INDEPENDENT MODERNIZE MARYLAND OVERSIGHT COMMISSION
Draft Minutes
Thursday, December 14, 2023
10:00 am – 12:30 pm
DoIT Executive Conference Room
100 Community Place, Crownsville, Maryland

Commission Attendance – Voting Members (8 members present/11 statutory seats)
Manoj Srivastava (chair), Ken Kurz (vice chair), Secretary Katie Savage, State CISO Greg Rogers, Mark Cather, Ken Hlavacek, Stanley Lofton, and Michael Piercy

Advisory Nonvoting Member Participating
Senator Katie Fry Hester

Others Present
Mike Haifley (Acting Chief Procurement Officer), Patrick Mulford (Chief of Staff, DoIT) and Dr. Greg von Lehmen (University of Maryland Global Campus and Interim Staff to the Commission and recorder of the minutes)

Meeting Minutes
The DoIT Secretary welcomed the Commissioners to the Crownsville office and thanked them for the work that prepared for this meeting. The chair added his welcome and expressed his appreciation to the Secretary for her support of the Commission and for offering space for an onsite meeting.

The chair formally opened the meeting by confirming the quorum and reviewing the agenda. The sole purpose of the meeting was to discuss, amend if necessary, and approve the Commission's initial report and recommendations which the members had received in advance.

The chair the stage for this discussion by reading the statutory charge to the Commission. As a matter of procedure, he proposed that the meeting focus on the recommendations that members wanted to discuss, that changes be made where needed, and that once no further discussion was asked for, the Commission vote on the recommendations as one package. This procedure was accepted by general assent.

The Commission discussed the recommendations in the draft report in the following order:

DRAFT RECOMMENDATION 3

> ***Recommendation 3 (Governance).*** That the charter, membership, and authorities of the Modernize Maryland Oversight Commission be amended to establish the Commission as an oversight governance body with the purpose of a) ensuring that the Maryland Technology Investment Board has implemented processes and best practices in managing the modernization fund and b) providing transparency about the progress in addressing

modernization objectives across the Executive Branch.

- *Recommendation 3.1* That DoIT shall assist the Commission in creating a scorecard to be used to summarize and publicize the modernization progress of the Executive Branch on a semi-annual basis.
- *Recommendation 3.2.* That the Commission be staffed in its oversight role by the Office of Legislative Audits.

<u>Discussion</u>

The key question raised was whether an external body like the Commission was necessary in a governance role. It was observed that DoIT had newly established an IT Council and that the Commission might be duplicative of the Council's role. Additionally, it was noted that OLA performed audits periodically as an accountability measure. Finally, there was a concern about DoIT's capacity to generate new reports for the Commission, given DoIT's other reporting mandates.

As the discussion unfolded, it was proposed that, instead of having a governance role, the Commission's charter be redefined so that it would function as an independent evaluator of the State's modernization progress and as a source of recommendations regarding modernization best practices for the Executive Branch and the General Assembly. In this way, it would not duplicate the role of the IT Council but help inform it. It was suggested that OLA have a representative on the Commission itself rather than staffing it and that Commission staffing be left open with the proviso that it be "appropriate" given the Commission's independent advisory role. Further, it was proposed that existing reports compiled by DoIT be used to meet the informational needs of the Commission and that no new reporting mandate be included in the recommendation. These points were accepted by general assent and resulted in the amended recommendation below.

> *Recommendation 3 (~~Governance~~).* ~~That the charter, membership, and authorities of the Modernize Maryland Oversight Commission be amended to establish the Commission as an oversight governance body with the purpose of a) ensuring that the Maryland Technology Investment Board has implemented processes and best practices in managing the modernization fund and b) providing transparency about the progress in addressing modernization objectives across the Executive Branch.~~ **TO:** *(Advice and Oversight) That the charter, membership, and authorities of the Modernize Maryland Oversight Commission be amended to establish the Commission as an advisory board with the purpose of identifying best modernization practices, formulating recommendations for the State Executive Branch and the General Assembly, and providing transparency about the progress in addressing modernization objectives across the Executive Branch*

- *Recommendation 3.1* ~~That DoIT shall assist the Commission in creating a scorecard to be used to summarize and publicize the modernization progress of the Executive Branch on a semi-annual basis.~~ **TO:** *That the MITDP report be modified to summarize and publicize modernization progress of the Executive Branch*
- *Recommendation 3.2.* ~~That the Commission be staffed in its oversight role by the Office of Legislative Audits~~ **TO**: *Recommendation 3.3. That the Commission be appropriately staffed.*

DRAFT RECOMMENDATION 4

> ***Recommendation 4 (Planning, management, and IT organization).*** Modernization investments should certainly be consistent with the State's IT strategic goals but where possible seek ways of delivering value early through incremental improvements.

- *Recommendation 4.1.* That DoIT produce a new strategic plan by December 1, 2024, with goals that are SMART.
- *Recommendation 4.2.* That in the short-term each agency CIO should have a dotted line to the Secretary of IT.
- *Recommendation 4.3.* That DoIT develop a strategy for centralization of IT management across the Executive Branch under DoIT by a) considering various models seen by the Commission, such as leaving local IT budgets and IT staff with the agencies while changing IT reporting lines, and b) carving out certain units of State government as exceptions from centralization where appropriate due to limitations of federal law, complexity of operations, or other considerations.

Discussion

In regard to Recommendation 4.2, it was asked whether the establishment of an IT Council chaired by the DoIT Secretary effectively created a dotted line of agency CIOs to her. There was general assent that this was the case, and accordingly, Recommendation 4.2 was reformulated to acknowledge this aspect of the Council's role.

> ***Recommendation 4 (Planning, management, and IT organization).*** Modernization investments should certainly be consistent with the State's IT strategic goals but where possible seek ways of delivering value early through incremental improvements.

- *Recommendation 4.1.* That DoIT produce a new strategic plan by December 1, 2024, with goals that are SMART.
- *Recommendation 4.2.* That in the short-term each agency CIO should have a dotted line to the Secretary of IT. **TO:** *That the DoIT IT Council serve as a coordinating body between the Secretary and agency CIOs.*
- *Recommendation 4.3.* That DoIT develop a strategy for centralization of IT management across the Executive Branch under DoIT by considering various models seen by the Commission, such as leaving local IT budgets and IT staff with the agencies while changing IT reporting lines, and carving out certain units of State government as exceptions from centralization where appropriate due to limitations of federal law, complexity of operations, or other considerations.

DRAFT RECOMMENDATION 1

Recommendation 1 (Funding). That the State establish a dedicated IT investment fund over and above DoIT's annual operating budget to finance the replacement of legacy IT systems, process transformation, and effective digital government across the Executive Branch.

- *Recommendation 1.1.* That the IT investment fund should eventually replace the Major IT Development Projects (MITDP) process.
- *Recommendation 1.2.* That DoIT should hire a consultant to complete the required list of legacy systems and prioritize the associated risk.
- *Recommendation 1.3.* That DoIT work with the agencies to develop a five-year projection of funding needs to modernize.
- *Recommendation 1.4.* That the IT investment fund should be bond-funded to the extent

practicable.
- *Recommendation 1.5.* That there should be guardrails to prevent agencies from circumventing the Investment Fund as is currently being attempted outside the MITDP process.

Discussion

In connection with Recommendation 1.1, it was asked whether all projects addressed by the MITDP were concerned with modernization, and if not, whether the Investment Fund should simply replace it. DoIT answered that it has no issue with the recommendation as written.

A second question was raised about Recommendation 1.5, whether it should be worded differently to specifically reference compliance with the Investment Fund process. It was agreed by general assent to reformulate Recommendation 1.5 accordingly.

Recommendation 1 (Funding). That the State establish a dedicated IT investment fund over and above DoIT's annual operating budget to finance the replacement of legacy IT systems, process transformation, and effective digital government across the Executive Branch.
- *Recommendation 1.1.* That the IT investment fund should eventually replace the Major IT Development Projects (MITDP) process.
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- *Recommendation 1.4.* That the IT investment fund should be bond-funded to the extent practicable.

Recommendation 1.5. ~~That there should be guardrails to prevent agencies from circumventing the Investment Fund as is currently being attempted outside the MITDP process~~. **TO:** *That there should be guardrails to ensure compliance with the Investment Fund process*.

DRAFT RECOMMENDATION 2

Recommendation 2 (Governance). That the General Assembly establish a Maryland Technology Investment Board. This board should be chaired by the DoIT Secretary and include multi-departmental representation.
- *Recommendation 2.1 That the board shall have the authority to evaluate and approve IT modernization investment proposals for the Executive Branch to be financed by the Maryland Technology Management Fund and shall monitor the implementation of financed projects.*
- *Recommendation 2.2. That DoIT ensure there is an Enterprise Architecture (EA) and standards to guide modernization across the Executive Branch and that all modernization be consistent with this EA and those standards.*

Discussion

Given the logic of the Investment Fund, it was considered natural that the DoIT Secretary would chair the board and that the board would include agency representation. Discussion of this recommendation centered around the size of the board and the suggestion that it include a public representative appointed by the Governor. It was argued that to facilitate decision-making the board should not be too large and that public representation could provide a useful outside perspective on investment proposals. It was agreed by general assent to modify the recommendation as indicated below.

Recommendation 2 (Governance). ~~That the General Assembly establish a Maryland Technology Investment Board. This board should be chaired by the DoIT Secretary and include multi-departmental representation~~. **TO**: *That the General Assembly establish a Maryland Technology Investment Board of at least five and no more than seven members. This board should be chaired by the DoIT Secretary and include multi-agency representation, a public representative appointed by the Governor, and other members as appropriate.*

- *Recommendation 2.1 That the board shall have the authority to evaluate and approve IT modernization investment proposals for the Executive Branch to be financed by the Maryland Technology Management Fund and shall monitor the implementation of financed projects.*
- *Recommendation 2.2. That DoIT ensure there is an Enterprise Architecture (EA) and standards to guide modernization across the Executive Branch and that all modernization be consistent with this EA and those standards.*

DRAFT RECOMEMNDATION 5

Recommendation 5 (Procurement). That a) as a short-term change, Task Orders of $2 million or less be exempt from Board of Public Works approval, and b) with a view to more far-reaching reform, the State engage a major contractor to conduct a stem-to-stern review of its procurement processes to recommend changes in COMAR and in policy to produce a more agile procurement regime to support IT modernization and other major State procurements.

Discussion

It was observed that the current procurement thresholds for BPW approval have been over-run by inflation, pushing projects that previously would not need BPW approval into the zone requiring approval. To address this, it was agreed that thresholds be raised to $2 million and further that the threshold be tied to inflation. There was a general consensus that this should be a permanent and not a "short-term" solution. A question was raised whether agencies could break up procurements to keep them under the $2 million limit. Mr. Haifley noted that there are safeguards against such a practice.

There was also discussion about the long timelines for large procurements—running now 16 to 24 months—and how it would be beneficial to commission a data-driven study of the current regime. It was mentioned, for example, that such a study would identify the various steps and the number of days, weeks, or months each step takes, along with other data. By general assent, it was agreed to emphasize the "data driven" nature of the study.

Recommendation 5 (Procurement). That a) ~~as a short-term change, Task Orders of $2 million or less be exempt from Board of Public Works approval, and b) with a view to more far-reaching reform, the State engage a major contractor to conduct a stem-to-stern review of its procurement processes to recommend changes in COMAR and in policy to produce a more agile procurement regime to support IT modernization and other major State procurements~~. **TO:**

Recommendation 5 (Procurement). That IT procurements of $2 million or less be exempt from Board of Public Works approval.
- *Recommendation 5.1. That the $2 million cap be adjusted annually to pace with inflation.*
- *Recommendation 5.2. That with a view to more far-reaching reform, the State engage a contractor to conduct a comprehensive, data-driven review of its procurement processes to recommend changes to produce a more agile procurement regime to support IT modernization and other major State procurements*

VOTE ON THE RECOMMENDATIONS AS A SET

As the discussion slowed, the chair asked if there were any further comments, questions, or objections concerning the report and its recommendations that any Commissioner wanted to voice. Hearing none, he moved to approve as a package the five recommendations and the subrecommendations in their amended form. Mr. Kurz seconded the motion. The recommendations were unanimously approved on a roll-call vote of the eight voting members present.

The meeting was adjourned at12:30 pm.