Report
to
The LEGISLATIVE FINANCE COMMITTEE

Secretary of State
Status of Information Technology System Projects
August 7, 2014

Report #14-08

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David Abbey
Director

August 7, 2014

Dianna J. Duran, Secretary of State
New Mexico Capitol Annex North
325 Don Gaspar, Suite 300
Santa Fe, New Mexico 87501

Dear Secretary of State Duran:

On behalf of the Legislative Finance Committee (Committee), I am pleased to transmit the information technology (IT) program evaluation of the Secretary of State's IT system projects. The evaluation assessed the status of implementation, including, planning, project management and oversight, budget allocation and expenditures.

The report will be presented to the Science, Technology and Telecommunications Committee on August 7, 2014. An exit conference was held with the Secretary of State Office on July 30, 2014, to discuss the contents of this report. The Committee would like a plan to address recommendations in this report within 30 days of the hearing.

I believe this report addresses issues the Committee asked us to review and hope your department will benefit from our efforts. We appreciate the cooperation and assistance we received from your staff.

Sincerely,

David Abbey, Director

Cc: Representative Luciano "Lucky" Varela, Chairman, LFC
Senator John Arthur Smith, Vice-Chairman, LFC

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SOS's FY15 budget of $9.4 million has 59 authorized FTE, including nine IT staff.

Key project management best practices include planning, executing, monitoring and controlling, and closing.

New election management software worked successfully for the June 2014 primary.

The Secretary of State (SOS) is in the process of overhauling mission critical information technology (IT) systems used for administering and conducting elections, and filing and maintaining records vital to New Mexico's commerce and industry. These IT systems are critical to the day to day work within the SOS and are used on a daily basis by 33 county clerk offices, candidates, lobbyists, banking institutions, the media, taxpayers, foreign and domestic corporations, and other business entities within New Mexico. SOS is highly dependent on information technology to effectively meet its many statutory obligations that impact the public daily.

Since FY09, SOS has received almost $15.4 million in appropriations for information technology (IT), including $12 million of capital outlay to replace voting tabulator machines and related software. Beginning in FY13, SOS initiated upgrades or replacements to its mission critical systems.

The objective of this evaluation was to assess the status of implementation, including planning, project management and oversight, budget allocation and expenditures of SOS's IT projects.

While SOS continues to improve its IT systems, the agency uses project management best practices inconsistently, creating unnecessary risk for the successful implementation for phase two of the statewide tabulator replacement project. Although SOS has implemented controls to improve management of its IT investments, some actions are incomplete and there are areas for improvement.

Based on the evaluation results, SOS should develop consistent project management practices for all IT projects, develop a replacement cycle in its operating budget and improve disaster recovery and business continuity planning.

KEY FINDINGS

Secretary of State uses project management best practices inconsistently among its information technology projects. Best practices in project management include the right mix of planning, monitoring, and controlling and it makes the difference in completing a project on time, on budget, and with high quality results.

SOS's project management for the Integrated Reporting and Integrity System (IRIS) project are in line with best practices. SOS monitored the project status consistently and maintained appropriate project documentation. SOS monitored project status against an implementation plan, held weekly project meetings, and resolved project issues on a timely and consistent basis. IRIS project management and oversight was successful to ensure the project was completed on time and on budget.

Tabulator Replacement Project
Estimated Total Cost
(in thousands)

Devices	$9,910.3
Servers	$58.9
Programming	$211.3
Implementation	$1,384.4
Training	$72.0
Freight	$84.9
Total	**$11,721.8**

Source: SOS & Dominion

Secretary of State's contract oversight needs improvement.

The business filing system project management and oversight practices ensure the project continues to be on time and budget. SOS initiated the business services software replacement project in January 2014, using a phased approach, with a budget of $1.2 million. Phase one is currently on schedule and budget, with anticipated completion by July 1, 2014. Phase two includes partnerships and corporations and is scheduled for completion by June 30, 2015.

SOS's project management for the new tabulators needs improvement to minimize risk, ensuring successful implementation of phase two by the November 2014 general election. SOS does not consider the implementation of new tabulators an information technology project as a result, project management practices are inconsistent. The Bureau of Elections director's daily workload may cause competing demands and time constraints for the project and limit the effectiveness of project management activities. Although it appears the director, as the project manager, monitors tasks in the project schedule, appropriate project documentation is lacking.

The Secretary of State implemented controls to improve management of its information technology investments. Although SOS has shown progress in managing its information technology investments, some actions are incomplete and there are areas for improvement. While SOS maintains an inventory of hardware, it has not developed a replacement cycle using its operating budget, as recommended by the LFC in 2009. SOS continues to rely on special appropriations for its replacement cycle.

SOS does not have a fully documented and updated disaster recovery and business continuity plan. The current disaster recovery and business continuity plan, as of December 2013, lacks detailed processes and procedures on how to recover the network and all applications during a disaster. SOS is not performing scheduled disaster recovery tests on all its mission critical systems.

SOS is aware of information technology security requirements and potential vulnerabilities, and has initiated corrective action. During FY13 SOS contracted a third party to complete a full network, application and compliance security assessment. SOS has taken appropriate action to begin remediation of vulnerabilities identified.

KEY RECOMMENDATIONS

The Secretary of State should:

- Develop consistent project management practices for all projects;
- Establish a standard process and acceptance criteria for all contract deliverables to ensure contractual requirements are met;
- Develop a replacement cycle built in to its operating budget;
- Review, update and distribute the disaster recovery and business continuity plan at least annually; and
- Develop a formal disaster recovery testing plan and conduct training and periodic testing at least annually.

BACKGROUND INFORMATION

Background. The Secretary of State (SOS) is a constitutionally created, elected office responsible for elections and ethics administration and commercial recordings. SOS oversees the entire election process, which includes maintaining a computerized listing of the state's registered voters, testing and evaluating voting machines, and certifying precinct boundary maps. In addition, SOS files and maintains records vital to New Mexico's commerce and industry, such as limited liability partnership registrations, profit and nonprofit corporation registrations, trademark and service mark registrations, Uniform Commercial Code (UCC) filings, service of process on corporations, and agricultural liens. In FY15, SOS budget of $9.4 million has 59 authorized full-time equivalent (FTE), including the Corporations Bureau staff transferred from the Public Regulation Commission and nine information technology (IT) staff.

Since FY09 SOS has received almost $15.4 million in appropriations for IT. SOS has four mission critical systems and its Information Technology Division is responsible for maintaining them. All four mission critical applications impact not only the day to day work within the SOS but are also used on a daily basis by 33 county clerk offices, candidates, lobbyists, banking institutions, the media, taxpayers, foreign and domestic corporations, and other business entities within New Mexico.

1. Voter Registration and Election Management System (VREMS) – VREMS is the centralized voter registration database utilized by all 33 county clerks across the state. It consists of voter data and history and produces all rosters and materials required for all city, county and state elections conducted across the state.
2. Campaign Finance Information System (CFIS) – CFIS is the finance reporting system utilized by all candidates, political action committees, lobbyists, and lobbyist employers that are statutorily required to file and disclose expense and contribution information in support of governmental transparency.
3. Secretary of State's Knowledgebase (SOSKB) – SOSKB is utilized for tracking a variety of data important to state commerce including partnership registrations, trademark registrations, Uniform Commercial Code (UCC) filings, service of process filings, and agricultural lien filings.
4. Corporations Information System (CIS) - CIS is utilized by SOS Corporations staff to capture data for over 330,000 entities including 180,570 active foreign and domestic corporations in New Mexico. This application has public access features to query entity status and provides the ability to file and pay for annual reports online. This system generates approximately $3 million in revenue for the general fund per year.

Beginning in FY13, SOS initiated upgrades or replacement to each of these systems. In 2013, SOS requested funding for hardware and equipment replacement and to replace the voting tabulator machines statewide through the Infrastructure Capital Improvement Plan (ICIP).

Table 1. Secretary of State
Summary of IT Funding
(in thousands)

FY	Legislation	Amount	Source	Purpose
2009	Laws 2008, Ch. 3, Section 7	$176.5	General Fund	Enhance SOS knowledgebase campaign reporting system
2009	Laws 2008, Ch. 3, Section 7	$150.0	General Fund	Implement upgrades to voter registration election management system
2009	Laws 2005, Ch. 33, extended by Laws 2006, Ch. 109, extended by Laws 2007, Ch. 8. with Laws 2008, Ch. 3 final extension through FY10	$112.0	Other State Funds	Complete implementation of trademark, agricultural lien, and campaign reporting modules of SOS knowledgebase application
2012	Laws 2011, SB 10, Ch. 5	$500.0	Severance Tax Bonds	Information technology (IT) upgrades, including computers, servers and disaster recovery
2013	Laws 2012, Ch. 19, Section 7	$220.0	Other State Funds	Replace network infrastructure, conduct a requirements assessment to replace the SOS knowledgebase and to complete the campaign finance information system
2014	Laws 2013, Ch. 227, Section 7	$1,215.0	Other State Funds	Purchase and implement new software and related information technology of the Business Services Division
2014	Laws 2013, SB 60, Chapter 226	$1,000.0	Severance Tax Bonds	Purchase and install IT hardware
2014	Laws 2013, SB 60, Chapter 226	$6,000.0	Severance Tax Bonds	Purchase and install voting tabulator systems including related information technology, statewide (Phase I)
2015	Laws 2014, HB55, Chapter 66	$6,000.0	Severance Tax Bonds	Purchase and install voting tabulator systems, including related information technology, statewide (Phase II)
	Total	**$15,373.5**		

Source: General Appropriations Acts

Effective July 1, 2013, the Corporations Bureau of the New Mexico Public Regulation Commission (PRC) transferred to SOS's Business Services Division. A constitutional amendment passed in the November 2012 general election and the legislation passed during the 2013 legislative session provides SOS statutory authority to charter corporations. As a result, the Legislature appropriated $1.4 million for the transfer and administration of the corporations and limited liability corporations.

Table 2. Summary of Funding
Transfer of Responsibility Chartering and Regulating Corporations
(in thousands)

FY	Legislation	Amount	Source	Purpose
2014	Laws 2013, Ch. 227, Section 4	$200.0	General Fund	To cover expenses related to the transfer of responsibility for chartering and regulating corporations (Administration and Operations Program).
		$43.4	Internal service funds/Interagency transfers	
		$816.5		
	Laws 2013, Ch. 227 Section 5	$350.0	General Fund	For transition costs associated with the transfer of responsibility for chartering and regulating corporations from the PRC to SOS.
	Total	**$1,409.9**		

Source: General Appropriation Act

Election Systems and Software. The Secretary of State's office, through its Bureau of Elections, is charged with efficient administration and conduct of elections in the State of New Mexico. The Bureau of Elections supervises all elections covered by the New Mexico Election Code. Section 1-9-5 NMSA 1978 directs SOS to provide at least one voting system in each polling location and Section 1-13-22 NMSA places the voting systems in the custody of the county. SOS's Bureau of Elections is responsible for the Election Code and has the statutory obligation to administer statewide elections which include supporting all 33 county clerk offices and providing the counties with resources to conduct elections including:

- The statewide voter registration and election management system;
- Statewide ballot tabulation equipment and American with Disabilities Act (ADA) compliant ballot marking devices for over 1,500 polling locations across the state;

- Pre-printed ballots for traditional polling places and ballot printing systems used at voting convenience centers and ballots for early voting;
- Results tallying and canvassing capabilities; and
- Election supplies and forms.

Tabulator Replacement Project. SOS issued a request for proposals (RFP) in June 2013, to replace existing ballot tabulators, and related software and firmware purchased in 2006. The existing equipment is more than seven years old, and the software associated with the systems do not provide adequate result reporting capability for voting convenience centers for post-election canvassing purposes. SOS awarded the tabulator replacement contract to Dominion Voting Systems, Inc. (Dominion) November 2013. Dominion, headquartered in Denver, Colorado, provides election products and services, offering a range of hardware and software solutions, including precinct-level vote scanners, accessible voting systems for individuals with disabilities, high-speed central tabulators, paper-based voting terminals, voter lists, election management tools, and reporting systems.

Initially SOS requested $20 million in capital outlay funding to complete the statewide tabulator replacement project through a three-phase implementation plan, with an appropriation request each year until all equipment has been replaced. The total three-phase project included $6 million for phase one and $7 million each for phase two and phase three. As a result of the RFP process, contract negotiations, and county input, SOS reduced the time and costs required to complete the project to a two-phase implementation for a total of $11.7 million. Full statewide replacement and implementation of all tabulators and ADA-marking devices is anticipated to be complete by the November 2014 general election.

Table 3. Tabulator Replacement
Estimated Cost Summary

Devices	$9,910,350
Servers	$58,855
Programming	$211,354
Implementation	$1,384,395
Training	$72,000
Freight	$84,933
Total	**$11,721,887**

Source: SOS and Dominion

SOS initiated phase one in FY14 using the Legislature's 2013 $6 million appropriation, successfully implementing five counties by the June 2014 primary election. Phase one implementation costs are higher than SOS anticipated because Valencia County required additional tabulators and all five counties required additional servers. SOS used the $1 million 2013 appropriation available for purchasing and installing hardware to fund the additional $136 thousand included in the phase one implementation.

Table 4. Tabulator Replacement
Phase I Implementation
Costs by County
(in thousands)

Bernalillo	$3,031.1
Sandoval	$1,148.6
Dona Ana	$1,013.8
San Juan	$561.3
Valencia	$318.5
Secretary of State	$62.8
Total	**$6,136.1**

Source: SOS

Phase two will include the additional 28 counties by the general election in November 2014. The 2014 Legislature appropriated another $6 million for phase two in FY15. Funding for FY15 is dependent on certification that the need exists for the issuance of bonds. Currently SOS's phase two detail cost estimate is $5.6 million for the 28 remaining counties.

Table 5. Secretary of State
Voting Tabulator Replacement Project
Phase I Expenditures – as of 6/30/14
(in thousands)

Legislation	Appropriation	Expenditure	Balance
L13, SB60, Ch226	$6,000.0	$6,000.0	$0.0
L14, HB55, Ch66	$6,000.0	$0.0	$6,000.0
Total	**$12,000.0**	**$6,000.0**	**$6,000.0**

Source: GAA and Sunshine Portal

In addition, based on Dominion's proposal SOS estimates recurring costs for maintenance and license fees of $249 thousand per year. The equipment is warranted to meet the applicable specifications for three years after acceptance.

Table 6. Voting Tabulators
Estimated Maintenance and License Cost

Devices	# of Devices	Cost per Device	Maintenance Cost per Year
ICE	987	$99	$97,713
ICP BMD	404	$99	$39,996
ICC	15	$1,264	$18,960
ICP	269	$99	$26,631
RTR Annual License Fee			$66,000
Total Annual Cost			**$249,300**
Statewide License (one time cost)			$330,000
Maintenance and License Cost			**$579,300**

Source: Dominion BAFO and LFC Analysis

After the warranty period, the state will be responsible for preventative maintenance (NMAC 1.10.34). Annual preventative maintenance costs statewide are estimated at $137 thousand. SOS's typical maintenance schedule for the older machines with a contract in place prior to the primary election is to fix and replace any broken or damaged units. Then, between the primary election and general election, general preventative maintenance is performed on all machines.

Integrated Reporting and Integrity System (IRIS). The IRIS system will replace the current statewide Voter Registration and Election Management System (VREMS) and additional obsolete election related software components, allowing for transition between candidate data, ballot preparation, ballot on demand data, election results reporting, and electronic canvassing for counties and the state. SOS identified 17 systems and manual processes utilized to complete a full election cycle from candidate filing, ballot creation and certification, tabulator programming, voter registration, military and overseas ballot delivery, election night reporting, and state and county result canvassing and certification.

SOS's goal with IRIS is to implement a modern, centralized election management system, eliminating duplicate data entry, reducing manual processes, and better integration of the components of conducting a statewide election. The new system will provide the public better access to voting information such as sample ballots and polling location information as well as quick dissemination of election night results.

SOS obtained ownership of a proven voter election management software system from the State of South Dakota, at no cost to New Mexico, valued at approximately $1 million. A South Dakota vendor (BPro Incorporated) developed a complete online system for South Dakota to track candidate petition filing, campaign finance report filing, ballot certification and creation, election night results, reporting, and county and state canvassing. South Dakota's Secretary of State issued a letter to Secretary of State Duran authorizing New Mexico to utilize South Dakota's software platform (TotalVote) to customize its own integrated election management system.

BPro Incorporated (BPro) developed TotalVote, a web-based, paperless, centralized voter registration and election management system that securely captures and manages voter, candidate and all election information. TotalVote is a software system that encompasses the entire election process into one system. Vermont and Iowa also use BPro's voter software. Rather than transferring data from system to system and dealing with compatibility issues, election officials will be able to log into one system and work on any aspect of the election process.

SOS initiated the IRIS project in October 2013, with a preliminary budget of $811 thousand to customize TotalVote, with the goal of implementing one centralized election management system. SOS contracted with BPro under sole source for $250 thousand in FY14, using its base budget by reallocating funds paid annually to a vendor providing some of the services replaced by IRIS. Currently the project has three phases; candidate filing, election night reporting and voter registration. SOS did not receive funding for FY15 to complete phase three, with the key activities to replace the voter registration system occurring after June 30, 2014. Replacing the voter registration system depends on receiving FY16 funding. The chief information officer stated SOS will submit an IT budget request for FY16 to complete phase three.

Business Filing System - Business Services Software Replacement. The project replaces the obsolete SOS Knowledgebase (SOSKB) system with a single, comprehensive records management solution. The new system will also incorporate the business needs of the Corporations Division transfer to SOS. This will allow for streamlined business processes and systems and a "one stop shop" for business filings within the SOS office.

With the FY13 appropriation SOS completed a business requirements assessment to analyze and document all business processes, system requirements, statutory obligations, and record retention rules within the Business Services Division and the PRC Corporations Division. Using the requirements outlined in the assessment, SOS issued a request for proposals and as a result, awarded a contract to PCC Technologies Group in December 2013 for the business software replacement project.

Table 7. Secretary of State
Business Services Software Replacement
(as of 6/30/14)

Legislation	Appropriation	Expenditure	Balance
L12, Ch19, Sec.7	$220,000	$160,999	$59,001
L13, Ch227, Sec.7	$1,215,000	$300,400	$913,600
Total	**$1,435,000**	**$462,399**	**$972,601**

Source: GAA and SOS

SECRETARY OF STATE USES PROJECT MANAGEMENT BEST PRACTICES INCONSISTENTLY AMONG ITS INFORMATION TECHNOLOGY PROJECTS

Key project management best practices include planning, executing, monitoring and controlling, and closing. Best practices in project management include the right mix of planning, monitoring, and controlling and it makes the difference in completing a project on time, on budget, and with high quality results.

A project management plan (PMP) is a formal document developed in the planning phase, used to manage project execution, control, and project close-out. The primary uses of the PMP are to document planning assumptions and decisions, facilitate communication among stakeholders, and documents approved scope, cost and schedule baselines. A PMP includes other plans for issue escalation, change control, communications, deliverable review and acceptance, staff acquisition, and risk management. These other project plans are key components of project management and carry through from the start to finish of all projects.

Risk management has been identified as one of the most significant best practices for software development [Brown, 1996]. Simply identifying the possible risk factors is not enough. Risk exposure is a combination of the probability a specific risk could materialize into a problem and the negative consequences for the project if it does. To manage each risk, mitigation actions are selected to reduce either the probability or the impact. Also, indentifying contingency plans if risk control activities are not effective is important. Risk management is a continuous process.

Control processes are used to make sure the project is proceeding as planned and that deliverables meet required standards. The processes include holding regular project meetings, documenting key decisions and formally testing and accepting major deliverables, which must be clearly verifiable and associated with measurable milestones, and establishing a regular reporting process to provide formal reports on project status.

Conducting a post project review is the last critical step in the project life cycle. Post-project reviews provide an opportunity to reflect on how the last project or previous phase went and to capture lessons learned to help enhance future project performance [Kerth, 2001]. During such a review, identifying things that went well create an environment to repeat the successes and identifying things that did not, providing an opportunity to change and prevent those problems in the future.

SOS's project management for the Integrated Reporting and Integrity System (IRIS) project are in line with best practices. SOS monitored the project status consistently and maintained appropriate project documentation. SOS monitored project status against an implementation plan, held weekly project meetings, and resolved project issues on a timely and consistent basis.

IRIS project management and oversight was successful to ensure the project was completed on time and on budget. IRIS project personnel at all levels, executive management, the project sponsor, and BPro were fully focused on the completion of critical tasks necessary to ensure the implementation by the June 2, 2014 primary election. SOS project manager worked closely with the vendor to review and resolve project issues in a timely manner. In addition, SOS conducted weekly project status meetings to ensure the project stayed on track. POD, Inc, under a state price agreement provided adequate independent verification and validation (IV&V) services. The IV&V reports indicated project activities and work products were in compliance with requirements, risks are identified and mitigated, and project tasks are monitored and completed. With a current budget of $291 thousand, candidate filing was completed in March 2014 and election night reporting in June 2014.

Table 8. Summary of IRIS Project - as of 6/30/14
(in thousands)

Vendor	PO Amount	Expenditure	Balance
BPro, Inc.	$252.0	$245.5	$6.5
POD, Inc. (IV&V)	$19.9	$14.3	$5.6
CAaNES	$10.4	$10.4	$0.0
Total	**$282.3**	**$270.2**	**$12.1**

Source: SOS and Sunshine Portal

IRIS processes were successful election night, the software performed as expected. With project deliverables completed for candidate filing and election night reporting (phase one and phase two), SOS reviewed the project successes and recognized improvements and benefits in the election processes. The election system improvements and benefits of the new IRIS modules are shown in the following table.

Table 9. Benefits of SOS IRIS Election System

Beneficiary	Benefits
Secretary of State	• Streamlined election reporting results • Statewide automated on-line candidate filing system • Capability to provide election services in a statewide uniform delivery • Real-time audit trail for county's data upload
County Clerks	• Capability for counties to import results from the tabulator machines directly into the centralized reporting application • Accurate canvassing of results from voting convenience centers by precinct • One common application that can be administered uniformly statewide
General Public	• Ability to see all candidate filings in real time on filing days • More effective delivery of election night reporting • Ability to drill down into election reporting for individual precincts • Ability to access statewide candidate portal
State Canvassing Board	• Improve auditing and accountability of results by precinct and vote type • Proper canvassing of voting convenience centers • Ability to conduct the canvass in a more efficient manner • Eliminate canvass errors with a single uniform canvass system for result verification and official reporting
Ballot Layout Programmers	• Streamlined and uniform delivery of data for ballot creation and tabulator programming
Media	• Standard precinct level result format for statewide election reporting • Real-time access to candidate filing information (multi-county and individual county offices) • Associated Press feed available to assist media partners to capture accurate results on election night

Source: SOS CIO and BPro, Inc. Case Study

SOS successfully completed the two phases, conducted a post project review, and documented several lessons learned. Some of the lessons learned SOS identified includes:

- Conducting multiple training webinars for county staff was a good approach and should continue. Counties reported training was effective.
- Allowing for more time in the contract approval process with the greatest challenge in the project being the time constraints. Due to the delay in awarding the BPro contract, development, testing, and deployment of the interfaces between the IRIS system and the tabulators required more SOS Elections and IT staff time than anticipated due to the compressed schedule.
- Allowing more time for user acceptance testing; testing took longer than anticipated with more iterations of testing needed than planned for.
- Requesting more involvement from county staff in the user acceptance testing process ensured county requirements and functionality were met.

- Conducting the first end to end logic and accuracy testing included testing interfaces between tabulators and IRIS was valuable and should be adopted as a standard before each statewide election.
- The IV&V vendor commended SOS project management and its involvement and collaboration between SOS and the vendor.

The project close-out report is currently in draft and SOS will present it to the Project Certification Committee in the near future.

Modifications to IRIS will be made by SOS information technology staff in conjunction with the sole source vendor BPro. SOS owns the IRIS source code and theoretically could maintain the system without the vendor. According to SOS, relying on BPro for maintenance and enhancements is more practical, given its current IT staffing levels. However, both elections and IT staff are managing all IRIS user support requests coming in from the counties. This is not the case with the current voter registration system (VREMS), where SOS IT staff takes some support calls but most calls are handled by the Elections System and Software help desk (VREMS vendor).

In addition, since SOS owns and maintains a copy of the IRIS software, SOS IT developers are able to review the code and make suggestions to BPro for improvements. In contrast with VREMS, the software is proprietary and SOS does not have access privileges to the code or database structure. SOS estimated maintenance and operations cost for the VREMS is more costly to maintain than the new system, IRIS. SOS anticipates maintenance and operations costs will be significantly less when IRIS is fully implemented. Until then SOS will have to pay maintenance for both systems. SOS plans to fund the IRIS maintenance and support contract with BPro using cost reallocation from the Elections base budget.

Table10. Election System Maintenance and Operating Cost
(in thousands)

System	FY13	FY14	FY15	FY16
VREMS	$657.3	$707.7	$810.1	$1,325.3
IRIS	$0.0	$0.0	$71.0	$71.0
Total	**$657.3**	**$707.7**	**$881.1**	**$1,396.3**

Source: SOS CIO

The business filing system project management and oversight practices ensure the project continues to be on time and budget. The project manager conducts regular weekly meetings fully attended by the executive steering committee members, the SOS IT team, and the vendor. Project meeting minutes are distributed and approved by the executive steering committee. During weekly meetings the project manager also distributes a project dashboard to record, track and report action items, open issues, risk management, and the vendor deliverable schedule. The project manager updates the dashboard regularly to ensure the project documentation is current and the project is proceeding accordingly. These activities are considered best practices in project management. Like the IRIS project, independent verification and validation (IV&V) services are adequate to ensure project activities and work products are in compliance with requirements, risks are identified and mitigated, and project tasks are monitored and completed.

SOS initiated the business services software replacement project in January 2014, using a phased approach, with a budget of $1.2 million. Phase one is currently on schedule and budget, with anticipated completion by July 1, 2014. Phase two includes partnerships and corporations and is scheduled for completion by June 30, 2015.

Table 11. Business Services Software Replacement
Phase 1 Costs - as of 6/30/14
(in thousands)

Vendor	Contract Amount	Expenditure	Balance
PCC Technology Group	$900.0	$160.9	$739.1
CSW Enterprises (Project Management)	$139.7	$104.7	$35.0
Nicolas Behrmann (IV&V)	$50.0	$14.9	$35.1
CAaNES	$11.0	$11.0	$0.0
Terry Davenport (RFP Development)	$10.0	$9.9	$0.1
Total	**$1,110.7**	**$301.4**	**$809.3**

Source: SOS and Sunshine Portal

FY14 maintenance and operating costs for the business services system is $83 thousand. When fully implemented SOS estimates FY16 maintenance costs of $53 thousand. The annual maintenance agreement will be funded by reallocation of legacy systems maintenance contracts currently in the SOS base budget. The vendor warrants the software provided will meet the applicable specifications for six months after acceptance and implementation. The DoIT contract template recommends a warranty period ranging from six months to two years. During the best and final offer of the RFP process, SOS and PCC Technologies Group agreed to the six month period for warranty due to its offer to provide the source code to SOS at no additional cost after paying for at least one year of maintenance. The warranty period is activated at the time the applications are placed into production. For phase one implementation, the warranty period begins July 1, 2014 and ends December 31, 2014. If the software fails to meet the applicable specifications during the warranty period, the vendor will correct the deficiencies, at no additional cost to SOS.

Secretary of State's project management for the new tabulators needs improvement to minimize risk, ensuring successful implementation of phase two by the November 2014 general election. SOS does not consider the implementation of new tabulators an information technology project as a result, project management practices are inconsistent. The Bureau of Elections director is the project manager and also responsible for overseeing daily activities of the bureau. The director's daily workload may cause competing demands and time constraints for the project and limit the effectiveness of project management activities. During the evaluation it was evident when the bureau director did not respond to LFC inquiries and was unable to provide appropriate documentation requested on a timely basis. As a best practice, the director's role as the project sponsor and business owner is more appropriate, with a dedicated project manager.

In addition, SOS does not have the type of project management plan with details usually required by the Project Certification Committee and the Department of Information Technology (DoIT). Instead of a project management plan, it appears SOS relied on the project schedule. A useful project management plan is more than a schedule or work breakdown structure of tasks to perform. A project management plan includes:

- Staff, budget, and other resource estimates and plans;
- Team roles and responsibilities;
- Necessary staff and how they will be trained;
- Assumptions, dependencies, and risks;
- Descriptions of, and target dates for, major deliverables;
- Identification of the software development life cycle to be followed;
- How the project will be tracked and monitored; and
- Defined project metrics.

As another alternative, SOS also relied on the Dominion contract which states each purchase order shall include detail tasks to be performed, timeframe for installation, core personnel supporting the installation and the acceptance criteria. However, purchase order documentation did not have all of these elements defined. In addition, although the scope of work states performance measures shall be defined in each purchase order, SOS did not provide documentation to support any performance measures.

Conducting a post project review is the last critical step in the project life cycle. By performing a post project review of phase one, SOS can identify the project successes, deliverables, achievements and lessons learned. Documenting lessons learned for the next phase is important given the aggressive timeline to implement the remaining 28 counties by the November general election. SOS appears to be relying on Dominion to conduct a post project review and document lessons learned for phase one. SOS stated Dominion was conducting a post implementation survey for the five counties included in phase one. SOS has taken a proactive approach to address the results of Dominion's survey and lessons learned. For example, SOS developed specific poll worker manuals and improved documentation based on phase one and is providing counties the manuals and documentation during its training for counties in July and August. Additional hands-on training is being provided to ensure counties understand how the systems work and for ballot programming, counties will be involved earlier with proofing of reports and ballots. Also, the results of the independent statewide canvassing audit indicated the Integrated Reporting and Integrity System, election personnel in the counties and Secretary of State Office contributed to the improved reporting efficiency.

SOS placed significant reliance on the vendor for project management. Dominion is contractually required to provide SOS project management support to oversee the general operations of the project through the term of the contract. Dominion's project manager is responsible for arranging all meetings, visits and consultations between the parties and for all administrative matters such as invoices, payments, and amendments. The contract states SOS and Dominion were to develop and finalize a project implementation plan including a training and delivery schedule. The project implementation plan SOS provided the LFC is an Excel spreadsheet prepared by Dominion in conjunction with SOS, showing the cost for each county, including the equipment, accessories, programming fees, implementation costs, and freight costs. Dominion provided SOS a training and project schedule. Dominion also maintained the project schedule and revised it as needed, providing the updates to SOS.

Although it appears the SOS project manager monitors tasks in the project schedule consistently, appropriate project documentation is lacking. For example, SOS did not develop and maintain a risk management plan throughout the project. Risk management identifies what can go wrong, and takes steps to reduce the probability of or lessen the impact of risks on a project's quality, cost and schedule. Best practices specify during the planning phase the project team should identify all known risks. Assessing each risk to determine the probability the risk event will occur and the potential impact on the project are part of the risk management process. Those events identified as high-risk should have specific plans put into place to mitigate them so they do not, in fact, occur. With SOS's significant reliance on Dominion's project management and although Dominion may be addressing all risks, it has not provided the LFC a risk management plan. While SOS maintained constant communication with Dominion, documentation was limited to notes from conference calls, a communications log and a spreadsheet with weekly key activities. Project documentation serves as historical reference which provides detailed information about the project and can be used to ensure the success of future projects.

SOS is not providing adequate contract oversight. Although the contract indicates there is a SOS contract manager, it is not clear who is responsible at SOS for tracking the contractor's (Dominion) project deliverables. It appears Dominion has not submitted the required formal written bi-weekly status reports. SOS did not provide the reports when requested by the LFC. The formal bi-weekly status reports require the following:

1. Overall completion status of each outstanding purchase order in terms of the approved work plan and schedule;
2. Accomplishments during the period;

3. Upcoming milestones, completed milestones, slipping milestones;
4. Problems encountered with proposed and actual resolutions;
5. What is to be accomplished during the next reporting period;
6. Issues that need to be addressed;
7. Updated purchase order time line showing percentage completed, high-level tasks assigned, completed and remaining and milestone variance;
8. Agency, county and vendor resources required for activities during the next time period; and
9. A list of the work products that will be produced, if any.

Also, when LFC requested, SOS did not provide evidence to support acceptance of deliverables. Instead, SOS asked Dominion to provide the documentation. During the exit conference SOS provided some documentation indicating acceptance test checklists were used for receiving and configuring the tabulators, and verifying the software.

The Department of Information Technology's oversight of capital outlay IT projects is limited and not always tracked. The tabulator replacement project did not go through the Project Certification Committee process. DoIT stated they track and have oversight of technology funded by capital outlay, but did not specifically address SOS's project. Other appropriations, including capital outlay are evaluated individually and may or may not be required to follow the certification process. Given the tabulator replacement project cost of $11.7 million, the complexity of the project, and statewide impact, oversight concerns are obvious.

Recommendations

The Secretary of State should:

- Develop consistent project management practices for all projects; and
- Establish a standard process and acceptance criteria for all contract deliverables to ensure contractual requirements are met.

THE SECRETARY OF STATE IMPLEMENTED CONTROLS TO IMPROVE MANAGEMENT OF ITS INFORMATION TECHNOLOGY INVESTMENTS

Although SOS has shown progress in managing its information technology investments, some actions are incomplete and there are areas for improvement. SOS maintains an inventory of all information technology (IT) assets, which includes the acquisition date and funding source. IT assets include all elements of software, including licensing, and hardware in the business environment. SOS performed a physical audit and tagged and inventoried all infrastructure components including desktops, laptops, printers, servers and network equipment. The prior administration did not maintain a list of IT assets. The current administration has and continues to implement asset management. The LFC 2009 report recommended SOS to inventory all IT hardware and develop a replacement cycle built in to its operating budget. It appears SOS continues to rely on special appropriations for its replacement cycle.

In addition, SOS contracted with Automated Election Services located in Rio Rancho, to provide storage facilities of an appropriate environmental nature and security level for equipment identified in the Secretary of State's inventory. SOS maintains voting machine inventory for each county by serial number. SOS previously requested 10,000 sq. feet of storage space at the Los Lunas Hospital to store voting machines.

Agencies that develop and maintain an effective IT asset management program further minimize the incremental risks and related costs of advancing IT portfolio infrastructure projects based on old, incomplete and less accurate information. IT asset management supports life cycle management and strategic decision making. It helps manage systems more effectively and saves time, improves cost control by avoiding unnecessary asset purchases and promotes redistribution of existing resources.

The FY13 financial audit identified a material weakness related to capital assets management. SOS's CIO manually calculated depreciation understating it by using the purchase order amount instead of payment vouchers as a result the ending accumulated depreciation was overstated. SOS uses an Access database to track fixed assets and indicated a field would be added to the database to ensure accurate depreciation calculations. Currently SOS's chief financial officer has taken responsibility for asset depreciation to ensure the database is accurate.

SOS is also working with the statewide human resource, accounting and managerial reporting system (SHARE) team to explore the possibility of implementing the SHARE fixed asset module to manage all capital assets (IT and non-IT) in the agency. If implementation of the fixed asset module is feasible then depreciating based on voucher amounts would be inherit and not require duplicate record keeping to capitalize assets as recommended by the financial auditor.

SOS does not have a fully documented and updated disaster recovery and business continuity plan. The current disaster recovery and business continuity plan, as of December 2013, lacks detailed processes and procedures on how to recover the network and all applications during a disaster. SOS indicated many of the legacy systems were not recoverable in the event of a failure and therefore a complete disaster recovery plan could not be created until systems were replaced. This was due to the inability to re-create a system if a failure occurred either because old systems were incompatible with new hardware or SOS not having access to original source or install code to recreate a system. SOS did, however, establish backups of all databases to at least prevent data loss.

Every organization should have a fully documented disaster recovery and business continuity plan to ensure its information systems are available and running at all times to support and enable the business to function. The plan should also enable recovery of information systems within an acceptable time frame to avoid any serious damage to the business. Planning helps reduce the risk of exposure to an acceptable level for cost-effective continuity of operations in the event of a disaster and major business interruption. A current plan is important given SOS dependence on its mission critical IT systems and impact to the state and local government, businesses and the general public.

Disaster recovery testing needs to be performed at least annually. SOS has tested the VREMS on a regular basis for failover and replicates in near real time from the primary database server to a hot site which allows SOS to continue operations quickly. However, SOS is not performing scheduled disaster recovery tests on all its mission critical systems. Disaster recovery testing helps ensure an organization can recover data, restore business critical applications and continue operations after an interruption of services. Disaster recovery tests procedures performed periodically assure management, should a system fail, other systems are available that can acceptably function in its place.

Inability of DoIT to provide required functionality, availability and disaster recovery capabilities in a timely fashion required SOS to use contractor-provided facilities. Although SOS provided DoIT its requirements for the IRIS server configurations, technicians attempted but were unsuccessful in resolving connectivity issues. With the project deadlines, it was difficult to work through the complex security and networking to obtain interoperability between SOS and DoIT networks. As a result SOS contracted with the vendor to host the application in the cloud. Cloud hosting allows SOS to only incur costs for what is used while providing a method to increase server usage when needed to load balance at peak times. Currently DoIT does not have a solution to increase server capacity on demand to meet heavy load times such as election night and then decrease the capacity to a normal load once the election is over. In a traditional environment such as DoIT, hardware must be over-provisioned to anticipate peak demands thus increasing costs to SOS. In addition, DoIT does not have an offsite disaster recovery site to address business continuity requirements.

SOS and the vendor developed a disaster recovery plan for IRIS. Components of the IRIS platform configuration include scalability, redundancy, capacity planning, and recoverability and disaster recovery. The vendor will host IRIS until DoIT has the ability to provide support to SOS for this application. SOS did have a contingency plan in place for election night should their hosting vendor encounter downtime.

SOS is aware of information technology security requirements and potential vulnerabilities, and has initiated corrective action. During FY13 SOS contracted a third party to complete a full network, application and compliance security assessment. Additionally, with the implementation of the new IRIS and Business Filing System, SOS engaged a third party to complete a security assessment on the applications before full implementation. SOS has taken appropriate action to begin remediation of vulnerabilities identified.

The Department of Information Technology administrative rule (NMAC 1.12.20), requires state owned computing devices to be scanned for vulnerabilities and weaknesses at least annually and infrastructures are subject to annual penetration and intrusion testing. DoIT expects agencies to obtain a third-party security assessment as part of its annual IT planning process which ensures compliance with administrative rule.

In addition, security awareness and training is a critical component of securing the state's networks and applications. DoIT issued a security awareness and training standard that provides state agencies with criteria for security awareness and training programs. SOS has developed training materials and plans to implement security training to its users in the next fiscal year.

SOS developed a comprehensive system administration manual to document processes for operations and maintenance of two of the Business Services Division mission critical systems. Initially the vendor and in-house supported applications used by the Business Services Division had minimal documentation. The Secretary of State Knowledgebase (SOSKB) is supported by the vendor. The PRC built the Corporations Information System (CIS) and when Corporations transferred to SOS the PRC did not provide any documentation. The manual describes backup methodologies and regular system administration practices completed by the SOS IT Division on IT equipment and applications housed at the SOS North Capitol Annex and the DoIT Secondary Site. When the business filing system is fully implemented, SOS will revise the system administration manual.

Recommendations

The Secretary of State should:

- Continue to maintain its asset management and update, at a minimum annually, to prevent having outdated hardware and software, which increases the risk of deterioration and reduced effectiveness;
- Develop a replacement cycle built in to its operating budget;
- Review, update and distribute the disaster recovery and business continuity plan at least annually to reflect the current business and IT environment accurately and when there are key personnel changes;
- Develop and document procedures to include detailed recovery and response procedures for the network and all applications, recovery time objective, notification procedures, and the workflow process;
- Develop a formal disaster recovery testing plan and conduct training and periodic testing at least annually;
- Update disaster recovery procedures based on test results; and
- Continue to engage in annual security assessments by a third party and address security vulnerabilities identified as quickly as possible.

STATE OF NEW MEXICO
DIANNA J. DURAN
SECRETARY OF STATE

August 4, 2014

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

Dear Mr. Abbey:

This correspondence serves as the Secretary of State's Office (SOS) response to the Legislative Finance Committee's (LFC) evaluation report "Secretary of State – Status of Information Technology Projects" provided on July 30, 2014.

In January 2011, at the beginning of my term as New Mexico Secretary of State, there were immediate issues with information technology (IT) in the office including problems with frequent system downtime, failure to follow change management processes on the website, and concerns expressed by the county clerks about election system instability and poor performance. By July 2011, I was able to hire a new IT Director, Kari Fresquez, and immediately charged her with completing an assessment of the state of IT within the office. Her assessment validated the findings recorded in an evaluation report published by the LFC in 2009 that include:

- SOS does not have the technical capability or capacity to manage IT projects;
- IT staff supports infrastructure or legacy applications;
- SOS has outdated hardware, software, and systems; and
- SOS does not have a disaster recovery plan for all its mission critical systems.

It is important to note, that in 2011 Director Fresquez also documented additional critical IT vulnerabilities including:

- All server and network equipment in the SOS datacenter and disaster recovery site were outdated, had no maintenance coverage, had some failing components and/or were unstable to be used in a production environment. Replacement parts were no longer available and support was no longer offered by the manufacturers.

- The Business Services Division applications (SOSKB) were running on a variety of unsupported and disparate components including COBOL, DOS, Basic, Novell 4.11, Pervasive SQL, Visual Basic, SQL Server 2003, and Access. The system was largely not documented and certain components were not understood by the SOSKB support vendor or the SOS IT staff and downtime was frequent. The install files and source code were not available. It was clear that a hardware failure would be catastrophic with a best case scenario of a several week downtime and a more likely, worst case scenario being irrecoverable data and system loss.
- There was no documented, tested disaster recovery plan for any mission critical systems and offsite backups were not being completed.
- IT documentation was out of date and many passwords to access equipment were lost.
- The office did not have an anti-virus solution or a security patch management solution in place on the servers and desktop computers.
- Operating budget to support IT costs such as maintenance and hardware replacement was not built into the agency's base budget to support the mission critical systems.
- The Campaign Finance Reporting System (CFIS) was missing several key components to make it a complete solution for tracking and reporting on campaign finance as outlined in the Campaign Reporting Act (Chapter 1, Article 19). Thus SOS staff had to maintain CFIS as well as perform double or triple entry into a DOS based application and various spreadsheets. In addition, candidates and lobbyists did not have a reliable online filing system as mandated by the Act (1-19-27) and transparency in campaign finance reporting was being compromised causing public trust and confidence in the SOS to be low.
- The Voter Registration & Election Management System (VREMS) was the only system at SOS with the equipment in place to potentially support a disaster recovery effort with a primary site located at the DoIT Simms Datacenter and a secondary site located at Oso Grande in Albuquerque. However, the equipment was outdated and had already registered several component failures. The manufacturer did not honor any extended maintenance agreements and the only option was to replace the equipment. In addition, there were no documented, tested procedures in place that ensured a cut over to the secondary site would occur with little or no downtime to the public or the counties.

The mismanagement and underfunding of IT that had occurred in the office for so many years had put the office in a state of crisis with an extreme "unlikelihood of recovering from a system failure" according to Director Fresquez all while the June 2012 Presidential Primary Election was fast approaching.

In an effort to quickly reduce the risk of system failure and stabilize the IT infrastructure at the SOS, I alerted members of the legislature and the LFC staff of the crisis. The support from these entities was immediate and decisive. Beginning with the September 2011 special legislative session, the office was awarded a series of special appropriation and capital outlay funds to remediate many of the issues identified.

With the support of the legislature and the additional special funding, accomplishments include:

- Replacement of all aged and failing server, storage, and network equipment including purchase of maintenance and support contracts on all critical systems.
- Implementation of offsite data replication and backups.

- Implementation of security patch management and anti-virus protection on all servers and desktops.
- Conduct of successful tests of the disaster recovery failover to the secondary site for VREMS.
- Resolution of all VREMS slow performance and downtime issues previously experienced by election officials in the 2010 statewide elections.
- Implementation of the electronic authentication process in the Campaign Finance Information System (CFIS) to eliminate requirement for candidates, PACs, and lobbyists to send notarized paper copies to our office. This resulted in eliminating the need for the SOS ethics administrators to receive, process, and file approximately 8,500 report filings in a statewide election year.
- Completion of development on several required CFIS software modules that were not included in the original CFIS implementation including the Lobbyist reporting module and the Candidate and PAC Biannual reporting module to comply with statutory reporting requirements.
- Completion of an IT inventory audit and implementation of an IT fixed asset tracking database.
- Bringing the SOS into compliance with all desktop software licenses.
- Implementation of a document imaging system for capturing and indexing all financial disclosure documents.
- Upgrading the SOS active directory domain increasing and standardizing system access control for SOS users.
- Implementation of centralized group file shares and secure employee shares to centralize management and archival of important data and minimize record loss.
- Implementation of automated system alerts and monitoring devices to monitor and alert IT staff of problems such as heat, water, equipment failures, or system performance problems.
- Implementation of a knowledgebase of IT documentation.
- Implementation of a help desk system and change management process to capture and plan for system changes, change authorization, and rollback plans.
- Addressing severe security vulnerabilities. Unsecure public facing servers and applications have been decommissioned and replaced and new software is required to undergo a third party security assessment as part of standard SOS IT contract terms.
- Adoption of a standard project management methodology for all IT projects. Standards comply with DoIT project oversight guidelines.
- Development and implementation of the new Integrated Reporting and Integrity System (IRIS) for the 2014 Primary Election to allow for statewide candidate filing, standardized ballot creation, results reporting, and result canvass. This contributed to the SOS receiving a report with zero audit findings from the independent state canvassing auditors for the first time in recorded history.
- Production rollout of phase one of the SOS Business Filing System, which is well underway, to include processing of Uniform Commercial Code (UCC) filings, notary public registrations, authentications, service of process transactions, trademark filings, and agricultural liens. Phase two, which includes corporations, limited liability companies, and limited partnerships will be completed in June 2015.
- Successful phase one implementation of new voting tabulator machines and American with Disabilities Act (ADA) compliant ballot marking devices within five counties, Bernalillo, Doña Ana, Sandoval, Valencia, and San Juan, in time for the 2014 Primary Election was completed. Phase two funding has been allocated and full tabulator replacement will be complete in all 33 NM counties by the 2014 General Election in over 1,500 polling locations across the state.

After the conclusion of the 2012 General Election, I had hoped for a quiet and productive 2013 with time to finish the important cleanup that had already started before beginning preparations for the 2014 elections. This was not to be the case. Instead, SOS had to gear up in response to the passing of a constitutional amendment in the 2012 General Election and legislators passing enabling legislation in 2013 that would transition the Public Regulation Commission (PRC) Corporations Bureau staff, functions, and statutory authority to the SOS by July 1, 2013. The SOS immediately conducted an assessment of the PRC Corporations Bureau to document staffing levels, business processes and determine the status of a partially developed Corporations Information System (CIS). This effort was essential to begin planning for a smooth transition. Assessment findings included:

- Corporations' staff is knowledgeable about business processes.
- Phone coverage of 25 incoming lines was insufficient and largely handled by two temporary staff members.
- Daily mail processing including sorting, separating, opening, logging and prepping was thorough but time consuming.
- The home grown CIS system was inefficient and required many intensive manual processes often making Corporations staff jobs harder instead of easier.
- Adoption by the public of the online web based (self-serve) system was poor and online functionality was limited to a few functions including searching good standing status and processing corporate annual reports.
- Scanning and archiving of documents was either done in non-indexed (difficult to search and retrieve) batches or not done at all making processing public record requests time consuming.
- Transaction processing was out of compliance with statute with a typical transaction taking over 110 days to be processed.
- A high volume of expedited transactions were being submitted by customers. Corporations' staff spent the day processing expedited transaction requests which further delayed the processing of regular transactions within the statutorily required three day turnaround. With this dynamic in place, it appeared they would be in a perpetual backlog.

Despite these daunting challenges, the 18 Corporations' staff members moved into the North Annex Building and began processing documents at the SOS on July 1, 2013. The SOS leadership and IT staff once again set out on a major improvement project to improve efficiency and to instill a business friendly focus on the new Corporations Bureau. By November 8, 2013, the office had streamlined business processes and made significant improvements to the CIS system in order to bring the average document processing time from 110 days to a statutorily compliant three day turnaround. Improvements in the Corporations Bureau and CIS system include:

- Implementation of improvements to the online portal, leading to a 322% increase in use of the self-service Corporations Portal for filing annual reports during FY14 compared to filings done in FY13 when the Corporations Bureau was at PRC.
- Implementation of a streamlined mail processing and logging process.
- Establishment of automated call distribution technology with customer call wait queue and a dedicated rotation of staff to answer phone calls.
- Implementation of streamlined document imaging and indexing process to manage and archive all paper documents for quicker turnaround on public record requests.

- Implementation of significant improvements to the CIS and online public portal making document processing quicker and more efficient leading to 50% more transactions being processed by SOS in FY14 compared to total transactions completed in FY13 by PRC.

So where does that leave us today? The LFC evaluation report acknowledges many of the recent improvements and accomplishments within the office but also points out that we still have work to do. I agree. I am proud of the hard work my staff has put into getting us this far but we will continue to work to make the office even better. I am committed to ensuring that elections have appropriate accountability, auditability, and oversight and that the business services division provides for a business friendly and accessible atmosphere.

I understand and support that IT provides the technical foundation for all of the constitutional and statutory obligations overseen by our office and is a leading factor in whether we succeed or fail in meeting our obligations. With the financial support provided by the legislature, our IT team has turned a completely dysfunctional IT environment around and has supported some historical successes including the quick turnaround in Corporations and the very successful results reporting and canvassing of the 2014 Primary Election, which for the first time ever, contained zero audit findings in the independent statewide canvassing audit report.

Our current initiatives in IT to further these efforts include:

- Completion of phase two of the SOS business filing system software rollout by June 30, 2015. The completed project will replace all business service systems utilized by the SOS and its business and banking customers with a single software solution. The software will allow traditional paper processing, however, it will also have a significant self-service web component to allow customers to file required documents or perform on demand searches for information. This system will also become part of the State's "One Stop Business Portal" (Laws 2014, Ch. 20) that passed during the 2014 legislative session.
- Completion of the voting tabulator machine and ADA compliant ballot marking devices replacement project to include replacing all equipment in over 1,500 polling locations statewide in time for the 2014 General Election.
- Continue IRIS project implementation with the goal of implementing a modern election management system that will integrate all processes and systems utilized by the SOS and county clerks for managing voter registration and conducting elections. The SOS experienced 100% adoption by county clerks for the first two phases of IRIS, candidate filing and results reporting and canvassing, in the 2014 Primary Election. Completion of IRIS Phase 3, replacement of VREMS, is expected to result in an estimated savings of $3.4 million over five years while also improving user efficiency and election component integration, accountability and audit trails, and user satisfaction. A FY16 business case has been submitted by the SOS to request $1.4 million to implement IRIS Phase 3.

Many of the recommendations included in the LFC evaluation report are in line with current SOS initiatives. Below is a table that outlines specific LFC recommendations and the SOS response:

LFC Recommendation	SOS Response
Develop consistent project management practices for all projects	The SOS has a consistent project management methodology in place for all IT projects which are in line with guidelines established by the DoIT project oversight and compliance division. Independent verification and validation reports provide evidence in support of this claim. All of the recommendations raised in the LFC evaluation report are being addressed as part of the phase two tabulator replacement project. In addition, the SOS recognizes the criticality of the project and has hired a dedicated project manager to assist the Bureau of Elections Director in overseeing the remainder of the project implementation and closeout.
Establish a standard process and acceptance criteria for all contract deliverables to ensure contractual requirements are met	The SOS agrees with this recommendation and is already in the process of hiring a Contracts and Assets Manager to oversee these efforts. As of today, the hire is pending DFA approval with an anticipated start date of mid-August 2014.
Continue to maintain its asset management and update, at a minimum annually, to prevent having outdated hardware and software, which increases the risk of deterioration and reduced effectiveness	The SOS agrees with this recommendation and already has a process in place to keep the asset management system updated. When new equipment arrives, IT staff updates the fixed asset database accordingly. In addition, the new Contracts and Assets Manager will assist with department wide fixed asset management including depreciation calculation and annual financial audit compliance.
Develop a replacement cycle built in to its operating budget	The SOS agrees with this recommendation and will continue to include adequate IT costs in its annual budget request.
Review, update and distribute the disaster recovery and business continuity plan at least annually to reflect the current business and IT environment accurately and when there are key personnel changes	The SOS agrees with this recommendation and will continue to improve on disaster recovery and business continuity planning. The office was previously limited in what could be covered in a disaster recovery plan because many of the legacy systems in place were not recoverable in the event of a disaster.
Develop and document procedures to include detailed recovery and response procedures for the network and all applications, recovery time objective, notification procedures, and the workflow process	The SOS agrees with this recommendation and will continue to improve on the recovery and response documentation that has already been completed. This will continue to be a working document as the SOS continues its' system improvement initiatives.
Develop a formal disaster recovery testing plan and conduct training and periodic testing at least annually	The SOS agrees with this recommendation and will continue to improve on disaster recovery testing. The SOS conducts contingency planning and testing prior to each statewide election but will also work to include a test plan for the new business filing system as well.
Update disaster recovery procedures based on test results	The SOS agrees with this recommendation and will incorporate this into its testing process.
Continue to engage in annual security assessments by a third party and address security vulnerabilities identified as quickly as possible	The SOS agrees with this recommendation and will include this contract cost as part of its annual budget request.

The review conducted by the LFC staff was a learning opportunity in which my staff and I gained valuable insight on the views and priorities of the LFC. I recognize the hard work they put into researching and preparing this evaluation report. I look forward to keeping you apprised as we continue to make progress on our current project initiatives and I appreciate the opportunity you provided to review and respond to this report.

Sincerely,

Dianna J. Duran
Secretary of State

Evaluation Objectives.
Assess the status of implementation, including, planning, project management and oversight, budget allocation and expenditures of the Secretary of State's (SOS) information technology system projects.

Scope and Methodology.
- Reviewed applicable laws and regulations.
- Reviewed prior LFC reports.
- Reviewed the SOS Information Technology plans for FY13, FY14 and FY15.
- Reviewed the SOS Business Case for the Statewide Tabulator Replacement project.
- Reviewed available project management plans, project status reports and project deliverables.
- Reviewed available independent verification and validation (IV&V) project reports.
- Reviewed available project contracts, budgets, and financial data.
- Interviewed the SOS chief information officer, project sponsors, managers and other staff.
- Attended project status meetings.

Evaluation Team.
Brenda Fresquez, Lead Program Evaluator
Patricia Barton, IT Consultant

Authority for Evaluation. The 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. The LFC is also authorized to make recommendations for change to the Legislature. In furtherance of its statutory responsibility, the LFC may conduct inquiries into specific transactions affecting the operating policies and cost of governmental units and their compliance with state laws.

Exit Conference. The contents of this report were discussed with the Secretary of State Office during the exit conference on July 30, 2014.

Report Distribution. This report is intended for the information of the Office of the Governor, the Secretary of State, the 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.

Charles Sallee
Deputy Director for Program Evaluation