has been proposed for deletion as we are choosing to select a metric that measures our cybersecurity posture and success in a more effective way.

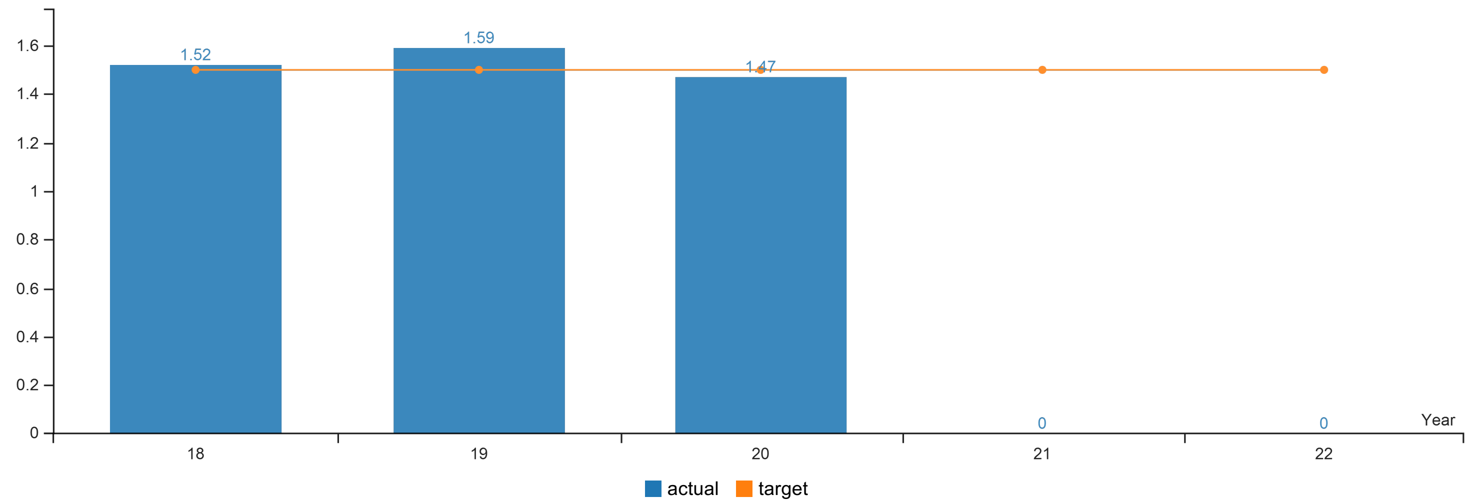
Factors Affecting Results

Cyber Security Services conducts risk assessments based on the Center for Internet Security (CIS) top 6 critical controls. Reporting on that data does not show the overall state of security for the State as it only represents the state of security at a subset of state agencies, boards and commissions. Furthermore, the entities assessed change each year and CSS has not yet been able to repeat an assessment at an agency, board or commission so the data wouldn't show whether the overall state of security has improved or degraded. It would only show the state of security of a specific subset of agencies.

The proposed metric will give us a better baseline for consistency in our reporting.

KPM #10	RISK MANAGEMENT - Annual number of Severe Worker's Compensation claims per 100 FTE
	Data Collection Period: Jan 01 - Jan 01

** Upward Trend = negative result*



Report Year	2018	2019	2020	2021	2022
Number of Severe Worker's Compensation Claims per 100 FTE					
Actual	1.52	1.59	1.47	No Data	No Data
Target	1.50	1.50	1.50	1.50	1.50

How Are We Doing

We met our goal of 1.50 with actual of 1.47.

Factors Affecting Results

One of the driving forces for the decrease is that DAS Risk Management set CFR goals for the top 15 policies driving the majority of the frequency for the state. The all but three agencies meet the goals set for frequency for the 2019-20 policy year. Some of the results are:

Total claims (severe and non-severe) decreased by 9%.

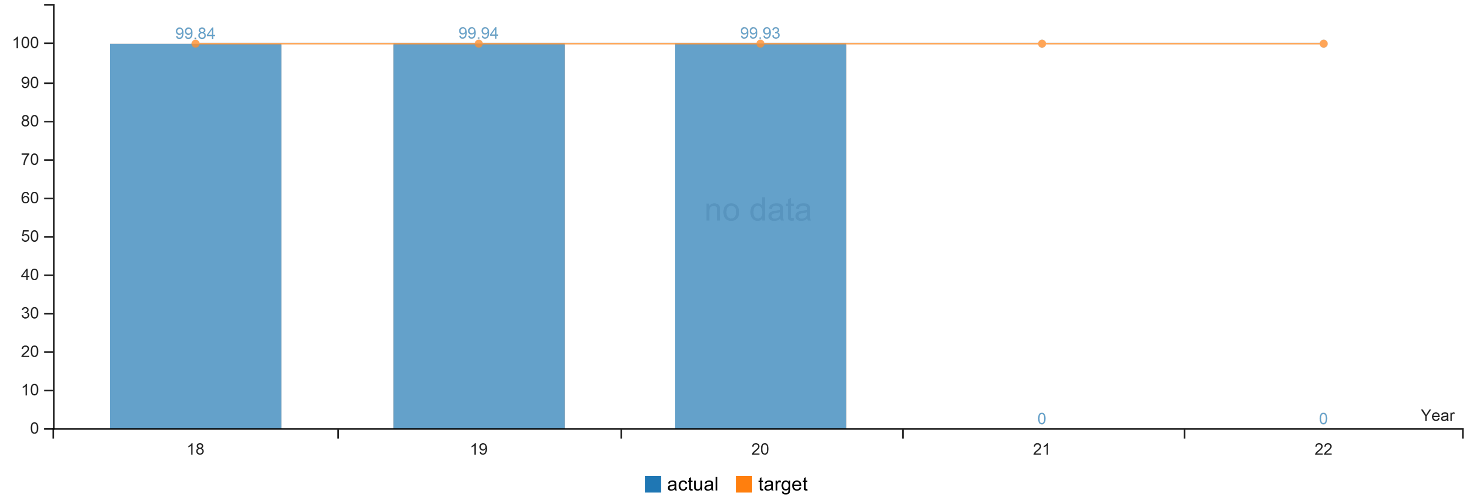
Total severe claims decreased by 8%.

The FTE count from 2018-19 to 2019-20 was similar with a decrease of .46% from the 2018-19 to the 2019-20 year.

Note: We are not sure what the impact of COVID-19 had on the results. We did have a decrease in the claims filed in the month of April and May beyond what we would have anticipated.

KPM #11	DATA CENTER - Percentage of time systems are available.
	Data Collection Period: Jul 01 - Jun 30

** Upward Trend = positive result*



Report Year	2018	2019	2020	2021	2022
Data Center- Systems Availability					
Actual	99.84%	99.94%	99.93%	No Data	No Data
Target	99.90%	99.90%	99.90%	99.90%	99.90%

How Are We Doing

The availability of 99.93% for FY 2020 is above target.

Factors Affecting Results

Data Center Services remain stable. Computing platform has virtualized over 98% of the server computing platform. This has improved the stability and reliability of the computing environment as well as significantly expanded the use of our computing infrastructure.

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HB 2027 – Parking and Fleet Clarifications

What the measure does: Clarifies DAS parking authority. Requires state employees to pay for parking in pay-for-parking markets. Allows DAS input on zero- or reduced-emission fleet vehicles.

Background: Currently, there is a lack of clarity about DAS parking authority and whether or not agencies have to require payment for parking from state employees if in pay-for-parking markets. Also only DEQ is currently allowed to determine the zero- or reduced-emission fleet vehicles that should be purchased by DAS.

Problem: Currently some state agencies are not charging their employees for parking, and DAS is the entity that actually purchases fleet vehicles.

Solution: Require all state employees in pay-for-parking markets to pay for parking, and allow DAS to join DEQ in determining which fleet vehicles to purchase.

Fiscal: None

POP: None

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HB 2028 – Compliance Certification for Shared Revenues

What the measure does: Eases process for cities to claim state-shared revenues.

Background: Currently, cities have to attest to DAS to complying with state requirements prior to getting state-shared revenues like highway or marijuana shared revenues. They do this in differing ways, including by having to pass an ordinance every year. After cities certify compliance, they receive the revenues from DAS.

Problem: This multi-pronged approach for certifying compliance works for most cities most of the time. Others, particularly smaller jurisdictions, have a difficult time complying resulting in late or almost late delivery of the revenues.

Solution: Simplify the compliance process for all shared revenues to a simple signed attestation from the appropriate city official.

Fiscal: None

POP: None

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HB 2029 – Public Records Advocate as a Separate Agency

What the measure does: Establishes Public Records Advocate (PRA) as independent office within the Executive Branch. Authorizes Public Records Advisory Council (PRAC) to appoint advocate. Specifies powers for the PRA and PRAC.

Background: Currently, the PRA exists within DAS.

Problem: The Governor and stakeholders would like to separate the PRA and the PRAC from DAS to create a separate agency.

Solution: Separate the PRA from DAS and create a separate agency.

Fiscal: None

POP: None

Contact: Adam Crawford, DAS, 971.707.8106

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SB 29 – State Capitol Mall Maintenance

What the measure does: Moves responsibility for maintenance of the State Capitol Mall from the Oregon Parks and Recreation Department (OPDR) to DAS.

Background: OPDR has been responsible for the maintenance of the State Capitol Mall for over a decade. However with the recent fall in Lottery revenues, OPDR was in the painful position of having to lay off staff agency-wide while still adhering to statutory directives. DAS is current responsible for maintenance and upkeep around the Capitol Mall area, as well as for infrastructure within in.

Problem: Given the layoffs and the mixed responsibilities, DAS can take on the maintenance of the Mall freeing OPDR to focus on parks in areas that provide revenue and need supports.

Solution: Switch the maintenance of the State Capitol Mall from the Oregon Parks and Recreation Department (OPDR) to DAS.

Fiscal: $3.5M in Other Funds raised through rent.

POP: 117

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SB 30 – Oregon Transparency Website

What the measure does: Directs State Chief Information Officer to appoint Chief Privacy Officer and describes scope of Chief Privacy Officer's duties. Directs Secretary of State and State Treasurer to adopt by rule certain data privacy requirements.

Background: In July of 2019, the Secretary of State (SOS) released Report 2019-19, *"Department of Administrative Services: Enhanced Transparency in Key Budget Practices Would improve Governance and Inform Decision-Making for State Spending."* The Audit identified substantial deficiencies with the transparency website related to functionality, usability, data and completeness, and it made a series of recommendations for improving the website. Additionally, the Audit noted that despite increased visits to the website, the average user session duration has declined substantially and the bounce rate has increased significantly; these metrics indicate that despite increased demand for government information, citizens are not finding what they are looking for.

Problem: Despite early leadership in government transparency with the passage of HB 2500 (2009) and the creation of the Oregon Transparency website, Oregon has lost substantial ground relative to other states in its transparency efforts due to statutory resource limitations (originally intended to be temporary) and a website that fails to fulfill its primary purpose. Mainly, that the "website should be easy to use"; "presented using easily understandable language"; and "teach users how state and local governments operate."

Solution: Eliminate the statutory resource limitation contained in ORS 276A.253(2) and ORS 276A.253(3); i.e., "when at no additional cost, using existing data and existing resources … and without reallocation of resources."

Fiscal: None.

POP: None.

Contact: Joseph Wells, OSCIO, 971.707.0281

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SB 31 – OSCIO Name Change

What the measure does: Changes name of office of State Chief Information Officer to office of Enterprise Information Services.

Background: Last fall, the division formerly known as the Office of the State CIO (OSCIO) re-named itself Enterprise Information Services (EIS)—a moniker that is more accurate and descriptive of the services offered by EIS and the constituencies it serves. The EIS name-change was supported by the Enterprise IT Governance Committee, a full-rebranding effort, a communications strategy, and the recent release of the EIS Strategic Framework for 2020-2023.

Problem: Despite these change management efforts and customary standards of statutory interpretation, several stakeholders outside the Executive Branch believe that the EIS-name change required legislation to amend ORS 276A.203 and other provisions within Chapter 276A that reference the "office of the State Chief Information Officer." While EIS is a division (not an agency) under the Department of Administrative Services, the lack of agreement over who has the authority to change a division name is an unnecessary point of contention and creates needless confusion—particularly, with respect to official communications.

Solution: Remove statutory references to the "office of the State Chief Information Officer" and replace with "Enterprise Information Services" (correcting for syntax as necessary) in: ORS 276A.203(1), ORS 276A.203(5)(a), ORS 276A.203(5)(b), ORS 276A.203(5)(d), ORS 276A.203(7)(d), ORS 276A.323(2)(a), ORS 276A.323(2)(e), ORS 276A.335(1), ORS 276A.335(2), ORS 276A.515(1)

Fiscal: None.

POP: None.

Contact: Joseph Wells, OSCIO, 971.707.0281

AUDIT RESPONSE REPORT

Audit Title: **Opportunities Exist to Increase the Impact of State Agency Internal Audit Functions**

Division: Chief Operating Office

Audit Number: 2018-25

Issue Date: August 2018

Audit Recommendation:	Response/Action Taken:
• Define the minimum amount of resources that constitutes an active internal audit function, whether staffed or contracted, and develop a methodology to determine the recommended staffing for internal auditing.	Management Response August 2018: Management Generally Agree, however resource levels are determined by the state Legislature every two years through the biennial budget process. In consultation with DAS management, the DAS CAE, the CAE Council, and other agency executives, methodologies will be researched with the aim to provide best practices and information helpful to internal audit resources for Oregon state government. It is important to note that a recommendation for staffing or resources does not necessarily mean that any additional staff or resources will ultimately be made available. Secretary of State Audits Division Follow-up December 2019: DAS has not yet started work on this recommendation. At the time of the original audit, DAS estimated the agency would complete this recommendation by July 2023.
• Determine whether the minimum qualifications for internal audit classifications should be amended to expand the pool of applicants.	Management Response August 2018: Management Agrees: DAS Management and the DAS CAE will work with the Chief Human Resources Office (CHRO) to review the current MQ's of each of the three IA position levels. DAS Management and the CHRO feel it would be best to complete this work after implementing Recommendation #1. Secretary of State Audits Division Follow-up December 2019: Following a discussion with the Chief Audit Executive Council, DAS updated the minimum qualifications to allow for an expended pool of applicants based on additional types of possible experience. According to DAS, revised minimum qualifications are currently in use by agencies during recruitments. This change is timely because it expands the pool of possible applicants at a time when nine state agencies received approval to fill newly created internal audit positions. **Recommendation has been Implemented.**
• Dedicate sufficient human resources for both statewide internal audit coordination and internal auditing within DAS.	Management Response August 2018: Management neither Agrees nor Disagrees. DAS Management will review the current staffing level and compare it to the resources needed to perform both statewide oversight and internal auditing within DAS. If it is determined the additional resources are needed, DAS may request the resources during the 2021 legislative session.

	Secretary of State Audits Division Follow-up December 2019: Ultimately, budgetary decisions are made by the Governor and the Legislature. However, DAS has increased its staffing to allow separate positions for both a Statewide Coordinator at an increased classification and an Internal Auditor dedicated to work on DAS. Our initial analysis based on the North Carolina model recommended that DAS have between three and five auditors for the agency's own internal audit function. This did not include the Statewide Coordinator position.
• Evaluate whether the classification of the statewide internal audit coordination position is appropriate, relative to the Chief Audit Executives throughout the state.	Management Response August 2018: Management Agrees. DAS management and the DAS CAE will work with the CHRO to review the current classification level of the DAS CAE as well as the classification of statewide CAE's. DAS Management and the CHRO feel it would be best to complete work after implementing Recommendation #1. Secretary of State Audits Division Follow-up December 2019: DAS has increased the classification of the statewide coordination position to reflect the additional responsibilities of coordinating internal audit in the state. **Recommendation has been implemented.**
• Propose changes to administrative rules to address concerns identified in this report, including those related to misalignment of reporting periods, audit committee composition, and functional and administrative reporting.	Management Response August 2018: Management Agrees. DAS Management, DAS CAE, the Council, and other necessary stakeholders will work on a review and possible revision of administrative rules relating to internal audit. Secretary of State Audits Division Follow-up December 2019: DAS has not yet started work on this recommendation. The agency's current plan is to begin review and revision of Oregon Administrative Rules in 2020. Agency Update July 2020: DAS Chief Audit Executive has convened a work group to begin the review and revision process of OAR's 125-700-0010 through 125-700-0155.
• Provide guidance to agency internal audit functions on minimum requirements for risk assessment processes, risk-based audits, and external reviews.	Management Response August 2018: Management Agrees. DAS management, DAS CAE, and the Council will develop and make available to agencies guidance on consistent reporting of the work surrounding the risk assessment process; risk-based audits; and external reviews. Secretary of State Audits Division Follow-up December 2019: DAS has prepared draft guidance that will be provided as part of a new mentorship program being developed for new agency internal audit functions; this guidance will be included in DAS' revised handbook. The draft program manual includes specific guidance on minimum requirements for an annual risk assessment, an annual audit based on the risk assessment, a governance audit every five years, and an external review within three to five years.

	DAS and the Chief Audit Executive Council are currently implementing a limited pilot of the mentorship program. The necessary guidance will need to be provided to both new and existing internal audit functions for full implementation of this recommendation. Because some existing audit functions were not in full compliance with these requirements in state law, DAS will need to call their attention to these items specifically. Agency Update July 2020: The mentorship program is active and all materials posted on the DAS Internal Audit Website. The documents are available to all agencies as well as the general public. **Recommendation has been Implemented.**
• Develop a strategic plan to coordinate agency internal audit efforts, promote effectiveness, and ensure integrity of internal auditing in the state.	Management Response August 2018: Management Neither Agrees nor Disagrees. DAS management will collaborate with the DAS CAE and the Council on the best set of tools to provide to state agencies that will assist in coordinating of the internal audit function in state agencies, promoting effectiveness and ensuring the integrity of internal auditing in the state. Secretary of State Audits Division Follow-up December 2019: DAS has not yet started work on this recommendation.
• Work with the Legislature to strengthen and clarify state laws related to internal auditing and DAS's role as a centralized coordinating body.	Management Response August 2018: Management Agrees. DAS management and other applicable bodies will work with the Legislature to review and possibly change state laws relating to internal audit in state government, including the role DAS is to play. Because legislative concepts for 2019 are well under way, the next opportunity for DAS to request any statutory changes will be during the 2021 legislative session. Secretary of State Audits Division Follow-up December 2019: DAS has not yet started to work on this recommendation. The agency currently plans to review this recommendation for a possible request during the 2021 legislative session. Agency Update July 2020: The decision has been made by the agency to wait until the review/revision of the OAR's prior to a request for legislative review of the statute. Agency will not be requesting a review of statute in the 2021 legislative session.
• Develop guidance or criteria to determine when an exemption to the internal audit requirement is appropriate.	Management Response August 2018: Management Agrees. DAS management, DAS CAE, and the Council will review the current policy on requesting and granting exemptions to rule. The DAS CAE and the Council will then develop procedures that relate directly to granting such exemptions on internal audit functions. Secretary of State Audits Division Follow-up December 2019: DAS has developed a process for reviewing for exemptions on a case-by-case basis. In a letter DAS will be sending to directors of agencies that meet

	statutory requirements, but do not yet have an internal audit function. DAS describes the requirements for requesting an exemption. These requirements include: • The request must be submitted in writing; • The agency must include: 1. A reason for the request 2. The special circumstances that warrant the exemption; and 3. The agency's plan to meet the requirement to have an internal audit function. The exemption would last until the end of the biennium, at which point the agency would need to submit a new request for the exemption to continue. **Recommendation has been Implemented.**
• Inform agencies that meet the current criteria that they are required to have an internal audit function.	Management Response August 2018: Management Agrees. DAS management and the DAS CAE will develop a letter that informs agencies that meet the current requirement and what guidance DAS is able to provide. Secretary of State Audits Division Follow-up December 2019: DAS has completed its letter to directors and Frequently Asked Questions document, and it has informed agencies known to meet the current criteria that they are required to have an internal audit function. **Recommendation has been Implemented.**
• Develop a formal process to track which agencies meet statutory requirements for establishing an internal audit function.	Management Response August 2018: Management Agrees. DAS management and the DAS CAE will develop a tool to assist in reviewing and tracking when an agency meets the requirement of having an internal audit function. Secretary of State Audits Division Follow-up December 2019: On odd-numbered years after the end of the long legislative session and after budgets have been reconciled, DAS reviews agencies' updated staffing, budgets, and expenditures to determine whether they are required by statute to have an internal audit function. DAS compares the list of agencies that meet one or more of the requirements, with the list of agencies that have an internal audit function or have just been approved for a new internal audit position by the Legislature. Our review of this comparison indicates DAS does not include independent agencies such as the Judicial Department, the Criminal Justice Commission, or the Public Defense Services Commission, all of which have budgets larger than $100 million, one factor that requires them to have an internal audit function. In our original audit, we identified where DAS has been given statutory responsibility for coordinating internal audit outside the executive branch. DAS still needs to identify a method to collect information from agencies outside the executive branch to include in their tracking system.

	For agencies that meet the requirement, but do not have either an existing or recently approved internal audit function, DAS has stated it intends to send a letter to the director informing them of the requirement and describing the process to request an exception. DAS also has the guidance contained in the letter available as an FAQ. Agency Update July 2020: DAS CAE has implemented a formal review process described above for agencies currently until DAS oversight.
• Adjust the current criteria in state rules for the internal audit requirement to clearly identify state agencies that face the highest levels of risk. This should include a review of the types of transactions considered as "cash processed," the levels of expenditure and staffing set more than a decade ago, and a consideration of other risk factors.	Management Response August 2018: Management Agrees. Along with the work being done from recommendation 1, DAS management, DAS CAE, and the Council will work with other bodies to develop a review of current criteria and adjust if necessary. This may potentially require a revision to the current administrative rules. Secretary of State Audits Division Follow-up December 2019: DAS has not yet started work on this recommendation. The agency's current plan is to begin review and revision of Oregon Administrative Rules in 2020. Agency Update July 2020: DAS Chief Audit Executive has convened a work group to begin the review and revision process of OAR's 125-700-0010 through 125-700-0155.
• Make training materials available to new and existing internal audit staff at state agencies, including trainings that would enable staff members to participate in external peer reviews at other agencies.	Management Response August 2018: Management Agrees. The DAS CAE, in partnership with the Council and the IIA Salem Chapter, will develop a formal review process of training opportunities. This information will then be made available to all agency internal audit functions. Secretary of State Audits Division Follow-up December 2019: While DAS does not provide formalized trainings directly, guests from the Institute of Internal Auditors and others have provided information about trainings at Chief Audit Executive Council meetings. DAS and the Chief Audit Executive Council have also started a program matching new and experienced Chief Audit Executives for mentorship. To support auditors who would like to be able to access and participate in peer reviews at other agencies. DAS is maintaining a list of those who are qualified to lead peer reviews and those who would like to participate to gain the experience that qualify them to lead future reviews. DAS is not directly coordinating trainings to enable participation in the external peer reviews. Agency Update July 2020: DAS Chief Audit Executive has convened a work group tasked with developing guidance and templates for performing external peer reviews.

• Provide training materials to new and existing committee members, including training on how to maintain the independence of the audit function and what work products to expect.	Management Response August 2018: Management Agrees. In partnership with the Council, the DAS CAE will review the audit committee training currently available, such as the Audit Committee Handbook and a training presentation. They will be updated as determined necessary and made available to audit committees at state agencies. Secretary of State Audits Division Follow-up December 2019: DAS currently has an outdated handbook for audit committee members that the Chief Audit Executive Council has started to revise. DAS also plans to hold in-person visits at agencies and develop a Frequently Asked Questions document specifically for audit committee chairs. Agency Update July 2020: The Audit Committee Handbook has been revised and is published on the DAS Internal Audit Website. An FAQ has also been completed and posted. Due to the recent Covid-19 pandemic, on-site visits by the DAS CAE has been placed on hold, but visits are available via virtual meetings. **Recommendation has been Implemented.**
• Revise the annual report on statewide internal audit activities to ensure it is clear, accurate, and helpful for internal audit stakeholders; includes meaningful information on internal audit performance; describes conformance with professional standards and state requirements; and details the costs and outcomes of internal audit contracting.	Management Response August 2018: Management Agrees. Working with DAS management and the Council, the DAS CAE revise the annual report format after seeking input from stakeholders on what information should be included in the report. Secretary of State Audits Division Follow-up December 2019: An annual report on statewide internal audit activities in 2017 was due to the Legislature only a few months after the release of the original audit, giving DAS little time to make substantive changes based on our recommendations. The report on activities in 2018 does have some improvements, such as an updated visual layout and additional information on consulting engagements, but many of our concerns remain and there are a few areas that may have declined further. Specifically, there is no analysis of the actual performance of the individual audit functions and the report reads as either positive or neutral without pointing out where agencies have fallen short. Agencies that are not currently in compliance with professional standards and statutory requirements are not identified, leaving it to the reader to compare the information that is presented against a description of criteria that appears at the end of the report, which may require a deeper analysis than many readers of the report are likely to do. The information provided on internal audit staffing is less clear than in past reports. DAS Developed a form it will use to collect information for internal audit activities from July 2018 through June 2019. The information DAS plans to collect is promising, but how it chooses to analyze and present it will be important. We have not seen a template for the report based on the new collection. Agency Update July 2020: A Chief Audit Executive Council workgroup has developed six performance measures that will be included in the annual report. For the 2020 report the data is optional as agencies were not informed of the new requirement in time for the FY20 timeframe. The data will be required for the

	2021 annual report. The report is a “living” document and will be reviewed and revised as requested by stakeholders to include information considered important. **Recommendation has been Implemented.**
• Convene an internal audit working group including stakeholders such as state CAE’s and professional auditing organizations to determine the appropriate level of centralization for internal audit functions in Oregon.	Management Response August 2018: Management Neither Agrees nor Disagrees. Working with DAS management, the Council and other applicable bodies, a review of the recommendation will be done after work is complete on the preceding 15 recommendations. **Secretary of State Audits Division Follow-up December 2019:** DAS has not yet started work on this recommendation.

Related Policy Option Package for 21-23: DAS-100

Audit Title: **Progress Has Been Made to Address Security Weaknesses at the State Data Center, but Improvements are Still Needed**

Division: Enterprise Technology Services

Audit Number: 2018-34

Issue Date: August 2018

Audit Recommendation:	**Response/Action Taken:**
• Clarify the information security roles of date center personnel pertaining to security requirements defined in the information security plan and overall responsibility for security at the data center.	Management Response October 2018: Management Agrees. The first stage in addressing security concerns at the SDC was establishing critical security capabilities that were missing, which the findings of this audit confirm have been addressed. The next stage is to mature those services from ad-hoc to fully documented and tested capabilities, including clear documentation of roles & responsibilities. The ESO will work in partnership with ETS to drive to this next level of maturity across security relevant operations through the end of the 2017-19 biennium. Secretary of State Audits Division Follow-up April 2020: CSS management worked with a consultant to draft a document clarifying cybersecurity roles and responsibilities among CSS, DCS, state agencies, and other entities. However, we noted that the draft document does not clearly articulate security incident response roles and responsibilities between the various parties. As management moves forward with finalizing this document, it is important that they ensure all security roles are clearly defined. CSS management indicated that they hope to finalize and share this document with DCS and other agencies in March 2020, though this timeline is dependent on external stakeholders. DCS management chose to postpone clarification of security roles specific to the data center until after CSS has finalized the document.
• Improve tracking of remediation efforts to mitigate critical vulnerabilities detected by scans.	Management Response October 2018: Management Agrees. Vulnerability remediation is taking place consistently at the SDC, as reflected in the audit findings. The SDC is currently managing vulnerabilities to a level which exceeds current state standards and has consistently maintained that level in monthly regular scan results. Processes to improve vulnerability management coordination between the SDC and agencies are under development and will be supported by the OSCIO Information Technology Service Management (ITSM) project. The ITSM project will deliver a modernized ticketing and workflow management platform the improved processes can take full advantage of. A policy option package has been submitted in the 2019-21 legislative session to permanently staff this lack of capacity to ensure dedicated focus to security vulnerabilities in SDC manages systems is put in

	place. This resource will establish a system for tracking vulnerabilities to closure, leveraging the SDC's implementation of the OSCIO ITSM platform that will replace the existing SDC ticket tracking system. Secretary of State Audits Division Follow-up April 2020: Management implemented an interim solution to address this recommendation. Agency personnel track the top 10 critical vulnerabilities identified in monthly reports in a ticket tracking information system. While this is an improvement of the agency's processes to track remediation, DCS could further improve this process by tracking critical vulnerabilities beyond the top 10. Ultimately, data center management plans to leverage the information technology service management (ITSM) system discussed in recommendation no. 10 as a more efficient and automated solution. However, work is still underway to identify and implement this system. **Recommendation has been Implemented.**
• Improve implementation and capabilities of the security information and event monitoring system by a. Developing metrics to measure and track volume and content of logs and associated offences generated by the system; b. Developing procedures to modify system rules; and c. Continuing to build capacity to manage additional log sources for input and analysis in the system.	Management Response October 2018: Management Agrees. The Enterprise Security Office (ESO) Security Operations Center (SOC) currently manages the security information and event management (SIEM) system that supports the state data center. The SOC is still early in its development, so detailed metrics and documented procedures are still being developed. Metrics will be established that will include the log information (type, contents, volume, etc.), as well as the related alerts and incidents generated from those logs. SOC development activities include the completion and documentation of formal operating procedures including, but not limited to, change management for SIEM rules. Specific requirements and controls around rule changes and /or changes to SIEM configuration will be documented in the coming months. Both short and long-term plans for the enterprise SIEM include expansion to handle both the physical requirements for the growing number and sized of logs, as well as the processing capability to perform the necessary analysis to generate alerts. A policy option package to fund additional needed log capacity to serve SDC needs has been submitted for consideration in the 2019 legislative session. Secretary of State Audits Division Follow-up April 2020: CSS implemented processes to measure and track the volume and content of logs, which are reported weekly to internal management, fully satisfying part "a" of this recommendation. Management has developed a procedure governing the modification of rules to the system. However, the procedure does not address key change management controls, such as how changes will be reviewed and documented. This part of the recommendation has been partially satisfied.

	CSS implemented new hardware to provide additional capacity for the security information and event monitoring system to manage input and analysis of information from additional log sources, fully satisfying part "c" of this recommendation. Considering actions taken on all three parts, we rate this recommendation as partially implemented.
• Request funding from the Legislature to implement networking and security equipment life cycle replacement as an ongoing program as opposed to individual projects.	Management Response October 2018: Management Agrees. Funding has been requested in a policy option package in the 2019 legislative session to provide ongoing operating budget to sustain lifecycle replacement costs for security equipment-specifically, funding for firewall lifecycle. As new security solutions are implemented, funding requests will include budget provisions for on-going support of the entire lifecycle of the assets from concept to replacement. Discussions have been initiated to consider moving these resources to a lease model to ensure they are regularly refreshed automatically, rather than requiring periodic capital investment, which often includes delays in replacing older infrastructure. Secretary of State Audits Division Follow-up April 2020: DAS requested funding for equipment lifecycle replacement and software licensing upgrades and tool replacement at the state data center during the 2019 legislative session. The Legislature approved the request. While the amount of funding will likely change each biennium due to growth and cost variations, this provides an avenue to request ongoing funding for lifecycle replacement needs at the data center. **Recommendation has been Implemented.**
• Develop and implement solutions to isolate operating system environments that are not fully supported by vendors.	Management Response October 2018: Management Partially Agrees; with this recommendation, as hosted agencies drive this need. A more complete solution would involve a change in policy, such as the introduction of an Authority to Operate process, or other governance that would require compliance at the risk of application isolation from the Oregon Government Enterprise. In the absence of this kind of control, ESO standards prohibit the use of obsolete or non-vendor supported operating. Due to agency resourcing shortfalls, exceptions are sometimes granted to temporarily support business needs. ESO will formalize the exception process over the coming months. In addition to tracking of exceptions, a technical scheme for isolating systems that remain outside of state standards is necessary to protect the rest of the enterprise. Secretary of State Audits Division Follow-up April 2020: DCS has not yet developed solutions to isolate unsupported operating system environments. Management indicated that these solutions will be included in their network security modernization project. However, this project is still in the planning phase, and no documentation exists to indicate how the recommendation will be addressed by the project.

• Periodically reconcile installation of anti-malware and patch management agents on Windows servers with applicable servers in its inventory to ensure full coverage.	Management Response October 2018: Management Agrees. Efforts are already underway in ESO to develop two enterprise solutions to accommodate this recommendation. The first will be focused on establishing a solution of solutions that accurately account for inventory in an automated manner, both for software and hardware. This will allow for confirmation of existence of appropriate anti-malware software and patch management agents on each client in the environment. The second solution will focus on configuration management, which will inform when a system is configured in an insecure, non-compliant manner. This solution will help ensure anti-malware and patch management agents are properly configured to do what was intended. ESO will be deploying these solutions during the 2019-21 biennium when the necessary budget will be available. ETS/SDC will be the target for both solutions once they are identified and procured. Secretary of State Audits Division Follow-up April 2020: Management implemented a manual reconciliation process to address this recommendation. DCS personnel conducted the first review during our follow-up and management indicated they plan to perform reconciliations quarterly. This manual review is time-consuming and does not account for all discrepancies. However, if the process is refined, this review can provide a stop-gap solution to ensure that anti-malware and patch management agents are up to date. Ultimately, data center management plans to leverage the ITSM system discussed in recommendation no. 10 as a more efficient and automated solution. However, work is still underway to identify and implement this system.
• Enforce existing procedures requiring periodic review of privileged access membership.	Management Response October 2018: Management Agrees. ESO has worked with ETS and agency partners to drive a multi-year project to upgrade the controls around the isolation, tracking and use of privileged access credentials within ETS. Agreeing on a solution has included partnership with IT and security teams across all agencies with systems currently manages at ETS. ESO and ETS have already contracted a vendor and started implementation of the new privileged access system that should be ready for use starting in 2019. ESO will assist ETS in the development, documentation and testing of a periodic privileged access audit procedure as soon as the move to a new privileged access management system is complete. The conversion to this new system will take quite a while as each agency domain will need to be integrated individually. Substantial progress should be observable in the latter half of 2019.

	Secretary of State Audits Division Follow-up April 2020: During our initial audit, we found DCS was not in compliance with several division policies requiring periodic privileged access account review. While some of these processes are still not occurring, management implemented a regular review of changes to privileged accounts to ensure that such changes are authorized. Though this review will help mitigate the risk that users are inappropriately granted elevated access, the process does not catch all changes. In addition, further work remains for management to assess policies governing privileged access review, along with the review processes in place, to ensure they are aligned and adequately mitigate the risk of inappropriate privileged access membership.
• Develop additional alerts to monitor actions taken by privileged access users, as required by the statewide security plan and standards.	Management Response October 2018: Management Agrees. The Enterprise Security Office (ESO) Security Operations Center (SOC) is currently in the process of developing use cases that will enable alerting for actions taken by privileged users as required by the Statewide Information Security Plan. This includes alerting on specific behavior such as privilege escalation attempts, log modification and non-standard creation of user accounts and privilege assignment. Once these alerts are developed and ETS endpoint systems are integrated into the SOC, this finding will be fully addressed. Secretary of State Audits Division Follow-up April 2020: Additional alerts to monitor actions taken by privileged access user have not yet been developed. CSS is working with a vendor to implement privileged account use monitoring in the security incident and event monitoring system; this builds on the body of work addressed in recommendation no. 3c. Once the solution is in place, management indicated that CSS and DCS will work together to implement this functionality at the data center. However, at this time, CSS does not have processes in place to monitor privileged access at the data center in accordance with state standards.
• Further define procedures for security incident response, including: a) Better defining roles and responsibilities for security incident response between the Enterprise Security Office and the data center. b) Ensuring that potential security incidents are tracked to enable additional analysis; and	Management Response October 2018: Management Agrees. As called out in the Statewide Information Security Plan (dated August 1. 2018), the Enterprise Security Office (ESO) is to develop, coordinate and maintain the State Incident Response capability. The ESO is currently in the process of clearly defining roles and responsibilities for security incident response as part of efforts to update the Statewide Security Incident Response policy (107-004-120) and related procedures. The body of work will enable better role definition and responsibilities in this area between the ESO and data center. As part of the SOC development mentioned in recommendations #1 and #8, the SOC will be formalizing the tracking and analysis of security incidents, as well as the standard operating procedures for responding to different types of security incidents. Incidents detected in the SOC are already being documented and tracked in a SOC ticketing system (this was implemented after the audit was completed). Written procedures for tracking and closing tickets in this system are still being developed, with an

c) Developing standard operating procedures for responding to different types of security incidents.	expected completion date of June 30, 2019. This procedures must be applicable to agency incidents as well as SDC incidents, therefore more time will be required to complete the documentation. Secretary of State Audits Division Follow-up April 2020: DCS is in the process of revising its Security incident management Plan, which now includes a high-level flowchart of its security incident management process. CSS is also in the process of revising their Information Security Incident Response Plan. Given that this work is still in process, we consider part "a" partially satisfied. However, we noted it took some effort to decipher the division of roles and responsibilities between the two entities, which may lead to confusion during a security incident. As the divisions work to finalize these incident response documents, it may benefit CSS and DCS to work together to improve consistency and clarity. CSS established a process to record potential incidents, detected by automated systems or other sources, in a ticket tracking system. Incident response personnel review logged items and incident handlers follow up on any that are determined to be an actual security incident. This fully satisfies part "b" of the recommendation. CSS developed an Information Security Incident Response Procedures document. The procedure outlines steps responders should take to identify, classify, contain, eradicate, and recover from a security incident. This document, in combination with supplemental guidance referenced in the procedure, addresses how to respond to different types of security incidents. This fully satisfies part "c" of the recommendation. Considering actions taken on all three parts, we rate this recommendation as partially implemented.
• Identify and implement an automated solution for asset inventory and configuration management.	Management Response October 2018: Management Agrees. Efforts are already underway in ESO to develop two enterprise solutions to accommodate this recommendation. The first will be focused on stablishing a solution of solutions that accurately account for inventory in an automated manner, both for software and hardware. The second solution will focus on configuration management, which will inform when a configuration changes in a non-compliant way. ESO will be deploying those solutions during the 2019-21 biennium when the necessary budget will be available. ETS/SDC will be the first target for both solutions once they are identified and procured. Secretary of State Audits Division Follow-up April 2020: DCS has begun the work necessary to identify an automated solution for asset inventory and configuration management. The Legislature approved funding for an ITSM solution at the data center during the 2019 legislative session. The state currently has two Master Price and Services Agreements, which will include functionality for asset and configuration management. DCS plans to pursue an ITSM solution through the available price agreements; however,

	data center management has additional work to do to secure a vendor, including developing a Request for Quote from the two vendors.
• Work with state agencies dependent upon the data center for disaster recovery and ensure priorities for recovery are identified.	Management Response October 2018: Management Agrees. ETS is currently in the process of gathering this information. Further work will then be needed to identify interdependencies and inter faces across platforms to fully understand the requirements and complexity of system recovery. Completion of the recommendation will require partnership between ETS and customer agencies. Secretary of State Audits Division Follow-up April 2020: While DCS cannot implement this recommendation on its own, it has started to work with state agencies to identify recovery priorities in the event of a disaster. However, additional outreach and coordination is needed to complete this effort. During a CIO Advisory Council meeting on August 21, 2018, data center personnel requested state agencies to provide their priorities for system recovery. Data center staff continued to follow up with agencies to request this information through emails and meetings with agency management. However, this work with the agencies to identify disaster recovery priorities has been on hold since the departure of the data center's Disaster Recovery Program Manager, a position that has been vacant since October 2019. Management has since extended an offer to a candidate who has verbally accepted and plans to start April 2020. DCS management also indicated that, as part of an effort to test a recent power upgrade, they requested agencies submit a list of their database servers and the order in which their systems should be recovered. Management believes this will further inform their disaster recovery prioritization efforts.

Related Policy Option Package for 21-23:

Audit Title: **Significant Cost Savings Can Be Achieved by Modernizing Oregon's Procurement Systems and Practices** **Division: Chief Procurement Office**

Audit Number: 2018-45 **Issue Date:** December 2018

Audit Recommendation:	Response/Action Taken:
• Identify options, and seek funding, for the acquisition and implementation of an enterprise eProcurement system that would provide purchase data of sufficient detail to allow for a robust spending analysis and identification of opportunities for strategic sourcing and cost savings. Additionally, develop processes to ensure the results of this analysis are available to agencies, legislatures, and the public.	Management Response December 2018: Management Agrees. The Department of Administrative Services has submitted a Policy Option Package for consideration by the 2019 Legislative Assembly. If approved, the package would provide resources and funding to transform the current OregonBuys system to an enterprise solution. The implementation project would take 24 months to complete. Once implemented the data captured by the OregonBuys system will provide state procurement staff enhanced spend analysis and tools for the identification of opportunities for strategic sourcing and cost savings. DAS Procurement Services will develop and provide training to systems users on how to maximize these new resources in order to drive savings and best value in public contracting. Secretary of State Audits Division Follow-up May 2020: DAS received nearly $9 million in funding from the Legislature during the 2019 session to implement OregonBuys as an enterprise eProcurement system. OregonBuys is currently being used by the Secretary of State and the Department of Forestry. DAS is currently working with a contractor to finalize planning for a two-phase enterprise implementation of the system. The agency is currently working to fulfill the conditions necessary to gain approval from the IT investment oversight team at EIS for the implementation planning phase of the project. Once approved, DAS will begin execution of phase one of the project plan. The first phase will replace the state's current procurement system. This will allow agencies to post and review procurement solicitations and search for statewide contracts. End-to-end eProcurement functionality will be added in the second phase, which will allow agency staff to initiate requisitions, receive purchase approvals, and initiate payments to vendors in one system. The first phase was originally expected to be completed by the end of 2020, though this timeline has been belayed as a result of the COVID-19 pandemic. Management now anticipates phase one will be implemented in 2021, with the second phase due for completion approximately 18 months later. When phase two is completed, DAS expects to have detailed, line-item data for all purchases agencies make, allowing for spend analysis to be completed at both agency and statewide levels. OregonBuys will be integrated with the state's accounting system so that line-item information is accessible for actual amounts paid for supplies and services, data that has not historically been available.

	In addition to developing the OregonBuys system and supporting its implementation within state agencies, the contractor will also provide spend analysis and strategic sourcing services. Initially, the vendor will perform these functions, but the vendor will also provide training to DAS Procurement Services staff so that they can perform this work going forward. DAS anticipates these efforts will allow procurement staff to identify opportunities for cost savings through enhanced contract negotiations. Additionally, the system should provide cost savings through the reduction of manual, paper-based procurement processes. Management indicated that the purchase-level data OregonBuys generates will be available online to key stakeholders and the public, increasing the transparency of the state's purchasing decisions. However, DAS has not yet developed processes to perform spend analysis or communicate analysis results to external stakeholders.
• Fully develop and implement stage gate processes to ensure they are effective and repeatable. Specific processes that should be developed include: a) Specifying how projects of different sizes and complexity will be evaluated to ensure each project receives the appropriate amount of oversight. b) Establishing more robust criteria and guidance regarding elements for stage gate deliverables, including templates and examples, and a training program for oversight staff to promote consistent application of the project oversight framework.	<u>Management Response December 2018:</u> Management Agrees. We agree that EITG can further clarify what project management artifacts are required for oversight. Revised requirements have already been drafted and the matrix is currently in review with agency stakeholders, LFO and OSCIO leadership. Oversight models in other states will be evaluated to determine the benefits of utilizing different requirements based on project size and complexity. The entire suite of oversight templates is currently under review. PMBOK templates and templates from other states and consulting services will be considered as part of the revision. Once the updated documentation requirements and template package is complete, communication and training will be developed for agency staff. EITG work flow processes are currently being documented. This documentation will not only serve as reference for agency and OSCIO staff but will be incorporated into new employee onboarding and training. <u>Secretary of State Audits Division Follow-up May 2020</u>: EIS developed a new policy and procedure for how projects of different sizes and complexities will be evaluated to ensure appropriate oversight; however, these documents require approval before they can be implemented. EIS submitted the draft documents for approval in March 2020 and initially expected approval by April, but this timeline has been delayed as a result of the COVID-19 pandemic. Under the draft procedure, agencies will work with EIS to perform a self-assessment of the complexity of their IT investment projects using the Initial Complexity Assessment tool developed by EIS. This tool uses a matrix to calculate complexity based on six factors; span of organizational change, business complexity, IT complexity, preliminary budget, stakeholder complexity, and visibility. Additionally, oversight staff at EIS will assign maturity scores to each agency based on the maturity of their IT governance, project organizational structure, and experience with IT projects.

	EIS oversight staff will then use the project complexity and agency maturity assessment scores to calculate the appropriate level of oversight on a scale of one (lowest level of oversight) to three (highest level of oversight). The resulting oversight level will determine the documents agencies must submit to oversight personnel at EIS and the number of formal review points over the life of the project. In addition to developing more defined processes for determining the level of oversight, EIS worked with consultant and agency stakeholders to develop more robust tools and templates for agency project staff. For example, EIS developed a draft Project Management Plan template that provides guidance and sample language for agencies to define how required project work will be performed and measured. While EIS management believes that this more clearly defined oversight process will promote a more consistent application of the project oversight framework, management has not developed a formal training program or oversight staff. Though there is not a defined process to review the consistency of analysts' review, EIS management established a series of regular meetings providing oversight analysts a venue to discuss process issues in order to help enhance the consistency with which they apply the oversight framework. Additionally, the oversight team has discussed instituting a peer review process, which may help mitigate the oversight inconsistencies identified in the original audit. However, this review process has not yet been fully developed or implemented.
• Establish minimum knowledge (i.e. education or training) and experience requirements for project managers who manage major IT investment projects. Knowledge and experience requirements should be scaled to be commensurate with project risk determined by the OSCIO.	<u>Management Response December 2018:</u> Management Agrees in Part. While OSCIO agrees that oversight processes are the responsibility of EITG, agencies are ultimately responsible for training, hiring and assigning skilled project managers who understand the value and importance of sound project management practices. This includes assigning project managers that understand how to facilitate project management processes that support delivery of mature project management artifacts. OSCIO will develop project manager experience requirements that will take into account demonstrated hours of project management work, technical training and professional certifications. These requirements will be commensurate with the project complexity, project duration and project budget. <u>Secretary of State Audits Division Follow-up May 2020</u>: EIS has developed new requirements for project managers who manage major IT investment projects; however, the new procedure and template both require approval before they can be implemented. As mentioned in recommendation no. 2, although EIS submitted the draft documents for approval, the anticipated timeline has been delayed as a result of the COVID-19 pandemic. When these changes are approved, this recommendation will be fully implemented. Using the Initial Complexity Assessment tool discussed in recommendation no. 2, agencies will quantify the complexity of their IT investment project. The tool provides minimum project manager qualifications

	based on the results of the complexity assessment. Potential project manager levels include novice, entry level, intermediate, or advanced. Higher project manager levels require more experience, professional knowledge, skills, and more advanced certifications. While the Initial Complexity Assessment tool stipulates minimum project manager requirements, agencies may assign a higher level project manager to the project at their discretion. However, if an agency wishes to assign a lower level project manager than what is recommended by the tool, they must document a strategy to mitigate the associated risks.
• Work with stakeholders to define, periodically review, update, and approve key performance indicators for the oversight processes. Once KPI's are defined, the agency should develop processes to collect and periodically review performance data, and report progress compared to performance targets to key stakeholders.	Management Response December 2018: Management Agrees. KPI's are currently under development with the assistance of a professional consultant. This will be an iterative development process. Initial KPIs will be developed with the data currently available and more robust, complex KPIs developed as the maturity of portfolio management increases. Progress will be reported in a periodic dashboard to key stakeholders. Secretary of State Audits Division Follow-up May 2020: EIS began tracking IT investment project schedule and budget variance as performance indicators in January 2020; however, they have not yet begun reporting these internal performance indicators. Management indicated that, as the oversight process matures, they would also like to include metrics that are more closely aligned with specific business outcomes. To this end, EIS has begun to engage agencies in discussions about IT investment metrics and has started to build dashboards to monitor performance. However, at this point, they have focused their resources on oversight policy and procedure changes associated with recommendations no. 2 and 3.
• Establish a method to track QA report distributions to ensure that reports are sent to all appropriate stakeholders as required by state law.	Management Response December 2018: Management Agrees. The iQA contractors are contractually required (as described in an exhibit of each iQA contract) to send iQA deliverables to a list of required state recipients. The QA program will track to determine that iQA contractors have sent reports to the appropriate stakeholders. At a regular time (quarterly), determination will be made that contractual requirements for deliverable distributions have been completed. The Statewide QA program will work with iQA contract's Authorized Representative and the Basecamp program to confirm contractual compliance, by reviewing records and tracking. Secretary of State Audits Division Follow-up May 2020: EIS implemented a process for documenting the distribution of quality assurance (QA) reports in May 2019 that requires agencies to submit an Independent Contractor Deliverables Distribution Report as part of the existing major IT project reporting

	process for projects in execution. Agencies use this report to document every QA report received during the quarter, both draft and final, and to affirm that the report was distributed to the required stakeholders. While we found that all projects expected to deliver the new report did so in 2019, we also noted that EIS could improve the process by ensuring that all required stakeholders are included in the distribution of QA report deliverables. For example, we found that agency mangers were included in the selection of QA report emails we reviewed, but, in some cases, agency directors were not even though they are specifically listed as a required recipient in state law. In addition, this new reporting requirement does not apply to QA reports for projects in the planning and procurement phases, which are also required by state law to be sent to all appropriate stakeholders. Though management indicated that the planning and procurement phases are lower risk than when a project is in execution, they intend to expand their process to track distribution of QA reports for projects in these preliminary phases.

Related Policy Option Package for 21-23:

Audit Title: **Management Letter: Internal Control over Financial Reporting** **Division: Chief Operating Office**

Audit Number: 107-2019-01-01 **Issue Date:** January 2019

Audit Recommendation:	**Response/Action Taken:**
• Planning and Construction Management Program should review the useful lives of buildings and building improvements in accordance with department policy.	Management Response January 2019: Management agrees. EAM has drafted a revised policy that, in part, readdresses the methodology it will use to more efficiently state DAS' capital assets' balance sheet values. Management Update August 2019: In March 2019, DAS Enterprise Asset Management revised policy 107-03-160 and abolished policies 107-03-140 and 107-03-150. As such and as noted in your recommendation, the revised policy dictates DAS shall, every four years by December of an odd-numbered year in which a legislative session takes place, reassess the useful life of all portfolio assets that are at least 75% depreciated. This action is scheduled to take place in the course of DAS' biennial capital planning which begins October 2019. Management Update August 2020: Pursuant to policy 107-03-160, DAS Enterprise Asset Management has completed useful life reassessments of all portfolio assets that were at 75% depreciation or less as of December 2019. DAS will repeat this process not later than December 2023. **This Recommendation has been Implemented.**

Related Policy Option Package for 21-23:

Audit Title: **DAS Cybersecurity Controls Assessment** **Division: DAS IT**

Audit Number: 2019-28 **Issue Date:** July 2019

Audit Recommendation:	**Response/Action Taken:**
• Implement a security management program that includes an established framework and continuous cycle of activity for assessing risk, developing and implementing effective security controls and procedures, and monitoring the effectiveness of those procedures.	Management Response July 2019: Management Agrees. With the consolidation of information security resources and responsibility into the Enterprise Security Office (ESO), DAS will continue working closely with the ESO to establish an agency framework for information security program within DAS. DAS has received funding in the 2019-21 budget for an external independent assessment that includes assessing DAS IT capability, including information security. The recommendations, in conjunction with the ESO will inform a request for resources for the 2021-23 biennium to operationalize the DAS information security program. Agency Update August 2020: Information security was not part of the independent assessment. 2021-23 POP request DAS-104 for headcount to establish a Risk and Compliance program that will define, measure and report on security controls, including SIP reporting from businesses on remediation plans.
• Remedy weaknesses with CIS Control #1 – Hardware Inventory – by developing written policies and procedures, automating asset discovery and inventory, and implementing hardware authentication controls.	Management Response July 2019: Management Agrees. The DAS 2019-21 budget includes funding to establish an asset management (hardware and software) position starting October 2019. The independent external assessment (see recommendation 1) will evaluate and provide specific recommendations for creating an overall asset management program and inform DAS IT management on a roadmap to implement an effective program for managing hardware and software assets. DAS IT will work with OSCIO as state policies are updated, and incorporate into the DAS asset management program. While DAS anticipates having a functional program in place by June 2021, updated information security policies and additional recommendations from the external assessment may expand and scope of the program and necessitate additional resource requests for the 2021-23 biennium. Agency Update August 2020: Asset Management was not part of the independent assessment. DAS IT hired an asset management position in spring 2020. Efforts to establish asset management program delayed by pandemic crisis. New estimate for program completion is December 2021.

• Remedy weaknesses with CIS Control #2 – Software Inventory – by developing written policies and procedures, implementing a tracking and documentation of approved software and software versions, and implementing software whitelisting.	Management Response July 2019: Management Agrees. The asset management position referenced in the narrative for Recommendation 2 is expected to be in place by October 2019 and will also focus on software asset management. DAS IT is developing an application whitelisting practice in the upcoming Windows 10 update, scheduled for completion by June 2020. This foundation will enable additional maturity in software inventory controls. As state information security policies are updated and recommendations from the assessment are considered, additional resources may be requested for the 2021-23 biennium. Agency Update August 2020: Windows 10 project was delayed due to the pandemic crisis. On track to complete by 09/01/20. Whitelisting solution is currently being rolled out to DAS divisions (ETA for whitelisting rollout is December 2020). Authorized application list has been created as part of the transition to Windows 10. Ongoing maintenance of Approved Software list is being scoped with application development team.
• Remedy weaknesses with CIS Control #3 – Vulnerability Assessment – by developing written policies and procedures, working with the ESO to ensure DAS IT has full visibility into its network, and formally tracking the status of identified vulnerabilities to ensure timely remediation.	Management Response July 2019: Management Agrees. DAS will work collaboratively with the ESO to establish vulnerability management program scope, policies, procedures, and roles and responsibilities for DAS. The DAS external independent assessment of DAS IT capability will include information security. Recommendations from the vulnerability assessment, in conjunction with the ESO will inform a request for resources for the 2021-23 biennium to operationalize the DAS vulnerability assessment program. Agency Update August 2020: Information Security was not part of the independent assessment. DAS IT is working on vulnerability reporting and remediation as part of their regular operational process.
• Remedy weaknesses with CIS Control #4 – Privileged Access – by restricting privileged access to only those who need it to perform their job duties, maintaining and inventory of administrative accounts, ensuring default passwords are changed, ensuring the	Management Response July 2019: Management Agrees. DAS management will work collaboratively with the ESO to establish policies and procedures for privileged access management and establish privilege access practice. The independent external assessment will include analysis and recommendations for privilege access management practices. DAS anticipates some recommendations may require budget items that will be included in the 2021-23 budget request. Agency Update August 2020: Privilege access was not part of the independent external assessment. Remediation project is in flight. Process has been created to clean up number of users with PA access.

use of dedicated administrative accounts, implementing multifactor authentication for all administrative access, and implementing alerts associated with administrative account activities.	Application whitelisting solution also mitigates risk of PA users by not allowing unauthorized applications to run.
• Remedy weaknesses with CIS Control #5 – Secure Configurations – by establishing secure configurations for all workstations, servers, and network devised under DAS IT's control. Additionally, establishing appropriate monitoring and alerts to ensure all changes to configurations are authorized and appropriate.	Management Response July 2019: Management Agrees. For servers and network devices, DAS uses enterprise services provided by Enterprise Technology Services (ETS). DAS management will work with ETS and the ESO to ensure these services comply with the Statewide Information Security Plan Maintained by the ESO. For workstations, DAS management will establish and maintain standard configurations for PC hardware and software, and develop policies and procedures to monitor and maintain secure configuration. Agency Update August 2020: POP DAS-104 submitted for 21-23 biennium for two technicians to focus on research, architecture, design and ongoing implementation of secured workstations.
• Remedy weaknesses with CIS Control #6 – Audit Logs – by developing a central logging solution, implementing log analytic tools, and automating log review.	Management Response July 2019: Management Agrees. DAS will work closely with the ESO as state policies are updated and enterprise information security capabilities are developed and available for agency use. DAS will collaborate with the ESO to establish operational policies, procedure, and roles and responsibilities. This, along with the external independent assessment will inform budget requests for 2021-23 biennium. Agency Update August 2020: Audit Logs were not discussed as part of the independent assessment. Not started – will need to scope this project.

Related Policy Option Package for 21-23: DAS-104

Audit Title: **Enhanced Transparency in Key Budget Practices Would Improve Governance and Inform Decision-Making for State Spending**

Division: Chief Operating Office and Enterprise Information Services

Audit Number: 2019-29

Issue Date: July 2019

Audit Recommendation:	**Response/Action Taken:**
• Work with stakeholders including the Legislature and LFO to review and enact policies to mitigate or eliminate end-of-biennium spending risk, such as the Order of Expenditure Rule, 80/20 Rule, and Targeted Carry-over.	<u>Management Response July 2019:</u> Management Partially Agrees. DAS agrees with the first part of the recommendation, and will work with the Legislature, Legislative Fiscal Office and other stakeholders to review the policies outlined in the recommendation around the end of biennium spending. However, DAS needs to complete the review with stakeholders prior to enacting any policies; therefore DAS cannot agree with the second part of the recommendation of enacting policies until review is complete and understands how these policies align with the Oregon Accounting Manual.
• Review and evaluate end-of-biennium spending patterns to identify potentially risky spending by agencies.	<u>Management Response July 2019:</u> Management Agrees. As part of the development for the next biennial budget, DAS reviews and evaluates agency end-of-biennium spending patterns from the previous full biennium on an agency-by-agency basis, depending on the agency’s budget situation. DAS agrees to review each agency’s end-of-biennium spending patterns for the next biennium’s budget development.
• Ensure agencies abide by Oregon Accounting Manual rules that prohibit spending current biennium revenues for future biennium needs, and document agency actions to comply with those rules.	<u>Management Response July 2019:</u> Management Agrees. DAS will work with agencies on documenting agency actions to comply with the Oregon Accounting Manual 20.30.108 which states “Surplus funds should not be expended for the anticipated needs of the next biennium…”, recognizing the Manual also requires agency heads, of their delegates, to ensure the expenditure is appropriate and recognized in the appropriate fiscal period.
• Monitor and document agencies’ use of expedited procurement processes at the end of the biennium.	<u>Management Response July 2019:</u> Management Agrees. DAS received legislative approval to replace the current eProcurement system with a modern procure-to-pay solution called OregonBuys. Two pilot agencies began using the application in 2019 and are now beginning to accrue purchasing data that can be analyzed and reported.

	The enterprise procurement system will be implemented in two phases; replace the current bid and contract repository (fiscal year 2020); and implement an end-to-end procurement-to-payment system (fiscal year 2021). During the phased implementation, DAS will monitor agency use of expedited procurement methods to reduce the risks identified in this audit, optimize the state's purchasing power, and improve agency spending patterns. DAS will be monitoring, reviewing and periodically reporting procurement information during the implementation phase of the project. As a matter of practice, DAS will continue to develop and recommend best practices to agencies given the enhanced capabilities of the new system. Full system implementation is expected to be completed during the Fall 2021, with the first full biennium spend review occurring Fall 2023. This application will aggregate significantly more information on agency procurement activity than what we have access to today.
• Update HR policy to account for situations where agency use of double-fills is necessary to ensure the continuity of operations.	Management Response July 2019: Management Agrees. DAS Will explore areas where policies could be modified to incorporate additional flexibility related to non-budgeted positions. Specifically, DAS will discuss the business needs of DPSST to evaluate the applicability of our policy.
• Include fields in Workday that identify double-fill positions, and include necessary information to oversee use of double-fills, such as why a position is double-filled, how agencies are funding that double-fill, and when the agency will resolve the double-fill.	Management Response July 2019: Management Partially Agrees. Workday reflects positions that are "non-budgeted" but does not include a specific field to identify which of those non-budgeted positions are double fills. DAS is unable to add fields in Workday. However, the system does contain comment fields where users can enter narrative information about why a position is non-budgeted and the position's representation code. Therefore, DAS will develop reports that include these comment fields.
• Regularly monitor agency use of double-fill positions to ensure appropriate use and compliance with policy.	Management Response July 2019: Management Agrees. DAS will review Workday reports and request that agencies evaluate the non-budgeted position information for appropriate use and compliance.

• Develop Workday reports that allow a user to easily identify how many double-fills an agency is using.	Management Response July 2019: Management Agrees. DAS will develop Workday reports that will include information regarding non-budgeted positions. Users will have the ability to identify which non-budgeted positions are “double-fills” based on information agencies enter into narrative fields.
• Post double-fill reports for all agencies on its transparency website.	Management Response July 2019: Management Agrees. DAS will explore the posting on non-budgeted positions on the transparency website and identify those that have the reason of “double-fill” in the narrative.
• Request that the Legislature remove the statutory resource limitation for management of the state transparency website.	Management Response July 2019: Management Neither Agree nor Disagree: DAS will review the existing statute to see if it aligns with the current Oregon Transparency Program’s identified goals and vision and how it best incorporates into the Chief Data Officer’s forthcoming Enterprise Data and Information Strategy. This review is expected to be completed in March 2020 as part of an overall assessment of the Transparency Program.
• Identify and implement functionality improvements to the transparency website to make the site more usable and intuitive for end-users.	Management Response July 2019: Management Agrees. The state currently contracts with NICUSA in providing both the hosting and website platform for the Oregon Transparency Website, which is built upon SharePoint 2010 as its content management system. NICUSA and the Oregon Transparency Program are currently collaborating on a website redesign and migration of the current SharePoint 2010 website to SharePoint 2016, which will contain some additional functionality and aesthetic capabilities. The migration is scheduled to be complete in October 2020, with DAS exploring new functionality and identifying improvements to the Transparency Website by June 2022.
• Perform and document a cost/benefit analysis for redesign of the transparency website, including options for implementation of new software.	Management Response July 2019: Management Agrees. DAS will perform a full program assessment of the Transparency Program, including reviewing current staff and technology costs; obtaining quotes and estimated total cost of ownership for new software; comparing across other identified leaders in state transparency; and providing estimate and recommendations for improvement and implementation. These recommendations will be provided in June 2020.
• Enhance current data posted on the transparency website by correcting issues identified in this report, such as adding additional fields to expenditure data, clarifying	Management Response July 2019: Management Agrees. The Chief Data Officer is in the process of establishing centralized standards around the publication and documentation of open data within the state. These include an Open Data Standard and Technical Standards manual as required by ORS 276A.365 and ORS 276A.359, which will be published in 2021.

descriptive fields currently in use, and improving the visualization application.	To comply with the forthcoming open data standard, the Transparency Program will review the data elements currently published on the website and make adjustments as required. These modifications are expected to be completed in January 2023.
• Revise language in the transparency website disclaimer to include a definition of what constitutes "private information" that is separate from information removed due to concerns of confidentiality and compliance with state and federal privacy laws.	<u>Management Response July 2019:</u> Management Agrees. Definitions of "private information" are diverse across the many content providers who contribute to the Oregon Transparency Website. The Transparency Program will review the current disclaimer language and where possible, identify applicable definitions of private information, provided they do not compromise the integrity or security of the State's data and information, provided they do not compromise the integrity or security of the State's data and information assets. The review of current disclaimer language will be completed in March 2020.
• Work with the Legislative Fiscal Office and the Transparency Oregon Advisory Commission to encourage consistent meetings and releases of the biennial report that are in accordance with statutory requirements for timing and content.	<u>Management Response July 2019:</u> Management Neither Agrees nor Disagrees. DAS is unable to provide comment on this recommendation, as it does not relate to work under the authority of DAS.
• Analyze opportunities for expansion of the transparency website to include city, county, and other local governments.	<u>Management Response July 2019:</u> Management Agrees. As the Transparency Program matures to be in compliance with the new standards and strategy established by the Chief Data Officer, DAS will continue to review and analyze opportunities for expansion of the Transparency Website and further collaboration with city, county, and other local government partners.

Related Policy Option Package for 21-23:

Audit Title: **DAS Should Build on Recent Enhancements and Further Improve the Facility Planning Process to Better Inform Investments in State Facilities** **Division: Chief Financial Office**

Audit Number: 2020-11 **Issue Date:** March 2020

DAS Management generally agrees with the recommendations as stated in the report.

Audit Recommendation:	**Response/Action Taken:**
• Create a statewide plan that makes clear the purpose and value of the statewide facility planning process and takes into account the risks in the state's facility portfolio, including addressing deferred maintenance and capital renewal needs. a. Include in the plan the vision, measurable objectives, and strategies for achieving objectives. Objectives should focus on statewide long-term needs and concerns of which decision-makers should be aware. b. Develop key performance measures that align with the plan's objectives and strategies. c. Make the plan available to legislators and the public.	Management Response March 2020: Management Neither Agrees nor Disagrees. Oregon's current decentralized facility ownership system requires each of the 19 owner agencies to develop a strategic framework for their own facility portfolio, including long-range facility maintenance and management plans. DAS' role, as set out in statute, has been to standardize much of the data elements behind these plans to make the work more comparable from one agency to the other. DAS summarizes the status of each agency's portfolio individually and aggregates the information at a statewide level. This includes the age, size, value, condition and upcoming maintenance needs of the various assets. With this work, the information is available to decision-makers for them to make informed decisions about upcoming capital investments. Each of the 19 owner agencies set their own long-range plan for their facilities. DAS does not, however, currently set the vision for how the Governor and the Legislature invest resources across agency priorities. By its nature, the budget development process involves elected officials weighing competing priorities and making value judgements on where limited resources should be invested. While current statute does not direct DAS to set the strategic vision for facility investments across agencies, that could be changed if the Governor and Legislature so desire.

• Consolidate the various criteria used by the CFO staff and management in facility funding decisions, including funding source and the quality of agency project planning, into the planning and prioritization scoring process.	<u>Management Response March 2020:</u> Management Agrees. DAS agrees the criteria used by the Capital Planning Advisory Board in making its recommendations to the DAS Director should be consolidated. DAS also agrees that criteria used by the Capital Planning Advisory Board should be clearly articulated to agencies who are presenting to the Board.
• Separate the scoring and prioritization process for capital renewal and deferred maintenance projects from new and modernization projects so these different types of projects are not directly competing against each other for funding.	<u>Management Response March 2020</u>: Management Agrees. DAS agrees the evaluation of capital renewal and deferred maintenance projects should be evaluated separately from new and modernization projects.
• Work with the Legislative Fiscal Office to identify and provide key legislative committee members needed comparative data on statewide facility needs.	<u>Management Response March 2020:</u> Management Agrees. DAS already works closely with the Legislative Fiscal Office in providing information when requested. However, DAS will develop a documented plan to proactively provide that information to decision-makers.
• Make key outputs of the planning process available to the public, including agency CPAB reports and CPAB meeting minutes.	<u>Management Response March 2020:</u> Management Agrees. DAS agrees it will post CPAB reports and meeting minutes to the Facility Planning Unit Website.
• Seek a legal opinion as to whether DAS' project prioritization list is exempt from public disclosure under ORS 192.355 (1). If not exempt, we recommend DAS	<u>Management Response March 2020:</u> Management Disagrees. DAS does not agree with this recommendation.

release the prioritization list. If the list is exempt, we recommend DAS release the prioritized list after the exemption period has expired.	
• Work with the Governor and the Legislature to obtain ongoing funding for facility condition assessments to: a. Complete assessments for agencies who have not been independently assessed. b. Establish a facility condition assessment schedule to ensure that facility data remains up-to-date.	<u>Management Response March 2020:</u> Management Agrees. DAS agrees completing facility condition assessments on all major state facilities is important and should be refreshed on a regular schedule. DAS will request funding for this work as part of its 2021-23 Agency Request Budget. Approval of this request, however, will be subject to the availability of resources and the funding decisions of the Governor and the Legislature.

Related Policy Option Package for 21-23:

Audit Title: **Management Letter: Internal Controls Relating to the Statewide Financial Management Applications (SFMA) and Oregon Payroll Application (OSPA)**

Division: DAS Shared Business Services and Workday

Audit Number: 107-2019-09-01

Issue Date: April 2020

DAS Management generally agrees with the recommendations as stated in the report.

Audit Recommendation:	**Response/Action Taken:**
• Department management ensure all established internal control policies are followed when setting up and maintaining D23 fund profiles to ensure accounting transactions within agency funds are accurately and properly recorded.	Management Response September 2019: Management Agrees. SFMS acknowledges that the SARS approval was omitted in the six instances that the auditor reviewed. We have inserted a step in our procedures to verify that an email is sent to SARS prior to approving the D23 request. We believe it would be unlikely that an agency would select the D23 fund based on the GASB54 description. The GASB54 description is secondary to the D23 find title. The GASB54 code and description are used by SARS to ensure that the D23 fund is posting to equity correctly. Agency Update July 2020: The change has been fully implemented. We inserted a step in our procedures to verify that an email is sent to SARS prior to approving the D23 request on 8/22/2019. **Recommendation has been Implemented.**
• Department management ensure all data validation testing recommended by generally accepted information system standards is performed for future changes to Workday and testing plans and results are documented and retained.	Management Response September 2019: Management Agrees. DAS will review the generally accepted information system standards to ensure understanding of testing expectations for future Workday implementations. SoS expectations will be taken in to consideration in all future Workday test plans. Agency Update July 2020: DAS reviewed the General Accepted Information Systems Standards (FISCAM) and will ensure testing and validation expectations are met for future Workday implementations. **Recommendation has been Implemented.**
• Department management develop and implement in a process to review access to Workday and OSPA to ensure ongoing segregation of duties between Workday and OSPA. Finally, we recommend management review changes made by the	Management Response September 2019: Management Agrees. The dual access review process between Workday and OSPA was completed as of 8/16/2019. This review process is currently completed daily and notification is sent to Workday stating if dual access does or does not exist. In the event dual access exists, access in Workday will be revoked immediately. The agency will be responsible for determining what access is appropriate. Agency Update July 2020: A daily report is generated notifying DAS Workday security and SARS security if any user has update access to Workday in a role identified as conflicting with Payroll update access.

four employees with dual update access to ensure no unauthorized changes were made during the time they had update access to both systems.	The identified Workday roles are Compensation Partner, HR Assistant, HR Partner, Security Partner, and All Central Administrator Roles. SARS Security reviews the report and determines if anyone on the report has OSPA update rights. SARS Security notifies Workday Security Administrator of workers with OSPA update access. Workday Security Administer reviews the person's activity to ensure no misuse of the system or information occurred. Workday Security Administrator contacts the worker's agency to determine which role should be removed. The OSPS access or Workday role is removed, at the direction of the agency (OAM 45.30.00). **Recommendation has been implemented.**
• Department management develop and implement procedures to review access permissions granted for employees with Workday access to ensure access is appropriate for their job duties. In addition, if the ability to change their own access cannot be disabled for employees with security access to Workday, we recommend that department management implement a process to monitor activities of these employees, and specifically, determine if the two identified users made any unauthorized changes.	Management Response September 2019: Management Agrees. In an effort to strengthen security controls over access in Workday, we created an agency level agreement outlining expected behaviors relating to security access in Workday. We are unable to prevent users from changing their own roles in Workday. To compensate for this, a report has been created to identify self-assigned roles and is monitored daily. Agency Update July 2020: DAS has a process in place to ensure the self-assignment of roles are monitored daily and addressed immediately: • A report of the self-assignment of roles runs daily regardless of results or no results. • The Workday Security Administrator monitors the daily self-assignment report, and notifies the CHRO Information System Manager of any self-assignment of roles and the actions that were taken in the self-assignment role. • The CHRO Information System Manager communicates any self-assignment of roles with the agency HR Director, along with a reminder of the security agreement requirements that are acknowledged by every Security Partner. • Documentation of the communication from the CHRO Information System Manager to the agency HR Directors and the agency communication regarding the action and resolution of the action is maintained centrally by the Workday Security Administrator. • If a self-assignment of a role is determined to be a security incident, Cyber Security Services, Security Operations Center will be notified immediately. **Recommendation has been Implemented.**

Related Policy Option Package for 21-23:

Audit Working Title: DAS Discrimination and Harassment Prevention Controls **Division:** Chief Human Resource Office

Estimated Report Release Date: August 2020

Audit Objective:	Audit Scope:
To determine if DAS ensures effective management over workplace discrimination and harassment complaints.	DAS CHRO, potentially Risk Management, state agency implementation of statewide laws, policies, and procedures, and investigatory functions.

Audit Working Title: PII Privacy and Incident Response **Division:** Enterprise Information Services

Estimated Report Release Date: September/October 2020

Audit Objective:	Audit Scope:
1. Determine whether Enterprise Services has developed and implemented a governance structure to manage enterprise data privacy risk. 2. Determine whether Enterprise Information Services has provided policies, guidance, and training to ensure agencies understand their roles and responsibilities when responding to a security incident resulting in the unauthorized use or disclosure of personally identifiable information. 3. Determine the status of Enterprise Information Services' implementation of enterprise data governance and privacy-related requirements assigned to the state's Chief Data Officer by the Legislature in 2017.	The audit will focus on privacy and incident response related to personally identifiable information. The auditee is Enterprise Information Services, so the audit will focus on EIS's efforts regarding governance and guidance. However, we may meet with additional agencies to gain an understanding of privacy oversight and leadership efforts.

Audit Working Title: **SFMA and OSPA Internal Controls at DAS** **Division:** **Department of Administrative Services**

Estimated Report Release Date: September/October 2020

Audit Objective:	**Audit Scope:**
1. To determine whether the internal controls, both manual and automated, governing the SFMA and OSPA information systems provide reasonable assurance over relevant financial reporting objectives. 2. To provide our statewide financial audit team with reasonable assurance of the operating effectiveness of the systems' controls.	To support the annual financial and compliance audit of the State of Oregon's Comprehensive Annual Financial Report and major federal programs.

Audit Working Title:	**Statewide Audit of Oregon Comprehensive Annual Financial Report (CAFR)**	**Division:**	**Department of Administrative Services**

Estimated Report Release Date: December/January 2020-21

Audit Objective:	**Audit Scope:**
To express an opinion on whether the financial statements contained in the CAFR are fairly presented, in all material respects, in conformity with the generally accepted accounting principles.	Audit work to be performed at DAS will: 1. Focus on risks/significant accounts 2. Obtain an understanding of risks of entity and significant accounts. 3. Identify key internal controls and verify implemented by the agency.

Audit Working Title: CARES Act

Division: Department of Administrative Services

Estimated Report Release Date: Unknown

Audit Objective:	**Audit Scope:**
Audit in Scoping Phase	Audit in Scoping Phase

Audit Working Title: **Statewide IT Governance**

Division: **Enterprise Information Services**

Estimated Report Release Date: Unknown

Audit Objective:	**Audit Scope:**
Audit in Scoping Phase	Audit in Scoping Phase

Department of Administrative Services
10% Reduction Options (ORS 291.216)
Prioritized List of Program Reductions by Fund Type - 2021-23 Governor's Budget

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE				RANK AND JUSTIFICATION	
(which program or activity will not be undertaken)	(Describe the effects of this reduction. include positions and FTE in 2021-23 and 2023-25)	Fund Type	Total	Pos	FTE	(Rank the activities or programs not undertaken in order of lowest cost for benefit obtained)	
COO Administration	Eliminate Info Systems Specialist 5 position	OF	215,022	1	1.00	**1**	This program was the most recent addition to the COO. With the current economic situation, there will likely be less focus placed on electronic public records efforts. This position has been vacant all biennium.
COO Administration	Eliminate Operations & Policy Analyst 4 position	OF	242,509	1	1.00	**2**	This program was the most recent addition to the COO. With the current economic situation, there will likely be less focus placed on electronic public records efforts. This position has been vacant all biennium.
SDC X86 Server	Eliminate Email Software	OF	217,311	-	-	**3**	No longer needed due to migration of MS 365
EGS Administration	Reduce Services & Supplies	OF	16,438	-	-	**4**	Reduction of inflation across category and any misc. equipment purchases.
EGS Printing & Distribution	Reduce additional postage limitation	OF	2,101,391	-	-	**5**	Eliminate a portion of the postage fund. This will increase the accounting workload at P&D. We can move more agencies to pre-pay.
EGS Printing & Distribution	Reduce the limitation for MPS Program - Assumes no growth in the number of agencies and devices in the program	OF	900,000	-	-	**6**	Unused limitation based on current program service levels. Additional limitation will be needed if agency and program usage increases during the course of the biennium.
EGS Financial Business Systems	Reduce temporary employee spending. Work would not be backfilled behind vacancies or extended employee leaves of absences by hiring temporary employees.	OF	57,852	-	-	**7**	Has no affect on current staff or services to customers.
CFO Administration	Eliminate Office Specialist 2 position	OF	134,052	1	1.00	**8**	Would negatively impact the program by shifting existing workload onto remaining administrative support.

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE				RANK AND JUSTIFICATION	
EGS Administration	Eliminate Executive Support Specialist 2 position	OF	154,544	1	1.00	**9**	Position is currently vacant. Will address the need for this position after COVID pandemic.
CHRO Administration	Eliminate Office Specialist 2 position	OF	174,103	1	1.00	**10**	Minimal impact service delivery and customer service.
OSCIO all programs	Reduce Professional Services	OF	130,000	-	-	**11**	Reductions to S&S will negatively impact the consulting and vendor engagements (contracts) that EIS relies on to bridge the gap in technical capacity given that we do not always have staff with the requisite skillset for certain projects and operations. Much of this work is in support of agency assessments and/or initiatives.
OSCIO Administration	Cancel the rent and remodel of Revenue Building Office Space	OF	1,167,308	-	-	**12**	With the likelihood of long-term telework and a workforce that will likely sustain a good percentage of telework in the future, and given the fact that this project has been delayed for other reasons, it's no longer prudent to pursue the use of this space.
OSCIO Shared Services	Apply credits to existing year telecommunications invoices	OF	200,000	-	-	**13**	By managing and monitoring our Telephony vendor’s performance, we have earned approximately $200,000 in credits that can be applied to required program costs. By applying these credits now, we are able to reduce the Telephony Program budget without negatively impacting staffing, service levels, system performance, or contractual obligations.
SDC Pass Through	Reduce Pass Through Cost	OF	900,000	-	-	**14**	No impact, will work with purchasing to delegate purchase responsibility to agency, for single agency use of software.
SDC X86 Infrastructure	Reduce maintenance costs and vendor support	OF	1,200,000	-	-	**15**	Impact may be slower resolution to issues as SDC team is unable to escalate to vendor for resolution. May increase costs by purchasing adhoc support when outages occur.
SDC Pass Through	Reduce Voice Pass Through	OF	2,000,000	-	-	**16**	Impact should be minimal but assumes reduction in AT&T teleconference charges, which we have seen increase substantially due to telecommuting recently.

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE				RANK AND JUSTIFICATION	
EAM Rent Program	Shift procurement fees to capital projects fund. Modifies method of payment of these services, a significant risk is not associated with this proposed reduction.	OF	300,000	-	-	**17**	No impact to program or agencies.
EGS Procurement	Eliminate non-essential Out of State Travel	OF	15,000	-	-	**18**	Limited to essential travel - Most remaining travel will be directly paid by 3rd parties.
EGS Financial Business Systems	Reduce data processing spending. Through programming efficiencies and the constant archiving of the mainframe systems, services and supplies are lower than budgeted.	OF	407,470	-	-	**19**	Has no affect on current staff or services to customers.
EAM Surplus Property	Reduce cost of shipping on Federal donations	OF	148,470	-	-	**20**	Minimal impact.
EAM Real Estate	Reduce overall S&S: travel, training, data processing, telecom and other S&S	OF	39,594	-	-	**21**	Minimal impact.
EAM Surplus Property	Reduce data processing	OF	39,594	-	-	**22**	Minimal impact.
EAM Rent Program	Reduce overall S&S: travel, training, data processing, telecom and other S&S	OF	114,594	-	-	**23**	Minimal impact.
EGS Procurement	Reduce office supplies expenses	OF	15,000	-	-	**24**	Savings will be realized through enhanced telework and moving to paperless office.
EAM Rent Program	Reduce overall S&S: travel, training, data processing, telecom and other S&S	OF	39,594	-	-	**25**	Minimal impact.
EAM Administration	Reduce overall S&S: travel, training, data processing, telecom and other S&S	OF	56,592	-	-	**26**	Adversely impacts DAS' Statewide Sustainability Officer efforts to a degree
EGS Shared Financial Services	Reduce S&S which would provide less funding for program related needs	OF	42,000	-	-	**27**	Elimination possible without causing any significant issues to staff or business operations.
EAM Parking	Reduce facilities maintenance	OF	39,594	-	-	**28**	Minimal impact.
EGS Procurement	Reduce DOJ legal costs. Limit access to legal advice except for mandatory contract reviews.	OF	100,000	-	-	**29**	Least Disruptive to overall operations. Can still deliver core services at current service levels.

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE				RANK AND JUSTIFICATION	
EGS Risk	Reduce litigation costs. Early Intervention plan, which combines both Risk and DOJ input, can save $64,800/mo. for 24 months. Ave. monthly spend per case is approx. $2,400 with life cycle avg. of 23 months. Resolving an additional 17 cases per month pre-litigation saves $40,800. Resolving ten litigated cases monthly by one month earlier in their life cycle saves $24,000. If COVID litigation continues to increase incoming litigation, we'd look to increase the pre-litigation and litigated matter settlement volume. Downstream impact is that the settlements may create an enticement to more non-meritorious claims and nuisance litigation with copycat plaintiffs filing (esp. AIC), seeing more litigation in the long-run and higher indemnity payments.	OF	1,500,000	-	-	**30**	Impact is in a reduced amount of money to defend civil cases by our partners at DOJ.
SDC X86 Server	Reduce Software licensing and support costs	OF	889,690	-	-	**31**	Reduction of this support will reduce vendor technical support for server and email outages. May increase costs by purchasing adhoc support when outages occur.
SDC Mainframe	Reduce Mainframe data processing efficiencies and staffing	OF	2,193,432	-	-	**32**	This will cause a reduction in the computing capacity for the mainframe. Customers may be impacted during the first and last week of the month when performance demands are higher. Customers will see slower performance and in some rare cases service disruption.
EGS Printing & Distribution	Eliminate Admin Specialist 2 position	OF	154,544	1	1.00	**33**	This would greatly reduce our effectiveness in rolling out and maintaining the MPS program. Vacant position requested and approved this biennium.

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE				RANK AND JUSTIFICATION	
EGS Procurement	Eliminate most In-state travel	OF	20,000	-	-	**34**	Will rely on remote means to hold virtual events - impacts the ability to connect to small businesses and certified firms.
EGS Printing & Distribution	Reduce S&S	OF	40,000	-	-	**35**	Minimal impact.
SDC all programs	Eliminate standard inflation	OF	3,000,000	-	-	**36**	Will limit SDC's current service levels. Hardware and Software maintenance costs have increased well beyond standard inflation. Some maintenance agreements may need to be eliminated. Will extend SDC time to deliver standard services and response to outages.
SDC Production Control	Eliminate planned improvements for Data Center	OF	950,000	-	-	**37**	This would eliminate the planned improvements to upgrade badging system at the Data Center for improved security and replacement of cabinet for improved earthquake protection.
Division of Business Services	Reduce Services & Supplies	OF	192,365	-	-	**38**	Eliminates the ability to complete necessary tenant improvements. The Exec Building is currently out of the compliance in providing adequate accommodations for lactating mothers and sick employees.
EGS Printing & Distribution	Eliminate the Mall Satellite Center. Reduce the accessibility of Quick copy service to the mall agencies.	OF	246,819	1	1.00	**39**	This would greatly reduce our effectiveness in providing services to Capitol Mall agencies.
OSCIO Cyber Security	Reduce Other Services and Supplies	OF	1,000,000	-	-	**40**	Limits Cyber Security's ability to quickly react to urgent needs.
EAM Real Estate	Eliminate Procurement & Contracts Assistant position	OF	196,310	1	1.00	**41**	Workload absorbed by technology platforms.
OSCIO all programs	Reduce IT Professional Services	OF	1,041,644	-	-	**42**	Limits OSCIO's ability to quickly react to urgent contracting needs.
COO Administration	Reduce Professional Services	OF	43,932	-	-	**43**	Limits the COO's ability to quickly react to emergency contracting needs.
EAM Fleet	Reduce travel, training and data processing	OF	497,594	-	-	**44**	Delay fuel system upgrades. Risk here is around needed repairs and upgrades to the aging fuel island at Motor Pool.

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE				RANK AND JUSTIFICATION	
EAM Fleet	Due to record low fuel prices and expected continuation of reduced travel miles in DAS owned vehicles, Fleet projects a marked decrease in fuel expenditures due to predicted changes in staff travel. While fuel prices are predicted to rise again, the projections from US Energy Information Agency are for significantly lower price per gallon from FY 2019 values. Note: because fuel markets are unpredictable, there may need to be an adjustment late in the biennium to restore some of this reduction should prices rise more rapidly than expected.	OF	2,000,000	-	-	**45**	No impact to agency customers or fleet.
EGS Financial Business Systems	Reduce # of report cycles (4 to 1 per month) - SFMS. This would cut the report cycles in SFMA by 75%. We would only produce request able reports from SFMA on the Friday night of month end close. Agencies would need to use the DataMart to retrieve information for the other three Fridays during the month. This would put an undue burden on agencies who rely on the weekly request able reports.	OF	90,000	-	-	**46**	A large percentage of our costs are associated with State Data Center charges. This would reduce those monthly charges.
EAM Rent Program	Reduce utilities based projected savings due to efficiency upgrades	OF	1,000,000	-	-	**47**	Projected utility savings based on ongoing upgrades of legacy HVAC and building lighting with energy efficient systems.
CHRO Administration	Eliminate Executive Support Specialist 1 position	OF	147,382	1	1.00	**48**	Results in a 33% reduction to administrative support for the CHRO. The elimination of this position impacts administrative support of two major CHRO programs - statewide Talent Acquisition, and HR Labor Relations. Administrative functions will need to be absorbed by other positions, resulting in longer wait times and slowed customer service.
DAS IT Administration	Reduce/eliminate Gartner Subscription	OF	164,522	-	-	**49**	Removes enhanced Executive level access to industry material, seminars, speakers etc.

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE				RANK AND JUSTIFICATION	
COO Economic Analysis	Eliminate Economist 2 position	OF	215,066	1	1.00	**50**	Continues to limit or delay forecasting activities especial in Clean Fuels forecasting. This position has been vacant all biennium.
CFO Capital Finance	Eliminate the portfolio management software (iPlan) subscription	OF	300,000	-	-	**51**	Although this is a valuable information management and strategic tool for the program, team could still operate and provide valuable statewide facilities planning and oversee the management of state facilities.
SDC X86 Infrastructure	Reduce maintenance cost for primary storage	OF	1,100,000	-	-	**52**	Move to 3rd party less cost maintenance. Third party maintenance agreements will not provide security software updates or hardware bios upgrades, which could impact data protection and system performance.
CHRO Workday	Reduce rent in Real Estate Building	OF	131,020	-	-	**53**	Minimal impact as work can be done remotely with occasional meetings at DAS West.
EAM Real Estate	Reduce costs of furniture storage paid on behalf of agencies, attorney fees and professional services that support DAS and enterprise real estate projects	OF	89,000	-	-	**54**	Adversely effects ability to support the increasing costs of the Governor's Regional Solutions Centers as well as react to evolving demands of multi-biennial real estate projects.
EAM Rent Program	Reduce non capitalizable projects in portfolio	OF	1,250,000	-	-	**55**	Potential medium to large impact on DAS tenants as reduction eliminates O&M's necessary participation in any tenant improvements throughout the portfolio.
Capital Improvements	Reduce tenant improvements planned by 10%	OF	476,703	-	-	**56**	Reduction in DAS’ ability to assume its necessary role in participating in building tenant improvements/alterations. Also reduces DAS’ ability to react to emergent, necessary projects during the biennium.

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE				RANK AND JUSTIFICATION	
EGS Financial Business Systems	Reduce # of batch cycles (22 to 14 per month) - SFMS. This would eliminate the batch cycles in SFMA on Tuesday and Thursday night. Payments out and deposits in would take one extra day to process if they were entered on these two days during the week. Agencies would need to plan their batches accordingly. This could put an undue burden on agencies since they already wait for the following day to see transactions processed in the batch cycle. Legacy systems lack some of the functionality and flexibility for current operations. Reducing the batch cycles could create an urgency by agencies to push to replace SFMA. Since Friday night batch cycles would continue, projecting revenues and expenditures through the DataMart would not be affected.	OF	140,000	-	-	**57**	A large percentage of our costs are associated with State Data Center charges. This would reduce those monthly charges.
CHRO Workday	Eliminate Operations Policy Analyst 2 position	OF	215,066	1	1.00	**58**	Results in longer response times for agencies with requests for Workday assistance and problem solving/trouble shooting. Workday helps support over 40,000 employees and all applicants applying to work for the state of Oregon. The help desk team only has 3 positions that act as the initial support to these users on behalf of the state, this OPA2 is the position intended to supply lead work in addition to assisting customers. This position assists in testing system enhancements and system fixes. Workload will need to be absorbed by current staff.

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE				RANK AND JUSTIFICATION	
OSCIO Cyber Security	Cancel CIS 1&2 Tool purchase: This tool provides a method to capture inventory for state hardware and software assets. Decision was made to invest in a more superior product offering through the ITSM rollout. The funds were being held to help offset emergency purchases made during the Network Emergency in July/August/September 2019. F5 license savings: The F5 infrastructure footprint has been reduced by 2 core firewalls and therefore the renewal rate is less than what was projected. This reduction in footprint was not planned and was the result of the network emergency conducted in the summer of 2019. There are no negative consequences to this reduction. Cancel Firemon Purchase: This tool provides a next generation firewall management capabilities and provides visibility into network security devices and polices for the enterprise. Additionally, this product delivers risk assessments of risk posture on the firewall devices. Impact: firewall policy management with elimination on unused rules; redundant rules and shadow rules will take more time to assess and mitigate. Cancel Intrusion Detection and Prevention Project: This project is associated with tightening down our cyber security entries into state resources. Impacts to not implementing now will allow unnecessary network traffic through to state resources. However, we have monitoring in place to ensure the state will not negatively impacted by this traffic and could hold off until a longer-term, more holistic plan is in place.	OF	3,450,000	-	-	**59**	There are several projects within the IT Security Compliance portfolio that can be reduced given the sheer amount of work that needs to be done and the inter-dependencies to other EIS projects and the network redesign. This work still needs to be completed but could be extended beyond 21-23 if need be. Work would commence in 21-23 but not completed.
EGS Shared Financial Services	Eliminate Accountant 3 position	OF	217,052	1	1.00	**60**	SPOTS training on the accounting side would be eliminated, causing greater workload for agency accounting teams. Lease disruptive to overall operations and the most clear SFS position for possible elimination
EGS Procurement	Eliminate Admin Specialist 1 position	OF	182,620	1	1.00	**61**	ORPIN System moving to inactive status

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE				RANK AND JUSTIFICATION	
CHRO Classification and Compensation	Eliminate HR Consultant 2 position	OF	347,032	1	1.00	**62**	Results in a 13% reduction of the current budgeted Class/Comp unit (and a 25% reduction to the Senior Class/Comp Consultant staff). Elimination of this position impacts the ability for Class/Comp to fulfill its contractual obligations with the unions to complete bargained classification studies within the agreed upon timeframe, and puts the state at significant risk for the filing of Unfair Labor Practices (ULP). Further, other major statewide projects and initiatives, which need to be led by a Senior Class/Comp Consultant, and contractual timelines such as Article 81 classification appeals and timelines for response to pay equity appeals also may be impacted, also risking ULP filings. Customer service, timely classification reviews, and longer response times for state agency requests, assistance, and support will be a result of the elimination of this position.
EGS Risk	Eliminate Admin Specialist 1 position	OF	164,955	1	1.00	**63**	Impact is moderate. Position currently filled as an LD. Impact is RM works differently to intake agency and claimant calls, Accounts Payable is redistributed amongst others and document prep is done by analysts.
CHRO Labor Relations	Eliminate State Labor Relations Manager position	OF	388,812	1	1.00	**64**	Results in other State Labor Relations Managers absorbing current caseload including maintaining 33 labor contracts and contractual timelines, including bargaining, and will impact customer service and timely responses to grievances, complaints, and other issues raised by labor and agency HR departments. This is at a time when many agencies are also going through reductions and will need these key services.
SDC all programs	Reduce Training Budget	OF	450,000	-	-	**65**	SDC staff may be less prepared for adoption of new technologies, and able to assist customer in new solution design.
Division of Business Services	Eliminate Fiscal Analyst 2 position	OF	270,013	1	1.00	**66**	Results in shifting workload to other staff

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE				RANK AND JUSTIFICATION	
DAS IT Application Development	Eliminate Info Systems Specialist 5 position	OF	246,948	1	1.00	**67**	Eliminates lowest skill level position enables ability to solve more complex problems by keeping higher classed/skilled positions
DAS IT Application Development	Eliminate Info Systems Specialist 8 position	OF	352,087	1	1.00	**68**	Skill set no longer aligned to roadmap and modernization efforts
DAS IT Application Development	Eliminate Info Systems Specialist 8 position	OF	352,087	1	1.00	**69**	Phases out Mainframe applications. Skills no longer aligned to roadmap and modernization efforts
EAM Rent Program	Eliminate Principal Exec Manage A (Landscape Manager) position	OF	243,974	1	1.00	**70**	Impact: achieves organizational efficiencies.
EGS Procurement	Eliminate Executive Support 2 position	OF	154,544	1	1.00	**71**	Duties will be absorbed by other staff
COO Administration	Eliminate Principal Exec Manager G position	OF	316,533	1	1.00	**72**	Minimal impact as the position is currently vacant.
CHRO Workday	Eliminate Info Systems Specialist 8 position	OF	348,401	1	1.00	**73**	Impacts the ability for Workday to continue planning, configuring, testing, and releasing fixes and enhancements to current and future intergradations, which impacts the ability to make changes to accommodate the needs of state government and the individual state agencies we serve. The workday support team will not be able to absorb this workload, enhancements will be reduced and a greater focus will be on fixes only. This reduces our Senior ISS8's from 2 to 1.
EAM Rent Program	Eliminate three Construction Project Manager 2 positions	OF	858,847	3	3.00	**74**	Risk associated with this proposed reduction is shortage of staff resources should project needs increase in the future. Risk associated with difficulty in replacing positions if needed in the future.
EGS Shared Financial Services	Eliminate Admin Specialist 1 position	OF	182,620	1	1.00	**75**	Has a large negative affect on the overall operations due to the importance of document scanning and the internal controls requirements around check logs. Any workload would have to be absorbed by other staff
EGS Printing & Distribution	Eliminate Operations Policy Analyst 3 position	OF	240,734	1	1.00	**76**	This position will be necessary to support the ongoing expansion of the MPS program and will put the program in jeopardy.

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE				RANK AND JUSTIFICATION	
EGS Financial Business Systems	Eliminate Training & Development Spec 2 position	OF	233,572	1	1.00	**77**	Has large affect on staff as position is currently filled. This would eliminate the trainer position on the payroll system. Quarterly Payroll Forums and periodic lab trainings for customers would be discontinued. In person assistance for agency payroll offices would be discontinued. Updating payroll information on the website for the customers would be diminished.
EGS Procurement	Eliminate Operations Policy Analyst 4 position	OF	343,285	1	1.00	**78**	Policy functions can be absorbed by CPO and Deputy as needed.
EGS Procurement	Eliminate Procurement and Contracts Spec. 2 position	OF	271,367	1	1.00	**79**	Will create manageable reduction in turnaround times.
OSCIO Shared Services	Eliminate Principal Exec Manager F position	OF	376,942	1	1.00	**80**	The eGovernment program provides over 300 online services to Oregon residents and businesses over the internet, the most well know being Oregon.gov. The program manager oversees the largest enterprise provision of websites, online payments, Internet applications, transparent government data and collaboration and elimination of this position leaves the State without a critical resource to manage the contracts with our private industry partners to deliver the services we manage.
SDC Service Operation Center	Eliminate of Disaster Recovery (DR) alternate location service	OF	1,014,454	-	-	**81**	SDC will close down the DR location in Montana. Bring back system to SDC location. Work with customers to find them an alternate DR solution.

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE				RANK AND JUSTIFICATION	
CHRO Business Partners	Eliminate HR Consultant 1 position	OF	316,533	1	1.00	**82**	Results in the inability to provide HR services and support source client services for small agencies, boards, and commissions. (HR support for DAS the agency would remain.) This position is revenue neutral, as client agencies pay DAS CHRO for these services. The elimination of this position will result in a higher risk for the state enterprise, as these organizations don't have enough revenue or staff to have their own HR support. Small agencies, boards, and commissions will either need to contract with another state agency to provide support, or will need to contract with a third party to provide HR support. This reduction would be happening at a time when these small agencies, boards, and commissions are going through similar reductions and need services from HR to help them through the mechanics of such reductions. In other words, workload can be expected to increase while staffing will decrease. Additionally, budgets of client agencies would need to be adjusted to account for the cost of procuring these services from a different source.
DAS IT Application Development	Eliminate Info Systems Specialist 6 position	OF	251,041	1	1.00	**83**	Decreases ability for SQL data reporting and analytics - shifts analytics and reporting to end users.
EAM Fleet	Discontinue Service to IGA Customers: Reduces services and supplies (fuel and maintenance) by discontinuing Interagency Agreements (IGAs) with local government and university customers for rental of permanently assigned vehicles. Customers would be given an option to buy the older and higher mile vehicles at current depreciation value. Customers would be required to seek vehicle rentals and/or leasing from a private vendor, which is estimated at a higher cost than DAS rates. This is an S&S reduction for fuel and maintenance costs.	OF	1,830,000	-	-	**84**	Very large impact on City, County, and University customers.

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE				RANK AND JUSTIFICATION	
CHRO Business Partners	Eliminate HR Consultant 1 position	OF	316,533	1	1.00	**85**	Results in the inability to provide HR services and support source client services for small agencies, boards, and commissions. (HR support for DAS the agency would remain.) This position is revenue neutral, as client agencies pay DAS CHRO for these services. The elimination of this position will result in a higher risk for the state enterprise, as these organizations don't have enough revenue or staff to have their own HR support. Small agencies, boards, and commissions will either need to contract with another state agency to provide support, or will need to contract with a third party to provide HR support. This reduction would be happening at a time when these small agencies, boards, and commissions are going through similar reductions and need services from HR to help them through the mechanics of such reductions. In other words, workload can be expected to increase while staffing will decrease. Additionally, budgets of client agencies would need to be adjusted to account for the cost of procuring these services from a different source.
EGS Risk	Eliminate Operations Policy Analyst 3 position	OF	259,871	1	1.00	**86**	RM analyst filled currently as a Rotation and will be moderate impact to loss mitigation for workers comp, property and liability commercial insurance reviews and procumbent insurance review. needs.
EGS Risk	Eliminate Admin Specialist 2 position	OF	203,352	1	1.00	**87**	Permanent employee and would be moderate impact to RM. Citizen reporting of state drivers to RM would need to move elsewhere or be discontinued. Scheduling, mail and assisting the consulting unit would fall to analysts.

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE				RANK AND JUSTIFICATION	
OSCIO Project Portfolio Performance	Eliminate Senior IT Portfolio Manager	OF	445,489	1	1.00	**88**	Elimination of this position would mean the Education policy area will not have a senior strategist and consultant leading the maturization of IT governance best practices and building and monitoring the portfolio of major IT projects. This position is integral to setting up agencies for project success including but not limited to navigation through StageGate.
CFO Statewide Accounting & Reporting Services	Eliminate entire program including two positions as of January 1, 2022	OF	485,609	2	1.50	**89**	Eliminates DAS coordination of accounts receivable management, including liquidated and delinquent collection (SB 55) efforts. Agencies would still be required to manage all aspects of their accounts receivable process, but would not have central oversight to ensure consistency across agencies.
CHRO Business Partners	Eliminate HR Consultant 1 position	OF	316,533	1	1.00	**90**	Results in the inability to provide HR services and support source client services for small agencies, boards, and commissions. (HR support for DAS the agency would remain.) This position is revenue neutral, as client agencies pay DAS CHRO for these services. The elimination of this position will result in a higher risk for the state enterprise, as these organizations don't have enough revenue or staff to have their own HR support. Small agencies, boards, and commissions will either need to contract with another state agency to provide support, or will need to contract with a third party to provide HR support. This reduction would be happening at a time when these small agencies, boards, and commissions are going through similar reductions and need services from HR to help them through the mechanics of such reductions. In other words, workload can be expected to increase while staffing will decrease. Additionally, budgets of client agencies would need to be adjusted to account for the cost of procuring these services from a different source.

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE				RANK AND JUSTIFICATION	
COO Economic Analysis	Reduce Economist 4 position to half-time	OF	135,006	-	0.50	**91**	Reduces the timeliness and accuracy of demographic information used for the GF/LF forecasts increasing risk of inaccuracy of forecasts.
DAS IT Service Desk	Eliminate Info Systems Specialist 5 position	OF	285,224	1	1.00	**92**	Impacts Service Desk ability to provide consistent service.
EGS Shared Financial Services	Eliminate Accounting Tech 3 position	OF	154,544	1	1.00	**93**	Has a large negative affect on the overall operations due to the importance the multiple customer served in AR and the various tasks completed by the AR staff. Work would have to be absorbed by others.
EGS Procurement	Eliminate two Training & Development 2 positions	OF	532,773	2	2.00	**94**	Will maintain minimal training staff needed to provide legislatively mandated training.
EGS Risk	Eliminate Admin Specialist 2 position	OF	203,352	1	1.00	**95**	Permanent employee and would be significant impact. Accounts receivable, subrogation and salvage intake, RM program scheduling, upkeep of operations manuals and guidelines would move to the remaining AS2.
EGS Shared Financial Services	Eliminate Accounting Tech 3 position	OF	149,970	1	1.00	**96**	Has a large negative affect on the overall operations. The payroll team has added multiple new client agencies and is a cost saver for agencies who use the SFS payroll services. Work would have to be absorbed by others
EGS Procurement	Eliminate Principal Exec Manager E position	OF	357,999	1	1.00	**97**	Management Duties would have to be reassigned, less oversight on complex and high risk procurements, less capacity for sensitive/urgent procurement issues
EGS Risk	Eliminate Admin Specialist 2 position	OF	182,620	1	1.00	**98**	Permanent employee and significant impact as claim assistant. Sets up new tort and property losses, contract administration for conflict counsel and mediations, small claims handling and metrics generation.
EGS Shared Financial Services	Eliminate Accounting Tech 3 position	OF	159,509	1	1.00	**99**	Has a large negative affect on the overall operations. Payments would be delayed due to the extra workload. Work would have to be absorbed by others

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE				RANK AND JUSTIFICATION	
EGS Risk	Eliminate Operations Policy Analyst 1 position	OF	170,673	1	1.00	**100**	Permanent employee and significant impact for analyst work on RM projects such as website maintenance, gathering and analyzing total insurable values for all state agencies as well as toolkit development and modifications for projects like ergonomics and vehicle rules.
EGS Risk	Eliminate Claims Rep 2 position	OF	203,352	1	1.00	**101**	Permanent employee and significant impact to claims handling for citizens and agencies with tort and property claims. The work would double the claims for the remaining adjuster at this mid level adjuster position.
EGS Financial Business Systems	Eliminate Accountant 3 position	OF	271,367	1	1.00	**102**	Has large affect on staff as position is currently filled.
EGS Procurement	Eliminate Procurement & Contract Spec 3 and Procurement & Contract Assistant positions	OF	422,239	2	2.00	**103**	Large effect on agencies needing procurements
EGS Risk	Eliminate Claims Rep 2 position	OF	176,330	1	1.00	**104**	9 Permanent employee and significant impact to claims handling for citizens and agencies with tort and property claims. The work would double the claims for the remaining adjuster at this level. Mid to upper level adjuster position
EGS Procurement	Eliminate Operations Policy Analyst 4 position	OF	343,285	1	1.00	**105**	Large effect on agencies using price agreements for IT projects
OSCIO Administration	Eliminate Principal Exec Manager G position	OF	445,489	1	1.00	**106**	Elimination of this position would mean that the Education policy area would be without the IT Executive who reports to the State CIO but is a dotted line to agency directors for purposes of creating IT strategic plans, legacy system modernization strategies and architecture and organizational assessments. Without this position the Education policy area will lack consistently and continuity, not just among the agencies but with the rest of the policy areas in the Enterprise. While the rest of the Enterprise will be working towards elimination of technical debt, Education will fall further behind with respect to replacing outdated or inefficient systems, processes and applications.

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE				RANK AND JUSTIFICATION	
CHRO Policy	Eliminate HR Consultant 2 position	OF	343,285	1	1.00	**107**	Result in the absorption of duties to the remaining one Policy Consultant. Work currently being perform by this consultant include, ADA research and policy implementation, Diversity and Equity research policy implementation, bill tracking, Legislative analysis and policy development for the Governor's office. This work will need to be absurd by the one remaining policy staff. Impacts will be longer response times on research and implementation of critical policies.
CFO Capital Finance	Eliminate Facilities Planning oversite as of July 1, 2022	OF	779,310	4	2.00	**108**	The program would be continued through the first year of the biennium and would provide information that could be used to inform the Governor's Budget build process in the fall of 2022.
EAM Fleet	Discontinue Fueling to non-DAS Fleet vehicles at Salem Motor Pool (SMP): Reduces services and supplies expenditure for fuel inventory.	OF	1,000,000	-	-	**109**	By dollars spent, ODOT accounts for 76% of non-DAS fuel purchases at SMP and would be the most impacted. These customers would have to seek retail fueling at a higher price per gallon. An additional impact is a reduction in cleaner fuels usage since R99 renewable diesel and E85 gasoline are available from SMP and not local retail stations. Medium impact to customers. Will need to fuel elsewhere. DAS fuel island is typically 30 to 40 cents per gallon less expensive than retail. This could mean a possible cumulative impact to customers of $200,000 to $270,000 more fuel cost over the course of the biennium.

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE				RANK AND JUSTIFICATION	
EAM Parking	Repeal ORS 307.095: Eliminate property tax on DAS parking spaces rented to individuals in Marion and Multnomah Counties. This is separate and has no impact on the mass transit "tax" the state pays on payroll that generates annual payments in excess of $5.9 million to multiple transit districts in the state including over $1.9 to Trimet within Multnomah County and $2.4 million to Salem Keizer Transit District within Marion County	OF	600,000	-	-	**110**	No impact to fleet customers or state agencies.
SDC Network	Reduce Network Wide Area Network funding	OF	2,013,745	-	-	**111**	Capital Mall fiber assets are reaching end-of-life and would not be replaced so issues and failures will become more likely. Funding for network resiliency to agency field offices will be eliminated (SD-WAN funding).
		OF	**54,815,033**	**64**	**62.00**		

PROPOSED SUPERVISORY SPAN OF CONTROL REPORT

In accordance with the requirements of ORS 291.227, the Department of Administrative Services (DAS), presents this report to the Joint Ways and Means Committee regarding the agency's Proposed Maximum Supervisory Ratio for the 2021-2023 biennium.

Supervisory Ratio for the 2019-20121 biennium

The agency actual supervisory ratio as of July 1, 202020 was 1: 10

Proposed Supervisory Ratio for the 2021-2023 biennium

When determining an agency maximum supervisory ratio all agencies shall begin of a baseline supervisory ratio of 1:11, and based upon some or all of the following factors outlined below may adjust the ratio up or down to fit the needs of the agency.

← Narrow Span		Wide Span →
High	**RISK TO PUBLIC/EMPLOYEE SAFETY**	Low
Dispersed	**GEOGRAPHIC LOCATION(s) OF SUBORDINATES**	Assembled
Complex	**COMPLEXITY OF DUTIES/MISSION**	Not complex
Low	**BEST PRACTICES/INDUSTRY STANDARDS**	High
Small	**AGENCY SIZE/HOURS OF OPERATION**	Large
Many	**NON AGENCY STAFF/TEMPORARY EMPLOYEES**	Few
High	**FINANCIAL RESPONSIBILITY**	Low
← More Supervisors		Fewer Supervisors →

In evaluating the factors, we have determined two of them impact the necessary and appropriate ratio of supervisory to non-supervisory staff at DAS. These are complexity of the duties/mission and financial responsibility.

DAS has a unique mission and role in state government in serving the enterprise in all administrative services. These services, while all falling under the umbrella of administration, are vastly different and diverse. DAS is the state's enterprise provider of accounting, finance, budgeting, purchasing, human resources, information technology, facilities, fleet, and publishing and distribution services, in addition to providing leadership and policy direction statewide for agencies who provide their own services in these areas.

While DAS leverages and gains efficiencies across the enterprise, it is critical to have dedicated supervisory positions to provide leadership and coordination of teams and initiatives across the enterprise in each key functional area. Some of these functions do not have teams as large as 11, therefore rendering a 1:11 ratio impractical. Nonetheless, these functions provide essential services to the enterprise and require dedicated leadership.

As previously discussed, DAS has enterprise leadership and policy responsibilities. The decisions of the divisions of DAS impact all agencies in critical functions of state government including finance, information technology and human resources, functions with the largest investments of state dollars in the enterprise. This scope of responsibility coupled with the complexity necessitates a narrower span of control to ensure proper controls are in place to carry out the mission.

Based upon the described factors above the agency proposes a Maximum Supervisory Ratio of 1:10.

Unions Requiring Notification: SEIU

Date unions notified: December 14, 2020

Submitted by: Brian Light, Chief Human Resources Office Administrator **Date:** December 14, 2020

2021-23 GB - OSCIO Project Prioritization Matrix

Draft Scores Pending
Draft Scores Completed
EIS Exec Team Scores Finalized

			Microsoft 365 (Post-MVP)	Network & Security Modernization	Enterprise ITSM / ITAM	Enterprise Web Application Firewalls	Cloud Enablement	UCP Replacement	Resilient Site (BDC)	Integrated Risk Management	Geospatial Data Sharing (GeoHub Portal)	SDC Lifecycle
		Status Notes:										
		TOTAL PROJECT SCORE (0-100)	69	69	64	66	60	82	72	70	73	80
CRITERIA	WT.	SCORING GUIDE	PROJECT SCORES									
Technology & Strategic Alignment	**35%**	**WEIGHTED SUBTOTAL & % OF TOTAL SCORE**	17 25%	17 25%	17 28%	17 26%	17 29%	17 21%	17 24%	17 25%	23 32%	17 22%
Alignment to Strategic Plans Does the Agency adhere to the Governor's Strategic Plan (*Action Plan: User Friendly, Reliable and Secure: Modernizing State Information Technology Systems and Oversight*) and the Enterprise Information Services Strategic Plan? Does the investment align with IT best practices (e.g. transparency by design, easily retrievable data, early value delivery, modular implementation, security principles, modern hosting technologies such as cloud, configuration over customization, etc.) How does this investment integrate into the agency's strategic plan?		**3 - Mastery (High)** Investment incorporates multiple elements of state technical vision, is strategically consistent with agency strategic vision and IT best practices. Proposed solution is technically consistent with State vision for User-friendly, Reliable and Secure systems. **2 - Competent (Medium)** Mostly aligned with Mastery **1 - Adequate (Low)** Partially aligned with Mastery **0 - Insufficient (None)** Investment is inconsistent with elements of the Enterprise and/or Agency state technical vision and does not incorporate the state's technical values or consider IT best practices.	3	3	3	3	3	3	3	3	3	3
Diversity, Equity, Inclusion, and Accessibility Does the Agency adhere to the Governor's Office of Diversity, Equity, Inclusion/Affirmative Action mission and objectives? Does the Agency have processes in place ensuring Oregon's government develops, maintains, and embeds a diverse and inclusive culture throughout state systems, institutions, and deliverables and plan to incorporate them into this investment? Does the Agency address how the solution will meet or exceed Oregon Accessibility Standards?		**3 - Mastery (High)** Agency intentionality makes equity, inclusion and accessibility a priority in change management, customer service, leadership development, and community engagement. Investment demonstrates and incorporates diligence in employment, from hiring to retention, promotion, and succession planning. Agency plans to work with Procurement on COBID certified firms. Project substantially benefits underserved communities- including rural communities, low income communities or communities of color. **2 - Competent (Medium)** Mostly aligned with Mastery **1 - Adequate (Low)** Partially aligned with Mastery **0 - Insufficient (None)** Agency does not have adequate existing processes to intentionally promote diversity, equity, inclusion or accessibility and has only nominally considered incorporating them in to this investment.	0	**0**	0	0	0	0	0	0	1	0
Business & Customer Driven Technology	**25%**	**WEIGHTED SUBTOTAL & % OF TOTAL SCORE**	25 36%	25 36%	19 31%	22 33%	19 32%	25 30%	25 34%	22 32%	19 27%	22 28%
Customer Centered Approach How does this technology investment take into consideration the number of users and place an emphasis on providing customer value? If the investment addresses public facing technology, is it customer-focused? If the investment is for agency use, does it improve the agency users' experience? Does the implementation plan focus on user experience/feedback?		**3 - Mastery (High)** Investment is focused on providing customer value. For public services, the customer experience is primary. Potential for use by all Oregonians. For agency investments, provides tangible benefits to agency users. Investment plan includes customer stakeholders and addresses methods to incorporate user experience/feedback. **2 - Competent (Medium)** Mostly aligned with Mastery **1 - Adequate (Low)** Partially aligned with Mastery **0 - Insufficient (None)**	3	3	2	3	3	3	3	2	2	3

		Investment is being implemented in isolation from customers and end users or will not be used by many users.										
Business Process Transformation Does this technology investment contribute to business process improvement/transformation? How does this technology investment intersect with measurable business outcomes including the return on investment, if applicable?		**3 - Mastery (High)** Business outcomes will be improved as a result of this investment. Investment implementation is being driven by business process transformation to improve service delivery. If public facing, customer interaction with business process is improved as a result of this investment. Solution will modernize processes. Specific examples of measurable business improvements are provided in the business case (i.e. cost savings, streamlined processes, improved controls, access to information). Investment is consistent with the agency's internal strategic plan and direction. **2 - Competent (Medium)** Mostly aligned with Mastery, includes measurable outcomes **1 - Adequate (Low)** Partially aligned with Mastery, does not include measurable **0 - Insufficient (None)** Investment implementation is nominally considering business processes and their integration with technology. Investment has no relationship with an agency's business processes. Agency is thinking 'tool first' to solve business problems. Investment does not cohere with agency strategy.	3	3	3	2	3	3	3	3	2	2
Investment Risk Does this investment need to be implemented during this budget cycle? What is the impact of not doing this investment during this cycle? Would the agency, state, or its customer be exposed to a risk or impact if the service/product is not offered (e.g., security, safety, legal, funding source, or any other related risk)? Is an existing service at risk? Do other current services/products depend on it?		**3 - Mastery (High)** Investment addresses a currently unmet, time sensitive mandate (legislative, federal, state) or risk, and/or addresses audit findings requiring urgent action or not implementing this solution puts existing services at risk. **2 - Competent (Medium)** Mostly aligned with Mastery **1 - Adequate (Low)** Partially aligned with Mastery **0 - Insufficient (None)** Investment provides an opportunity to improve services, but does not introduce new capability or address imminent risks.	3	3	2	3	1	3	3	3	3	3
Agency Readiness & Solution Appropriateness	**40%**	**WEIGHTED SUBTOTAL & % OF TOTAL SCORE**	**27 39%**	**27 39%**	**27 42%**	**27 40%**	**23 39%**	**40 49%**	**30 41%**	**30 43%**	**30 41%**	**40 50%**
Organizational Change Management How does this technology investment impact operations throughout the organization? What are the agency plans to address and mitigate risk through formal Organizational Change Management? (Organizational Change Management (OCM) is a framework for managing the effect of new business processes or systems.)		**3 - Mastery (High)** Investment demonstrates complete consideration and resources for OCM. Efforts are proportional to the size of the change taking place. **2 - Competent (Medium)** Mostly aligned with Mastery **1 - Adequate (Low)** Partially aligned with Mastery **0 - Insufficient (None)** Investment dramatically underestimates OCM requirements for this effort, or OCM efforts inadequate to address the impact of the change in the organization.	1	1	1	1	1	3	2	2	2	3
Solution Scale What is the scope and size of the agency's proposed technology investment? Is this the right-sized appropriate scaled type of solution to address this problem?		**3 - Mastery (High)** Investment is appropriate size and scale for the agency's business needs. The investment addresses the agency's needs sufficiently and holistically. Criteria evaluation focuses on how this specific solution is right sized for the agency's need. **2 - Competent (Medium)** Mostly aligned with Mastery **1 - Adequate (Low)** Partially aligned with Mastery **0 - Insufficient (None)**	3	3	3	3	3	3	3	3	3	3

		Investment is inappropriately sized to address agency need. Investment narrowly targets agency needs and the proposed solution does not serve all areas that would be impacted by the investment.										
Capacity Has the Agency given consideration for adequate staffing inclusive of project resources, subject matter experts (SMEs), leadership availability and capability to effectively support this technology investment? Will this technology investment detract from the Agency's ability to deliver on its core business functions? Has the Agency addressed capacity requirements needed to effectively resource this initiative to cover core business functions?		**3 - Mastery (High)** Investment has completely considered SME availability and resource backfilling. Investment and agency normal business is adequately staffed for duration of project. Availability of resources include: project team, SMEs, other technical resources, and backfilled resources. **2 - Competent (Medium)** Mostly aligned with Mastery **1 - Adequate (Low)** Partially aligned with Mastery **0 - Insufficient (None)** Investment has only nominally considered resource availability. Investment is not adequately staffed for duration of project.	2	2	2	2	1	3	2	2	2	3
Governance Processes What elements do the Agency's project governance process consist of? Project Governance standards are inclusive of executive sponsorship and steering, vendor/contract management, change control, Quality Assurance, Independent Verification & Validation (IV&V), stakeholder feedback for decision making.		**3 - Mastery (High)** Agency has existing governance processes in place or is introducing new ones to adequately oversee this investment. Processes include multiple of the following elements: engaged executive sponsorship, steering committees, vendor and contract management, change control, QA, IV&V, and stakeholder representation processes. **2 - Competent (Medium)** Mostly aligned with Mastery **1 - Adequate (Low)** Partially aligned with Mastery **0 - Insufficient (None)** Agency does not have adequate existing governance processes and has only nominally considered incorporating them in to this investment.	2	2	2	2	2	3	2	2	2	3

2/21/2020

[Governor's Action Plan](#)

[Enterprise Information Services](#)

[Governor's Office of Diversity, Equity and Inclusion](#)

Capital Construction

Program Description

The Capital Construction Program manages acquisition or construction of any structure or group of structures, land acquisitions, assessments, improvements, or additions to an existing structure, with an aggregate cost of $1 million or more and a completion date within six years. The program also conducts planning for proposed Capital Construction projects.

The program is part of the Enterprise Asset Management (EAM) division which oversees planning, managing, and coordinating the construction and remodeling of most buildings on the Capitol Mall, Airport Road, and facilities in Portland, Eugene and Pendleton and Wilsonville. Capital Construction projects are funded by the depreciation component of rent charges to agencies, or through bond proceeds.

This budget request focuses on:

1) Preservation and improvement of existing facilities.
2) Additional investment in Capitol Mall and Wilsonville construction.
3) Replacing functionally obsolete building equipment with newer and more flexible technology.
4) Planning for better use of space and making facilities more adaptable to changing agency needs.

Several assumptions underlie the budget request:

1) Where needs are stable and permanent, state ownership is preferred. In the long term, ownership is more cost effective than leasing.
2) Where needs are varying and shorter-term, leasing is preferred as more cost effective.
3) The cost of facilities should be spread to all beneficiaries and funding sources.
4) Demand for state services and the office space to provide them will continue.

The following is a brief discussion of each of these assumptions:

<u>Ownership versus leasing</u>: DAS has conducted numerous studies comparing owning versus leasing office space for state agencies. Consistently, these studies show that permanent uses are most economical when the building is state owned. Shorter-term, changing uses are most economical when the space is leased.

DAS leases office space whenever the benefits of ownership are not clearly superior. Agencies with volatile growth and reduction patterns, regional service offices which need to react to changing population patterns and offices outside major population centers are able to react more effectively to change by operating in leased facilities.

Alternative financing: General Fund appropriations are the least costly financing method. This option, however, has not been available since 1981. In any case, using General Fund dollars may not be best because Federal and Other Fund agencies do not pay their share. Alternative financing has additional costs, but offers substantial long-term savings to the state and a better distribution of costs.

Continued demand for office space: Demand for additional office space has slowed. However, it does not appear that demand will cease. Additionally, DAS considers the potential offsets of alternative worksite options, such as electronic offices and telecommuting, in determining space needs. In the past, the real estate and leasing market in Oregon experienced an oversupply. As a consequence, the state was able to sign leases and obtain office space below market rates. Recently, this situation has changed and rents have escalated. The time required to plan and build state facilities means that any delay could drive up long-term facility costs. Current planning requires that the agency headquarters function be on the Capitol Mall.

Six-year Plan

ORS 276.429 directs DAS to acquire office quarters by the method that is most appropriate under the circumstances and in the long-term best interest of the state. Numerous studies show that state ownership of permanent facilities is more cost effective. Leasing from private owners is best for short-term needs.

DAS' immediate focus is on preservation, improvement and better use of existing facilities, and acquisition of space when most cost-effective. In the long-term, build-out of the Capitol Mall continues in accordance with Legislative directives concerning centralization and facility goals.

In 2017, the Oregon Legislature adopted ORS 286A.824 for the financing of projects or the refinancing of borrowings issued before December 2, 2010. Known as the XI-Q bond program, proceeds from the sale of Q bonds will be used to finance the large construction and equipment acquisition projects.

Policy Action

This budget includes a request for deferred maintenance projects, gender neutral facilities & mothers' room, Capitol Mall parking structure upgrades, Yellow lot paving, Parking lot improvements, Executive building upgrades, Wilsonville North Valley Complex improvements, climate adaptation, acquisition and disposition of state property, and make safety improvements for staff and building tenants. DAS will continue scheduled replacement and improvement to existing facilities.

DAS continues its goal of better space utilization. In recent years, open landscape design, combined with systems furniture, reduced interior walls in state offices and increased the functional area of building spaces. It also provided a more attractive, efficient, and comfortable space for employees. DAS continues to identify new systems and ways to more efficiently use its existing building space.

To the degree practical, DAS will pursue the goals of preservation, increased efficiency, state-ownership, centralization, and cooperation with local government. Anticipated projects are summarized in the policy option packages below.

Funding Streams that Support this Program

DAS uses monies placed in the Capital Projects Fund, established under ORS 276.005 and 276.007, as the source of revenue for capital projects. These funds accrue in the account from a variety of sources, however, the primary source is the “depreciation” and “deferred maintenance” component of Uniform Rent, service agreements, self-support rent, and parking facilities income. The other major source of revenue comes from issuing bonds for specific projects.

Capital Improvements

Program Description

The Capital Improvements Program, authorized by ORS 276.005, is administered by the Enterprise Asset Management (EAM) division and complements the Capital Construction Program. The Capital Construction Program performs new construction, remodeling, and renovation projects costing $1 million or more, while the Capital Improvements Program manages remodeling and renovation projects that cost less than $1 million.

The purpose of the Capital Improvements Program is to:

- Maintain health and safety standards both inside and outside of buildings.
- Keep buildings in compliance with building codes and ordinance requirements (federal, state and local).
- Maintain the grounds and aesthetics of DAS owned buildings.
- Adjust or modify existing mechanical and electrical programs to minimize energy consumption.
- Upgrade building grounds.
- Evaluate and achieve maximum efficiency and use of state owned buildings.
- Adapt buildings to required occupancy changes.

Capital Improvement Projects	**2021-23 Current Service Level**
Exterior Interior Painting	$800,000
Emergency Projects	$1,000,000
Landscape Irrigation Improvements	$500,000
Tenant Improvements	$1,000,000
ADA Improvements	$700,000
Energy Conservation Projects	$767,028
Total	**$4,767,028**

Funding Streams that Support this Program

DAS uses monies placed in the Capital Projects Fund, established under ORS 276.005, as a source of revenue for capital projects. These funds accrue in the account from a variety of sources; however, the primary source is the “depreciation” and “deferred maintenance” component of Uniform Rent.