

NEIL ABERCROMBIE
GOVERNOR



SANJEEV "SONNY"
BHAGOWALIA
CHIEF INFORMATION
OFFICER

STATE OF HAWAII
OFFICE OF INFORMATION MANAGEMENT & TECHNOLOGY
P.O. BOX 119, HONOLULU, HAWAII 96810-0119
www.hawaii.gov/oimt

OIMT-CORR 12.0028

October 4, 2012

TO: Department Heads

THROUGH: Kalbert K. Young
Director of Finance

FROM: Sanjeev "Sonny" Bhagowalia
State Chief Information Officer

SUBJECT: Clarification of Executive Memo 12-05 (Governor's Budget Execution Policy FY13) and Administrative Directive 11-02 regarding IT/IRM Acquisitions

Purpose

This memo is to provide clarification to the Governor's Budget Execution Policy for Fiscal Year 2013, EM 12-05 dated August 30, 2012. Specifically, the OIMT would like to address instructions within Attachment A, Section 18 (a. through f.), Information Systems Technology and Telecommunications Services, Facilities and Resource acquisitions for the Executive Branch agencies.

Background

With the exception of the University of Hawaii, the Department of Education, and the Office of Hawaiian Affairs, the State CIO has authority over the design and implementation of all Executive Branch IT infrastructure, Information Resource Management, and Shared Services including, but not limited to, the following: data and telecommunications networks; data center services, including all equipment (e.g., servers, storage, switches, routers, security devices, and mainframes) necessary to operate mission-critical, back-office and public-facing applications; shared enterprise services (e.g., e-mail and directory); IT/IRM programs/projects; and all other software applications and services used to conduct the State's operations.

In order for the CIO and the OIMT to effectively administer statewide IT/IRM investments and operational expenditures, Executive Branch agencies must provide the OIMT with all acquisition information being pursued for FY13. This shall include all IT related hardware, software, solutions, leases, contract services and consultant services that are to be renewed or purchased.

The OIMT has been apprised of the operational impact EM 12-05 section 18 has had on the Executive Branch agencies ongoing operations regarding IT/IRM acquisitions and fiscal processing.

Solution Framework

Part 1: Expenditure of FY13 Monies

Therefore, effective immediately, the OIMT is issuing the following clarifications:

1. All IT/IRM acquisitions that are less than \$100,000 will not require State CIO approvals and that authority is being delegated to the Department Heads. However, this delegation of authority to the Department Heads shall require each agency to submit the necessary information of the expenditure. T205 information will be required for all hardware or software and a memorandum for all other acquisitions.
2. All IT/IRM acquisitions which exceed an estimated amount of \$100,000 must obtain CIO approvals. T205 approvals will be required for all hardware or software and approved memorandum for all other acquisitions.
3. All IT/IRM acquisitions must be reported regardless of Means of Financing (MOF) (e.g., General, Federal, Special, Revolving, CIP, etc.). Please ensure identification of funding.

Part 2: Administrative Directive Requirements for FY13

OIMT would like to also clarify the Governor's Administrative Directive No. 11-02 (AD11-02) dated September 29, 2011. Specifically the instructions within Section 5 which states: Beginning in fiscal year 2013, and annually thereafter, with the exception of the University of Hawaii, the Department of Education, and the Office of Hawaiian Affairs, each agency under my executive authority shall submit, as instructed by the CIO, a summary of its actual and projected IT, IRM and telecommunications portfolio costs, including personnel, for the past year, current year, and budget year in a format prescribed by the CIO in order to capture all statewide IT expenditures in the State's IT and IRM portfolio. These include all investments in Development, Modernization, and Enhancement (DME) projects or Steady-State (SS) Operations and Maintenance (O&M) systems, networks, applications and databases throughout the information lifecycle.

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To address the AD11-02 requirement the OIMT is issuing the following clarifications:

1. All Development, Modernization, and Enhancement (DME) projects and or Steady-State (SS) Operations and Maintenance (O&M) systems, networks, applications and databases throughout the information lifecycle must be identified.
2. This shall include all IT related hardware, software, solutions, leases, maintenance, contract services and consultant services that are renewed or purchased.
3. For the above reporting requirements a standardized form has been provided on the OIMT SharePoint site for agency submissions.
4. All IT/IRM related personnel costs for the department must be identified. Each authorized position, filled or vacant, position number, civil service or exempt must be reported. This shall include all direct IT and IT support staff for your organization.
5. The actual and projected IT/IRM, telecommunications and personnel costs regardless of Means of Funding (MOF) for past year, current year and budget year shall be submitted annually to the CIO. The official correspondence shall be submitted by Departmental Directors as they are directly responsible for overseeing the IT portfolio and IT services within their department through the operational oversight of IT budgets of constituent divisions, boards, agencies and offices.
6. Beginning this fiscal year all IT/IRM acquisitions must be consulted with the OIMT to ensure statewide strategic direction and enterprise architectural compatibility. It is imperative that all investments that are Share Services based (Enterprise Infrastructure, Enterprise Network, Enterprise Applications, Enterprise Security, etc.) must be in alignment with the Statewide IT/IRM Transformation Plan to obtain economies of scale or leverage any cost saving opportunities.

Although the University of Hawaii, the Department of Education, and the Office of Hawaiian Affairs have a certain degree of independence from the Governor's oversight, it is in the State's interest and is a matter of statewide concern that they cooperate fully with the AD11-02 and are strongly encouraged to participate so the State can achieve greater efficiency and cost-effectiveness in IT, IRM and telecommunications operations.

Department Heads

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Point-of-Contact

If there are any questions regarding the memorandum, please have your designated CIO Council representative contact Mr. James Lum at 586-1930 ext. 531 or via email at James.Lum@hawaii.gov.

cc: Bruce Coppa, Chief of Staff
Department CIOs



EXECUTIVE CHAMBERS

HONOLULU

NEIL ABERCROMBIE
GOVERNOR

August 30, 2012

EXECUTIVE MEMORANDUM

MEMO NO. 12-05

TO: All Department Heads

SUBJECT: FY 13 Budget Execution Policies and Instructions

The attached Budget Execution Policies and Instructions are provided to guide your implementation of program appropriations for FY 13.

We continue to make inroads towards our goals of economic recovery and sustainability. As a result of our fiscally balanced approach to address the potential \$1.2 billion budget shortfall for FY 2011-13, the State was able to end FY 12 in the black, with a \$275 million general fund balance.

Actual general fund tax revenues for FY 12 grew by 14.9%, nearly 3% more than the 12% general fund tax revenue growth rate projected by the Council on Revenues (COR). The COR currently projects that general fund tax revenues will increase at a rate of 5.3% in FY 13, as compared to FY 12.

The State's economy has strengthened in recent months, with our visitor and hospitality industry leading the way. All visitor markets showed growth in expenditures and arrivals during the first half of 2012 compared to the same period last year. Total visitor expenditures for the period increased by 21.4%, while total arrivals rose by 10.2%.

The strength of the visitor and hospitality industry's growth will continue to impact other sectors of Hawaii's economy; thus far, however, recovery of those sectors has been less than remarkable. As even the stunning growth of the visitor and hospitality industry has its own limitations, we cannot afford to take things for granted.

We are vulnerable to uncertainties at the national and worldwide level, including a potentially significant contraction in federal spending for defense, education and social services; economic volatility in Europe; slowdowns in Asia and unrest in the Middle East. We also remain committed to recapitalize our reserve funds and address our unfunded liabilities in the Employees' Retirement System and Employer-Union Health Benefits Trust Fund.

Although Hawaii's economy has improved since last year, we remain cautious, though optimistic, about its recovery and sustainability in the face of numerous uncertainties. In this light, and in consideration of the many demands on our limited resources, we must continue to be prudent with our expenditures. We are responsible to maintain the State's fiscal integrity.

As such, all general fund discretionary appropriations will be subject to a 5% contingency reserve restriction. While we will continue to monitor our State revenues through the fiscal year as more definitive information on tax revenue collections and projections becomes available, I trust that each department will make the necessary effort to operate efficiently and stay within its departmental allocation to allow the State's fiscal health to be maintained.

Similar to FY 12, these budget execution policies delegate many responsibilities to the department level to facilitate the efficiency of your operations. These responsibilities deserve your appropriate attention and should be executed with the utmost care and accountability in consideration of the State's fiscal situation. The expenditure of State funds should always be judicious and appropriate.

Through sound fiscal management, we can continue to maintain and improve the State's fiscal well-being. We must continue our efforts to deliver State services more efficiently and accelerate the implementation of New Day Work Projects. The energy and expenditures generated by moving our CIP projects quickly and purposefully will support our infrastructure needs while producing job growth and stimulating Hawaii's economy.

Our commitment to our State, to Hawaii's people, is steadfast and our efforts are unwavering. We will not wait for A New Day in Hawaii, we will make it happen. We will transform government in Hawaii by continuing to improve our ability to service Hawaii's people. We will grow a sustainable economy. We will invest in our State's most valuable asset, our people.

Exhibit 1 contains your department's FY 13 allocation of operating program appropriations and position ceilings from Act 164, SLH 2011, as amended by Act 106, SLH 2012, which may include a 5% contingency reserve restriction on discretionary general fund appropriations. Exhibit 1 also reflects the labor savings adjustment for CIP staff services cost appropriations (if not previously reduced in Act 164, SLH 2011, as amended by Act 106, SLH 2012).

Attachments A and B contain detailed, specific expenditure policies, guidelines, and procedures for FY 13 budget execution to provide for prudent and efficient implementation of legislative intent.

Questions on the specific policies and instructions should be directed to the Department of Budget and Finance or the appropriate agency referenced. Electronic files of appropriate forms will be provided for your use.

NEIL ABERCROMBIE
Governor, State of Hawaii

Exhibit 1
Attachment A
Attachment B
Operational Expenditure Plan



EXECUTIVE CHAMBERS

HONOLULU

NEIL ABERCROMBIE
GOVERNOR

September 29, 2011

ADMINISTRATIVE DIRECTIVE NO. 11-02

TO: All Executive Branch Department Heads

FROM: Neil Abercrombie
Governor

SUBJECT: Cancellation of Administrative Directive
No. 77-02

Discussion:

Rapidly changing technology and increasing citizen expectations have made the effective and efficient use of information technology (IT) and information resource management (IRM) critical elements of government services. IT is now defined as any equipment or interconnected system or subsystem of equipment used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information. IT includes computers, ancillary equipment, software, firmware and similar procedures, services (including support services), and related resources. IRM is now defined as the process of managing information resources throughout the lifecycle to accomplish government missions. The term encompasses both information itself and related resources such as personnel, equipment, funds, and information technology.

IT and IRM provide a powerful tool that can transform the ability of citizens and businesses to access government information and services, and thereby improve the quality of those services.

The role of chief information officer is established under section 27-43 of the Hawaii Revised Statutes, to organize, manage, and oversee statewide information technology governance

for the State of Hawai'i, reporting directly to the Governor. The State of Hawai'i needs to be fully committed to leveraging a common technology platform and shared services in order to make state government more transparent, accessible and accountable, enhance the quality of services to residents and businesses, ensure the security and reliability of the state's information systems, protect the privacy of information and data, promote emerging technologies, and develop and deploy enterprise applications with standard interfaces for increased business value. Leveraging shared services and consolidating IT, IRM, and telecommunications equipment, resources and investments have been proven to achieve greater efficiency, cost-effectiveness and environmental sustainability in IT, IRM, and telecommunications operations. Reengineered government business processes, coupled with IT and IRM solutions, will provide greater government efficiencies.

Directive:

1. Effective immediately, Administrative Directive No. 77-02 dated September 15, 1977, is hereby formally cancelled.

2. Effectively immediately, the Comptroller's roles and responsibilities in all IT/IRM-related governance boards, committees, and investment oversight and approvals for the State are transferred to the CIO.

3. With the exception of the University of Hawai'i, the Department of Education, and the Office of Hawaiian Affairs, the State Chief Information Officer (CIO) and the Office of Information Management and Technology (OIMT) shall have authority over the design and implementation of all Executive Branch IT infrastructure, IRM, and shared services, including, but not limited to, the following: data and telecommunications networks; data center services, including all equipment (e.g., servers, storage, switches, routers, security devices, and mainframes) necessary to operate mission-critical, back-office and public-facing applications hosting of mission-critical, back-office and public-facing applications; shared enterprise services (e.g., e-mail and directory); IT/IRM programs/projects; and all other software applications and services used to conduct the State's operations.

4. The Deputy Comptroller is hereby designated the Business Transformation Executive (Executive) to support the development and implementation of the Governor's vision of government business transformation.

The Executive shall:

- a. Recommend business process reengineering (BPR) projects to the Governor with the overall goals of streamlining business processes, increasing efficiencies, reducing duplication of efforts and improving delivery of services.
- b. Work with Department Directors to identify, develop and implement their department's BPR projects.
- c. Coordinate IT and IRM needs related to BPR projects with the CIO.

5. Beginning in fiscal year 2013, and annually thereafter, with the exception of the University of Hawai'i, the Department of Education, and the Office of Hawaiian Affairs, each agency under my executive authority shall submit, as instructed by the CIO, a summary of its actual and projected IT, IRM and telecommunications portfolio costs, including personnel, for the past year, current year, and budget year in a format prescribed by the CIO in order to capture all statewide IT expenditures in the State's IT and IRM portfolio. These include all investments in Development, Modernization and Enhancement (DME) projects or Steady-State (SS) Operations and Maintenance (O&M) systems, networks, applications and databases throughout the information lifecycle.

6. With the exception of the University of Hawai'i, the Department of Education, and the Office of Hawaiian Affairs, the CIO shall coordinate Executive Branch Departments' IT and IRM investment planning throughout the lifecycle by:

- a. Reviewing and approving all Departments' IT and IRM procurement plans and setting timeframes for infrastructure consolidation;

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- b. Reviewing and, in conjunction with the Director of Finance, approving all Department IT and IRM budget requests and establishing IT and IRM budget priorities, including all significant IT and IRM projects regardless of funding source;
- c. Developing a comprehensive multi-year strategic plan for IT and IRM for the Executive Branch and Departments, which addresses the design, implementation and operation of IT and IRM to improve the quality and cost of services provided by the Branch and Departments to its citizens;
- d. Issuing policies, standards and guidelines governing all IT and IRM procurement, DME projects and O&M investments; and
- e. Identifying and executing opportunities for cost savings and efficiencies based on standardization, cross-agency collaboration, increased use of shared services, enterprise buys for hardware, software products and support services and centralization of resources, as required.

7. Department Directors shall be responsible for overseeing the IT portfolio and IT services within their department through the operational oversight of IT budgets of constituent divisions, boards, agencies and offices. However, all of these investments shall be registered, updated, maintained and coordinated with the CIO.

8. Department Directors shall be directly responsible for all IT, IRM and telecommunications activities within their respective department, including all administratively attached boards, commissions, agencies or offices, including, but not limited to: all IT, information security, and telecommunications personnel and contractors, systems, assets, projects, purchases, and contracts. Directors shall ensure conformity with state IT, IRM and telecommunications policy and enterprise architecture standards in close coordination with the CIO.

9. Department Directors shall be responsible for developing the enterprise architecture and IT and IRM Strategic

Plans for their respective departments, subject to the review and approval of the OIMT, to rationalize, standardize, and consolidate IT and IRM applications, assets, infrastructure, data, and procedures for all divisions, boards, commissions, agencies and offices within their Departments. Directors shall ensure that all divisions, boards, commissions, agencies and offices within their Departments are in compliance with state IT and IRM policy and standards in close coordination with the CIO.

10. Department Directors under my executive authority shall develop and maintain enterprise architecture, and an IT/IRM Strategic Plan in compliance with the statewide enterprise architecture policies and standards and IT/IRM Strategic Plan as established by the OIMT. All IT, IRM, and telecommunications hardware, software and support services acquisitions and portfolio shall be consistent with the defined enterprise architecture and IT/IRM Strategic Plan for the State and any deviations shall require the approval of the CIO.

11. Although the University of Hawai'i, the Department of Education, and the Office of Hawaiian Affairs enjoy a certain degree of independence from the Governor's oversight, it is in the State's interest and is a matter of statewide concern that they cooperate fully with the CIO and OIMT and comply with all of the provisions of this administrative directive, and they are requested and strongly encouraged to do so, in order that the State can achieve greater efficiency, cost-effectiveness and environmental sustainability in IT, IRM, and telecommunications operations.


NEIL ABERCROMBIE