



STATE OF VERMONT

MEMORANDUM

To: Rep. Alice Emmons, Chair
From: Stephen Klein and Catherine Benham
Date: March 19, 2015
Subject: Potential Independent IT Review

Over the past 24 hours we have been reviewing the opportunities for IT system review by the Joint Fiscal Office. There are several issues that come up:

- Costs vary widely. We have estimates of \$50,000 to \$1,000,000;
- The Administration has been able to use 90% - 10% money while the Legislature generally has to pay full dollar;
- The timing to put to a proposal to bid or get an independent review is an issue. The vendor might need months to do the work they see as necessary;
- There will be issues of security and confidentiality that could be difficult;
- The steak and dog biscuit problem of consultant availability. Big IT consultants want administration contracts - that is where the money is;
- Some of the problems are not just IT project development issues but system issues – Among these are:
 - How IT is structured in the Executive Branch. For example, the provision of IT operations and the oversight of major projects are separate functions that are combined in DII,
 - The intense federal involvement through the provision of 90% funding with conditions. This tends to complicate decision making,
 - The lack of quality reporting and planning on IT projects. Just as with major capital projects there could be improvements in laying out capital costs, operating costs, and project benefits, and
 - IT tends to get lumped into one concept but there are many facets such as IT operations; contracts for hosting; platform systems such as the Oracle platform and major projects such as exchange, eligibility systems and MMIS. There has been a weak level of presentations as to the specific components or explaining the whole.

Here are the three options identified

#1 - \$225,000- \$300,000 - the Vermont search

Do a search and see what happens, seeking a small Vermont Firm, an independent Vermont consultant or a two year limited service staffer for JFO to provide independent reviews, services and meet legislative independent review needs. Essentially go after entities which would not be bidding on administration proposals.

#2: \$50,000 -\$100,000

Require Administration to give us access to all their Independent Verification and Validation (IV&V) Firms such as Gartner Group, The Administration has been required to do independent reviews of their work by the CMS. The proposal would:

- Require the IV&V firms be authorized to do confidential work for us and present to the Legislature
- Have the Administration pay with their 90/10 money or (we transfer them the 10%)
- The Legislature provides authority and we sign an MOU to protect security and confidentiality.

3: \$250,000 to \$1 million for limited time work from a national consultant.

Hire a national independent consultant. We could avoid bidding by using the DII approved vendor list. The consultants might be:

- BerryDunn Consultants -- BarryDunn did:
 - Report on problems with Vermont Health Connect
 - Development State of *Vermont*, Department of Liquor Control
 - State of Vermont, Department for Children and Families: Data Management Business
- North Highlands, Washington, DC, 1501 Wilson Boulevard, Suite 900 Business Needs Human Service
- Others probably from the state approved vendor list