



February 20, 2009

Stewart Drown
Executive Director
Little Hoover Commission
925 L Street, Suite 805
Sacramento, CA 95814

Dear Mr. Drown:

Thank you for extending the invitation to Will Bush to testify at the Little Hoover Commission's hearing Wednesday on the Governor's Reorganization Plan regarding information technology. Will has asked me to testify on behalf of the Department of General Services.

My written testimony and a biographical statement are attached, and I look forward to answering any questions the Commission may have.

Sincerely,

SCOTT HARVEY
Chief Deputy Director
Department of General Services

Attachments

cc: Victoria Bradshaw, Cabinet Secretary, Office of the Governor
Chris Kahn, Legislative Affairs Secretary, Office of the Governor
Greg Hurner, Deputy Secretary–Legislation, State and Consumer Services Agency
Will Bush, Director, Department of General Services

Prepared Testimony
Scott Harvey, Chief Deputy Director, Department of General Services

- ***In 2005, the Governor's Reorganization Plan transferred the Department of General Services' Office of Network Services into the Department of Technology Services. Two remaining offices of the telecommunication division that concerned public safety communications remained with DGS. What has changed since 2005 to justify the move to the OCIO? What benefits and risks does such a move pose?***

In our view, the primary change since 2005 has been a greater focus on and control over "technology." As a result, we believe the Telecommunications Division (TD), which consists of the Office of Public Safety Communications Services and the California 9-1-1 Emergency Communications Office, would fit within the umbrella of Technology and its consolidation. The consolidation will offer opportunities for collaboration and possible operational efficiencies between Business Communications and Public Safety Communications. It will also foster a continued review and further standardization of technology used because of the convergence of information technology and public safety communications.

- ***How would the Governor's Reorganization Plan change the role of DGS in the procurement process for technology acquisitions?***

IT procurement policy, as defined in Section 12105 of the Public Contract Code, has historically meant 1) policy for establishing standards for what can be acquired, and 2) policies describing what must be done to have a project approved by the IT governance department. Management Memo 02-20 changed SAM to indicate that "DGS has sole responsibility for IT procurement policies and procedures." Therefore, the primary change as a result of the Governor's Reorganization Plan will be to move the policy setting responsibilities from DGS to OCIO. The DGS will maintain its role as the business agent for the State and will continue to establish policies and procedures for the State's bidding, award, and contracting needs. The DGS will also serve to establish procedures in support of information technology policies developed by the OCIO.

- ***How does giving the OCIO responsibility for procurement policy, without the actual procurement duties, streamline the process for acquiring new technology?***

Currently, the DGS spends significant time working with departments and agencies creating specifications, documenting technology requirements, and attempting to consolidate purchasing volume in order to leverage the State's IT spend. By transferring these duties to the OCIO, the State can establish architectural standards, common requirements, and uniform specifications for IT goods and services. Anticipated outcomes include fewer individual procurements by DGS, reduced timelines for completing procurements, and reduced time spent creating, revising, and reworking requirements that is a hallmark of many IT procurements today.

The role of the OCIO in setting IT procurement policy will streamline both what can be purchased, and what conditions must be met to have an IT project approved by

the OCIO. The DGS will continue its statutory role over all contracts for the acquisition of IT, and for procurement policies that assure full and fair opportunities for competition among vendors, for ethical standards in making awards, and for obtaining quality systems at the lowest possible price.

- ***How does this proposed approach ensure accountability for procurement decisions? Is the splitting of procurement duties unique to state information technology?***

IT procurement duties will not be split. Rather, specific governance tasks will be shared with the OCIO developing IT procurement policies related to architecture, specifications, standards and approval of IT projects, while the DGS will develop procedures and policies governing competition, awards, and contracting that support and integrate with OCIO policies.

Such sharing is not unique for California. Since 1980, the State has drawn a distinction between the role of IT procurement policy and IT procurement procedure by granting the Department of Finance (DOF) authority for IT procurement policy and the Department of General Services authority over IT procurement procedure (Government Code § 14816). In 1982, this section was moved to the Public Contract Code, and in 1983 the DOF Office of Information Technology assumed a greater policy role. Throughout this period, IT procurement policy, as defined in Section 12105, has been clarified to mean policy for establishing standards for what can be acquired and policies describing what must be done to have a project approved by IT governance.

- ***What benefits and risks does such a move pose?***

Key benefits to be realized include 1) Reduced costs resulting from greater leverage by standardizing the State's IT purchases, 2) Reduced complexity and cost of maintenance by establishing common architecture, 3) Fewer, faster, and more effective procurements as user demand is consolidated across categories, and 4) Increased clarity of IT purpose and direction through consolidation of requirements by the OCIO.

Potential risks include initial confusion within departments and agencies as the new roles and responsibilities are normalized. Additionally, OCIO and the DGS will need to effectively collaborate to ensure clarity of roles and responsibilities in their respective interactions with the departments and agencies across the State.

- ***How will the existing procurement staff and telecommunications staff at DGS be affected by this consolidation?***

No change to DGS procurement staff or staffing levels is expected. Moreover, the staff at DGS-TD would be largely unaffected by the change. The reorganization does not appear to require a change in responsibilities or classifications.