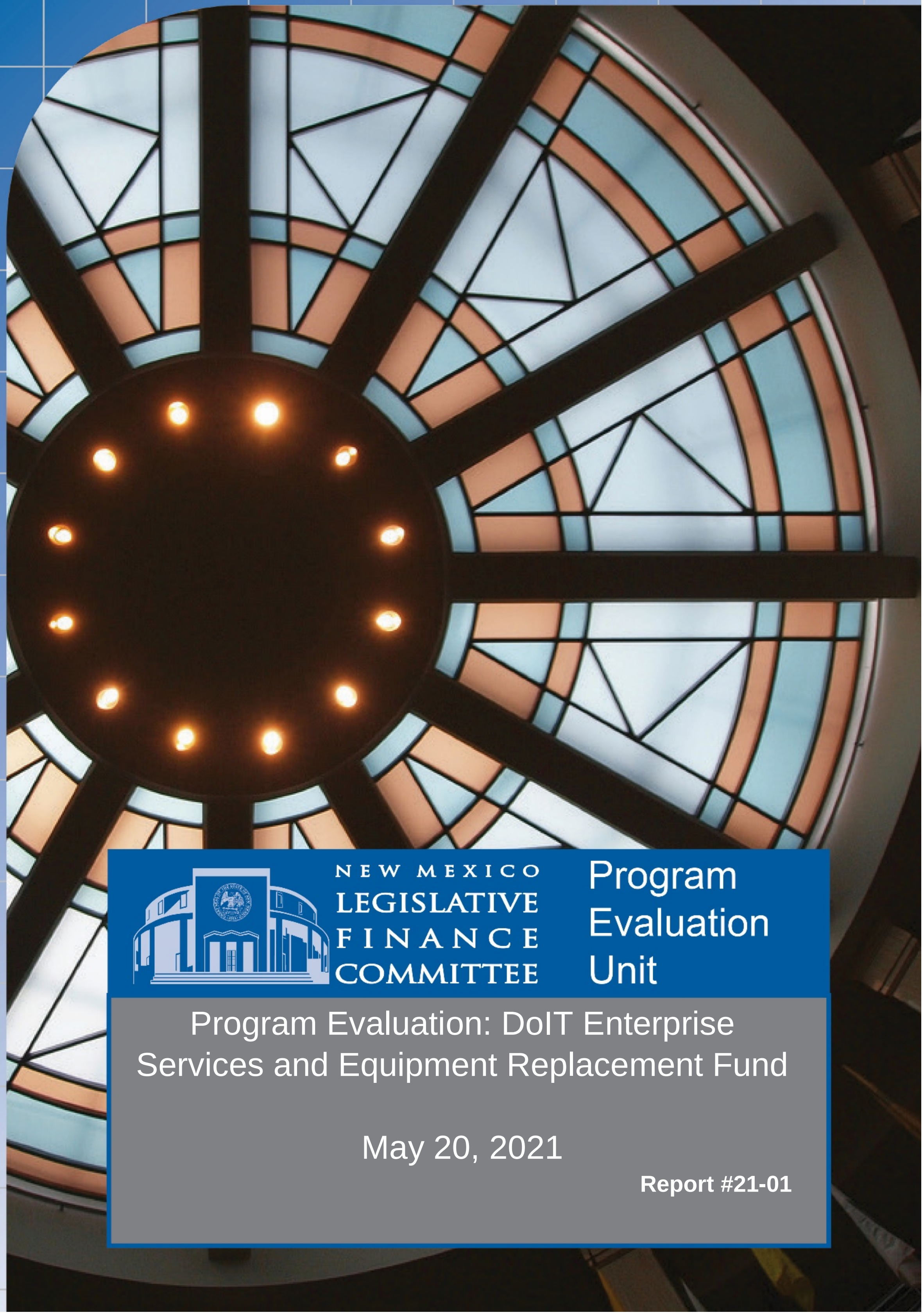

NEW MEXICO
LEGISLATIVE
FINANCE
COMMITTEE

Program
Evaluation
Unit

Program Evaluation: DoIT Enterprise Services and Equipment Replacement Fund

May 20, 2021

Report #21-01

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May 17, 2021

Dear Secretary Salazar:

The Legislative Finance Committee (LFC) is pleased to transmit the evaluation, *Department of Information Technology (DoIT) Enterprise Services and Equipment Replacement Funds.* The program evaluation examined how DoIT’s enterprise services and equipment replacement funds are funded, administered, and overseen. An exit conference was held with you and your staff on May 13, 2021 to discuss the contents of the report.

The report will be presented to the LFC on May 20, 2021. LFC would like plans to address the recommendations within this report from DoIT within 30 days of the hearing.

I believe this report addresses issues the LFC asked us to review and hope your department and other state agencies will benefit from our efforts. We very much appreciate the cooperation and assistance we received from you and your staff.

Sincerely,

David Abbey

David Abbey, Director

Cc: Representative Patricia A. Lundstrom, Chair, Legislative Finance Committee
Senator George K. Muñoz, Vice-Chair, Legislative Finance Committee
Mr. Matthew Garcia, Chief of Staff, Office of the Governor
Ms. Deborah Romero, Cabinet Secretary, Department of Finance and Administration
Mr. Brian S. Colón, State Auditor, Office of the State Auditor

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DoIT Enterprise Services and Equipment Replacement Funds

May 20, 2021, Program Evaluation

Though Improved, DoIT Still Faces Challenges with Planning, Oversight, and Transparency

In 2007, the Legislature created the Department of Information Technology (DoIT) to improve and streamline the executive branch's information technology systems. DoIT is responsible for overseeing state IT policy and providing enterprise services (telecommunication and other services) to state agencies. In 2008, the Legislature authorized DoIT to create equipment replacement funds (ERFs) to be funded by agency service rate fees for the purpose of saving and making equipment replacement purchases to support DoIT's enterprise services (e.g., public safety radios, data servers, routers). Previous LFC program evaluations of DoIT operations found significant cash balances, a lack of adequate planning, nontransparent processes, and a need for service delivery agreements and accountability improvements. Although DoIT has made progress on some of the recommendations from the November 2016 LFC program evaluation, this 2021 LFC program evaluation found continued need for improvement in ERF management and enterprise service delivery. Specifically, this evaluation found that planning for ERF spending does not adhere to processes originally outlined in the ERF charter, unused ERF cash balances have increased, the methodology for setting service rates lacks transparency, agencies opt out of DoIT enterprise services, and DoIT oversight processes lack independent verification for itself.

Evaluation Objectives:

1.) Review how DoIT's Enterprise Services and equipment replacement funds are funded and operated;

2.) Examine DoIT's methodology for setting enterprise service rates and fees;

3.) Assess DoIT's accountability and oversight over enterprise services and equipment replacement funds

Key Findings

DoIT uses its ERFs for replacing network equipment (such as routers, radios, servers), establishing additional IT infrastructure, and implementing upgrades. DoIT consistently spends less from its ERFs than budgeted in its annual ERF plans and lacks written ERF cash balance policies. Consequently, cash balances in DoIT's two ERFs have more than doubled since FY16, reaching $36.6 million in FY20. DoIT recently reinstated processes from their 2009 ERF charter for prioritizing ERF spending based on planned equipment replacement needs.

DoIT's process for setting its enterprise service rate fees lacks transparency for state agency stakeholders, and agencies may not know what they are receiving for paying rates since DoIT has not widely implemented service level agreements. DoIT staff indicate they have started cross-training and formalizing the documentation of the rate-setting methodology. While DoIT has a documented methodology and process to determine enterprise service rates, these are not publicly available to agencies online.

Enterprise service rates continue to be subject to adjustment from external factors. For example, state agencies sometimes acquire IT services on the private market instead of going through DoIT, which can contribute to increased service rates. According to statute, state agencies are not allowed to opt out of DoIT enterprise services without DoIT authorization. State law could be changed to prevent any services provided by an external vendor without authorization from being paid by state funds.

Customer satisfaction surveys indicate DoIT needs to improve its service delivery. A November 2016 LFC evaluation, which surveyed agency IT leads, found DoIT's service rates are not viewed as fair or transparent and that its service is seen as inadequate. A recent 2019 customer survey and interviews with current agency IT leads found similar results.

Service Level Agreements

A service-level agreement (SLA) is a contract between an IT service provider and its customers that documents what services the provider will furnish and defines the performance standards the provider is obligated to meet.

Service level agreements between DoIT and agencies are absent but needed for effective service delivery, communication, and accountability. Despite LFC recommendations in November 2016 to implement service level agreements in line with best practices, DoIT has only executed one service level agreement.

LFC review of DoIT processes indicates that IT projects are at risk of exceeding their original budgets and schedules. IT projects conducted by DoIT (not state agencies) often seek and receive waivers by DoIT for independent verification, resulting in those projects expanding in budget, timeline, and scope.

Key Recommendations

The Department of Information Technology (DoIT) should

- Continue to reinstate management and oversight processes for ERFs that were originally proposed in the 2009 ERF charter, such as a documented request for ERF funding;
- Develop written targets and policies for its ERF cash balances;
- Publish the methodology used to determine the service rates so they are transparent for enterprise service consumers;
- Implement service level agreements for each of its services;
- Incorporate and track performance metrics into service level agreements for service management and reporting;
- Revise its administrative rules to specify which cases an independent verification and validation waiver may or may not be justified; and
- Modify its administrative rules to specify an independent authority to grant independent verification and validation waivers for Department of Information Technology led projects.

The Legislature should consider

- Amending state law (Section 9-27-25 NMSA 1978) to require an exception process from DoIT for IT services that agencies want to fund outside of DoIT enterprise services. If an exception is not granted, IT services provided outside of DoIT should not be funded through state funds. This law should be prospective rather than retrospective.

Background: The Purpose of DoIT's Equipment Replacement Funds Is to Enhance IT Services Provided to Agencies

Figure 1. State Government IT Responsibilities

Department of Information Technology
- Leads IT strategic planning and policy development;
- Provides IT enterprise services to agencies (including email, telephone systems, networks, radios, and accounting software);
- Oversees and monitors large IT projects and purchases; and
- Administers DoIT equipment replacement funds.

Other State Agencies
- Develop and implement IT strategic plans;
- Manage IT infrastructure and projects;
- Request funding for specific IT projects; and
- Purchase and track their own IT assets and equipment.

Source: LFC Files

The Legislature created the Department of Information Technology (DoIT) to improve and streamline the executive branch's information technology systems. DoIT is broadly responsible for overseeing IT strategic planning, project management, and statewide policy development (Section 9-27-6.C NMSA 1978).

DoIT also provides state agencies with telecommunications and other IT services in exchange for "enterprise service" fees. DoIT's enterprise services include the state's telecommunications networks and the Statewide Human Resources, Accounting, and Reporting (SHARE) centralized software system. Telecommunication enterprise services include IT related to telephone, radio, video, email, cybersecurity, and data systems.

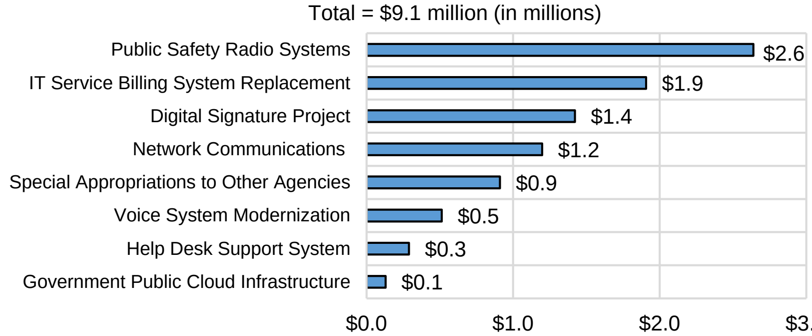
DoIT is primarily funded through the fees charged to state agencies based on "enterprise service rates," which fund full-time enterprise service employees and services, such as active email accounts or servers. The funding to pay for DoIT's enterprise service rate fees come from state agencies' general operating budgets, which ultimately come from legislative appropriations.

DoIT has two equipment replacement funds, which allow the department to save for large enterprise service equipment purchases.

In 2008, the Legislature directed DoIT and the State Treasurer to create "equipment replacement revolving funds" for large equipment replacement purchases supporting DoIT's enterprise services (Section 9-27-11 NMSA 1978). Statute allows DoIT to create ERF funds. DoIT created an "enterprise ERF" for replacing equipment for its telecommunications enterprise services and a "SHARE ERF" for maintaining and improving the SHARE system. Both the enterprise ERF and the SHARE ERF are funded by service rates charged to state agencies based on prior year annual equipment depreciation (Section 9-27-11 NMSA 1978). The SHARE and enterprise ERFs are both nonreverting funds.

Chart 1. DoIT Enterprise ERF Spending, FY20 Actuals

Total = $9.1 million (in millions)

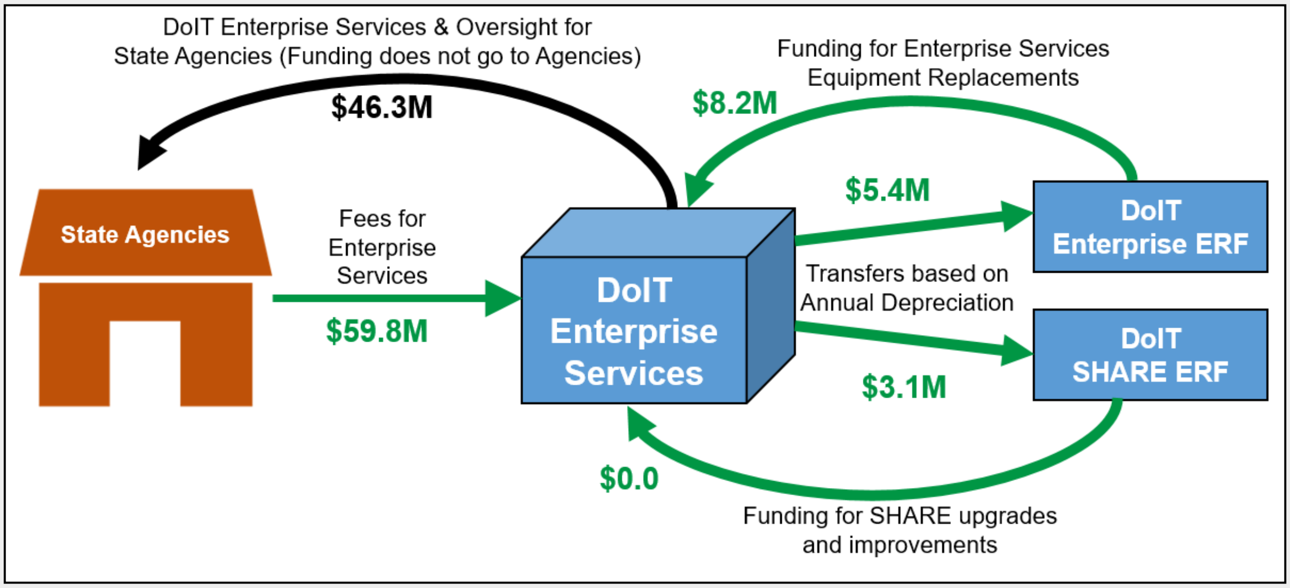


Note: The Legislature appropriated $909.7K from DoIT's enterprise ERFs for laptop and server replacements for judicial agencies and the regulation and licensing department.
Source: LFC analysis of DoIT FY22 ERF plan data.

Straight-line depreciation is a method of calculating depreciation, by dividing the difference between an asset's cost and its expected salvage value by the number of years it is expected to be used.

DoIT transfers funding from its enterprise service operations to the ERFs each year based on the depreciation of DoIT's enterprise service equipment. State law requires DoIT to transfer funding amounts from its enterprise service functions to its ERFs "based on the calculation of amortization and depreciation applicable to each enterprise service" (Section 9-27-11.C NMSA 1978). DoIT maintains inventories of its enterprise service equipment and fixed assets and calculates the depreciation of its equipment based on straight-line depreciation method and established replacement cycles. DoIT uses ERFs for replacing network equipment (such as routers, radios, and servers), establishing additional IT infrastructure, and implementing upgrades.

Figure 2. Overview of Funding for DoIT Enterprise Services and Equipment Replacement Funds (ERFs), FY20



Note: The Legislature appropriated $909.7 thousand from the enterprise ERF to fund various equipment replacements at courts and the regulations and licensing department which is not reflected in this chart.
DoIT Enterprise Services spending includes $3.3 million to support DoIT's oversight functions.

Source: LFC Files.

DoIT's ERF and enterprise service cash balances have increased in recent years.

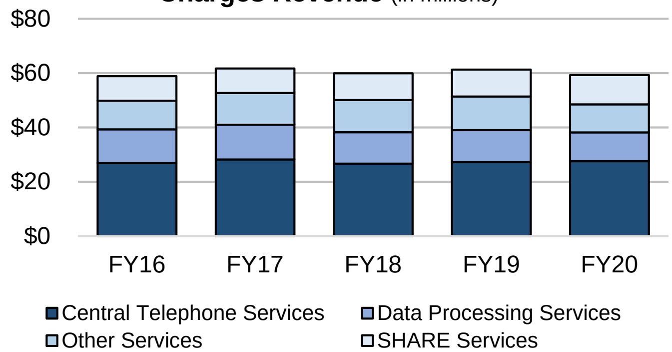
DoIT had a total of $38.3 million in ERF and enterprise service cash balances in FY16. In FY20, DoIT held $58.4 million in combined ERF and enterprise service cash balances. From FY16 to FY20, DoIT's ERF and enterprise service cash balances increased $20.1 million.

DoIT has to maintain a 60-day cash balance in working capital in accordance with federal guidelines. DoIT's Enterprise Services annual expenditures averaged $52.2 million from FY18 to FY20. A 60-day cash balance for Enterprise Services would be $12 million. DoIT's average cash balances for its Enterprise Services equaled $20.1 million from FY18 to FY20. DoIT is exceeding its necessary 60-day cash balance reserve by an average $8.1 million.

DoIT enterprise service fee revenue exceeds service expenditures. Over the past five years, DoIT revenue from enterprise service rate fees has remained relatively stable around $60 million. However, DoIT enterprise service expenditures have consistently remained below $59 million over the same timeframe. From FY16 to FY20, DoIT enterprise service expenditures have decreased by $4 million (7 percent) from $58.8 million in FY16 to $54.8 million in FY20. While the decrease in expenditures helps maintain service rates over this period, these revenue and expenditure trends likely contributed to DoIT's increased enterprise service and ERF cash balances.

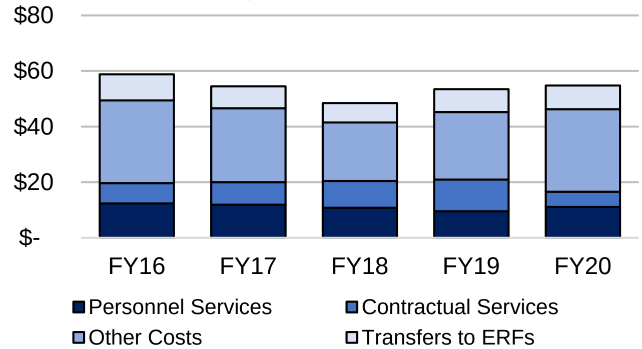
Federal billing rate guidelines established in the OMB Circular A-87 (2 CFR Chapter 2, Part 200) requires an annual comparison of revenue generated by each billed service to actual allowable costs of the service, along with an adjustment for the difference between the revenue and the allowable costs.

Chart 3a. DoIT Enterprise Service Charges Revenue (in millions)



Source: LFC analysis of NM Sunshine Portal data.

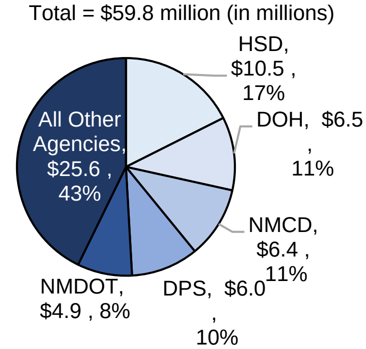
Chart 3b. DoIT Enterprise Service Expenditures (in millions)



Source: LFC analysis of DoIT audit data.

DoIT provides enterprise services to 115 state agencies, with over half of DoIT's enterprise service fee revenue coming from five state agencies. In FY20, DoIT received approximately $59.8 million in enterprise services fee revenue from 115 state agencies from all three branches of government. According to DoIT accounts receivable data for FY20, a majority of this revenue (57 percent or $34.2 million) came from five state agencies: the Human Services Department (HSD), the Department of Health (DOH), the Corrections Department (NMCD), the Department of Public Safety (DPS), and the Department of Transportation (NMDOT). These agencies likely use DoIT's enterprise services the most because they are large agencies with mission-specific needs for telecommunication (radio, video, network, etc.) technologies.

Chart 4. DoIT Enterprise Services Fee Revenue by State Agency, FY20
Total = $59.8 million (in millions)



Note: Enterprise Services revenue includes fees for SHARE, telecommunications, and other services.
Source: LFC analysis of DoIT FY20 accounts receivable data.

DoIT's Project Certification Committee is the main oversight entity for state IT projects, including projects receiving ERF funds.

The Project Certification Committee (PCC) is responsible for reviewing and certifying IT projects before appropriated funds can be spent on projects (Section 1.12.9.10 NMAC).[1] PCC is composed of the DoIT cabinet secretary, DoIT leadership staff, and advisory members from DFA and LFC staff. For the certification of DoIT-led IT projects, the DFA cabinet secretary serves on

[1] PCC was first established through DoIT administrative rules as a subcommittee of the Information Technology Commission (ITC), a 19-member independent oversight commission over DoIT. However, the Legislature terminated ITC through the enactment of Laws 2017, Chapter 45. A November 2016 LFC program evaluation noted the full ITC had only met four times from 2011 through 2016. PCC now exists as a part of DoIT.

Glossary of DoIT IT Oversight

<u>IT Projects</u>: DoIT's Project Certification Committee (PCC) certifies and monitors all special IT projects over $100 thousand.

<u>Agency IT Operations</u>: DoIT approves agency IT strategic plans, reviews IT budgets, and approves IT contracts.

<u>Enterprise Services</u>: DoIT manages its enterprise services operations.

the PCC instead of the DoIT cabinet secretary. According to DoIT administrative rule and guidance, PCC's oversight authority applies to all executive branch agency projects that either (1) exceed $100 thousand, (2) are required to undergo certification by a grant or appropriation, (3) relate to a previously certified IT project, or (4) are deemed as requiring certification by DoIT. PCC meets monthly to release IT project funding at different stages of a project.

Past LFC research found issues with DoIT ERF management and enterprise service delivery.

The November 2016 LFC program evaluation, *DoIT Enterprise Service Rates, Project Management, and Oversight*, reported on several issues related to DoIT's management of ERFs and delivery of enterprise services. Specifically, the program evaluation identified significant ERF cash balances, inadequate planning for ERF spending, non-transparent enterprise service rates, and a lack of service level agreements between DoIT and agencies. Although DoIT has made progress on some of the recommendations from the November 2016 LFC program evaluation, this 2021 LFC program evaluation found continued need for improvement in ERF management and enterprise service delivery.

Table 1. Status of Related Recommendations from November 2016 LFC Evaluation, *DoIT Enterprise Service Rates, Project Management, and Oversight*

Recommendation	No Action	Progressing	Complete	Comments
Develop an equipment replacement plan as provided in statute and provide it to the Information Technology Commission, the Department of Finance and Administration, and the Legislature;				DoIT has developed annual ERF plans and been providing them to DFA and the LFC since FY18.
Provide annual equipment replacement fund reconciliation to the Legislature as required by statute and include it in its annual budget submission to the Department of Finance and Administration and Legislative Finance Committee;				Annual ERF reconciliation has been included in annual ERF plans since FY19.
Document and publish the methodology for rate-setting;				Although DoIT has documented high-level explanation of methodology for rate-setting, the agency has yet to publish them for state agencies to access. Previously, DoIT's cost allocation model was internally developed and maintained by a single staff member. As part of the new billing system implementation, DoIT integrated the new cost model and has been cross-training staff.
Establish service level agreements with state agencies, its customers, in line with IT service management best practices guided by IT Infrastructure Library framework.				DoIT has implemented one SLA for E-Signature. DoIT needs to implement SLAs for all services with all agencies, include performance metrics in SLAs, and continue to consult on best practices.

Source: LFC analysis

DoIT's ERF Cash Balances Have Doubled Since FY16

The Government Financial Officers Association (GFOA), a nonprofit professional association, recommends as a best practice that governments adopt written policies for assessing their capital assets and appropriately plan for maintenance and replacement needs. DoIT's planning processes for its ERFs have been an issue for over a decade. For example, DoIT has not consistently followed ERF policies and procedures it initially established in 2009. Additionally, the November 2016 LFC program evaluation, *DoIT Enterprise Service Rates, Project Management, and Oversight*, found DoIT did not prepare a written annual plan for spending from its ERFs from 2012 through 2016, despite legal requirements to do so. Since FY18, DoIT has prepared annual ERF plans but DoIT's ERF planning processes need improvement to align with best practices.

Table 2. Best Practices for Equipment Replacement Planning and Cash Balances

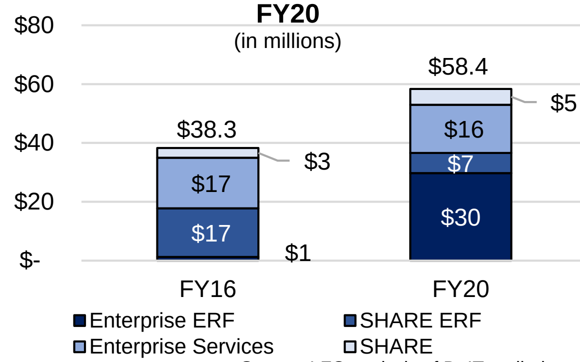
Best Practice	Source	DoIT Implementation	Note
Adopt written policies for assessing capital assets and appropriately plan for maintenance and replacement needs	Government Financial Officers Association	Progressing	DoIT is reinstating the processes included in the original 2009 ERF Charter document.
Adopt written policies governing cash balances reserved for renewing and replacing capital assets.	Government Financial Officers Association	✗	DoIT has not established written policies setting cash balance targets and guidelines for the ERFs.

Source: LFC analysis

Total cash balances in DoIT's two ERFs have more than doubled since FY16.

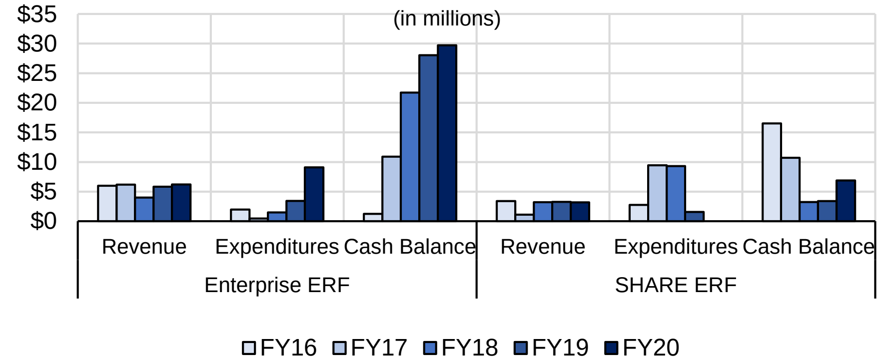
The November 2016 LFC program evaluation, *Enterprise Services, Project Management, and Oversight*, noted ERF revenues regularly exceed expenditures, which leads to increasing cash balances. Since then, DoIT's combined cash balances in its two ERFs have increased by $18.8 million (or 106 percent), from $17.8 million in FY16 to $36.6 million in FY20. If ERF cash balances are not expended as intended for technology upgrades and replacement, then the state could be at risk of deferred maintenance costs, which could lead to higher service rates.

Chart 5. DoIT Enterprise Service and ERF Cash Balances, FY16 to FY20
(in millions)



Source: LFC analysis of DoIT audit data.

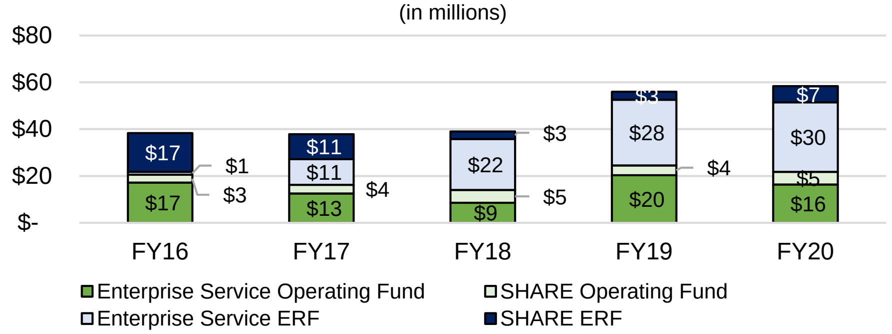
Chart 6. DoIT ERFs Revenue, Expenditures, and Cash Balances
(in millions)



Source: LFC analysis of DoIT financial audit data.

In addition to ERF cash balances, DoIT's Enterprise Services consistently maintain cash balances above its expenditures. Over the past five fiscal years, DoIT's enterprise service cash balances ranged from 29 percent ($14 million) to 46 percent ($24.5 million) of its annual enterprise service expenditures (including SHARE and all other enterprise services). These enterprise service cash balances are in addition to the ERF cash balances. Although cash balances are necessary for mitigating unforeseen events and planning for future large purchases, excessively high cash balances can be an inefficient underuse of available resources. Although DoIT must maintain 60-day working capital to continue daily operations, this would set a target cash balance of $16.3 million for FY20 for DoIT's Enterprise Services and all other operations.[2]

Chart 7. Cash Balances of DoIT Service and ERFs
(in millions)



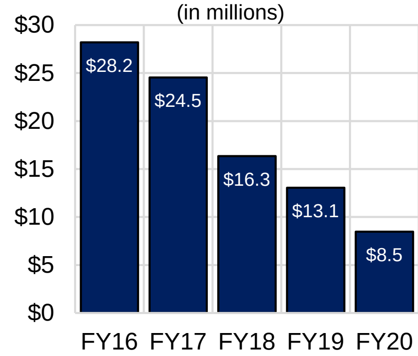
Source: LFC analysis of DoIT data.

DoIT's Enterprise Services program has decreased its liability owed to DoIT's enterprise ERFs in recent years. After DoIT was established in 2007, the department spent funds collected for depreciation costs on operations.[3] DoIT also had issues in its early years related to billing and collecting funds for its enterprise services program, according to financial audits from FY08 through FY13. Consequently, by FY16, DoIT's Enterprise Services built up a

[2] DoIT's total expenses for Enterprise Services and all other operations were $70.5 million in FY20 (according to DoIT financial audit data). This amount, divided by 260 working days is $271 thousand per day, which equals a $16.3 million 60-day working cash balance.
[3] LFC (2010). Budget Recommendation for FY11, Volume II. p.99.

$28.2 million liability for unfunded depreciation costs, which were owed to the department's enterprise ERF. Since FY16, DoIT has steadily reduced the liability owed from its Enterprise Services to its enterprise ERF from $28.2 million in FY16 to $8.5 million in FY20. DoIT should continue to reduce its enterprise services program's remaining historical liability owed to the enterprise ERF.

Chart 8. Depreciation Liability Owed by DoIT's Enterprise Services Program to the Enterprise ERF
(in millions)



Source: LFC analysis of DoIT audits.

Uses of ERF Can Be Ambiguous and Service Level Agreements Can Help Clarify

General fund appropriations in the past have supplanted ERF funds. Historically, the Legislature has appropriated state and federal funding to the state computer systems enhancement fund (C2 fund) in one section of the state budget and then appropriated funding from the C2 fund for specific IT projects in another section of the budget. In the past, funding has been appropriated from the general fund or other funds for IT equipment replacements or upgrades that could have been covered by available ERF dollars. For example, the November 2016 LFC program evaluation of DoIT identified $5 million appropriated from the state general fund, and not the SHARE ERF, for upgrades to the SHARE system. To prevent general fund supplanting ERF funds in the future, DoIT, LFC, and DFA should modify the C2 budget request process to ensure general fund dollars are not appropriated to DoIT enterprise service upgrades and equipment replacements that could be funded with available ERF dollars.

The SHARE ERF pays for overall system upgrades, but does not fund agency-specific implementation of SHARE modules. In FY21, the Legislature appropriated $1.9 million from the C2 fund to the General Services Department (GSD) to help DoIT add a strategic sourcing module to the SHARE system. The C2 funding for this IT appropriation originally came from the general fund. The Legislature appropriated $550 thousand from the general fund (flowing through the computer systems enhancement fund) in FY20 for GSD to implement a specialized fixed asset module in SHARE.

Service level agreements are needed to communicate to stakeholders how ERF funds can be spent for each service. DoIT could formally clarify for stakeholders and define how ERF funds can be spent for each service. DoIT is required to comply with federal Office of Management and Budget's (OMB) Circular A-87, "Cost Principles for State, Local, and Indian Tribal Governments." The OMB Circular A-87 requires expenditures to be related to service charges. DoIT's staff report that the GSD implementation of SHARE modules could not be funded with ERF funds because fees collected for overall SHARE usage could not be used to fund implementation of SHARE modules for a specific agency. However, DoIT's ERF plan says that the SHARE ERF could be used to fund, "additional modules and/or capabilities to enhance SHARE services in response to customer needs," and DoIT offers SHARE agency-specific design services for $150 per hour (see Appendix I). Service level agreements could formally clarify for stakeholders and define how ERF funds can be spent for each service.

DoIT does not have written ERF cash balance targets or policies.

Each year DoIT defines the overall ERF revenue amounts (transfers based on prior year depreciation) and expenditures (based on DoIT priorities) in its annual ERF plans and agency budget request. The Legislature then authorizes these overall revenue and expenditure amounts in the state budget. When the money transferred into ERFs exceeds expenditures from the ERFs, the ERFs accumulate cash balances. These cash balances are held as part of the state general fund investment pool at the State Treasurer's Office.

Government financial officers recommend setting cash balance targets and policies as a best practice. As a best practice, GFOA recommends governments adopt written policies governing any cash balances reserved for renewing and replacing capital assets. These written cash balance policies should specifically define, among other things, (1) the intended uses of cash balances, (2) criteria for using cash balances on repairs and replacements, (3) parameters for minimum and maximum cash balance levels, and (4) guidelines for periodically evaluating the adequacy of current cash balance policies.

GFOA reports such cash balance policies can give government entities "a strategic tool to use in optimizing asset repair and replacement."[4] DoIT does not currently have written policies governing its ERF cash balances in its 2009 ERF charter document, administrative rules, or internal departmental guidance. DoIT should develop written targets and policies governing its ERF cash balances.

DoIT primarily allocates ERF dollars based on strategic initiatives rather than replacement cycles.

"Strategic planning for the ERF continues to be challenging due to decreases in service utilization. In theory, ERF spending would be prorated to services based upon their respective contributions to the fund. Instead, DoIT must use the fund to prioritize investments, addressing critical needs, break-fix requirements, and support emerging technologies/services."

Source: DoIT FY22 ERF Plan

It is a best practice to schedule equipment replacement purchases based on assessments of equipment condition and equipment replacement cycles. According to GFOA, government entities should "establish a system for assessing their capital assets and then appropriately plan and budget for any capital maintenance and replacement needs."[5] Specifically, GFOA recommends government entities should, among other things (1) quantitatively rate the condition of their physical assets every one to three years; (2) use these data as the basis of multi-year capital asset planning; and (3) allocate annual funding for repairs and replacements based on these data.

DoIT leadership currently prioritizes ERF dollars for repair needs and IT upgrades within larger strategic initiatives. According to DoIT's recent annual ERF plans, DoIT leadership prioritizes ERF dollars to support larger DoIT strategic initiatives, such as upgrading public safety radio equipment or replacing and modernizing the IT service billing system to include the cost model module. Within those larger DoIT strategic initiatives, ERF funds are spent on repair needs or technology upgrades. For example, from FY18

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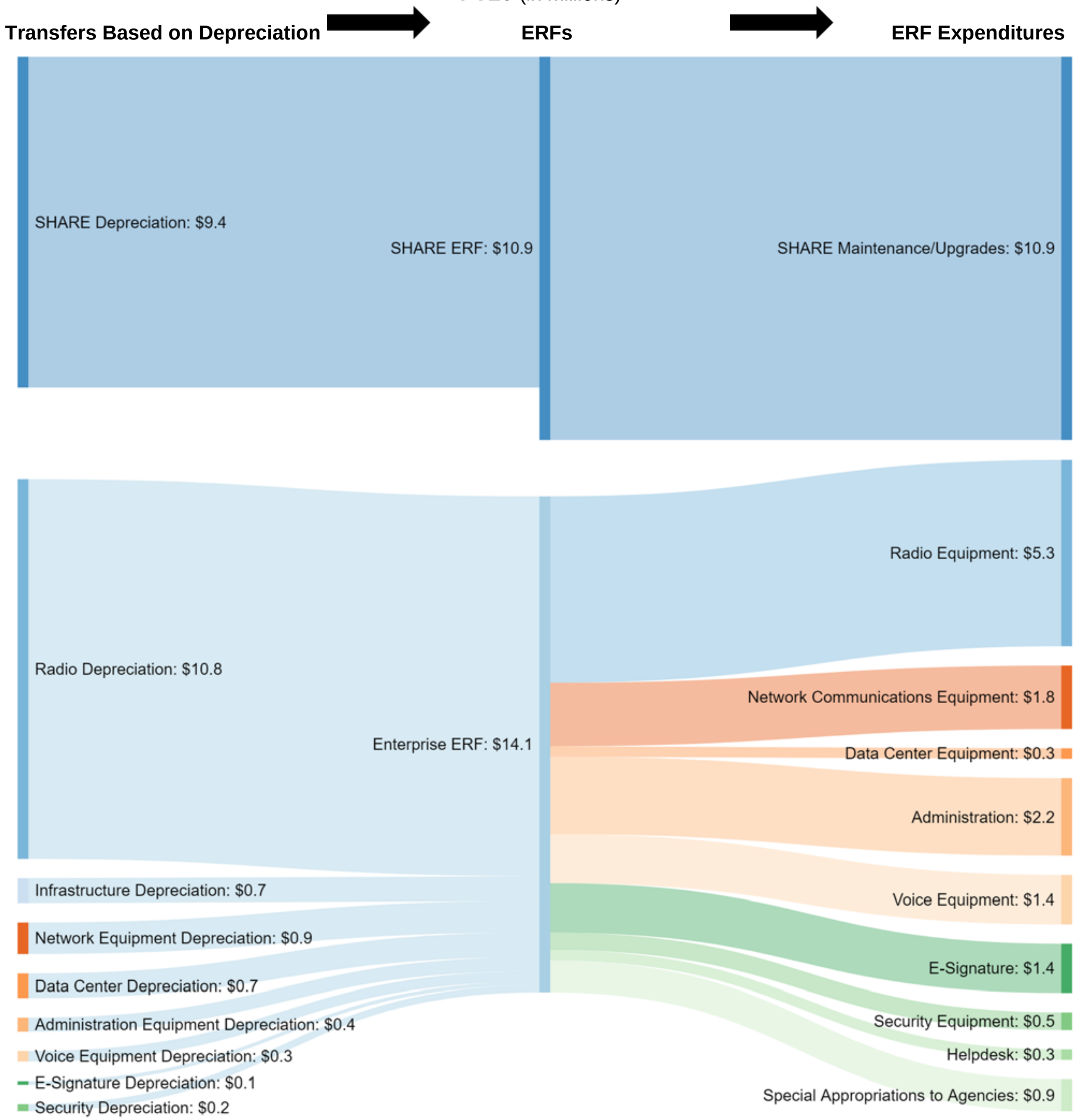
[4] Government Financial Officers Association. (Accessed April 2021). *Best Practices – Strategies for Establishing Capital Asset Renewal and Replacement Reserve Policies.* Retrieved from https://www.gfoa.org/materials/strategies-for-establishing-capital-asset-renewal-and.

[5] Government Financial Officers Association. (Accessed April 2021). *Best Practices – Capital Asset Management.* Retrieved from https://www.gfoa.org/materials/capital-asset-management.

through FY20, $10.8 million was transferred to the enterprise ERF based on depreciation of radio equipment, however, only $5.3 million was expended from ERF funds on radio equipment. DoIT estimates the total cost of the P25 statewide public safety radio upgrade to be $177 million. In another example, DoIT's previous enterprise service billing system reached end-of-life and was no longer supported by the vendor. As this was critical to the operations of the department, the department spent $1.9 million for a billing system replacement, which was not included in their FY20 ERF plan, but was included in an expenditure reconciliation in their FY22 ERF plan.

Figure 3. Actual Funding into and out of DoIT Equipment Replacement Funds (ERFs), FY18 through FY20 (in millions)

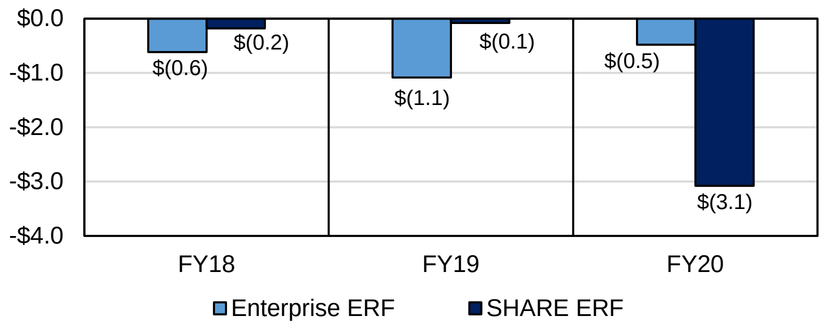


Note: The expenditures for "Administration" mostly consists of $1.3 million for software to calculate service rates, $400 thousand for an IT service chargeback methodology model, and $200 thousand for a service rate billing upgrades in FY20.
Note: The Legislature appropriated $909.7 thousand from the enterprise ERF to pay for IT equipment replacements at various courts and the Regulation & Licensing Department (RLD) in FY20.

Source: LFC analysis of DoIT data.

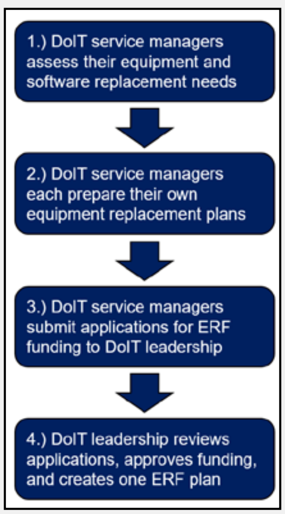
DoIT consistently spends less from its ERFs than it budgets. From FY18 through FY20, DoIT spent less from its ERFs than planned by amounts ranging from 5 percent ($100 thousand) to 100 percent ($3.1 million) of planned ERF spending amounts. DoIT reports strategic planning for ERFs is challenging because of changing technology needs, unanticipated repairs, and shifting priorities.

Chart 9. DoIT Actual Spending from ERFs Below Planned ERF Spending
(in millions)



Source: LFC analysis of DoIT ERF plan and financial audit data.

Figure 4. ERF Planning Process in DoIT ERF Charter, 2009



Source: LFC review of DoIT ERF Charter.

DoIT recently reinstated processes for prioritizing ERF spending based on direct equipment replacement needs. After DoIT's ERFs were first established in 2008, DoIT wrote a governing charter for its ERFs in 2009 that outlined internal processes for requesting, reviewing, and allocating money from the department's ERFs. The 2009 governing charter specified DoIT Enterprise Services managers would annually (1) assess the equipment and software life-cycles of each service and (2) formally apply for ERF funds based on maintenance and replacement needs. However, the November 2016 LFC program evaluation of DoIT found the 2009 governing charter "has not been consistently followed" in later years.

As of March 2021, DoIT informed LFC staff the department was reinitiating internal processes for service managers to formally apply for ERF funds based on written justifications. These internal applications for ERF funds will be reviewed by an executive team at DoIT consisting of the cabinet secretary, the deputy chief information officer, the chief financial officer, and the project manager for strategic planning. This action shows progress toward a more systematic and deliberate process for using available ERF dollars. DoIT should continue to reinstate management and oversight processes for ERFs that were originally proposed in the 2009 ERF charter, such as a documented request for ERF funding.

Recommendation

The Department of Information Technology (DoIT) should

- Develop written targets and policies for its ERF cash balances,
- Continue to reduce its enterprise services program's remaining historical liability owed to the enterprise ERF, and

- Continue to reinstate management and oversight processes for ERFs that were originally proposed in the 2009 ERF charter, such as a documented request for ERF funding.

The Department of Information Technology (DoIT), LFC, and the Department of Finance and Administration (DFA) should

- Modify the C2 budget request process to ensure general fund dollars are not appropriated to DoIT enterprise service upgrades and equipment replacements that could be funded with available ERF dollars

Outside IT Services Are Sometimes Sought by Agencies Due to High Rates and Lack of Transparency in Services

DoIT charges agencies for services such as SHARE, email, telecommunication, data hosting and storage, and internet and networking. DoIT's service rates include direct costs for providing the services and overhead costs of running DoIT.

Table 3. Department of Information Technology Services

Enterprise Application and Desktop	Hosting and Storage
E-mail	Mainframe Hosting
Application Maintenance	Application Hosting
Software Application Design and Development	Equipment Hosting
Managed Desktop	Server Administration
File and Print	Virtual Machine Equipment Hosting
Data Network and Internet	**Voice Communication**
Wide Area Network (WAN)	Desktop Telephones
Wireless Local Area Network (WLAN)	Toll Services
Local Area Network (LAN)	Microwave Radio Network
Network Engineering and Design	Wireless Voice and Data Services
	Audio Conferencing

Source: DoIT Website

DoIT has made little progress towards implementing prior LFC recommendations for best practices in communicating service rate-setting methodology, utilizing customer feedback, and implementing service level agreements (SLAs). Since then DoIT has documented the methods for calculating service rates, which it shared with LFC staff, but it has not shared it with agencies. DoIT has only conducted one customer satisfaction survey but has not regularly solicited customer feedback. DoIT has implemented one SLA but has yet to implement SLAs for the remainder of their service catalogue.

Table 4. Best Practices for IT Service Delivery

Best Practice	Source	DoIT Implementation	Note
Regularly examining user feedback is the best way to determine IT's overall impact on user experience.	Gartner, Inc. (global IT research and advisory company), CIO.com	✗	DoIT has not regularly surveyed customers despite prior LFC recommendations, however, reporting on customer satisfaction will be a state Accountability in Government Act-required performance metric starting in FY22.
Service level agreements (SLAs) are formal contracts which hold IT providers accountable to its customers and feedback mechanisms on performance-level metrics.	Gartner, Inc. (global IT research and advisory company), Information Technology Infrastructure Library (ITIL)	progressing	DoIT has implemented one SLA. DoIT needs to implement SLAs for all services with all agencies, include performance metrics in SLAs, and continue to consult on best practices.

Source: LFC analysis

DoIT's methodology for determining the annual service rates is not publicly provided to customers.

A 2010 LFC program evaluation recommended DoIT train staff on the process for setting service rates. The November 2016 LFC evaluation *DoIT Enterprise Service Rates, Project Management, and Oversight* found the rate-setting process was not documented, the department was at risk of having a single point of failure because it had only one individual responsible for its cost allocation and rate model, and the department had still not cross-trained staff on the process for setting service rates.

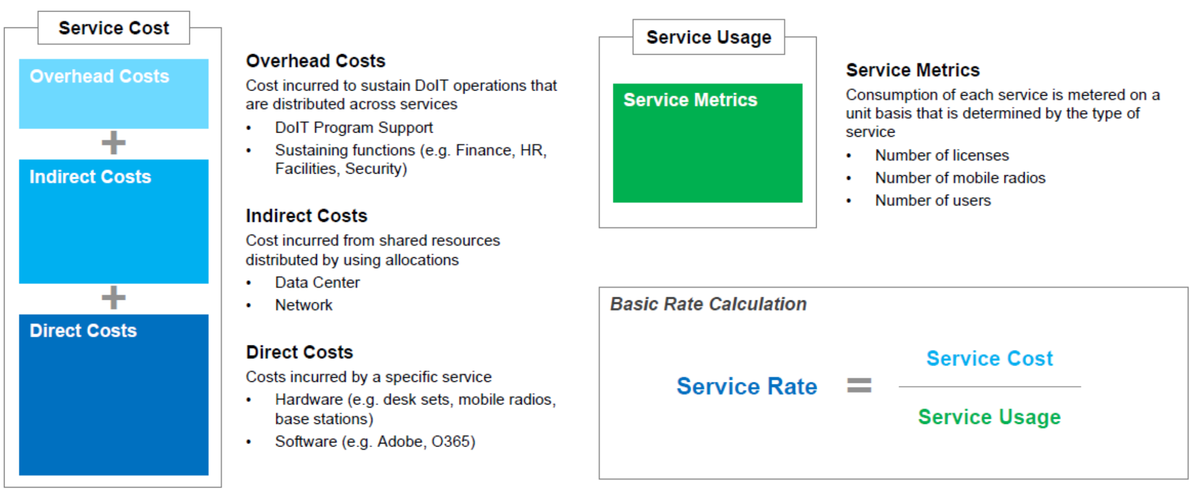
Rates for DoIT's services include indirect costs of shared resources and overhead costs of program support and functions not yet established as a service. DoIT's service rate fees are determined by dividing the overall service cost by the service usage. Overall service cost is determined by the sum of direct costs, indirect costs, and overhead costs. Direct costs include costs incurred by a specific service, such as information technology hardware and software. Indirect costs are incurred from shared technology resources, like networks and data centers. Overhead costs include DoIT operations that are distributed across services, like program support and other administrative functions. Overhead costs also include functions not established as a service and are not billable through rates, like geospatial technology, broadband, and cybersecurity. Service usage is determined by the unit consumption based on the type of service, which could include number of users, licenses, or gigabytes used. Depreciation of DoIT assets, which determines the funding amounts transferred from DoIT's Enterprise Services program to DoIT's enterprise ERF and SHARE ERF funds, is considered a direct cost for the purposes of calculating DoIT enterprise service rates.[i]

DoIT Indirect Cost Categories Included in Service Rates

- General Overhead
- Cybersecurity*
- Physical Security
- Administration - Help Desk
- Communication
- Administration – Info Systems
- Administration – Program Support
- Infrastructure Management
- Geospatial Technologies*
- Broadband Initiative*

Note: *DoIT functions not yet established as a service.
Source: DoIT

Figure 5. DoIT's Service Rate Development



Source: New Mexico Department of Information Technology (April 2020). State of New Mexico: New IT Cost Allocation Model Customer Guide

DoIT documents the methodology and process used to determine enterprise service rates but has yet to share the methodology with agencies. In practice, DoIT annually reviews the service costs and usage associated with each service. Based on these reviews, DoIT makes recommendations of whether to lower, raise, or maintain each service rate. Prior evaluation by LFC found that DoIT's methodology for setting rates was internally developed, maintained by a single staff member, and not substantiated by a documented process. LFC recommended at the time DoIT should document and publish the methodology for rate setting. DoIT has since implemented an integrated cost model module into the billing system to replace the prior cost modeling mechanism, has been cross-training staff on its use, and formalizing documentation of the rate-setting methodology. DoIT shared the rate-setting methodology documentation with LFC staff, however, it has yet to share it with agencies. Although DoIT posts the service rates online, DoIT should publish the methodology used to determine the service rates so they are transparent for enterprise service consumers.

Enterprise service rates are approved annually by the rate committee, which lacks representation from the legislative and judicial branches. Proposed service rates are presented to the rate committee, which reviews and approves the proposed rate and fee schedule while ensuring they comply with applicable laws. Membership on the IT rate committee is defined in state law (Section 9-27-7 NMSA 1978) and is composed of the DoIT secretary, secretary of the Department of Finance and Administration, and five governor-appointed members who are secretaries from "executive agencies that use information technology services and pay rates."[ii] Current appointed membership includes secretaries from Department of Cultural Affairs; State Personnel Office; Energy, Minerals and Natural Resources Department, General Services Department, and Department of Transportation. In FY20, judicial branch agencies paid $1.6 million and legislative branch agencies paid $50.6 thousand to DoIT for enterprise services. Currently the configuration of the IT rate committee is not represented by the legislative branch or judicial branch. The Legislature could consider revising statute to include representatives from the legislative and judicial branches to serve on the DoIT IT rate committee.

DoIT Could Centralize Cybersecurity Testing for Agencies

DoIT has an executed contract with RiskSense, Inc. for $974.9 thousand for a software platform to conduct vulnerability scans for state agencies. DoIT administrative rule also requires penetration and intrusion testing to be conducted for all state computing infrastructures by an independent third-party contractors approved by DoIT (NMAC 1.12.20.23). State agencies acquire their own penetration testing services (NMAC 1.12.20.24). For example, Workforce Solutions Department contracted with RiskSense, Inc. in March 2021 for a network penetration test to identify security vulnerabilities and safeguard data for a total amount of $53.7 thousand. In the 2021 regular legislative session, the Legislature appropriated an additional $1 million to DoIT for cybersecurity. DoIT should consider acquiring penetration testing services on agencies behalf.

Source: Contracts Review Bureau report, March, 2021; and DoIT Implementation and Certification Request to PCC, January, 2021

External factors, like agencies acquiring private IT services, can lead to service rate increases.

DoIT must calculate service rates 12 to 18 months in advance based on projected service cost, Enterprise Service and Program Support FTE, and number of users. However, external factors can potentially inflate the costs, such as when agencies acquire IT services from private vendors, decrease usage due to reduction in agency's budgets, or when staffing increases for functions that are not billable.

State agencies sometimes acquire IT services on the private market instead of going through DoIT, which can contribute to increased service rates. Recently, both the Department of Transportation and the Administrative Office of the Courts purchased their own telephone PBX equipment for their entire organizations. DoIT also reported some state agencies are purchasing modernized software products utilizing a software as a service (SaaS) model, where services are provided at the vendor's computing centers or cloud-based environments. Normally, state agencies would utilize DoIT's data servers or cloud storage options, but these type of external software arrangements can lower DoIT's customer base, which can lead to rate increases. A similar issue was reported in LFC's November 2016 evaluation of DoIT's Enterprise Services, which found the Corrections Department purchased its own radios and did not use DoIT to maintain them. To comply with federal mandates to public safety radio, DoIT had to replace all of the Corrections Department's radios.[iii] New Mexico, like some other states, requires agencies to obtain standard IT services from DoIT and submit an exception form to DoIT if nonstandard technology services are required.[iv]

The Legislature could consider amending statute (Section 9-27-25 NMSA 1978) to specify that if an exception is not granted, IT services provided outside of DoIT should not be funded through state funds. This law should be prospective rather than retrospective.

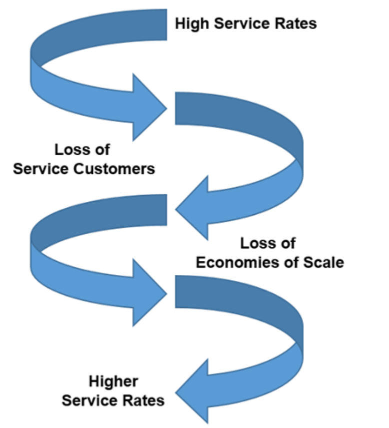
Table 5. DoIT Service Rate Cost Modeling Due to Decreased Usage or Increased Personnel

Mail Box Fee Cost Modeling Scenario	FY20 Total Cost	Usage/ Quantity	Actual Unit Cost (Rate)	FY20 Approved Rate	Difference
FY20 Actual Usage: FY20 usage and actual cost under approved billing rate calculated using the prior methodology.	$1,673,083	244,490	$6.84	$8.50	$1.66
Increase Personnel Scenario: This scenario includes two project managers assigned to Cyber (indirect), and two direct positions; one for wireless and one for email.	$1,814,668	244,490	$7.42	$8.50	$1.08
Decreased Usage Scenario: The number of mail boxes were adjusted to reflect a reduction of 1,000 mail boxes per month.	$1,814,668	228,000	$7.96	$8.50	$0.54

Source: DoIT

DoIT rate-setting has to account for potential decreased service usage or added service personnel. In FY20, the total cost to state agencies for DoIT email services was $1.7 million at a cost of $6.84 per actual unit. If DoIT were to fill 2 direct FTE involved with enterprise services and add 2 indirect FTE to work on cybersecurity, the total cost would increase to $1.8 million, a difference of approximately $140 thousand. To offset the cost of the increased personnel, the actual unit cost for providing email service to state agency personnel would increase to $7.42 per unit, an increase of 58 cents per unit. Alternatively, if usage of email services by state agencies dropped by 1,000 units per month, the actual unit cost would increase to offset the cost to $7.96 per unit, an increase of 54 cents per unit (see Table 19).

Figure 6. Spiral Effects of Including Indirect Costs into IT Service Rates



Source: LFC

Funding DoIT administrative costs through agency fees can lead to higher service rates, a loss of service customers, and reduced economies of scale. DoIT enterprise service revenue depends on service customers and usage. State law requires all state agencies to participate in DoIT's central telecommunication network unless DoIT grants the agency an exemption from participation (Section 9-27-26 NMSA 1978). If a state agency chooses to receive an IT service from a private vendor rather than DoIT, then DoIT must either reduce its costs or raise enterprise service rate fees. DoIT staff report funding DoIT administrative functions through service rate fees leads to higher service rates, which sometimes leads to the loss of service customers to private vendors. The loss of customers can lead to long-term inefficiencies and a reduction in economies of scale. Similarly, if DoIT fills vacancies and adds personnel, this can also contribute to

Table 6. Estimated DoIT Indirect Administrative Costs included in Service Rates, FY20

Category	Total	Percent
Program Support	$ 3,589,278	46%
General Overhead	$ 2,075,252	27%
HelpDesk	$ 1,130,479	14%
Geospacial Technology	$ 339,036	4%
Cybersecurity	$ 311,909	4%
Physical Security	$ 258,239	3%
Billing Information Systems	$ 104,878	1%
Total	**$ 7,809,070**	**100%**

Source: LFC analysis of DoIT data.

higher service rates. Furthermore, staffing additional personnel in service areas that are not billable, such as broadband, geospatial services, and cybersecurity, contributes to increased overhead costs, which gets absorbed by the service rates. DoIT estimated indirect costs were $7.8 million in FY20, or 15 percent of actual revenue generated from enterprise services.

Case Study: Mississippi tried to fund all IT through its general fund, then changed to a hybrid model. The Mississippi Legislature has twice changed how it appropriates Information Technology Services (ITS) funding, first wholly through its general fund and then under a hybrid funding model. In 2016, the Mississippi Legislature passed the Mississippi Budget Transparency and Simplification Act of 2016, which prohibited state agencies from charging fees to other agencies. This shifted Mississippi's ITS from a predominantly fee-based agency to a predominantly general-fund-funded agency. However, it was found this restricted the state's ability to maximize federal and other special fund dollars. Thus, in 2018, the Mississippi Legislature amended the Mississippi Code, which changed the ITS funding model to a hybrid of general fund dollars and special fund dollars. Core ITS business functions and shared services (e.g., housing servers in the state data center, conducting procurements, managing enterprise security functions) used general fund dollars. ITS then centrally managed services provided by private vendors (e.g., the state's telecommunications services), but each agency was financially responsible for services utilized.

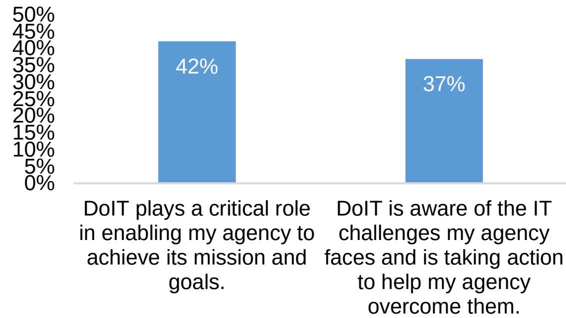
Customer satisfaction surveys indicates DoIT needs to improve service delivery.

Customer service satisfaction surveys and customer input are important tools for evaluating IT staff performance and identifying underperforming processes and staff. Clear communication with IT customers allows DoIT to predict demand for services and receive input on possible improvements to processes. In prior LFC evaluations of DoIT's enterprise services and project management,[v] LFC recommended DoIT conduct annual customer satisfaction surveys to help identify potential areas of need and provide its customers with the best possible services. DoIT only conducted two customer satisfaction surveys, one in 2016 and one in 2019.

In addition to finding dissatisfaction with rate-setting transparency, prior customer satisfaction surveys also found DoIT was not providing adequate services. In the November 2016 LFC evaluation of DoIT's enterprise services and project management, LFC staff conducted a survey of agency chief information officers (CIOs) and IT leads. Over half of surveyed agencies do not believe DoIT provides adequate IT services, in addition to the over 80 percent who reported DoIT service rates are not fair or transparent. In response to the November 2016 LFC evaluation of DoIT's enterprise services and project management, DoIT conducted its own customer satisfaction survey. Among 24 respondents, 67 percent reported they were very satisfied or extremely satisfied with the enterprise support desk's communication and responsiveness and 63 percent were very satisfied or extremely satisfied with the level of support received.

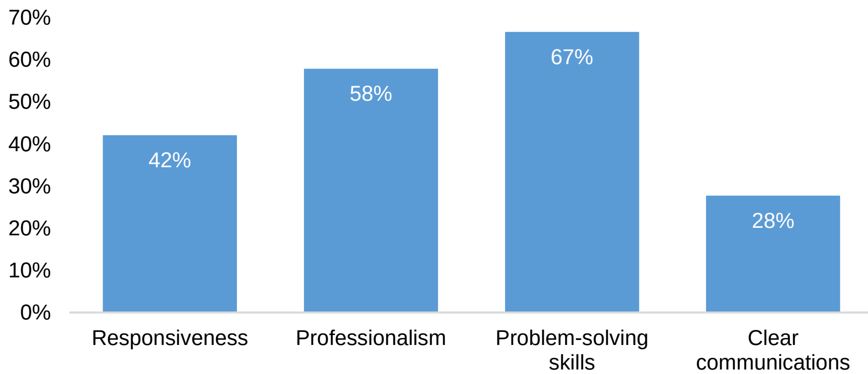
In 2019, DoIT contracted with Deloitte, a multinational professional services company, to conduct a customer satisfaction survey.[vi] Agency leads and CIOs were surveyed. Less than half (42 percent) of survey respondents indicated they believed DoIT played a critical role in enabling their agency to achieve its mission and goals and even fewer respondents (37 percent) believed DoIT was aware of the IT challenges their agency was facing and taking action to help their agency overcome them. Regarding DoIT's Enterprise Services, state agencies were most satisfied with the problem-solving skills of Enterprise Services staff (67 percent). Less than half of agency CIOs were satisfied with DoIT's responsiveness (42 percent) and communications (28 percent). The survey indicated DoIT has a significant opportunity to improve on the clarity and effectiveness of its communication and collaboration with agencies. Some survey respondents indicated DoIT's resources and service personnel seemed to be spread too thin, which could contribute to low customer satisfaction levels.

Chart 10. State Agency Leads and CIO's Agreement with DoIT's Responsiveness to Agency's Needs



Note: Responses indicate respondents either 'Agree' or 'Strongly Agree' with statements
Source: DoIT Customer Satisfaction Survey, September 2019

Chart 11. State Agency Leads and CIO's Satisfaction With the Following Attributes of DoIT's Services



Note: Responses indicate respondents were either 'Satisfied' or 'Very Satisfied' with statements
Source: DoIT Customer Satisfaction Survey, September 2019

In FY21, DoIT had an operational budget for personal services within its Enterprise Services program of approximately $11.5 million, with 98 filled positions that cost approximately $10.8 million and a funded vacancy rate of 8 percent.[vii] Survey respondents in the 2019 Deloitte survey indicated DoIT seemed to be short-staffed and spread too thin to be as responsive to agency needs as it could be. Given that DoIT has not regularly conducted annual satisfaction surveys, which could identify areas of need, state agency's low levels of overall satisfaction with DoIT are likely to persist.

Agency CIOs Believe DoIT has Progressed in its Service Delivery but has Room for Improvement

LFC staff spoke with several agency CIOs regarding their experiences with DoIT's enterprise services. Most CIOs stated they did not understand how the service rates were calculated but generally felt the rates were fair. Agencies indicated they have had to seek exception to DoIT's services for IT services, such as internet service in rural areas or for cloud storage hosting. CIOs generally agreed communication from DoIT has improved over the past few years, specifically citing the texting alert system for service outages as an improvement. CIOs indicated DoIT was responsive to agency's needs, particularly with providing laptops and reviewing security protocol for telework. CIOs were generally satisfied with DoIT services, indicating they had improved over the past few years but still had room for improvement. Most CIOs indicated DoIT seemed to do the best with what staffing it had but could improve with expanded service personnel. Some agency CIOs felt DoIT was disconnected and unresponsive to their agency's particular technological needs. DoIT should seek to improve its outreach and responsiveness to the state's technological needs by conducting regular agency CIO phone meetings.

Source: LFC staff structured interviews with agency CIOs

DoIT has not historically conducted customer satisfaction surveys but will be required to do so in FY22 due to a new state Accountability in Government Act (AGA) performance measure. Starting in FY22, DoIT will have a new AGA performance measure regarding the percent of state agency customers satisfied with the DoIT's services and support. The target for this performance measure for FY22 is 85 percent. This new AGA performance measure was developed collaboratively by the staff of the LFC, DFA, and DoIT. As per the AGA, DoIT will need to report FY22 data on this performance measure when submitting its budget request for FY23 to LFC and DFA. DoIT, LFC, and DFA should maintain and monitor the annual AGA performance measure tracking state agency customer satisfaction with DoIT services. In addition to conducting regular customer satisfaction surveys, DoIT should conduct a market rate survey of services, which would help provide information regarding the fairness of service rates. To ensure service rates are fair and competitive, Indiana hires a third-party company to evaluate its services and rates every three years and conducts a customer service survey every six months.[viii]

DoIT needs service level agreements with agencies for effective service delivery, communication, and accountability.

A service-level agreement (SLA) acts as a contract between a vendor and its customer. SLAs define the level of service a customer expects from a vendor and define the metrics by which a service is measured. SLAs also detail expected remedies or penalties should the agreed-on service levels not be achieved. To this aim, SLAs can be a useful tool for effective service management, provide performance metrics, facilitate communication between parties, and hold vendors accountable.

DoIT only has one SLA executed but is in consultation to establish best practices for use of SLAs. In prior evaluations, LFC recommended DoIT establish service level agreements with state agencies in line with best practices to address issues with communication and accountability of service delivery. Since then, DoIT has executed one SLA for E-Signature services. The SLA covers service goals and objectives, service overview, service agreement, provider and customer requirements, service management, availability, requests, and cost and billing. DoIT has indicated it is in consultation with Gartner, a global research and advisory company, regarding its SLA tool. DoIT staff also communicated it is continuing to explore SLA best practices in other states through the National Association of State Chief

Information Officers. DoIT should continue to consult on best practices and implement SLAs for each of its services.

Best practices in SLAs include tracking and monitoring performance metrics. According to the IT Infrastructure Library (ITIL), an IT service provider must be able to gather data about service performance and report on that performance to best manage and improve service delivery. An effective SLA defines the service to be provided, specifies expectations for service delivery and performance level, describes how the service performance will be monitored and reported, provides steps for reporting issues with the service, indicates acceptable response and issue resolution timeframes, and indicates repercussions for failure to provide services or meet its commitments for accountability. SLAs can contain specific service-performance metrics with corresponding service-level objectives that can be tracked and reported. DoIT should incorporate and track performance metrics into SLAs for service management and reporting.

Recommendation

The Legislature could consider

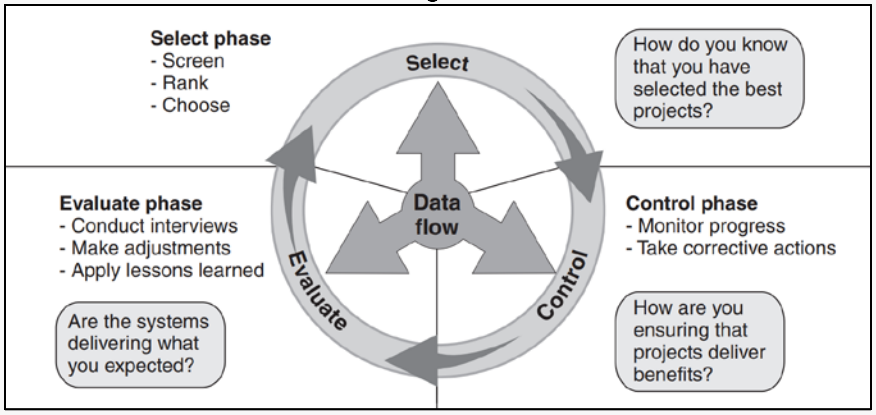
- Amending state law (Section 9-27-7 NMSA 1978) so the IT rate committee is required to include a member from the judicial branch and a member from the legislative branch; and
- Amending state law (Section 9-27-25 NMSA 1978) to require an exception process from DoIT for IT services that agencies want to fund outside of DoIT enterprise services. If an exception is not granted, IT services provided outside of DoIT should not be funded through state funds. This law should be prospective rather than retrospective.

Department of Information Technology should

- Publish the methodology used to determine the service rates so they are transparent for enterprise service consumers,
- Seek to improve its outreach and responsiveness to agency's and the state's technological needs by conducting regular agency CIO phone meetings,
- Conduct a market rate survey of services, which would help provide information regarding the fairness of service rates,
- Continue to consult on best practices and implement service level agreements for each of its services, and
- Incorporate and track performance metrics into service level agreements for service management and reporting.

DoIT Projects Often Lack Independent Oversight Because It Waives Verification Requirements

Figure 7. U.S. GAO's Select/Control/Evaluate Model of IT Investment Management



Source: U.S. GAO. (2004). Information Technology Investment Management – A Framework for Assessing and Improving Process Maturity.

The success of government IT investments and projects depends on how well it selects IT projects, monitors their progress, and evaluates their success. DoIT utilizes ERF funds to replace equipment within larger state IT projects. Oversight and accountability for large IT projects is conducted by DoIT's Enterprise and Project Management Office (EPMO) and PCC. These oversight and accountability mechanisms are responsible to for ensuring that projects stay on scope, budget, and schedule. The November 2016 LFC evaluation *DoIT Enterprise Service Rates, Project Management, and Oversight* cited that accountability processes regarding independent verification and validation (IV&V) and DoIT's strategic advisory board, the Information Technology Commission (ITC), needed improvement. DoIT has yet to make progress on established criteria for granting IV&V waivers and the ITC has since dissolved. Overall, the PCC process represents best practices in oversight, but issues in accountability lead to risk of DoIT-led IT projects being over scope, budget, and schedule.

Table 7. Best Practices for IT Oversight and Accountability

Best Practice	Source	DoIT Implementation	Note
IT project management and oversight consist of five phases (initiation, planning, execution, control, and closing).	Project Management Institute's Project Management Body of Knowledge (PMBOK)	✓	DoIT's oversight processes for certifying IT projects mostly follows best practices, but IV&V of DoIT projects is often waived.
Independent verification and validation (IV&V) activities should be performed by an independent entity to mitigate risks to project budgets and schedules.	Gartner, Inc. (a global IT research and advisory company)	✗	DoIT frequently grants itself waivers for IV&V, does not have a mechanism to authorize an independent authority to grant IV&V waivers for DoIT projects, and does not have established rules or policies regarding when to grant IV&V waivers.
At the highest stage of IT investment management maturity, an agency is leveraging IT for strategic outcomes, including optimizing the investment process and using IT to drive strategic business change.	GAO (U.S. Government Accountability Office)	Progressing	DoIT has demonstrated improvement over the years, such as implementing a certification process, an IT project management office, regular project monitoring, however, processes for ensuring projects meet budget and timeliness need to be improved and an IT investment advisory board is needed after the dissolution of the Information Technology Commission (ITC).

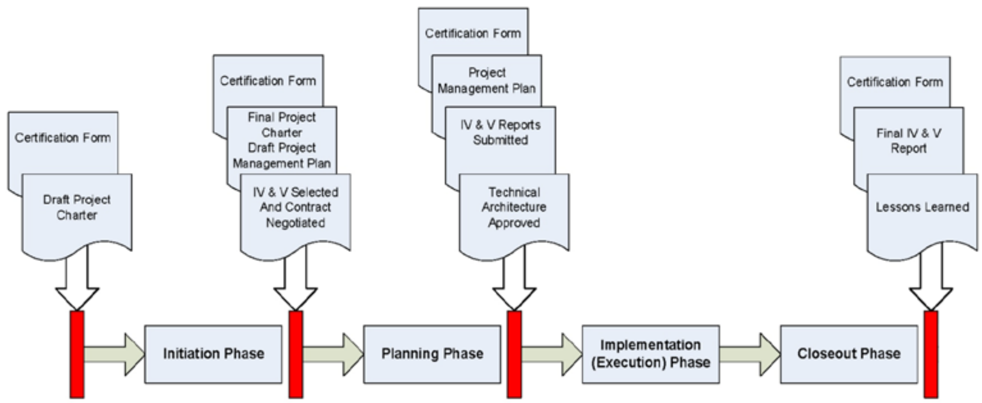
Source: LFC analysis

DoIT's oversight process for certifying IT projects mostly follows best practices, but independent oversight of DoIT projects is often waived.

DoIT's project certification process is in line with best practices outlined in the Project Management Institute's *Project Management Body of Knowledge*[ix], on which other states' (e.g., Texas, Tennessee) model their own project management processes.[x] DoIT staff also provide project management support to state agencies throughout these different project phases.

Figure 8. PCC Certification Phases for an IT Project

(Red = PCC Certification Meeting Held)



Source: DoIT

DoIT's Project Certification Committee (PCC) regularly reviews the progress of major state agency IT projects, an IT best practice. PCC is required to review and certify the initiation phase, planning phase, implementation phase, and closeout phase of each major IT project at state agencies before appropriated funds can be released for those projects (Section 1.12.9.10 NMAC)[6]. Despite this oversight process for state agency IT projects, projects can still go over budget and initial timelines. For example, PCC and the federal Centers for Medicare and Medicaid Services (CMS) approved a five-year extension for the Human Services Department's (HSD) Medicaid Management Information System Replacement IT project due to a change in vendors.

The PCC and the federal Centers for Medicare and Medicaid Services (CMS) approved a five-year extension for the Human Services Department's (HSD) Medicaid Management Information System Replacement IT project due to a change in vendors.

Source: DoIT PCC meeting April, 2021

PCC is composed of the DoIT cabinet secretary, DoIT leadership staff, and advisory members from DFA and LFC staff. For the certification of DoIT-led IT projects, the DFA cabinet secretary serves on PCC instead of the DoIT cabinet secretary. However, even in the case when the DFA chairs the committee, PCC composition has a majority of DoIT members who can vote to authorize release of funds. To enhance independent oversight, DoIT should change its administrative rules to make the advisory members from DFA and LFC into voting members.

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[6] According to Section 1.9.12 NMAC and a 2010 DoIT guidance memo, executive branch IT projects must receive phased certification from the PCC if the project is (1) required to undergo phased certification as the result of an appropriation or grant, (2) related to a previously certified project, (3) equal to or greater than $100 thousand in cost, or (4) deemed appropriate for PCC certification by the DoIT cabinet secretary.

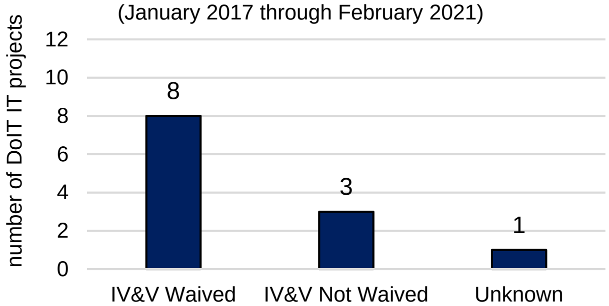
PCC has reviewed IT projects remotely without formally meeting during the COVID-19 pandemic.

Historically, PCC met in person for agency presentations to ask questions about the status of each IT project requiring certification. Throughout the COVID-19 pandemic, PCC has opted for a remote, week-long administrative review process to be done independently by each member. Questions are submitted through email to agencies and project materials are available to members and the public on DoIT's project management website. The state Open Meetings Act requires formal actions or policy deliberations by a policymaking entity to be conducted in open meetings with a majority or quorum of members (Section 10-15-1 NMSA 1978).

DoIT's PCC process requires all certified IT projects to receive regular independent verification and validation unless the requirement is waived. DoIT staff report IV&V is a best practice for program management and accountability in IT. Gartner Inc., a global IT research and advisory company, reports the independent verification and validation of IT projects can mitigate risks to an IT project budget and schedules. Accordingly, DoIT administrative rules and guidance require all IT projects to undergo IV&V before certification unless this requirement is waived by the department (Section 1.12.5.11.B NMAC). State agencies must provide DoIT with a rationale and justification for any requested IV&V waiver. However, DoIT administrative rules and guidance do not specify how approval decisions are made or in what cases a waiver may be justified or not justified. DoIT should revise its administrative rules to specify cases in which a waiver may or may not be justified.

Chart 12. IV&V Waiver Status of DoIT IT Projects

(January 2017 through February 2021)



Source: LFC analysis of DoIT PCC information.

DoIT received waivers from IV&V oversight for 67 percent of its projects since 2017. Over the past four years (January 2017 through February 2021), DoIT sponsored 12 projects for review by PCC. Of those 12 projects, eight (or 67 percent) received an IV&V waiver. DoIT has not contracted with an external IV&V vendor since December 2018. In some cases, DoIT has justified its IV&V waiver requests on the basis of low project complexity or internal DoIT expertise. Although IV&V waivers may be necessary at times, DoIT should modify its administrative rules to specify an independent authority to grant IV&V waivers for DoIT-led projects.

Major IT initiatives have indefinite schedules, undefined plans, and unsecured funding.

"Actual scope per phase will be determined by available funding and local participation; will create detailed next-phase plan as funding secured."

Source: DoIT Project Planning and Implementation Certification Request to PCC in October, 2020

Many DoIT initiatives are multi-year projects, which expand in scope over time and are reliant on securing appropriations over the course of the project. Presentations to PCC often report that more detailed plans will be prepared as the scope is expanded and funds become available. LFC review of the largest IT projects for the Accountability in Government Act (AGA) indicates many of these projects are at overall risk due to lack of project planning and unsecured funds. Furthermore, IV&V is often waived by DoIT for these initiatives, which could contribute to lack of planning and project management. Expenditures for IV&V may cost more during the implementation phase of a project but could reduce the risk of projects going over budget and beyond schedule.

The IT initiative process does not lend itself to straightforward evaluation of whether a project is over budget, on schedule, and on scope. Multi-year projects can expand scope based on availability of funds and proposed budgets can increase based on securing additional funds. Because of this process, while DoIT may report projects are on schedule and budget, independent review by LFC indicates they are at risk of exceeding budgets and timelines. Following are two examples that highlight these issues: DoIT's enterprise cybersecurity initiative and the P25 public safety radio project.

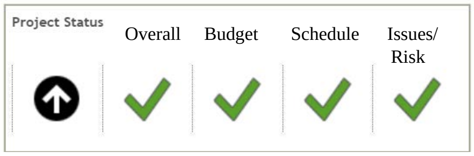
Case Study: DoIT's cybersecurity efforts are in need of improved planning while planning requirements were vetoed. The Legislature appropriated $7.2 million for cybersecurity. DoIT's cybersecurity efforts encompass an enterprise upgrade project ($1.2 million from the general fund) and an enterprise cybersecurity operations center ($6 million from FY19 capital outlay funding). DoIT has spent $3.5 million for cybersecurity training, equipment, firewalls, project management, and contracting with RiskSense for cybersecurity vulnerability scans. DoIT does not consider the project delayed nor the scope expanded. For the Accountability in Government Act (AGA) report card for the second quarter of FY21, LFC staff indicated DoIT's Enterprise Cybersecurity Project reports schedule delays, shifting priorities, an expanded project scope, and the need for a unified cybersecurity plan. Additionally, the report card noted the functionality of the project is yet to be determined given a delayed completion date and lack of planning continues to pose a high risk to the project timeline and budget. During the 2021 regular legislative session, the Legislature appropriated an additional $1 million to DoIT for cybersecurity services with language requiring DoIT submit a cybersecurity plan. The language requiring a DoIT cybersecurity plan was vetoed by the governor.

Case Study: Overall risk remains high for the P25 public safety radio project due to indefinite timelines and plans that rely on continued capital appropriations. In 2018, DoIT initiated its P25 digital statewide public safety radio system (public safety radio) project. The project's goal was to upgrade its existing public safety land mobile radio system utilized by public safety entities, first responders, and other governmental agents. DoIT initially estimated the project would cost $130 million to $150 million in severance tax bond funding over five years. DoIT granted itself a waiver from IV&V requirements for the public safety radio project. DoIT established a governance structure for managing the P25 public safety radio project with an associated advisory committee. DoIT's Enterprise and Project Management Office (EPMO) portfolio dashboard currently reports the P25 public safety radio project is on time to be completed no later than June 2026 and on budget with a total project budget of $177 million. The dashboard indicates funding is a potential risk because the project is a multi-year, multi-phase project dependent on yet-to-be-approved funding streams each year for completion. LFC review, however, indicates potential risk and issues to the project budget and schedule. Since spending on initial contracts with Motorola, the agency has not reported additional spending for the first or second quarter of FY21, despite PCC certifying an additional $7 million in October 2020 for the Sandoval County expansion. DoIT planned to encumber the funds, however,

P25 is a set of common digital public radio communications standards for first responders, homeland security, and emergency response professionals. The P25 open standard protocol is accepted worldwide for design and manufacture of interoperable, digital two-way wireless communications products. The P25 solution will provide the state's public safety entities, first responders, and government agents a feature-rich system that better supports full interoperability and significant increases capacity – enabling improved coordination and more timely response.

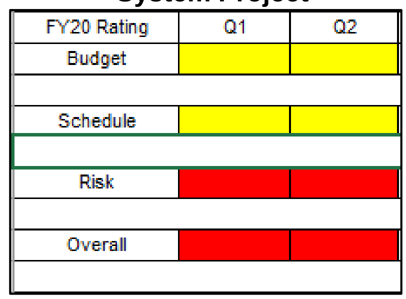
there was delay in obtaining the corresponding vendor proposal, and the contract is currently in negotiation. As the agency has indicated in its project management plans, DoIT will be seeking additional funds through the infrastructure capital improvement plan (ICIP) process during legislative sessions to continue implementation. LFC review indicates that the current phase is on track for completion in FY22, but LFC schedule status remains yellow due to the final implementation date of FY26. Funding remains the greatest risk to the project, considering the agency's long-term project timeline, and reliance on continued funding that is not guaranteed. The overall risk to the project remains high due to lack of project governance and strategic planning.

Figure 8. DoIT EPMO Project Status of P25 Public Safety Radio System Project



Source: DoIT (Data reported as of 1/10/2021).

Figure 9. LFC Review of Status of P25 Public Safety Radio System Project



Source: LFC AGA Report Card FY21 Q2.

DoIT reports its oversight processes are optimizing IT investments, but improvements are needed.

In 2004, the U.S. GAO developed a framework for assessing how well an agency is selecting and managing its IT resources. Specifically, the GAO framework categorizes a government's IT investment management as one of five "stages" of maturity and adhering to best practices. These stages range from stage one, where a government's IT investment management is unstructured and project outcomes are unpredictable, to stage five where a government's IT investment management is optimal and driving business change.

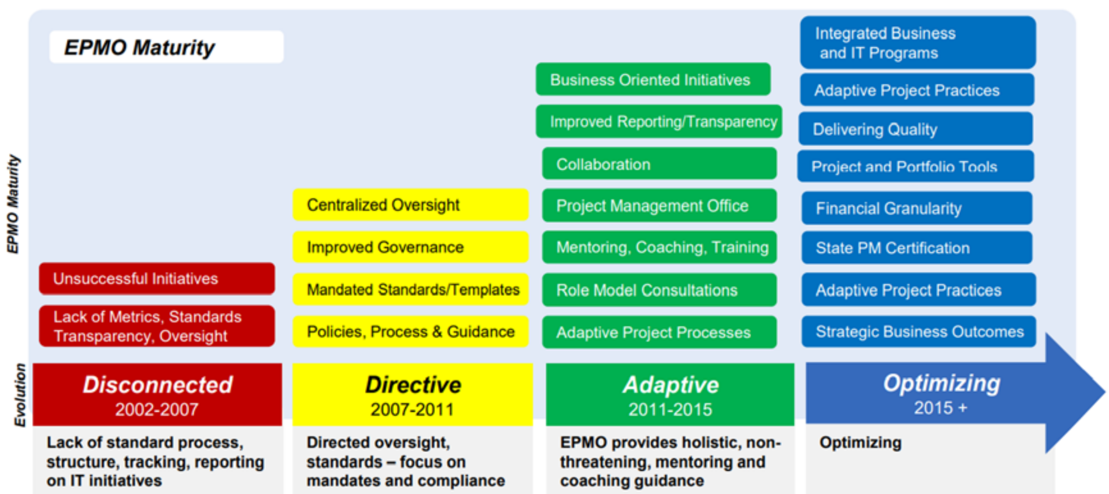
Figure 10. U.S. GAO Framework – Five States of IT Investment Management Maturity

Maturity stages	Critical processes
Stage 5: Leveraging IT for strategic outcomes	- Optimizing the investment process - Using IT to drive strategic business change
Stage 4: Improving the investment process	- Improving the portfolio's performance - Managing the succession of information systems
Stage 3: Developing a complete investment portfolio	- Defining the portfolio criteria - Creating the portfolio - Evaluating the portfolio - Conducting postimplementation reviews
Stage 2: Building the investment foundation	- Instituting the investment board - Meeting business needs - Selecting an investment - Providing investment oversight - Capturing investment information
Stage 1: Creating investment awareness	- IT spending without disciplined investment processes

Source: U.S. GAO. (2004). Information Technology Investment Management – A Framework for Assessing and Improving Process Maturity. p.11

DoIT's EPMO provides staff support to the DoIT's PCC and project management support to PCC-certified IT projects. DoIT's EPMO reports the department is optimizing its investment management practices. Although DoIT's IT investment management includes best practices (such as a certification process, an IT project management office, and regular project monitoring), DoIT's project management oversight needs refinement to ensure all IT projects have independent oversight and consistently meet their budgets and timelines. For example, the GAO framework recommends instituting an independent IT investment board to provide long-term strategic advice and monitoring. New Mexico has been operating without since the ITC was terminated in 2017. The ITC was a 16-member commission comprised of members from state agencies, education agencies, local government, national laboratories, and the public. The ITC was responsible for approving DoIT's strategic plans, administrative rules, and major initiatives. However, the Legislature later chose to terminate the ITC in 2017 likely due to ITC inactivity (Laws 2017, Chapter 45; House Bill 231).

Figure 11. DoIT's Enterprise Project Management Office (EPMO) – Self-Reported Maturity of IT Investment Management Practices



Source: DoIT. "Project Management Express - Quick Reference Guide." p.3

Recommendation

Department of Information Technology should

- Revise its administrative rules to specify for which cases an independent verification and validation waiver may or may not be justified,
- Modify its administrative rules to specify an independent authority to grant independent verification and validation waivers for Department of Information Technology led projects, and
- Change its administrative rules to make the advisory members from Department of Finance and Administration and Legislative Finance Committee into voting members of the Project Certification Committee.

NM DEPARTMENT OF INFORMATION TECHNOLOGY

Michelle Lujan Grisham
New Mexico Governor
John L. Salazar
Cabinet Secretary Designate & State CIO

May 17, 2021

David Abbey, Director
Legislative Finance Committee
325 Don Gaspar, Suite 101
Santa Fe, NM 87501

Subject: Department of Information Technology Response to LFC ERF Program Evaluation

Dear Director Abbey,

On behalf of the New Mexico Department of Information Technology (DoIT), I would like to thank the Legislative Finance Committee (LFC) for their efforts in reviewing DoIT's Enterprise Services and Equipment Replacement Funds (ERFs). We are grateful to the Evaluators for their time and expertise in creating the Program Evaluation Report and appreciate the opportunity to provide the Department's response.

Overall, the Department agrees with the findings and recommendations in the report. We have limited our responses to the seven key recommendations and look forward to the opportunity to further discuss the report's findings during the upcoming LFC meeting.

According to the Key Recommendations, DoIT should:

1. Continue to reinstate management and oversight processes for ERFs that were originally proposed in the 2009 ERF charter, such as a documented request for ERF funding;
2. Develop written targets and policies for its ERF cash balances;
3. Publish the methodology used to determine the service rates so they are transparent for enterprise service consumers;
4. Implement service level agreements for each of its services;
5. Incorporate and track performance metrics into service level agreements for service management and reporting;
6. Revise its administrative rules to specify which cases an independent verification and validation waiver may or may not be justified; and
7. Modify its administrative rules to specify an independent authority to grant verification and validation waivers for DoIT-led projects.

NM Department of Information Technology 715 Alta Vista St., Santa Fe, NM 87505 505.827.0000 DoIT.state.nm.us

With respect to ERFs, DoIT fully agrees the management and oversight processes for ERFs should be formalized. To that end, DoIT recently developed mandatory request-for-funding documentation and an internal committee tasked with the review and approval of each ERF funding request. As next steps, DoIT will update the 2009 ERF charter to reflect current and best practices and will identify assets approaching end-of-life with the help of the SHARE Fixed Asset module.

Further, while DoIT currently follows proper methodology with respect to its ERF cash balances, we agree written targets and policies are needed and will work on promptly creating this documentation in alignment with best practices.

DoIT also fully agrees with the recommendation that the methodology for the determination of service rates be made available to DoIT customers. As part of the methodology, DoIT recently implemented a cost model module in our new billing system that allows us to generate more accurate rates and document the methodology. DoIT plans to describe the process in its entirety in a white paper to be shared with DoIT customers.

DoIT likewise agrees with the recommendations to implement Service Level Agreements (SLAs) that incorporate and track service performance metrics for all Enterprise services. As the report notes, in 2020, DoIT began the practice of using SLAs with the roll-out of its newest service, DocuSign E-Signature. DoIT contemplates creating a template SLA for its remaining services to ensure adherence to best practices, including tracking service performance metrics.

Lastly, DoIT fully agrees the Independent Verification and Validation (IV&V) waiver process must be addressed in regulations, and that a separate, independent process should be followed for DoIT-led projects. DoIT commenced the overhaul of its administrative regulations in March of this year and will implement IV&V waiver criteria to be followed in the interim.

In closing, I would like to thank you and your staff once again for the thorough review of DoIT's Enterprise Services and Equipment Replacement Funds. We value the information provided in the Program Evaluation Report and look forward to addressing the identified concerns. Your feedback is vital to our continued success.

Sincerely,

John L. Salazar
Cabinet Secretary and State CIO
New Mexico Department of Information Technology

Appendix A. Evaluation Methodology

Evaluation Objectives.

- Review how DoIT's enterprise services and equipment replacement funds are funded and operated;
- Examine DoIT's methodology for setting enterprise service rates and fees; and
- Assess DoIT's accountability and oversight over enterprise services and equipment replacement funds.

Scope and Methodology.

- Interviewed DoIT staff and a sample of state agency chief information officers (CIOs);
- Reviewed state laws, regulations, and policies related to information technology oversight;
- Analyzed data and information from DoIT financial audits, SHARE, budget documents, ERF plans, and surveys;
- Assessed findings and recommendations from previous LFC program evaluations of DoIT enterprise services and ERFs;
- Reviewed DoIT documentation, guidance, dashboards, and memoranda related to IT project appropriation requests, project certification, exemption waivers, and enterprise service rate-setting; and
- Studied best practices from professional organizations and other states.

Evaluation Team.

Dr. Ryan Tolman, LFC Program Evaluator, Project Lead
Clayton Lobaugh, LFC Program Evaluator
Jessica Hitzman, LFC Information Technology Fiscal Analyst

Authority for Evaluation. LFC is authorized under the provisions of Section 2-5-3 NMSA 1978 to examine laws governing the finances and operations of departments, agencies, and institutions of New Mexico and all of its political subdivisions; the effects of laws on the proper functioning of these governmental units; and the policies and costs. LFC is also authorized to make recommendations for change to the Legislature. In furtherance of its statutory responsibility, LFC may conduct inquiries into specific transactions affecting the operating policies and cost of governmental units and their compliance with state laws.

Exit Conferences. The contents of this report were discussed with DoIT Cabinet Secretary John Salazar and staff on May 13, 2021.

Report Distribution. This report is intended for the information of the Office of the Governor, Department of Finance and Administration, Office of the State Auditor, and the Legislative Finance Committee. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Jon Courtney
Deputy Director for Program Evaluation

Appendix B. Reported ERF Expenditures by IT Project.

Reported ERF Expenditures by IT Project, FY17-FY20

(in thousands)

ERF	Project	FY17	FY18	FY19	FY20
Enterprise ERF	Voice Modernization	$52.7	$384.2	$377.6	$513.4
	Self-Service Portal for Infrastructure as a Service	$0.0	$137.7	$0.0	$130.1
	Statewide Email Upgrade	$0.0	$0.0	$0.0	$0.0
	Network Communications	$117.5	$389.5	$436.7	$1,197.8
	Public Safety Radio	$224.9	$247.4	$2,398.6	$2,638.6
	Cybersecurity PCI	$0.0	$241.4	$0.0	$0.0
	e-Signature	$0.0	$0.0	$0.0	$1,421.9
	Billing System Replacement - Cost Model Module	$0.0	$0.0	$221.3	$1,906.8
	Help Desk Support System	$0.0	$0.0	$0.0	$289.7
	Data Center	$12.0	$0.0	$0.0	$0.0
	Data Management	$75.6	$0.0	$0.0	$0.0
	Data Storage	$99.4	$0.0	$0.0	$0.0
	Human Resources Management Direct	$14.9	$0.0	$0.0	$0.0
	Security	$49.8	$0.0	$0.0	$0.0
	Other	$0.0	$86.3	$7.2	$909.7
	Subtotal	**$646.8**	**$1,486.4**	**$3,441.3**	**$9,008.0**
SHARE ERF	SHARE 9.2 Upgrade	$9,450.0	$6,143.5	$0.0	$0.0
	SHARE Expansion	$0.0	$0.0	$1,582.2	$0.0
	HCM Support and Expansion	$0.0	$1,566.0	$0.0	$0.0
	SHARE Maintenance Enhancement	$0.0	$1,577.9	$0.0	$0.0
	Subtotal	**$9,450.0**	**$9,287.4**	**$1,582.2**	**$0.0**
Total Reported Expenditures in ERF Plans		**$10,096.8**	**$10,773.8**	**$5,023.4**	**$9,008.0**

Source: LFC analysis of DoIT ERF Plans and documentation.

Appendix C. ERF Revenue, Expenditures, and Net Position, FY18-FY20

Fiscal Year		FY18			FY19			FY20		
Category		Enterprise ERF	SHARE ERF	Total ERF	Enterprise ERF	SHARE ERF	Total ERF	Enterprise ERF	SHARE ERF	Total ERF
Beginning Net Position		$ 34,899,959	$ 11,055,304	$ 45,955,263	$ 37,421,725	$ 4,954,501	$ 42,376,226	$ 39,826,312	$ 6,642,958	$ 46,469,270
Operating Revenue	Other Revenues	$ -	$ -	$ -	$ 48,330	$ -	$ 48,330	$ -	$ -	$ -
	Other	$ -	$ -	$ -	$ 49	$ -	$ 49	$ -	$ -	$ -
Non-Operating Revenue	Investment Income	$ 103,538	$ 51,495	$ 155,033	$ 785,850	$ 48,650	$ 834,500	$ 795,689	$ 105,883	$ 901,572
	Internal Transfers	$ 3,904,716	$ 3,164,261	$ 7,068,977	$ 5,011,660	$ 3,221,983	$ 8,233,643	$ 5,423,206	$ 3,098,877	$ 8,522,083
Operating Expenses	Other	$ 47	$ -	$ 47	$ -	$ -	$ -	$ -	$ -	$ -
	Loss on Disposal of Capital Assets	$ -	$ -	$ -	$ 3,905	$ -	$ 3,905	$ -	$ -	$ -
Non-Operating Expenses	Internal Transfer of Capital Assets	$ 1,486,411	$ 9,316,559	$ 10,802,970	$ 3,437,397	$ 1,582,176	$ 5,019,573	$ 8,198,709	$ -	$ 8,198,709
	External Transfers to Other State Agencies	$ -	$ -	$ -	$ -	$ -	$ -	$ 909,700	$ -	$ 909,700
Ending Net Position		**$ 37,421,755**	**$ 4,954,501**	**$ 42,376,256**	**$ 39,826,312**	**$ 6,642,958**	**$ 46,469,270**	**$ 36,936,798**	**$ 9,847,718**	**$ 46,784,516**
Source		**DoIT FY18 Financial Audit p.40-41**			**DoIT FY19 Financial Audit p.40-41**			**DoIT FY20 Financial Audit p.23**		

Appendix D. Enterprise Services Funds Revenues, Expenditures, and Net Position, FY18-FY20

Fiscal Year		FY18			FY19			FY20		
Category		Enterprise Service Operationing Fund	SHARE Operating Fund	Total Enterprise Services Operating	Enterprise Service Operationing Fund	SHARE Operating Fund	Total Enterprise Services Operating	Enterprise Service Operationing Fund	SHARE Operating Fund	Total Enterprise Services Operating
Beginning Net Position		$ 17,550,802	$ 23,307,480	$ 40,858,282	$ 26,158,676	$ 29,999,210	$ 56,157,886	$ 35,862,498	$ 27,228,210	$ 63,090,708
Operating Revenue	User Fees	$ 50,068,473	$ 9,871,296	$ 59,939,769	$ 51,368,699	$ 9,927,957	$ 61,296,656	$ 48,483,372	$ 10,789,459	$ 59,272,831
	Other Revenues	$ 210,566	$ -	$ 210,566	$ 32,743	$ 1,614	$ 34,357	$ 30,630	$ -	$ 30,630
Non-Operating Revenue	Investment Income	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Loss on Disposal of Capital Assets	$ -	$ -	$ -	$ (782)	$ -	$ (782)	$ -	$ -	$ -
	Special Appropriation	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Internal Transfers of Capital Assets	$ 3,975,066	$ 9,316,559	$ 13,291,625	$ 8,187,170	$ 1,582,176	$ 9,769,346	$ 14,592,209	$ -	$ 14,592,209
	Internal Transfers	$ (6,213,101)	$ (3,460,079)	$ (9,673,180)	$ (7,158,386)	$ (3,526,370)	$ (10,684,756)	$ (7,978,149)	$ (3,455,817)	$ (11,433,966)
	External transfers from other state agencies	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,630,000	$ -	$ 1,630,000
	Reversions	$ -	$ -	$ -	$ -	$ -	$ -	$ (48,896)	$ -	$ (48,896)
Operating Expenses	Personnel Services	$ 9,294,025	$ 1,537,819	$ 10,831,844	$ 8,205,186	$ 1,357,400	$ 9,562,586	$ 9,487,758	$ 1,635,611	$ 11,123,369
	Contractual Services	$ 6,151,105	$ 3,462,716	$ 9,613,821	$ 6,659,506	$ 4,700,726	$ 11,360,232	$ 3,216,084	$ 2,210,854	$ 5,426,938
	Other Costs	$ 20,083,292	$ 957,474	$ 21,040,766	$ 22,849,240	$ 1,476,340	$ 24,325,580	$ 27,506,302	$ 2,218,521	$ 29,724,823
	Depreciation Expense	$ 3,904,708	$ 3,077,965	$ 6,982,673	$ 5,011,660	$ 3,221,983	$ 8,233,643	$ 5,423,206	$ 3,098,877	$ 8,522,083
Ending Net Position		**$ 26,158,676**	**$ 29,999,282**	**$ 56,157,958**	**$ 35,862,528**	**$ 27,228,138**	**$ 63,090,666**	**$ 46,938,314**	**$ 25,397,989**	**$ 72,336,303**
Source		DoIT FY18 Financial Audit p.40-41			DoIT FY19 Financial Audit p.40-41			DoIT FY20 Financial Audit p.23		

Appendix E. DoIT Enterprise Services and ERF Cash Balances, FY16 through FY20

DoIT Enterprise Services and ERF Cash Balances, FY16 through FY20

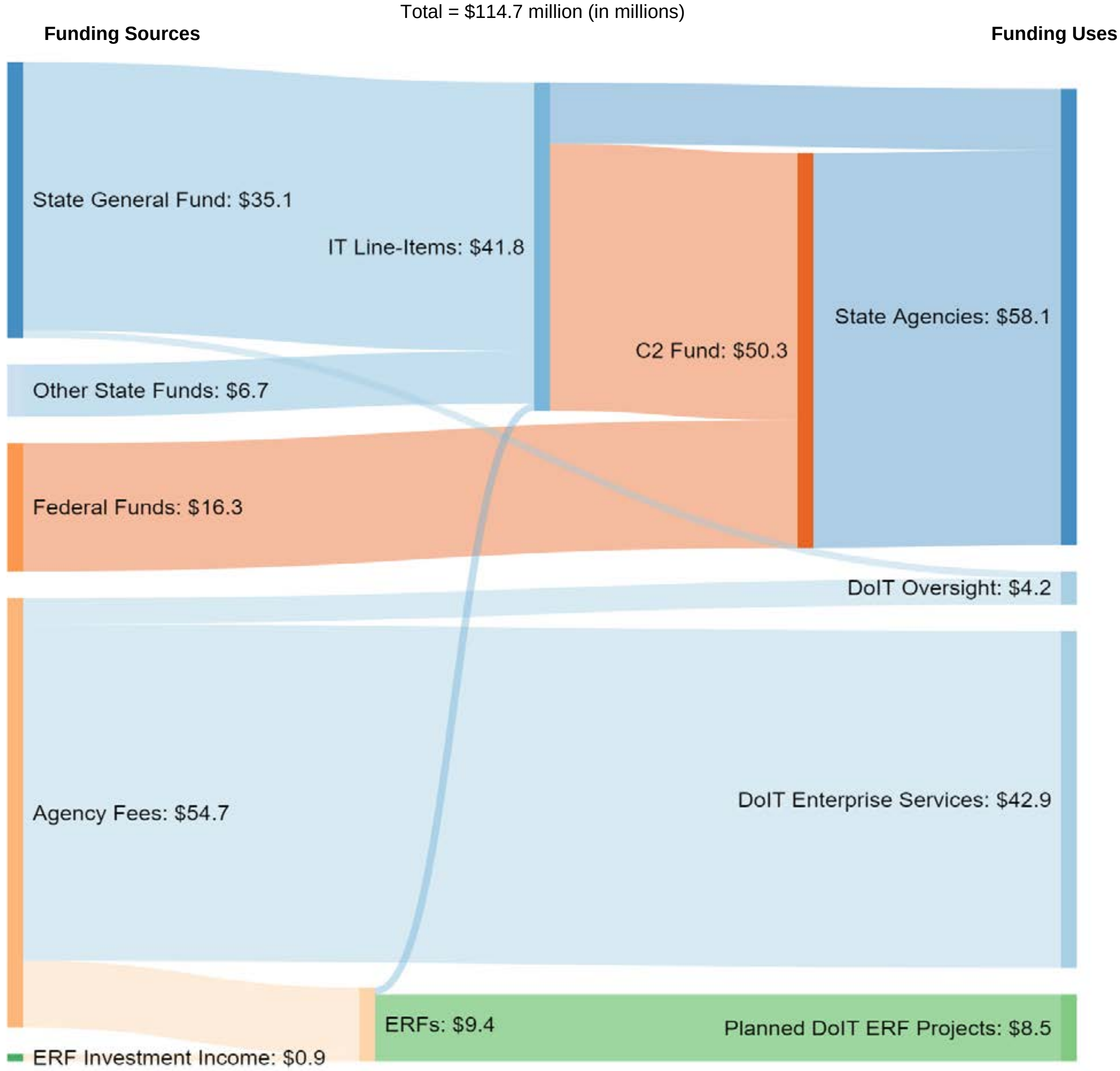
Category		Fund	FY16	FY17	FY18	FY19	FY20
Enterprise Services	Cash Balances	Enterprise Service Operating Fund	$ 17,161,134	$ 12,526,676	$ 8,574,046	$20,299,864	$16,342,386
Enterprise Services	Cash Balances	SHARE Operating Fund	$ 3,338,350	$ 3,691,756	$ 5,455,235	$4,221,742	$5,401,596
Equipment Replacement Funds	Cash Balances	Enterprise Service ERF	$ 1,246,903	$ 10,923,954	$ 21,721,566	$28,042,494	$29,705,950
Equipment Replacement Funds	Cash Balances	SHARE ERF	$ 16,534,142	$ 10,717,451	$ 3,261,475	$3,420,974	$6,903,070
Subtotal			**$ 38,280,529**	**$ 37,859,837**	**$ 39,012,322**	**$ 55,985,074**	**$ 58,353,002**
Enterprise Services Program Support Fund			**$ 997,635**	**$ 665,673**	**$ 298,639**	**$247,350**	**$305,919**
Total			**$ 39,278,164**	**$ 38,525,510**	**$ 39,310,961**	**$ 56,232,424**	**$ 58,658,921**

Sources: DoIT financial audits.

Appendix F. Funding for DoIT, Enterprise Services, and Special IT Projects in FY20

Figure 12. Funding for DoIT, Enterprise Services, and Special IT Projects in FY20

Total = $114.7 million (in millions)



Note: This chart does not include spending for IT personnel or equipment replacement included in state agency base budgets other than DoIT.

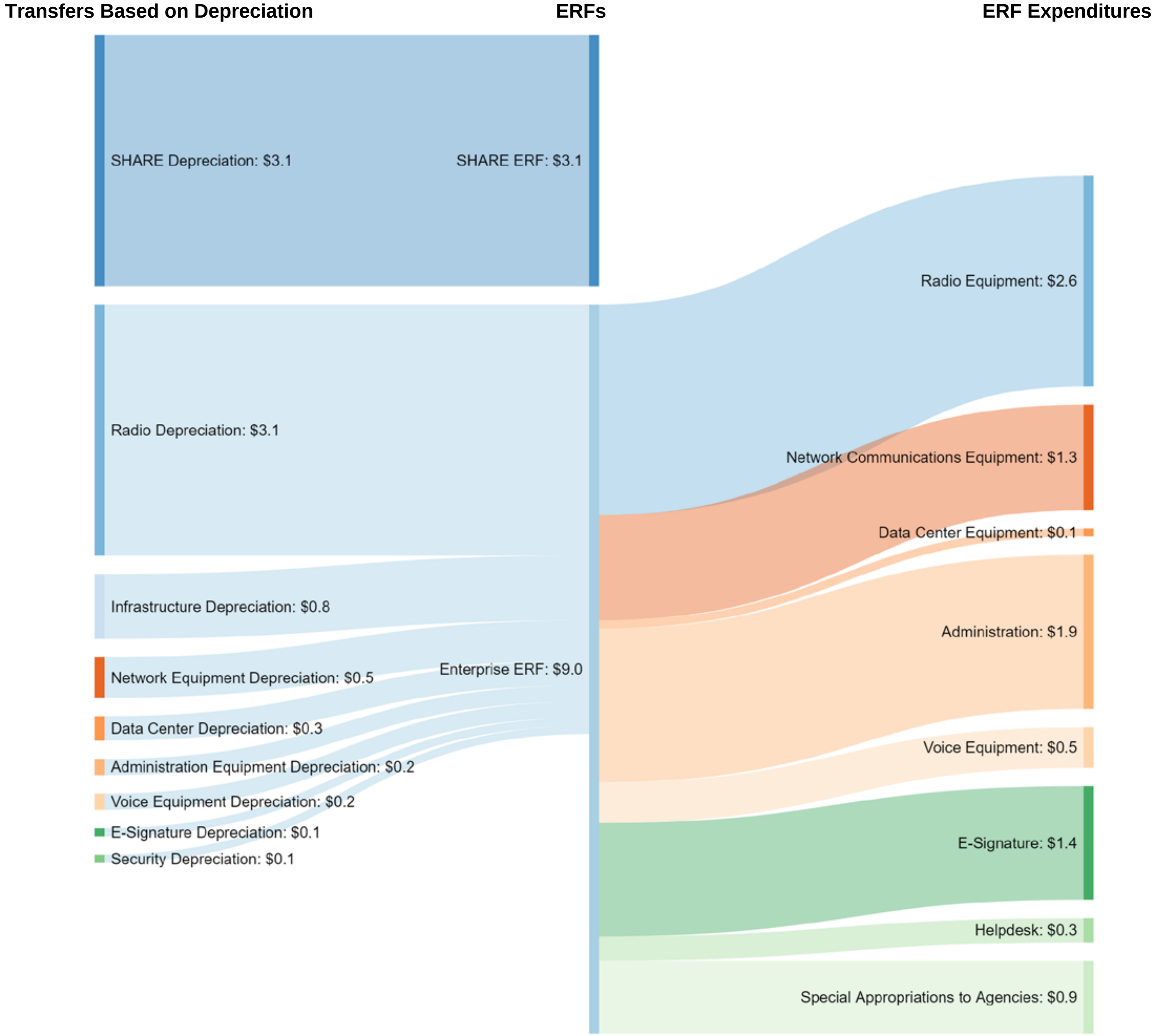
Source: LFC analysis of LFC budget recommendation and post session reviews.

Appendix G. Expected and Actual Funding into and out of DoIT Equipment Replacement Funds

Figure 13. Expected Funding into and out of DoIT Equipment Replacement Funds (ERFs), FY20

Source: LFC analysis of DoIT data.

Figure 14. Actual Funding into and out of DoIT Equipment Replacement Funds (ERFs), FY20



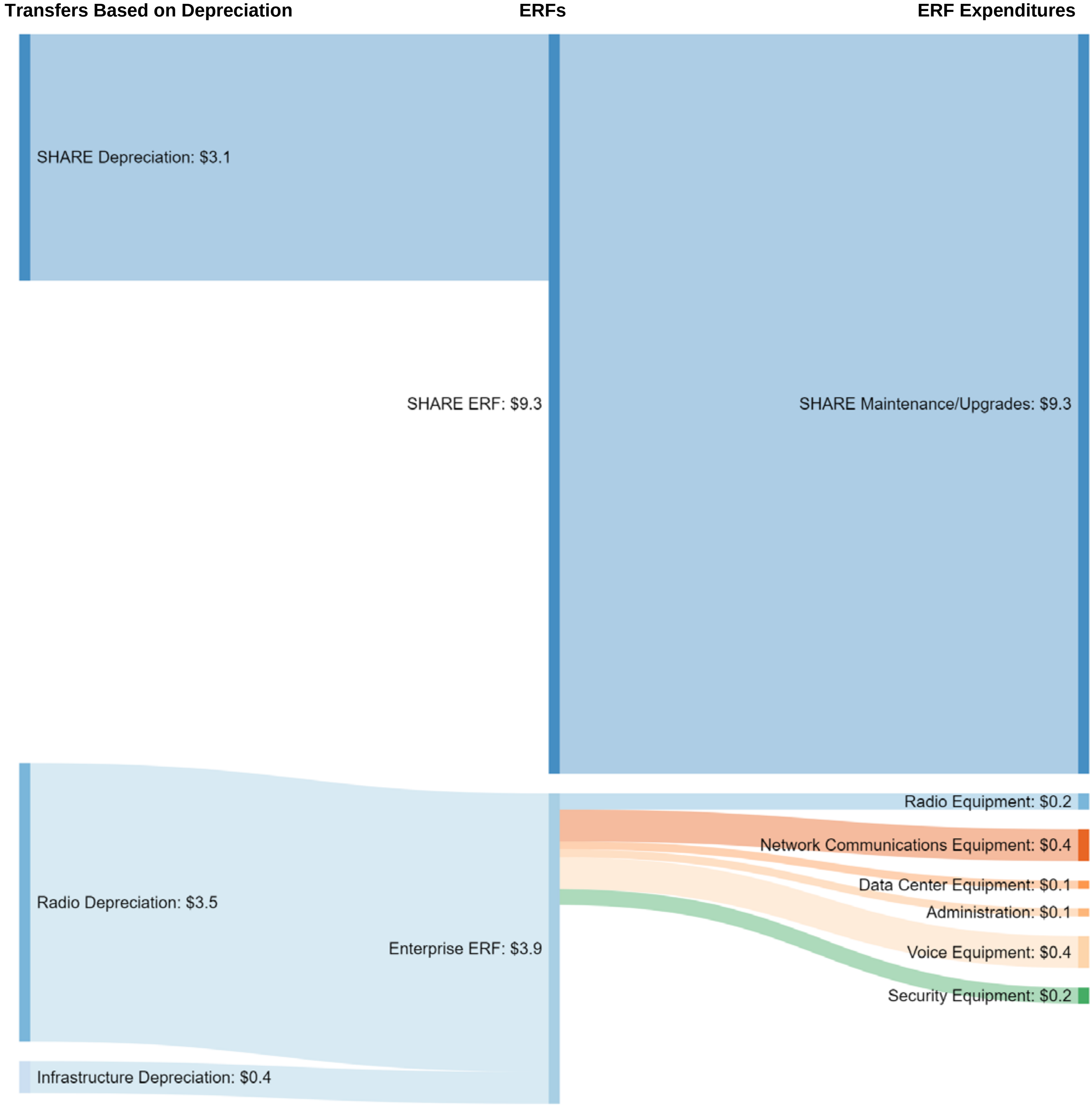
Note: The expenditures for “Administration” include $1.3 million for software to calculate service rates, $400 thousand for an IT service chargeback methodology model, and $200 thousand for a service rate billing upgrades.
Note: The Legislature appropriated $909.7 thousand from the enterprise ERF to pay for IT equipment replacements at various courts and the Regulation & Licensing Department (RLD).

Source: LFC analysis of DoIT depreciation and purchase order data.

Figure 15. Actual Funding into and out of DoIT Equipment Replacement Funds (ERFs), FY19

Source: LFC analysis of DoIT depreciation and purchase order data.

Figure 16. Actual Funding into and out of DoIT Equipment Replacement Funds (ERFs), FY18



Source: LFC analysis of DoIT depreciation and purchase order data.

Appendix H. DoIT Cybersecurity Contracts and RFPs

RFPs and Contracts				
Comments: The table below lists project related contracts and descriptions.				
RFP or Contract #	***Status**	**Vendor**	**Description**	**Total Value**
19-361-9016	Closed	ATA Services	Project Management	$8,337
19-361-9023	Closed	ANM	Virtual CISO	$250,859
21-361-2003	Executed	Deloitte Consulting, LLP	Project Management and Business Analysis services	$921,718
21-361-2004	Executed	RiskSense	Penetration Testing for Peoplesoft Applications	$218,447
13-1-98J	Executed	Inspired Learning	Cybersecurity Awareness Training	$24,598
80000170001 2AD	Closed	ANM	Firewalls	$416,499
80000170001 2AV	Closed	Technology Integration Group	Network Firewall Maintenance/support	$170,229
20-361-1021	Closed	ANM	Support effective cybersecurity assets	$162,656
80000170001 2AK	Closed	Converge one	IT Hardware Maintenance	$341,589
80000180004 6AG001	Executed	Level 3/RiskSense	Software Platform	$974,962
			Total Value:	$3,489,894

Source: DoIT (January 2021) Implementation Request for Certification and Release of Funds for Enterprise Cybersecurity Project, p.4-5.

Appendix I. DoIT Service Rates

ACTIVE DIRECTORY AND FILE SERVER

RATE CODE	SERVICE DESCRIPTION	MEASURE	FY 20	FY 21	FY 22
FNP	File and Print (Active Directory Authentication)	Per User/Per Month	$55.00	$55.00	$25.00

APPLICATION DEVELOPMENT & DESIGN

RATE CODE	SERVICE DESCRIPTION	MEASURE	FY 20	FY 21	FY 22
APPDEV	Application Development and Design	Per Hour Plus Materials	$90.00	$90.00	$90.00
ApplSysM	Application System Maintenance	Cost	Cost	Cost	Cost

CLOUD SERVICES

RATE CODE	SERVICE DESCRIPTION	MEASURE	FY 20	FY 21	FY 22
SSACount	Server Management	Server/Month	$450.00	$450.00	$450.00
ST1Stor	Enterprise Storage	GB per Month	$0.58	$0.58	$0.21
TapeBKIO	Open Sys Backup	GB per Month	$2.39	$2.39	$2.39
WebCount	Application Hosting Fee	Application/Month	$235.06	$235.06	$235.06
VMNUM	Cloud Server	CPU/Month	$86.63	$86.63	$60.00
VMMEM	Virtual Server - Memory	GB of RAM per Month	$23.10	$23.10	$23.10
VMDSK	Virtual Server - Storage	GB of storage per Month	$0.58	$0.29	$0.29
WBHST	Static Web Page Hosting	Site per Month	$50.00	$50.00	$50.00
DedCount	Winserver Dedicated	Server/Month	$550.00	$550.00	$550.00

CONSULTING/TRAINING

RATE CODE	SERVICE DESCRIPTION	MEASURE	FY 20	FY 21	FY 22
TRAINING	IT Training Course	Cost plus Materials	Cost	Cost	Cost

DATA CENTER SERVICES

RATE CODE	SERVICE DESCRIPTION	MEASURE	FY 20	FY 21	FY 22
COLoc	Rack Unit Fee	Rack Unit per Month	$32.00	$32.00	$16.00

DATA NETWORK SERVICES

RATE CODE	SERVICE DESCRIPTION	MEASURE	FY 20	FY 21	FY 22
ITRGEN	Internet Access	FTE Billed Monthly	$1.14	$1.14	$1.14
WANCON	WAN Services		Cost	Cost	Cost
NETENG	Network Engineering	Per Hour	$88.00	$88.00	$88.00

DESKTOP SUPPORT

RATE CODE	SERVICE DESCRIPTION	MEASURE	FY20	FY 21	FY 22
SDMDSK	Basic Desktop Support	Per Hour	$47.00	$47.00	$47.00

EMAIL SERVICES

RATE CODE	SERVICE DESCRIPTION	MEASURE	FY 20	FY 21	FY 22
MailBox	Mailbox Fee	Mailbox per Month	$8.50	$8.50	$8.50
xStorage	Email Additional Storage – 1GB	Mailbox per Month	$7.50	$7.50	$7.50
ECRYPT	Email Encryption	Mailbox per Month	$1.50	$1.50	$1.50

ENTERPRISE SOFTWARE LICENSING

RATE CODE	SERVICE DESCRIPTION	MEASURE	FY 20	FY 21	FY 22
ADOBE	Adobe Acrobat Software	Per FY July Email Count / Billed Monthly	$1.47	$1.47	$1.47

MAINFRAME SERVICES

RATE CODE	SERVICE DESCRIPTION	MEASURE	FY 20	FY 21	FY 22
Z003, ZCS2, ZZ32	General CPU, CICS, DB2	CPU Seconds	$0.40	$0.40	$0.40
ZDSK@@01	Disk Occupancy	GB /Day	$0.61	$0.61	$0.61
ZTPE@@03	Tape Occupancy	Dataset	$0.004	$0.004	$0.004
Z017	Print Pages	Page	$0.15	$0.15	$0.15

MOBILE COMMUNICATION (WIRELESS) SERVICES

RATE CODE	SERVICE DESCRIPTION	MEASURE	FY 20	FY 21	FY 22
WIRBAS	Basic Access Fee	Line per Month	$36.00	$36.00	$36.00
WIRPDA	Smartphone Access Fee	Line per Month	$68.50	$68.50	$68.50
WIRARC	Broadband Access Fee	Line per Month	$43.00	$43.00	$43.00
WIRMSC	Misc. Wireless Costs incl. Equipment	Cost	Cost	Cost	Cost

PUBLIC SAFETY RADIO SERVICES

RATE CODE	SERVICE DESCRIPTION	MEASURE	FY 20	FY 21	FY 22
RS-BAS	Base Station	Device per Month	$507.00	$635.00	$635.20
RS-SCC	Single - Channel Console	Device per Month	$525.00	$654.00	$654.00
RS-MCC	Multi - Channel Console	Device per Month	$1,360.00	$1,699.00	$1,699.00
RS-MR	Mobile Radio	Device per Month	$67.00	$83.50	$83.50
RS-RPT	Mobile Repeater	Device per Month	$142.00	$169.78	$169.79
RS-CONTR	Contracted Maintenance	Contract Amount	Contract	Contract	Contract
RS-PR	Portable Radio	Device per Month	$130.00	$155.00	$155.00
RS-TM	Telemotes	Device per Month	$67.00	$83.65	$83.65
RS-DTRS	Digital Trunked Radio Service (external agencies only)	Device per Month		$20.00	$20.00

SHARE SERVICES

RATE CODE	SERVICE DESCRIPTION	MEASURE	FY 20	FY 21	FY 22
SHRDEV	SHARE Agency - Specific Design	Per Hour plus Material	$150.00+	$150.00+	$150.00+
HCM	SHARE Subscription Fee	Annual Per Operating Budget FTE	$415.00	$415.00	$365.00

VOICE SERVICES

RATE CODE	SERVICE DESCRIPTION	MEASURE	FY 20	FY 21	FY 22
VODIAL	Dial Tone	Basic Dial Tone/Fax Monthly	$31.50	$31.50	$31.50
VOSET	Basic Desk Set	Desk Telephone Monthly	$37.25	$37.25	$37.25
VORECP	Reception Phone	Device per Month	$60.50	$60.50	$60.50
MAC	Telephone – MAC (Move, Add and Changes)	Per Hour	$117.00	$117.00	$117.00
TOLLLD	Long Distance	Per Minute	$0.05	$0.05	$0.05
TOLLFR	Toll Free Service	Per Minute	$0.05	$0.05	$0.05
VOMAIL	Voice Mail	Mailbox per Month	$11.50	$11.50	$11.50
VCFSTD	Conf. Calling – Standard	Port per Minute	$0.15	$0.15	$0.15
VCFMSC	Conf Calling – Misc.	Cost	COST	COST	COST
VCFUAT	Conf. Calling Instant Meet	Port per Minute	$0.09	$0.03	$0.03
VAACD	Auto Call Distribution	Agent per Month	$36.00	$36.00	$36.00
VAIVR	Interactive Voice Response	Per Call	$0.08	$0.08	$0.08
VORCR	Voice Recording	Per Month	$15.00	$15.00	$15.00
TX2SP	Text 2 Speech	Per Minute	$0.04	$0.04	$0.04
TELDAT	Telephone Data Service	Per Month	$15.00	$15.00	$15.00
ESTWT	Est. Hold Wait Time	Per Month	$550.00	$550.00	$550.00
VASRGN	Speech Recognition	Per License per Month	$45.50	$45.50	$45.50

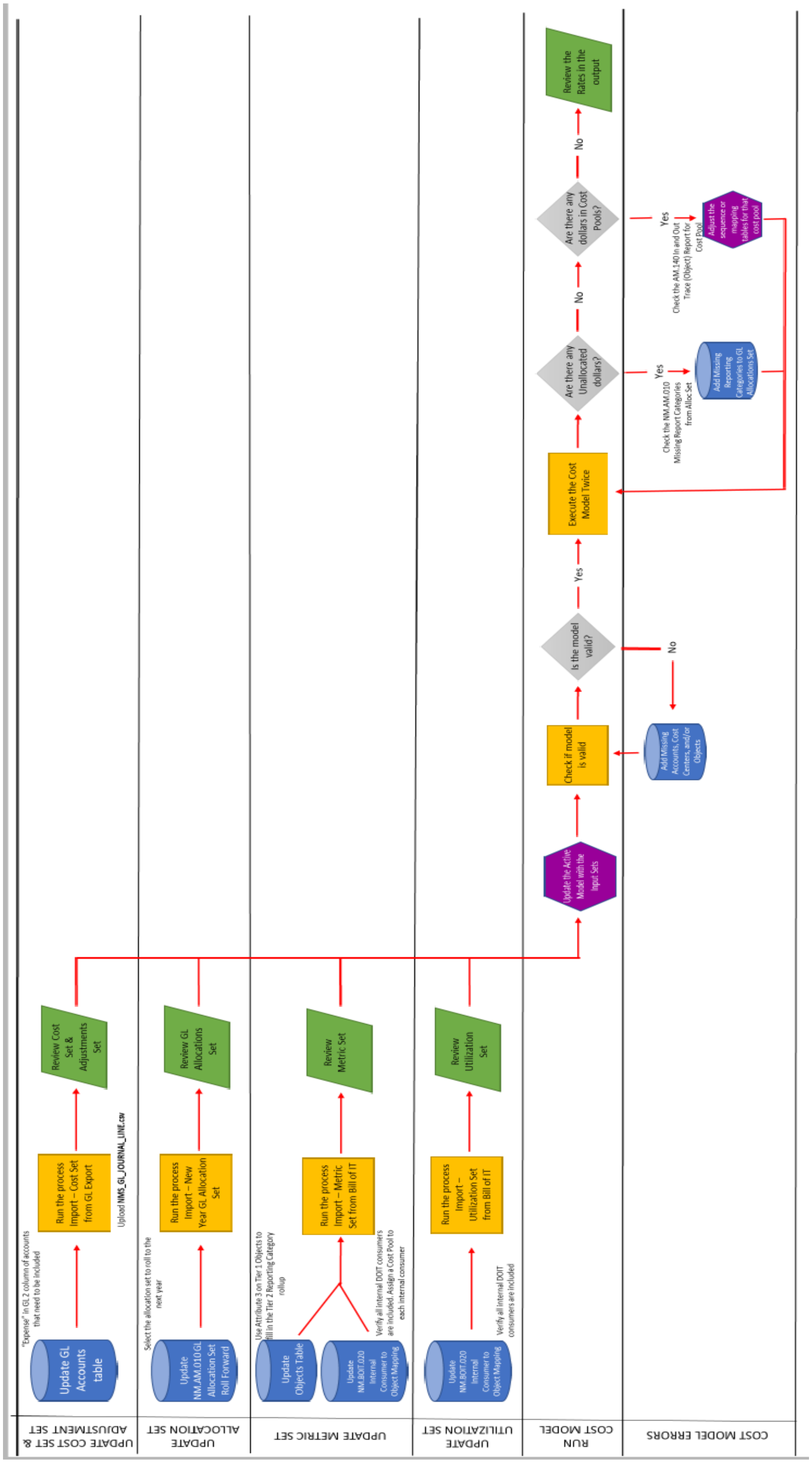
VICTIM INFORMATION AND NOTIFICATION EVERYDAY (VINE)

RATE CODE	SERVICE DESCRIPTION	MEASURE	FY 20	FY 21	FY 22
VINE	VINE (Victim Information & Notification Everyday)	Per Year per Agency	$95,945.00	$115,647.74	$119,237.00

WIRELESS LOCAL AREA NETWORK (WLAN) SERVICES

RATE CODE	SERVICES DESCRIPTION	MEASURE	FY 20	FY 21	FY 22
WLAN	Wireless LAN	Connection Point/Month	$62.40	$62.40	$62.40

Appendix J. DoIT Cost Flow Model for Calculating Service Rates



Source: DoIT

Appendix K. DoIT Initiatives that are ERF Funded and Received IV&V Waiver

Table 8. DoIT Initiatives that are ERF Funded and Recevied IV&V Waiver

Project Name	ERF Funded?	Latest PCC Review Date	IV&V Waiver Received?
Rural Broadband	No	Feb-21	Yes
Cybersecurity	No	Jan-21	Yes
P25 Radio	Yes	Oct-20	Yes
SWIRE	No	May-20	Yes
Billing System	Yes	Feb-20	Yes
Digital Government	No	Feb-20	Yes
Voice Upgrade	Yes	Nov-19	TBD as of July 2019
EVINE	No	Apr-19	Yes
Business Portal	No	Sep-18	No – Vendor Unknown
HCM Recruiting	Yes	Oct-18	No - BCA
Enterprise Learning Management	No	Sep-17	Yes
SIRCITS	No	Aug-17	No – POD Staffing Inc.

Source: DoIT Project Certification Committee – Certification Documents, Available: https://www.doit.state.nm.us/pcc/index.html

Appendix L. LFC Review of DoIT Initiative's Scope, Budget, and Schedule

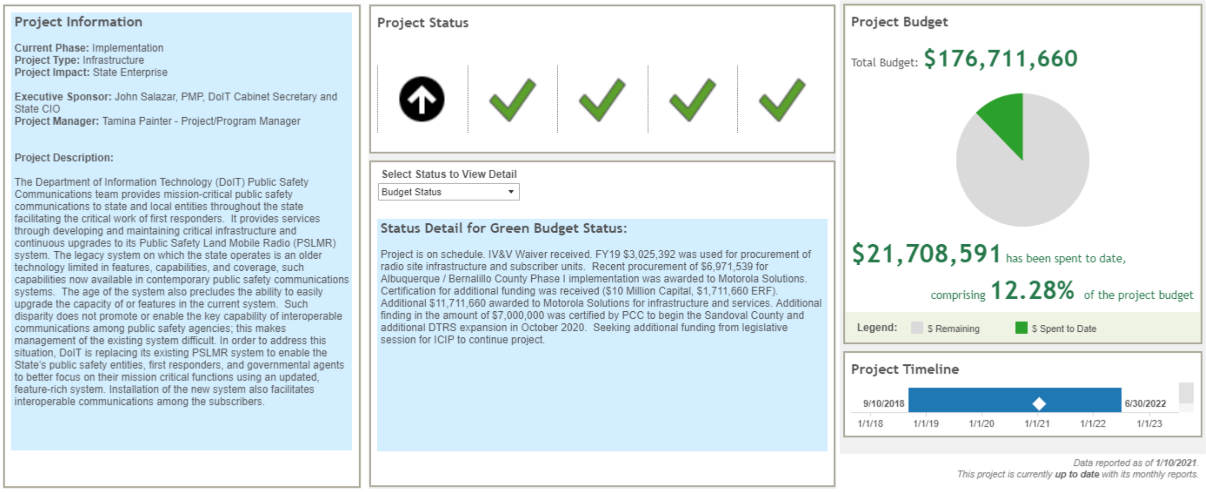
Project Name	Budget Expansions	Schedule Expansions	Scope Expansions
Rural Broadband	*N/A* - In 2019, the estimated project budget started as $10 million and as of February 2021is still estimated as $10 million for the current scope. However, the project budget has not yet been changed to reflect additional appropriations to the broadband project and related connectivity efforts for FY22.	DoIT presented to the PCC in February 2020 to request a schedule change, estimating closeout in June 2023, which is consistent with initial estimates in 2015 initiation certification documents.	The project has recently included emergency broadband connectivity awards in response to the COVID-19 pandemic.
Cybersecurity	The total project costs combined are $7 million. In FY22 DoIT requested $3 million in general fund for recurring cybersecurity costs to manage and maintain current cyber operations.	According to PCC documentation from November 2018, DoIT initially reported a planned end date of June 2020 for the enterprise cybersecurity project. However, more recent documentation reports a planned end date of June 2022, and in January 2021 DoIT identified additional deliverables to take place through FY21 in the scope of the project, such as network and firewall hardware upgrades as part of the cybersecurity operations center.	DoIT combined the 2018 and 2019 funding in January 2021 to align the enterprise cybersecurity upgrade project and enterprise cybersecurity operations center into one project and changed the name in January 2021. DoIT plans to implement a statewide Security Operations Center, for example, which was not included in the initial project in 2018, but funded separately through capital outlay.
P25 Radio	Initially, the agency estimated a total project cost of $150 million over 5 years, as stated in PCC documentation from June 2019. However, recent reports on the EPMO project dashboard show an increased total project budget of $176 million to reflect additional appropriations made to the project. However, accurate cost estimates are dependent on the final scope and the agency notes the potential for additional segments to the project that were not initially specified, which the agency has deemed dependent on current funding in the agency's project management plan (October 2019).	The agency has reported conflicting end dates for the project. In June 2019, the agency's presentation to the PCC shows that the project schedule was reported to end no later than June 2023 – 5 years from project start – but has more recently been estimated to close in June 2024 and the current phase to complete by 2022. However, the agency's ICIP notes that implementation of the entire $176 million project, if fully funded, is not anticipated until FY26.	The agency's project management plan from October 2019 indicates the overall scope will depend on funding, which leaves the project open for potential changes and additions as progress is made. For example, between the agency's October 2019 and October 2020 certifications, product deliverables for a third phase were added to expand the digital trunk radio system to Sandoval, Socorro, De Baca, Chaves and Lincoln Counties. These efforts were originally listed as possible project segments within the project management plan, but their inclusion was dependent on resource availability and were only recently added to the project scope despite the need for funding to complete other project phases.
SWIRE	The original project budget, in 2015, indicated a total budget of $9.2 million. The project budget was adjusted upwards to $14.2 million in 2017, and in FY20 the agency received authorization to use an additional $100 thousand from the ERF to fund additional infrastructure replacements. As a result the agency adjusted the budget upwards again to $14.3 million to reflect the additional ERF funding.	In 2017, the agency indicated that the project would complete by June 2021, while 2015 certification requests indicate a planned end date of June 2016. The project actually completed in January 2021.	In May 2020, the agency came to the PCC for certification of additional ERF funds for additional infrastructure replacements during the project. DoIT notes that the certification allowed the agency to complete the north central spur of the network, which was not included in the initial scope of the project, meaning that the agency was able to expand the scope as a result of the additional appropriation.
Billing System	In February 2020, the agency revised its budget to include $200 thousand as a contingency reserve and other costs for software subscriptions and configuration services, increasing the overall project budget by $2,105,282.	In February 2020, changes to the project budget and scope resulted in an extension of the project through September 2020, about 3 months behind the original schedule. However, as of April 2021 the agency has yet to certify for project closeout.	In February 2020, DoIT added the development of an IT service chargeback cost allocation model, methodology and module to the scope of work.

Project Name	Budget Expansions	Schedule Expansions	Scope Expansions
Digital Government	Project budget was adjusted downwards, from $2.3 million to $1 million in already appropriated funds from 2018 to 2020.	In February 2020, DoIT narrowed the scope of work for the project and have changed the timeline and key deliverables and milestones as a result.	*N/A* - In February 2020, the agency noted a narrowing of scope to focus on specific online customer service interaction improvements and associated changes
Voice Upgrade	*N/A* – DoIT commits a different amount from the ERF each year for this purpose, but the PCC certified budget has actually decreased from an estimate of $6.3 million in 2019 to $5.8 million in 2020.	In October 2020, DoIT reports an estimated completion date of June 2022, one year later than initially planned, "due to delays from the COVID-19 pandemic."	*N/A* – In the 2018 ERF plan, the purpose of the voice upgrade project is to "provide reliable voice communications… through the upgrade of legacy system." Future plans, such as the 2020 and 2021 plans, defines the scope further to address "critical risk failure in voice communications" and, more specifically, to replace end-of-life Fujitsu and Mitel technology platforms.
EVINE	*N/A* – The project closed in April 2019 below budget without upgrading the system as intended. Original budget totaled $600,000 but final costs totaled $246,623.25, in part due to a cancelled vendor contract.	Closeout certification from April 2019 indicate an initial planned end date of September 2018, but an actual project end date of April 2019 due to issues with the vendor.	*N/A* – The scope included upgrades to the VINE system but DoIT did not successfully implement the upgrade as intended due to issues with the vendor.
Business Portal	*N/A* - DoIT had not defined the project budget at initiation of the project in 2015, but did defined the project budget during the planning phase of the project in 2016, indicating a total estimated budget of $1 million. The agency closed the project at a cost of $951,634.29	*N/A* – DoIT went live with the business portal in June 2017, which is on schedule according to the project initiation certification. However, DoIT does report having done additional work to market the portal between go-live in 2017 and closeout in 2018.	*N/A* - DoIT notes in their closeout certification that additional work was taken on to market the business portal between 2017 and 2018. Though certification for initiation includes plans for "portal marketing," the scope was not thoroughly defined and was scheduled to take place in March and June of 2017. It is unclear the extent of the marketing and whether this was initially within the scope of the project.
HCM Recruiting	Closeout certification in December 2018 notes that, due to IV&V, the "final cost was slightly higher than estimated." Original budget estimates totaled $1.93 million and final costs totaled just over $1.94 million.	*N/A* – The planned end date for the project was noted as August 2018 in the combined certification forms from November 2017. Closeout certification was obtained in December 2018 under the project name "SHARE Recruitment."	*N/A* - Closeout certification was obtained in December 2018 under the project name "SHARE Recruitment," and the documents indicate that the initial project was completed within scope and schedule.
Enterprise Learning Management	*N/A* – Closeout certification indicates that DoIT completed the project under budget at a total cost of $203,248.21.	Closeout certification documents from September 2017 note a planned end date of October 2015 and an actual end date of March 2017. They report the delay was caused by the first consultant, which left the project early.	*N/A* – DoIT reports changes to the configurations of the system during implementation, but the changes were small and reportedly did not impact the scope of the project.
SIRCITS	*N/A* – The agency's closeout certification indicates that the project was completed on budget for a total cost of $55.7 million.	Change requests from DoIT in July 2012 note that "due to the suspension of the LTE equipment & build, we have been told that there will be a two year extension," extending the planned end date from 2013 to 2015. Additionally, closeout certification did not occur until August 2017.	*N/A* – A second change request for the project was submitted in August 23 for an extension to the project timeline and changes to scope. The changes to scope, however, were not identified in the PCC documentation.

Source: DoIT Project Certification Committee – Certification Documents, Available: https://www.doit.state.nm.us/pcc/index.html

Appendix M. Comparison of DoIT and LFC Status Review of P25 Public Safety Radio Project

Figure 17. DoIT Project Dashboard of P25 Digital Statewide Public Safety Radio System Project



Source: DoIT (Data reported as of 1/10/2021).

Figure 18. LFC Review of P25 Digital Statewide Public Safety Radio System Project

Agency	**361**	**Department of Information Technology (DoIT)**						
Project Name	**P25 Digital Statewide Public Safety Radio System Upgrade**							
Project Description	Upgrade and replace public safety radio equipment and systems with digital mobile communications for public safety organizations.							
Project Phase	Implementation		**Estimated Implementation Date:**			6/30/2022; revised 6/30/2026		
			Estimated Total Cost (in thousands):			$150,000.0; revised $176,711.66		
	State	**Federal**	**Total Available Funding**[1]	**Spent to Date**	**Balance**	**% of Budget Expended**		
In thousands	$29,300.0	$0.0	$29,300.0	$21,708.6	$7,591.4	74.1%		
FY20 Rating	Q1	Q2	Q3	Q4	**Status**			
Budget	Yellow	Yellow			Spending to date includes $18.6 million awarded to Motorola Solutions, but the agency has not reported additional spending for the first or second quarter of fiscal year 2021. In October 2020, an additional $7 million was certified by the PCC for the Sandoval County expansion and the agency is seeking additional funds through the ICIP process during the legislative session to continue implementation.			
Schedule	Yellow	Yellow			Schedule status remains yellow due to final implementation date of FY26, but the current phase is on track for completion in FY22. Certification was received for the Sandoval County expansion, indicating progress on deliverables.			
Risk	Red	Red			Funding remains the greatest risk to the project, considering the agency's long-term project timeline. As a multi-year project, the agency must rely on continued funding that is not guaranteed and the agency has not reported any additional spending in FY21.			
Overall	Red	Red			Risk remains high due to lack of project governance and strategic planning. A completion date of 2026 poses additional risk for the project which relies on continued capital appropriations.			

[1]Total available funding includes an additional $7 million appropriated through capital outlay in Laws 2020, with $5 million from the equipment replacement fund.

Source: LFC

Appendix N. References

[i] New Mexico Department of Information Technology (April 2020). State of New Mexico: New IT Cost Allocation Model Customer Guide.
[ii] New Mexico Department of Information Technology (June 5, 2019). Appointment of the NM Department of Information Technology Rate Committee.
[iii] New Mexico Legislative Finance Committee Program Evaluation Unit (2016, November 15). Department of Information Technology (DoIT) Enterprise Service Rates and Project Management and Oversight. Report #16-08.
[iv] Indiana Office of Technology (Fiscal Year 2021). IOT Services Catalog, Version 1.5. Available: http://IN.gov/iot.
[v] New Mexico Legislative Finance Committee Program Evaluation Unit (2016, November 15). Department of Information Technology (DoIT) Enterprise Service Rates and Project Management and Oversight. Report #16-08.
[vi] New Mexico Department of Information Technology. (2019, September 20). Stakeholder Analysis Deliverable.
[vii] LFC. FY22 Personal Services and Employee Benefits Calculation Worksheet: Department of Information Technology.
[viii] Indiana Office of Technology (Fiscal Year 2021). IOT Services Catalog, Version 1.5. Available: http://IN.gov/iot.
[ix] Project Management Institute (retrieved April 1, 2021). PMBOK Guide and Standards. Available: https://www.pmi.org/pmbok-guide-standards.
[x] Mississippi Joint Legislative Committee on Performance Evaluation and Expenditure Review (2019, November 19). Report to the Mississippi Legislature: Information Technology Oversight and Service Delivery in Mississippi State Government. Report #639. Available: https://www.peer.ms.gov/Reports/reports/rpt639.pdf#:~:text=On%20November%2019%2C%202019%2C%20the%20PEER%20Committee%20authorized,does%20not%20recommend%20increased%20funding%20or%20additional%20staff.