

Information Technology Policy Letter 09-06

Questions and Answers

The following are the questions and answers from the July 2, 2009, conference call Adrian Farley conducted with Agency and Department Chief Information Officers concerning the draft version of the ITPL on:

1. Why are CSSI procurements not exempt?

The OCIO believes there are additional opportunities for savings by better aggregating spending. We can rationalize infrastructure, increase security.

2. Is there a cut-off date to submit purchases for July – September?

The requirement to submit actual purchase documents was removed. Departments must submit a plan that covers July through August 7 before they can make any purchases. The quarterly submittal for August through September is due August 7. The document will be deemed approved by the OCIO if there is no response within 10 days.

3. Is this part of the 15% drill?

There is a budget letter being issued that specifically exempts IT from the 15% cut.

4. If I need to purchase something today, what do I do?

You will need to obtain OCIO approval before purchasing. You should use your best efforts to anticipate the need to acquire goods or services. You can update your IT acquisition plan (addendum) as unexpected needs arise.

5. Will there be a report on all Acquisitions

In addition to each departments plan, the OCIO will take all purchases and put them into a database.

6. Will the IT Acquisition plans be published?

No.

7. If purchases fall below the threshold, can they be procured now or wait until the budget letter?

Purchases should be held until you receive the budget letter. To the extent you believe you can leverage purchases, contact the OCIO for us to gather other data.

8. Define Aggregate? Do we lump all software or licenses together?

This is on a contract-by-contract basis with each vendor. (E.g. Microsoft or MacAfee products). If multiple purchases are made throughout the year for a software license, they should be combined for approval and reporting purposes. If multiple purchases are made for the same or similar hardware product, they should be combined for approval and reporting purposes.

9. What are the expectations related to approved projects?

They need to go through this process, but the level of review will be different.

10. Does the OCIO need to review bid documents before being published?

No, OCIO approval is required prior to issuing the contract for the acquisition.

11. Are cyber security issues covered under exempt emergencies?

Refer to the definition in the ITPL to determine if the acquisition qualifies as an emergency. If an expedited review is required, you may send an email to the OCIO for a more prompt response.

12. What if the department is using MS Office XP and does not have 2003 or later as required?

This requirement has been taken out. There will be an XML Schema provided to report your plan in addition to using Excel.

13. Define Software as a Service

You pay for the use of the software but do not host it or pay for hosting services.

14. Is the OCIO gathering data to negotiate contracts on a go-forward basis?

We are trying to do it quarterly to reduce costs now.

15. Is there a goal for FY 2009-10 that the OCIO is trying to reduce expenses by?

\$129.7 million General Fund, at least \$100 million GF ongoing.

16. How will the cost avoidance of a special fund agency aid in the general fund goal?

By leveraging the scale of all state purchases, regardless of fund source, we can reduce General Fund costs. Also, there is value from a cash flow perspective in achieving special fund savings.

17. (CalFIRE question) As fires emerge, IT equipment is always being purchased. Would this fall under the exemption?

Yes, if the needed IT equipment falls under the definition of an emergency as defined in the Public Contract Code Section 1102 (which is included in the conditions of the ITPL) it would be exempted.

18. What about unanticipated purchases? Do we submit individually or a new plan?

Use the same plan format but label as an addendum. However, the OCIO encourages good planning as a means to avoid unanticipated purchases.

19. If we order 50 PCs, will the OCIO hold it before they can negotiate with the vendor?

The plan is to go to the CSSI vendors with the August 7 information to lower prices based on the acquisition plans.

20. If the OCIO does not approve an acquisition, will the funds be swept?

Yes

21. Will the endgame be an executive Order to reduce IT expenditures?

Budget Control Section 15.30 specifically lays out the General Fund decrease. The budget control language has not been issued yet

22. If an acquisition plan is submitted and the department chooses not to go forward with a purchase, will the money be swept?

General Fund – Yes.

Special Fund – No.

23. Are departments going to have to reduce their budgets with the sweeping?

Yes. The Control language will reduce expenditure authority.

24. If we have a \$100,000 contract for outside services, does the OCIO need to look at the RFO?

No. Just provide information related to when will it occur, the type of service, description, a summary of the SOW, which approved IT [project does it relate to, the general fund contract value, the total contract value, etc.

25. What is the appeal process?

There will be a dialogue with the department before any denials are made. We will consider prioritization for replacement of contracts.

26. What are the reporting /approval requirements for a \$50,000 IT purchase

IT Goods \$20,000 or greater need to be included in the plan. IT Services \$100,000 or greater need to be included in the plan.

27. Is it possible that we approve 96% of the value to make up the savings

This is a strategy we looked at, but decided:
IT Goods – we believe we can reduce costs and still get everything we need.
IT Services – we believe we purchase when it is not a right buy. We need to work with vendors to decrease costs or have fixed costs, also look inside first.

28. Will the OCIO charge an overhead costs to the departments for these review services?

No

29. Can you comment on splitting orders to get under the threshold?

Splitting orders is prohibited under both IT procurement policies and statutes and we would not support or recommend it under any circumstances.

30. Can you comment on conducting a review of the Delegated Cost Threshold? When and what will be looked at?

After the end of the first quarter, we will consider: How has the department performed in relation to the acquisition plan, Consolidation plan, or Enterprise Architecture plan? What is the robustness of internal process and alignment with strategies? If a department shows the initiative to reduce costs themselves before sending it to the OCIO for our approval, then they will have demonstrated they are capable of managing their programs and delegation.

31. Often times, there is a delay with the procurement at DGS. When this happens, what will happen to the funding?

Departments need to keep the OCIO in the loop and get approval before they go out and make a purchase. Departments can roll the contract forward to the next period. The IT Acquisition plan will need to be revised.

32. At what point will you review the plan to determine funding sweep?

We will review at least quarterly, with the exception of the 4th quarter, which will be done in the middle of the quarter.

33. Explain the Single process exemption.

These are systems designed for a single process. This is a standard exemption, reference SAM 4819.32.

34. IT Service and Consulting definition - Departments have to include OCIO project #. If the service is identified in the FSR, does the OCIO need to see all project support contracts?

We want to see all oversight and support contracts in the acquisition plan. If it is Software as a Service, then it should be reported.

35. Regarding Service Level Agreement (OCIO will respond within 10 days or it is approved), how does the department identify that we did not respond?

Just note that it is an approved purchase, it will be posted as approved.

36. Have we thought of open source policy to save money?

Yes, we are in the process of evaluating several products. The Enterprise Architecture group is in process of developing a policy.

37. Is the OCIO issuing a report to show the accomplishments?

Yes.

38. Why are IAA's excluded? We are finding out that programs will bypass this by hiring programmers outside of the state.

We will define this better. This only applies to the OTech and the Public Safety Communications Division, not the UC's, etc.

39. Is Public Safety Communications considered exempt?

This is considered part of IT and exempt from the 15% cut to OEE (new EO and BL will rescind the 15% cut on all contracts and replace it with a 15% cut to OEE, with IT being reviewed by the OCIO as part of ITPL 09-06).

The following are the responses to questions from Agencies and departments concerning the final version of IT Policy Letter 09-06 as of July 7, 2009:

1. The Policy section continued on Page 2, says that the approval requirements apply only to new acquisitions or amendments to existing acquisitions that result in increases to cost and/or scope. What does this mean for existing contracts?

If you intend to amend an existing contract that would increase the aggregate dollar value above the reporting threshold, include the amendment in the Acquisition Plan.

2. If we submit an Acquisition Plan for the month of July 2009 (covering the period July 01, 2009 to August 07, 2009) by August 07, 2009, does that mean we need to submit the Acquisition Plans for the remaining two months in the quarter (August 2009 and September 2009) on the same day?

An approved Acquisition plan is required before a purchase order can be issued. For purchases anticipated for July, submit your plan now. For purchases anticipated for the remainder of the quarter, submit your Acquisition Plan by August 7. Updates to your Acquisition Plan should be submitted quarterly.

3. The Procedures section starting on Page 3 and continuing on Page 4 states that, "To ensure that the state maximizes its purchasing power, CIOs should make their best efforts to identify those acquisitions for software (e.g., Software-as-a-Service, purchase, lease, maintenance, support, and related services) that will be necessary for their agency in state Fiscal Year (FY) 2009-10 no later than August 7, 2009." Where should this be documented? Should it be documented separate from the Acquisition Plan? If so, what is the format?

You should identify and include software acquisitions within the IT Software worksheet of the Acquisition Plan due August 7, 2009.

4. The attached spreadsheet does not have a worksheet for Telecommunication purchases. Where should we document Telecommunication purchases?

Use the worksheet applicable for the acquisition. Use the "IT Goods - Hardware" worksheet for hardware, the "IT Services" worksheet for software, and the "IT Services and Consulting" worksheet for services.

5. In the "Applicability" section it states "This requirement applies to all acquisitions, including, but not limited to, those issued using the DGS CAL-Card...". Does this mean that the purchase must be on the Acquisition Plan and approved before the CAL-Card transaction is completed?

Yes, to the extent the purchase exceeds the limits for the categories specified in the Policy section of the ITPL.

6. When do you expect to release more information on the reporting requirement for all IT expenditures with an aggregate value of \$5,000 or greater?

We expect to release additional information the week of July 20, 2009.

7. Is the aggregate value for the reporting period or is the aggregate value of the purchase order? For example, if I have 3 separate acquisitions for hardware, 1 in Oct. for \$8000; 1 in Nov. for \$8000 and 1 in Dec for \$8000, is this reportable?

If multiple purchases are made for the same or similar hardware product, they should be combined for approval and reporting purposes. In the example you provided, the acquisition would require OCIO approval.