



DRAFT

Information Technology Steering Committee (ITSC)
February 22, 2024, Meeting minutes
Remote Meeting via Interactive Conference Technology
1151 Punchbowl Street, Conference Rm. 410, Honolulu, HI

Members Present:

Douglas Murdock, Chair, CIO, Office of Enterprise Technology Services (ETS)
Christine Sakuda, Vice Chair, Transform Hawaii Government (THG)
Michael Nishida, First Hawaiian Bank
Marcus Yano, CBTS Hawaiian Telcom
Benson Choo, Finance Factors
Joel Kumabe, Ohana Pacific Health
Senator Sharon Moriwaki, State Legislature
Eugene Chang, IEEE Computer Society, Hawaii Chapter
Arnold Kishi, Center for Internet Security, MS-ISAC
Mai Nguyen Van, Judiciary
Garret Yoshimi, University of Hawaii

Members Excused:

Representative Kyle Yamashita, State Legislature
Michael Otsuji, Hawaii State Department of Education

Guests:

ETS: Rebecca Cai, Todd Omura, Catherine Arellano-Alcotas, Jav Azuma, Lenora Fisher, James Gonser, Juha Kauhanen, Joseph Lee, Jim Miwa, Sheila Oliveira, Jussi Sipola, Kelli Wang

I. Call to Order

Quorum was established and roll call taken. The meeting was called to order at 3:03 p.m.

II. Public Testimony

None.

III. Legislature Report

James Gonser, ETS Senior Communications Officer, reported on legislative bills ETS is following this session. Report attached.

HB2176 and SB2572 Chair Murdock stated that the bills were originally written to create a regulatory agency in the Department of Commerce and Consumer Affairs (DCCA) that would require any use of AI in the state to be approved by DCCA before it could be used. ETS testified against this bill. In short, AI is already widely used in state government making it too late to regulate, and ongoing developments in AI make it impossible to regulate. Instead, ETS testified that a working group will be established to look at policy and guidelines.

SB2287 SD1 Member Nishida asked if it refers to the IT Steering Committee. Chair Murdock confirmed that this bill adds to the ITSC's list of roles to develop a plan with ETS to enhance the state's mobile application. However, the state does not have a mobile application but mobile-friendly web pages.

SB2516 would change the Chief Information Officer (CIO) to Deputy Comptroller for Information Technology to be appointed by and report to the Comptroller instead of the Governor. ETS offered opposition and concerns on this bill before the Labor and Technology (LBT) committee and Senate Ways and Means (WAM) committee.

Member Nishida asked what the origin of SB2516 was. Chair Murdock explained that it could have been due to the cancellation of the Enterprise Financial Systems (EFS) project last year that cost over \$8 million. Member Senator Moriwaki noted that there was a concern with the contract failure and the lack of oversight for this project. She strongly urged members to testify on this bill or any bill they have recommendations or concerns about.

Chair Murdock stated that across the nation, half of the CIOs report to the governor, the other half report to a lower-level government official like a Comptroller. A few states have a Technology Authority.

Member Chang asked if SB2516 is a reaction to the recently cancelled project or if there were other reasons for the change. Member Sen. Moriwaki stated the cancelled project triggered it. The Senate LBT committee had an informational briefing and concluded that there needed to be changes in the system regarding how business is done. ETS and DAGS should have been more involved with the scope and monitoring of the project.

Member Yano would like the ITSC to discuss its role. The ITSC should be more engaged if the intent is to be as an extension of the CIO and provide the knowledge and expertise from the board. He would appreciate receiving notice on bills and the CIO's position when the legislature is in session. Chair Murdock recommended meeting again in early March, which would allow time to testify or state a position with the House's Higher Education and Technology committee. Members Sakuda and Kumabe asked the process in submitting testimony as a committee. Chair Murdock suggested that ETS could draft testimony for the committee's review/recommendations. Member Sen. Moriwaki suggested attaching Hawaii Revised Statutes 27-43, the responsibilities of the ITSC.

IV. Annual Report

At the ITSC December 19, 2023 meeting, members requested a more complete chart for major systems under development. The report now includes the year the system went operational, DD&I (Design, Development & I) and Annual O&M (Operations & Maintenance) costs. It contains the successful systems implemented and projects that were started last year. The data could not be collected in time for the Annual Report but is provided for review at this meeting.

Member Sakuda appreciated the additional information, which reflects the breadth of responsibility ETS has. It also shows what kind of support is needed for the state's strategic roadmap.

Member Nishida asked what DD&I and O&M stood for and if the costs are the actual cost or projected cost prior to the project starting. Chair Murdock stated that DD&I, Design, Development and Implementation is pre-operational, the cost to build the system. O&M, Operations and Maintenance is what is paid to run the system and includes current operational cost and updates. The projects in progress have projected dates and estimated DD&I and O&M costs.

Member Chang asked if the O&M cost listed on page 1 are the budgeted cost and if any of the systems were underfunded for operations. On page 2 of the report, he suggested tracking how much internal resources have been used to do the DD&I. On page 3, he asked if variances are tracked if the project comes in over budget.

Chair Murdock stated that the figures on page 1 are the actual O&M contract cost. On page 2, most of the projects were pre-built commercial software-as-a-service products such as Microsoft Office 365 and Adobe eSign. If ETS staff are dedicated to running these systems and building out capabilities within the system, those costs should be tracked. On page 3, if an IV&V is assigned, the vendor normally tracks variances for the department. It would be ideal to start tracking any changes to the contract that affect cost, schedule, or performance. Regarding the cancelled EFS project, Chair Murdock noted that the project started during the pandemic, which made everything more difficult. The vendor appeared to struggle during the pandemic and state agencies were preoccupied with dealing with the pandemic. Therefore, both had trouble giving the project level of focus that was required. In hindsight, the project should not have started but no one knew how long the pandemic would last.

Member Kishi suggested having a column to add up the number of projects. To understand the scope, it would help to have subtotals along the way. Chair Murdock agreed.

Member Yano asked if the numbers represent ETS' budget including non-state funds. Chair Murdock stated that it's not specific to type of funds.

Member Chang mentioned that with some of the projects listed, ETS may not be responsible for the success of the project because of the other departments. Chair Murdock explained that the departments are primarily responsible for the success of the project. They have their own project managers, business analysts, and provide independent verification and validation vendors to watch over the project. If there are problems, ETS will recommend changes. For the EFS project, Chair Murdock stated that they will provide more guidance to its IV&V vendors about what they should tag "Red" in their reports. In the past, they have marked items Red when the risk was potentially acceptable or not highly likely. ETS is working on new guidance for IV&V vendors.

On page 3 "Starting in 2024" Member Sakuda asked what the ERP Management Project is and if it is related to the EFS project. Chair Murdock stated that when the state decided to build an Enterprise Resource Planning (ERP) project around 2010, a management office was to be created to manage everything-- changes, testing, updates. ETS has been managing through various resources and decided a few years ago to create a project under ETS or DAGS. ETS received five positions for the ERP management office to manage the ongoing operations of the ERP system which includes human resources, payroll, time and leave, and the enterprise financial management system.

Member Sakuda asked about the IV&V reports. Chair Murdock shared that the reports are created every month, reviewed by the department, and are posted on the ETS website. <https://ets.hawaii.gov/report/independent-verification-and-validation-reports/>

V. 2025 Strategic Plan Process

Todd Omura, ETS IT Strategy and Governance Officer, reported that the team has looked at other states' strategic plans. They are also having discussions with other departments and reached out to Member Sakuda, Transform Hawaii Government, who assisted with the first strategic plan. Chair Murdock stated that they are trying to involve people from different segments of the community with the strategic planning process.

VI. Good of the Order

Welcomed new ITSC members Eugene Chang and Michael Otsuji.

VII. Adjournment

Meeting adjourned at 4:03 p.m.

