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United States Department of State
and the Broadcasting Board of Governors
Office of Inspector General

Office of Audits

Evaluation of the Information Technology Consolidation Project at the Department of State

Report Number AUD/IT-10-11, February 2010

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PREFACE

This report was prepared by the Office of Inspector General (OIG) pursuant to the Inspector General Act of 1978, as amended, and Section 209 of the Foreign Service Act of 1980, as amended. It is one of a series of audit, inspection, investigative, and special reports prepared by OIG periodically as part of its responsibility to promote effective management, accountability and positive change in the Department of State and the Broadcasting Board of Governors.

This report is the result of an assessment of the strengths and weaknesses of the office, post, or function under review. It is based on interviews with employees and officials of relevant agencies and institutions, direct observation, and a review of applicable documents.

The recommendations therein have been developed on the basis of the best knowledge available to the OIG and, as appropriate, have been discussed in draft with those responsible for implementation. It is my hope that these recommendations will result in more effective, efficient, and/or economical operations.

I express my appreciation to all of those who contributed to the preparation of this report.

A handwritten signature in dark ink, appearing to read "H. W. Geisel", written in a cursive style.

Harold W. Geisel
Deputy Inspector General

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EXECUTIVE SUMMARY

On July 18, 2007, the former Secretary of State announced the decision to consolidate the Department of State's desktop computer services and support under the Bureau of Information Resource Management (IRM) within 2 years. This decision was one of a series of eight major management reforms made by the former Secretary intended to improve the Department's information technology (IT) effectiveness. According to IRM, IT Consolidation will allow for an optimized and cost-effective IT infrastructure supporting agency missions and customer-centric services. Included in the stated goals of the IT Consolidation initiative are improving customer service, enhancing IT security, and reducing IT costs.

During recent reviews and inspections, the Office of Inspector General (OIG) became aware of frustrations from the executive offices and IT management of various bureaus regarding the implementation of the IT Consolidation Project. According to the IRM IT Consolidation Schedule, 25 bureaus and offices had consolidated their services as of October 1, 2009. Consolidation for the remaining participating bureaus and offices was intended to be completed by the fourth quarter of FY 2009; however, IRM has experienced delays attributable to bureaus' resistance in consolidating their desktop services and to moving forward with the discussion process. IT Consolidation for the remaining nine bureaus is now expected to be completed by the second quarter of FY 2010.¹

To manage and implement the IT Consolidation Project, the Chief Information Officer (CIO) has taken several positive steps under an ambitious 2-year imposed schedule. The IRM customer satisfaction survey, for example, is conducted on a semiannual basis and is provided to all IRM customers in consolidated bureaus to assess their satisfaction with services received. Further communication with bureau officials occurs during Customer Service Advisory Forum (CSAF) meetings—forums for stakeholders to provide their experience, insight, and feedback during the planning and implementation of the IT Consolidation and after consolidation operations have been initiated. Additionally, the IT Mart was created as a one-stop shop, located

¹ The Office of Inspector General is not going to become a part of the IT Consolidation Project due to its statutory independence per the Inspector General Act of 1978, as amended.

centrally within the Department, to handle service requests. Other steps taken include periodic electronic newsletters to update stakeholders on the Project's progress, a dedicated IT Consolidation Web site, and town hall meetings.

The IT Consolidation Program Management Office (PMO) stated that its number one priority in pursuing IT Consolidation was customer service. However, OIG found a significant level of customer dissatisfaction among bureaus about the quality and timeliness of IT services after consolidation. OIG was unable to substantiate these claims because the Department did not maintain customer service baseline information prior to consolidation and bureaus did not have documentation to support their claims of better customer service prior to consolidation. Because of the inability to have a customer service baseline, OIG distributed customer service surveys to bureau executives, IT staff, and end users. Of more than 700 survey comments received by OIG on its survey from executive directors and users, more than 80 percent of respondents reported that they were more satisfied with the IT support provided by their respective bureau IT staff prior to consolidation. Bureau executive directors and their IT staff attributed their dissatisfaction with IRM customer service support to (1) the lack of timeliness in resolving trouble tickets,² (2) the lack of training and the low skill levels of IRM technicians, (3) the lack of clarity of in-scope and out-of-scope³ responsibilities for IT services, (4) the inconsistent sharing of information systems security officer (ISSO) duties, (5) the lack of communication between IRM staff and bureau customers, (6) the non-prioritization of VIP services, and (7) the lack of accountability among IRM staff related to the movement of inventory.

The IT Consolidation PMO also did not develop business, user, system, or performance requirements as required by project management guidelines. In addition, the CIO did not make the necessary policy changes to address the ownership transfer of pre-existing IT plans of action and milestones, inventory control, ISSO responsibilities, and the handling of mission-specific and personnel-sensitive information. Also, the Department did not implement staff selection criteria for IT staff. As a result, IRM did not have control over which bureau IT personnel were reassigned to the IRM customer service helpdesk after consolidation.

² "Trouble ticket" is the term used by the Department to refer to helpdesk service requests.

³ In-scope responsibilities are handled by IRM after IT Consolidation, while out-of-scope responsibilities remain the responsibility of the respective bureau.

OIG found that the Department did not have actual or comparative cost information to demonstrate whether consolidating services resulted in reduced costs for desktop support services and systems maintenance, which was one of the primary goals of the Project. The inconsistent manner in which bureaus accounted for IT services costs was one element hindering IRM's ability to make a comparative cost analysis. The limited cost analysis performed by IRM prior to bureau consolidation and the lack of transparency between bureaus and the IT Consolidation PMO further contributed to cost data shortcomings.

As a result of these issues, the Department has not met some of its intended consolidation goals—improving customer service and reducing IT costs. For example, with the perception of poor customer service, end-users addressed service problems by using resources within their own bureaus rather than by requesting assistance from IRM. Therefore, IRM may have an inaccurate sense of bureau satisfaction with consolidation efforts, as well as an inaccurate picture of staffing requirements and IT costs, which ultimately affects the bureaus. Further, the IT Consolidation PMO cannot ensure that the consolidation effort is and remains aligned with Department goals, since there are no defined Project requirements to measure Project progress. The lack of a thorough understanding of costs by bureau officials and staff has diminished the staffs' overall support and commitment to the IT Consolidation Project.

The benefits of IT Consolidation are not yet fully realized. The manner in which the IT Consolidation Project has been implemented could be improved. The needed improvements will require an open and cooperative relationship between IRM and those bureaus participating to be effective, including IRM's attention to outstanding customer service and cost issues as well as participating bureaus' lack of resistance to discussions.

OIG also reviewed whether adequate security measures are in place to mitigate unauthorized access to, or use of, bureau-sensitive information. The results of this portion of the review will be issued in a separate report because of its sensitive nature.

Management Comments

In November 2009, OIG provided a draft of this report to the Department for its review and comments. In its December 15, 2009, response to the draft report, Department officials stated concurrence with nine of the report's 10 recommendations. However, the officials requested the elimination of Recommendation 9, indicating that the issue of specialty functional descriptions for IT specialists is more

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of a Department-wide matter than IT Consolidation specific. Based on the Department's response, OIG considers nine recommendations resolved, pending further action. Also based on the response, OIG has modified Recommendation 9 to be more IT Consolidation specific and requests that the Department respond to the new recommendation.

The Department's comments and OIG's reply are presented after each recommendation, and the Department's response is presented in its entirety in Appendix C.

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BACKGROUND

Consolidation of IT services within agencies has become an initiative highly encouraged by the Office of Management and Budget (OMB). Under OMB's IT Infrastructure Line of Business,⁴ agencies are encouraged to achieve interoperability of functions; collaborate with others; reduce and avoid common IT infrastructure costs; and improve governance of IT investments in support of agency missions, programs, and Government-wide goals. Many Federal agencies view consolidation as an opportunity to minimize costs and duplication of services while increasing security and improving customer service. In fact, several agencies have already consolidated IT services within their organizations and have noted lessons learned for all agencies. These lessons include providing adequate guidance or communication of best practices to contractors and staff, reducing duplication of services and unnecessary costs, addressing the human resources issue at the beginning of the consolidation, and encouraging communication and teamwork.

At the Department of State, the Chief Information Officer (CIO) is leading the effort to consolidate the agency's IT services. The initiative will include consolidating the Department's desktop operations, which consist of more than 24,000 unclassified and 13,000 classified desktop computers and their office automation products. Further, the Department will consolidate user data stores, domestic customer e-mails, the common network infrastructure supporting desktop operations, and IT helpdesks. The IT Consolidation Project, directed by the former Secretary of State, is intended to offer bureaus better customer service and IT security, a standard operating environment for desktops, and IT helpdesk staff training and development while achieving economies of scale and lower costs for the Department.

⁴ The IT Infrastructure Line of Business is a government-wide initiative chartered by OMB to assist federal agencies in leveraging IT performance measurement tools, best practices, and common practices.

Department's IT Consolidation History

The planning and the implementation of the IT Consolidation effort have been ongoing since 2006. Since its inception, the Department has taken several steps to move the initiative forward, including hiring a contractor to perform data analysis, obtaining senior management approval, creating a program management office to manage the initiative, and hiring staff to assist with the consolidation.

The Department, in determining that IT services should be consolidated, chose to evaluate the best means to accomplish this task using the OMB A-76 process. According to OMB Circular A-76,⁵ Federal agencies are required to perform A-76 evaluations on inherently governmental and commercial functions to determine whether the function should be performed in-house or competed commercially by open sources. According to OMB, commercial activities should be subject to the forces of competition to ensure that the American people receive maximum value for their tax dollars. To satisfy this process, the Bureau of Administration contracted with the consulting firm Grant Thornton to perform a pre-solicitation review to determine whether the A-76 evaluation should be performed on IT-related services. The CIO modified the task order into a benefit cost analysis to support a review of five additional service areas: IT security services, enterprise network services, mobile computing services, messaging services, and user profile support services.

In September 2006, Grant Thornton started a business case analysis of consolidation and its alternatives for IT services at the Department. The task included collecting and analyzing data for desktop-managed services performed across the organization, focusing on services provided domestically for unclassified systems. After analyzing information provided by participating bureaus, Grant Thornton recommended that the Department outsource the effort of consolidating its IT services, to be completed over a 5-year period. This option would ensure the highest return on investment and the lowest total cost of operations per user.

Rather than following the Grant Thornton recommendations, the former CIO presented a proposal to the former Secretary of State, who agreed to consolidate IT services internally within the Department over 2 years instead of outsourcing the Department's IT services. This approach was discussed with OMB and mutually agreed to by both parties. In July 2007, the former Secretary of State issued a memorandum to all Under Secretaries, Assistant Secretaries, and Office Directors directing

⁵ Office of Management and Budget Circular A-76, *Performance of Commercial Activities*, May 29, 2003.

the consolidation of desktop support and requesting their support. During that same time period, the IT Consolidation Program Management Office (PMO) was formally established to oversee the effort. The IT Consolidation PMO has responsibility and authority for carrying out the IT Consolidation effort and reports directly to the CIO.

In September 2007, the CIO approved the IT Consolidation Program Charter. Within the Charter, the IT Consolidation Project was described as having six major goals: improved customer service, improved IT security, cost containment, establishment of a standard operating environment for desktops, staff professional development and training, and the application of best practices across the enterprise. The consolidation of the participating domestic bureaus and offices was to begin in FY 2007, with completion scheduled by the end of FY 2009. As of October 1, 2009, 25 bureaus and offices had consolidated their services with the remaining bureaus and offices expected to be completed by the second quarter of FY 2010.

Funding for IT Consolidation

As of August 31, 2009, the total cost to prepare and assist bureaus in transitioning to IT consolidated services was approximately \$60 million. This includes the costs of the IT Consolidation PMO, supplemental funds provided by the Bureau of Resource Management (RM) to bureaus, and consolidation costs for desktop-managed services, as shown in Table 1. OIG could not determine, based on information provided by RM or the IT Consolidation PMO, whether the total cost included the \$512,387 awarded to Grant Thornton to produce the benefit cost analysis. Department officials said that cost savings, if any, for the consolidation effort will not be realized until 2011 at the earliest.

Table 1. IT Consolidation Estimated Cost Through End of FY 2009

Description	FY 2007–09 Amount
Estimated cost to prepare and assist in transition to IT consolidated services	\$48,453,000
Estimated incremental cost to have IRM perform IT services for the bureaus	11,101,000
Total Estimated Cost	\$59,554,000*

Source: Bureau of Resource Management.

*Note: The project is ongoing, so the total estimated cost may fluctuate and does not include other unknown costs.

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Funds for IT Consolidation came from several sources, including the IT Central Fund, the Working Capital Fund, the Diplomatic and Consular Programs (D&CP) fund, and Bureau of Information Resource Management (IRM) base funds. The IT Central Fund supported the operations of the IT Consolidation PMO and the provision of infrastructure to facilitate centralized services. The Working Capital Fund is used to pay for the three primary service areas (service desk, standard desktop services, and file storage and sharing services). The Working Capital Fund is a revolving fund that was authorized in the Foreign Assistance Act of 1963 (P.L. 88-205) to finance a continuing cycle of business-type operations for the Department. Consolidated bureaus contribute to the Working Capital Fund by paying their invoices for IT support services received under IT Consolidation. For invoices paid during the period of time covered by this evaluation, most funding came from D&CP. IRM base funds provide monies for the remaining service areas (IT security services, enterprise network services, mobile computing services, messaging services, and user profile support services).

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OBJECTIVE

During previous Office of Inspector General (OIG) inspections and evaluations, bureau information managers expressed frustration regarding the results of IT Consolidation, including added costs, poor customer service, inadequate protection of sensitive information, and the lack of effective project management. Bureau information managers said that rather than having lower costs for desktop services, costs in some cases had doubled or even tripled. More than one third of some bureaus' budgets were being transferred to IRM for IT services as part of IT Consolidation, which resulted in many bureaus having difficulty providing adequate support for those mission-specific applications and systems that remained within those bureaus. In addition to higher costs, bureau officials also said that they had received poor customer service, with tasks that had previously been performed within a few hours now taking days for any response from IRM.

The purposes of this evaluation were to determine whether the intended benefits of the IT Consolidation Project were being achieved, and to determine the basis for performance issues raised by bureau officials and users. The objective of this evaluation was to determine whether the Department's IT Consolidation Project

- provided improved IT customer service to consolidated bureaus,
- used an effective project management process,
- reduced costs incurred for desktop services and systems maintenance, and
- ensured that adequate measures were in place to mitigate unauthorized access to or use of bureau-sensitive information.

The scope and methodology of this evaluation are detailed in Appendix A. The findings and recommendations presented in this report address the first three parts of the objective. Discussion on the fourth part of the objective will be reported in a separate report because of the sensitivity of the information.

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EVALUATION RESULTS

IT CONSOLIDATION CUSTOMER SERVICE

The IT Consolidation PMO reported that customer service was its number one priority in pursuing the consolidation initiative. By centralizing desktop support for bureau staff, PMO officials said that customer service could be provided more effectively and efficiently. However, OIG found a significant level of customer dissatisfaction among bureaus about the quality and timeliness of IT services after consolidation. Because of bureaus' inability to provide a customer service baseline prior to consolidation, OIG distributed customer service surveys and held meetings with bureau executives and IT staff to substantiate their claims. OIG survey results and interviews showed that bureaus believe that the level of IRM customer service has declined as additional bureaus were consolidated and more end users depended on IRM's desktop support.

Bureau executive directors and their IT staff attributed their dissatisfaction with IRM customer service support to the lack of timeliness in resolving trouble tickets, the lack of training and low skill levels of IRM technicians, the lack of clarity for in-scope and out-of-scope responsibilities for IT services, the inconsistent sharing of information systems security officer (ISSO) duties, the lack of communication between IRM staff and bureau customers, the non-prioritization of VIP services, and the lack of accountability among IRM staff related to the movement of inventory. However, IRM stated that some consolidated bureaus were not always willing to coordinate with IRM. For example, IRM mentioned that one bureau had continued to use a previous trouble ticket system as opposed to the current Remedy system. Not using the correct reporting system delays IRM in responding to service calls, since the IT staff has to locate the trouble ticket in order to assist the customer for resolution.

With an expectation of poor customer service, bureau staff have learned to resolve service problems by using IT resources within their own bureaus rather than requesting IRM assistance as required after consolidation. As a result, IRM has an inaccurate and incomplete assessment of the types of problems encountered by users and, therefore, a resulting inaccurate assessment of customer satisfaction and staffing requirements. With bureau executives and staff handling helpdesk issues internally

without going through proper IRM channels, Department-wide IT desktop issues are not being identified and resolved—ultimately affecting the level of service received by bureaus.

Customer Service Framework

The Customer Service Office (CSO), located within IRM, manages the relationship between IRM and its customers in order to promote the development, use, and support of IT. Currently, the CSO works to facilitate IT Consolidation by providing oversight for consolidated services and managing daily operations. The CSO consists of three divisions: the IT Service Center (ITSC), the Desktop Services Division (DSD), and the Operational Support Division (OSD). CSO has two full-time employees, while the ITSC has nine and the DSD has 33 employees. Since the CSO is funded by the Working Capital Fund, it has no staff ceiling level, and staffing is decided based on service needs.

The ITSC offers a single point of contact for help with Department IT products and services worldwide, and it provides round-the-clock support. Most of the employees at the ITSC are contractors, and they provide Tier I support to consolidated bureaus. A performance-based task order for the ITSC was awarded in September 2008. DSD, conversely, provides Tier II and Tier III⁶ operations and technical support to domestic desktop workstations. According to DSD officials, DSD will also be supporting the maintenance, management, and accountability of desktop workstation inventory for all of the consolidated bureaus in the near future. OSD provides quality control oversight of the service management functions of the CSO. OSD was created to enhance the knowledge and competency of the CSO.

Departmental Surveys of Customer Satisfaction

The CSO is responsible for assessing the level of customer satisfaction with the service received by bureaus. IRM uses several methods to collect, analyze, and report information on customer service, including the IRM customer satisfaction survey. This survey is a semiannual survey of all IRM customers in consolidated bureaus to assess their satisfaction with services received. This survey provides the CSO with a wider view of customer satisfaction by asking customers about the quality, speed, and type of service received, and it provides open text fields for additional comments.

⁶Tier 1 consists of the IT Service Center helpdesk. If the issue is not resolved, trouble tickets are transferred to either Tier II or Tier III for resolution. Tier II consists of senior technicians, while Tier 3 normally consists of external vendors and developers.

Based on its review of IRM customer satisfaction surveys from January and June 2009 that had been distributed to bureau users, OIG found that customer satisfaction was significantly lower than that reported in previous surveys. The January 2009 survey, which was conducted from January 28 to February 25, 2009, had 794 respondents from 18 consolidated bureaus. The survey showed that customer satisfaction with IT services provided by IRM had declined from prior surveys by an average of 34 percent, from 87 percent to 53 percent, which was a significant decline over a 6-month period. Respondents were 21 percent less satisfied with IRM's service.

IRM's June 2009 survey showed a small increase in customer satisfaction with IT services provided by IRM when compared with the January 2009 survey. Conducted from June 4 to July 2, 2009, the June 2009 survey had 537 respondents from 21 bureaus. Compared with the January 2009 survey, the average percentage for customer satisfaction for IT desktop services increased by 5 percent, from 53 percent to 58 percent. The June 2009 survey results also showed a 5 percent increase in the average percentage regarding the timeliness of IRM's response to IT issues/requests, from 59 percent to 64 percent. In addition, customer satisfaction regarding technical assistance and the resolution of issues and requests increased from 59 percent to 62 percent and 66 percent to 67 percent, respectively.

OIG Customer Service Surveys

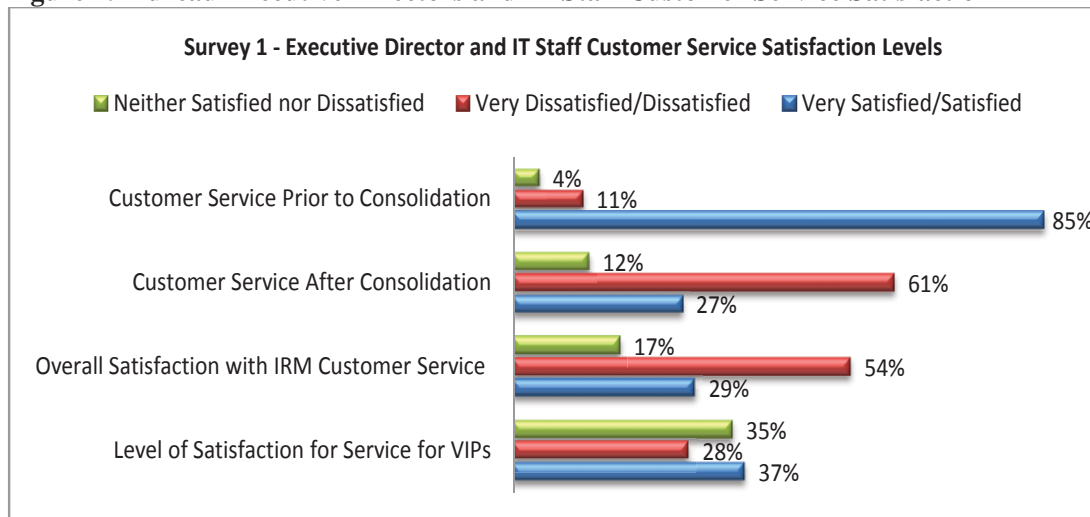
As part of its evaluation, OIG created and distributed two surveys from March 9-25, 2009, to gather insight on customer service satisfaction from executive directors, IT staff, and end users. The survey questions were to assess the level of customer service prior to and after consolidation with IRM. The questions focused on customer service satisfaction areas that included the timeliness of helpdesk responses, skill levels and training of technicians, resolution of issues, and communication between IRM and bureaus. The OIG surveys were sent to 16 executive directors of consolidated bureaus for distribution to their IT staff and users. Survey 1, which had 69 respondents, was completed by executive directors and IT staff, and Survey 2, which had 695 respondents, was completed by end users.

Respondents to OIG surveys overall claimed to be not satisfied with IRM's support for IT desktop and helpdesk services. Most of the bureaus did not measure customer satisfaction for IT support before consolidation. However, staff in consolidated bureaus reported to OIG that support for IT services was better before consolidation when it was provided by their respective bureaus' IT staff; however, no support was provided for these claims.

The results of OIG’s surveys and those in IRM’s surveys, as illustrated in Figures 1–7 and Table 2, showed different results, which OIG believes is due to several reasons. First, the wording of questions and the manner in which they were asked could lead to different responses. For example, IRM asked respondents to agree or disagree with whether they were “completely” satisfied with the current IT desktop services provided by IRM. OIG’s surveys asked respondents to rate their satisfaction with IRM customer service on a five-level scale. Other factors that could have influenced the results include the timeframes during which the surveys were conducted and the total number of individuals responding to each survey. The latter ultimately affected the total universe of respondents used for determining the percentages. IRM officials stated that questions in its customer satisfaction surveys were being revised to allow for more thorough responses.

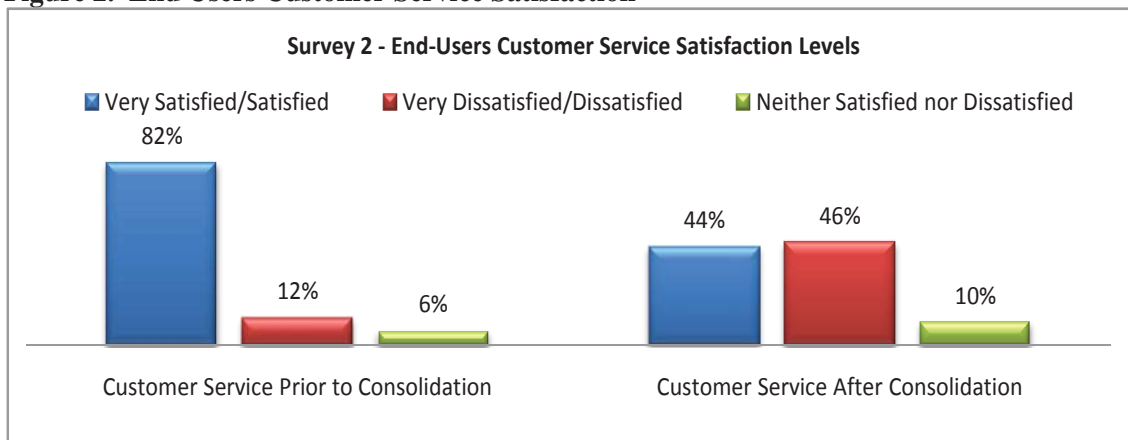
As shown in Figures 1 and 2, 85 percent of the respondents in Survey 1 reported that they were more satisfied with the IT support provided by their respective bureaus’ IT staff. Similarly, Survey 2 showed that 82 percent of the respondents were more satisfied with IT support prior to consolidation. Also, the respondents’ level of satisfaction with IRM’s support for IT services was significantly lower. In Survey 1, respondents were 27 percent satisfied with IRM helpdesk support, while in Survey 2 respondents were 44 percent satisfied. Respondents in Survey 1 also reported not being satisfied with VIP treatment, as illustrated in Figure 1.

Figure 1. Bureau Executive Directors and IT Staff Customer Service Satisfaction



Source: Various Department bureaus.

Figure 2. End Users Customer Service Satisfaction



Source: Various Department bureaus.

As shown in Table 2, respondents attributed their dissatisfaction with IRM customer service support to the following factors: lack of timeliness in responding, lack of resolution of issues, low skill levels of technicians, lack of communication and transparency, lack of professionalism, and poor attitude of technicians. Timeliness in responding was identified in both surveys as the most frequent problem respondents experienced with IRM support.

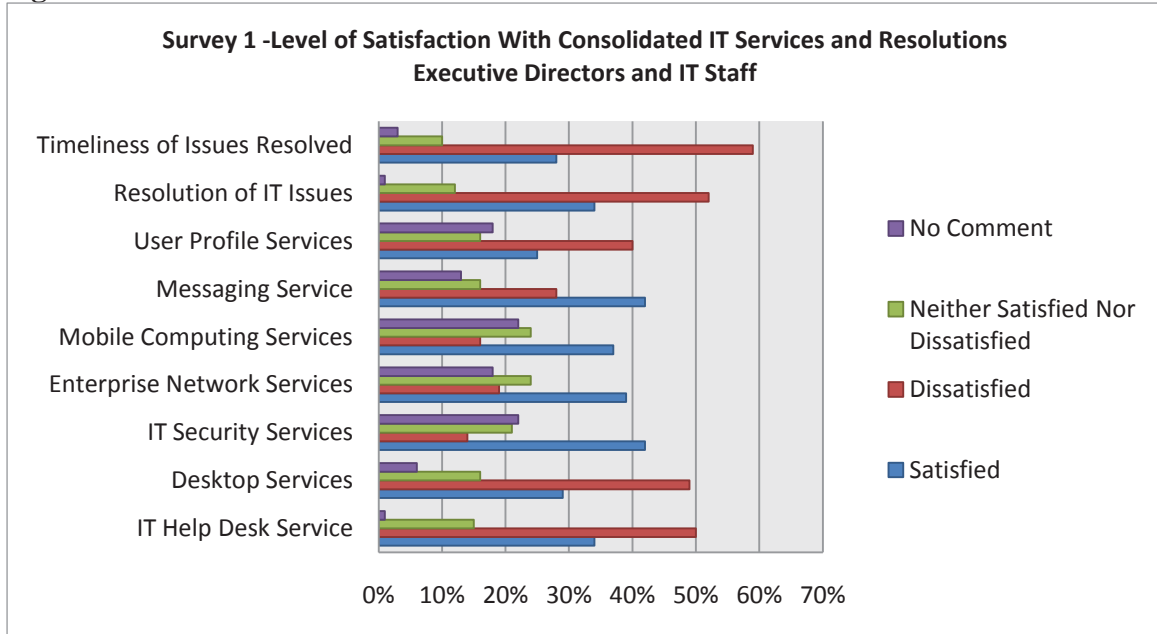
Table 2. Top Five Issues Pertaining to IRM Customer Service Support

Issues	Survey 1	Survey 2
Timeliness in Responding	41%	48%
Resolution of Issues	5%	14%
Skill Level of Technician	24%	11%
Communication/Transparency	6%	11%
Protocol/Attitude of Technician	2%	2%
Other	22%	14%

Source: Compiled from Figures 1 and 2.

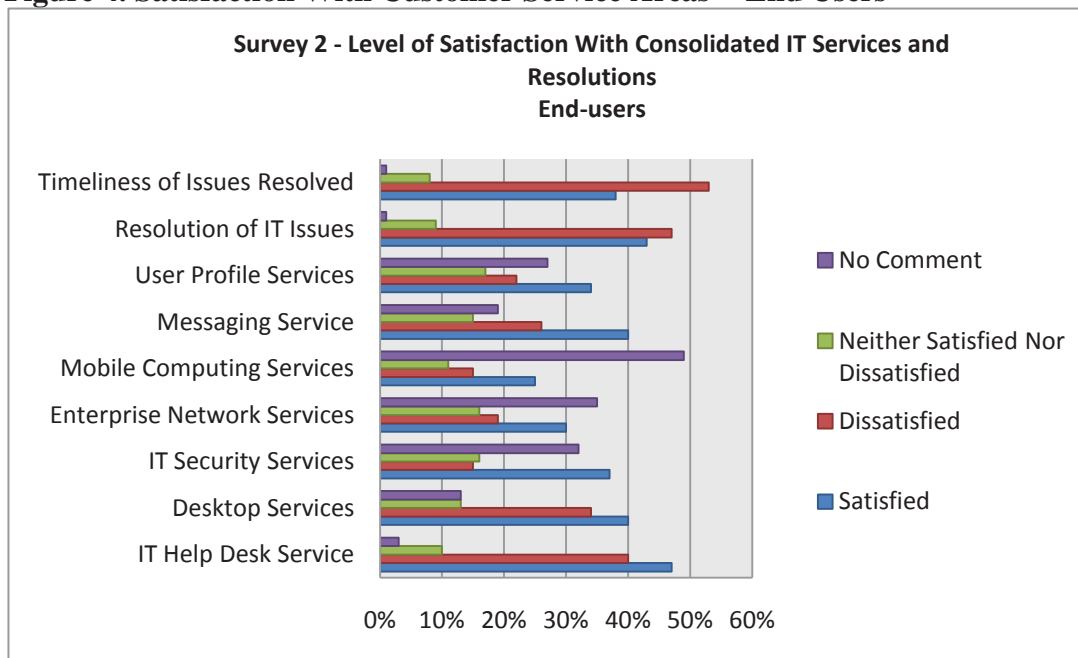
Although most bureaus could not provide documentation supporting that bureau staff provided better IT support than IRM, OIG survey results showed the significant dissatisfaction expressed by bureau management and staff with IRM's support for in-scope services and the resolution of issues. The results of Surveys 1 and 2 are highlighted in Figures 3 and 4.

Figure 3. Satisfaction With Customer Service Areas – Executive Directors and IT Staff



Source: Various Department bureaus.

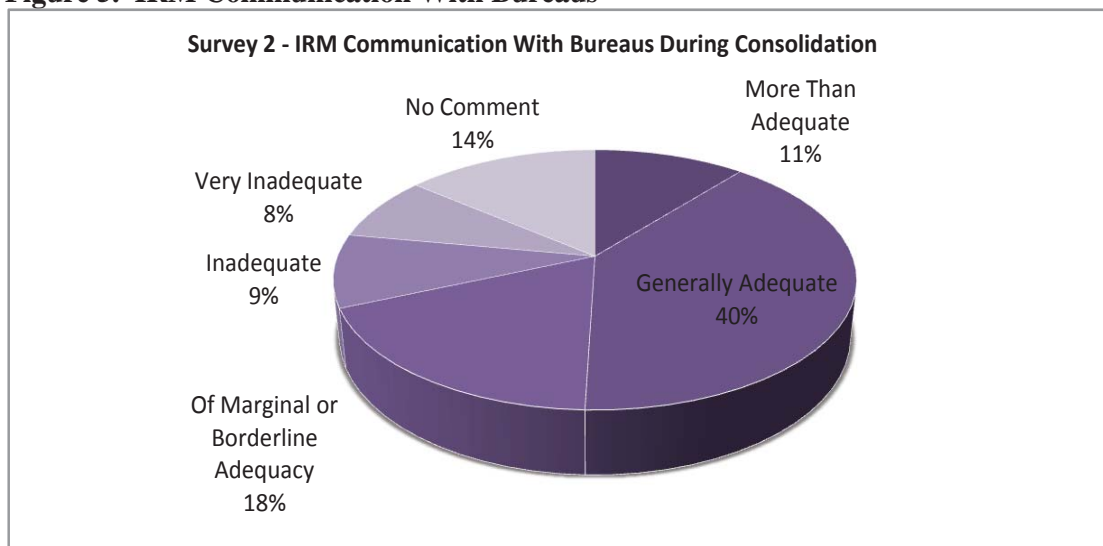
Figure 4. Satisfaction With Customer Service Areas – End Users



Source: Various Department bureaus.

Based on 675 respondents, 51 percent stated that communication was generally adequate or more than adequate, as shown in Figure 5.

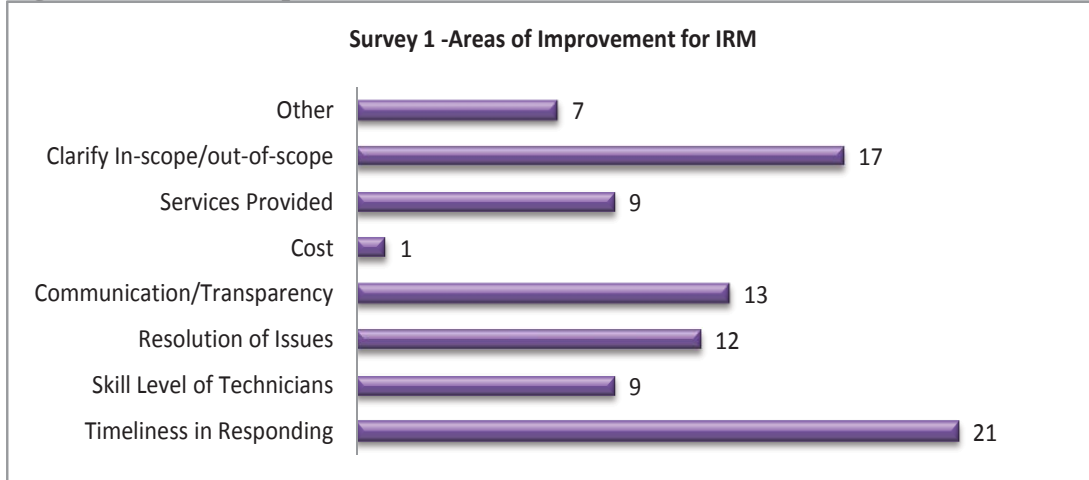
Figure 5. IRM Communication With Bureaus



Source: Various Department bureaus.

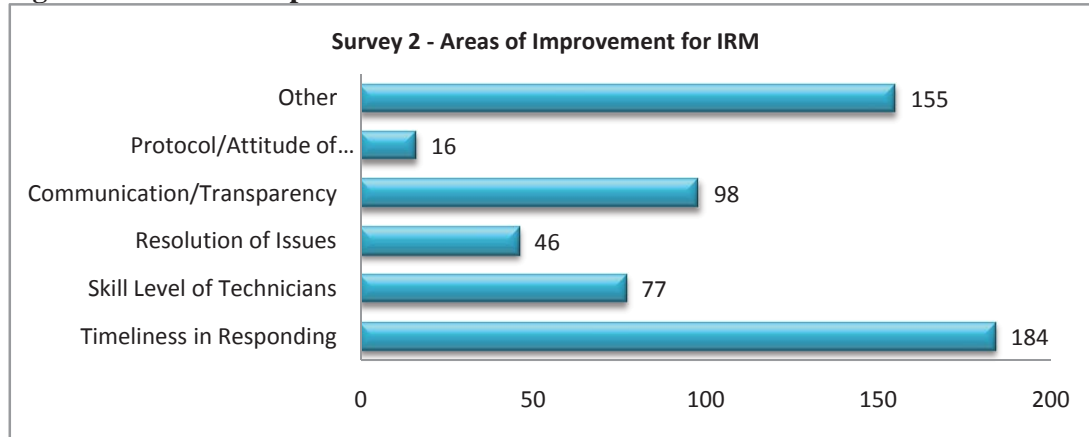
Several bureaus reported that IRM was trying to provide good customer service and that its service had improved since the beginning of the IT Consolidation effort. However, they also indicated in Surveys 1 and 2 that IRM still needed improvements in many areas, as shown in Figures 6 and 7.

Figure 6. Areas of Improvement for IRM – Executive Directors and IT Staff



Source: Various Department bureaus.

Figure 7. Areas of Improvement for IRM – End Users



Source: Various Department bureaus.

Interviews With Bureau Executive Directors and Their IT Staff

To validate the responses received for the surveys, OIG interviewed bureau executive directors and IT staff from 16 consolidated bureaus and seven bureaus that were in the process of consolidating with IRM. These bureaus repeatedly expressed frustration with aspects of IT consolidation that are critical to the Project's success and acceptance by customers. The areas that generated concerns included the response times for resolving trouble tickets, the training and skill levels of IRM technicians, the clarity of in-scope and out-of-scope responsibilities for IT services, the sharing of ISSO duties, communication between IRM staff and bureau customers, prioritization of VIP services, and inventory management.

Response Time of Helpdesk Staff

Many bureaus expressed frustration at the amount of time it took for ITSC and DSD technicians to resolve trouble tickets. Bureaus said that it took three or four times longer for a trouble ticket to be resolved than it did before consolidation. Further, bureaus said that the wait time for simple issues, such as resetting a computer password, could take 3 to 5 days to complete. OIG was told that service for bureau users was faster before consolidation because the technicians knew the bureau's IT architecture (its software, systems, and users). OIG was not provided with any documentation from the bureaus to support these statements.

IRM helpdesk technicians were rated based on performance metrics established in their contracts. A performance-based contract was awarded to a private-sector vendor for managing helpdesk staff and for operating the ITSC. OIG determined that the contract was written with incentives for the vendor if a certain percentage of trouble ticket calls received was resolved within an allocated time limit. However, OIG found that these performance metrics might be leading technicians to focus on closing trouble tickets rather than on determining the main cause of the problems, and then resolving the matter correctly. Some trouble tickets were also closed without any resolution noted. Bureau personnel interviewed also voiced a similar observation. They reported that the performance metrics that were established encouraged technicians to respond promptly but did not necessarily lead to the correct resolution of the issue. Bureaus said that having a performance-based contract for desktop support created a lot of "gaming of the numbers" to meet the vendor's performance metrics and that with performance incentives skewed toward response times, there was no accountability for the quality of service provided.

Refining performance metrics within the helpdesk contract could help ensure that technicians focus on the quality and timeliness of responses, as well as on the proper resolution of issues. Consulting with bureau executive directors and their IT staffs for determining performance metrics could help ensure that users' complaints are being addressed.

Recommendation 1: OIG recommends that the Chief Information Officer review and revise performance metrics contained within the helpdesk service contracts to ensure that measures are put in place to address customer complaints on timeliness and resolution of issues.

Management Response

In its response, the CIO stated that the current service contract performance metrics are written to meet or exceed the Department's Master Service Level Agreement response/performance agreements, that the Department has the ability to renew or renegotiate the contract to ensure that proper performance metrics are in place and are being met, and that the Customer Service Advisory Forum Tiger Team was revising the Agreement to ensure that customer feedback is incorporated into the performance metrics.

OIG acknowledges that performance metrics are contained within the performance contract, but it found, during the evaluation, that the metrics did not contain enough specificity to address customer service complaints such as timeliness and resolution of issues. However, the actions being taken by the Tiger Team adequately address the intent of the recommendation. Therefore, OIG considers the recommendation resolved, pending further action.

Helpdesk Staff Training and Skill Levels

Several bureaus expressed frustration over the perceived low skill levels of technicians who answered telephones at the ITSC. Bureau personnel noted that customer service was inconsistent, that the service depended on "who you got," and that Tier I service was "barely a notch above leaving a message." For example, OIG was told that one bureau had contacted the helpdesk to report three separate issues and that the technician was unclear as to whether one ticket or three tickets should be opened for the user. Personnel at several bureaus expressed frustration at the lack of customer service at the ITSC, stating that the technicians focused on what they could not do (that is, what was out-of-scope) rather than on what they could do.

OIG reviewed material given to train helpdesk staff. The training provided to technicians was based on their tier assignment and was not given in a uniform manner. The training provided to ITSC staff was typically a 4- to 5-week course. ITSC officials said that the material was updated often to keep pace with the need for IT support. The DSD also provided a copy of the training material given to its new employees. Despite the training material provided to ITSC and DSD technicians, the comments from bureaus and OIG survey results demonstrate the need to further ensure that all technicians have the same level of technical knowledge and skills and that they obtain an understanding of the Department's missions and its customers. A uniform training program could ensure that all technicians have consistent knowledge and skills to provide adequate customer service.

Recommendation 2: OIG recommends that the Chief Information Officer revise the training program for helpdesk technicians to ensure that all individuals have consistent knowledge and skills to provide customer support.

Management Response

In its response, the CIO stated that the IT Service Center helpdesk recognizes that training is an ongoing task and that as IRM continues to add customers through consolidation, “the changing environment mandates constant attention to this area.” The CIO further described the “appropriate training” it was implementing to “improve the skills and knowledge” of Service Desk Analysts.

The actions being taken by the CIO to improve training adequately meet the intent of the recommendation. Therefore, OIG considers the recommendation resolved, pending further action.

In-Scope and Out-of-Scope Responsibilities

OIG heard many complaints about “grey areas” for in-scope and out-of-scope⁷ responsibility between IRM technicians and bureau IT staff. A service level agreement had been created between IRM and the consolidating bureaus. According to the agreement, IRM was responsible for providing bureaus with support for the eight “in-scope” service areas: IT service desk, standard desktop services, IT security services, enterprise network services, mobile computing services, file storage and

⁷ In-scope responsibilities are handled by IRM after IT Consolidation, while out-of-scope responsibilities remain the bureaus' responsibility.

sharing services, messaging services, and user profile services. Bureau IT staff were responsible for handling all other mission-specific service areas, or “out-of-scope” support services. With a history of bureaus handling the development of mission-specific applications, the lack of clarity on whether the bureau or IRM was responsible for support after consolidation could lead to misunderstandings and confusion.

Bureaus noted that trouble tickets that could not be resolved by IRM technicians were identified as out-of-scope issues for resolution by the bureaus themselves—contradicting what had been identified as in-scope and out-of-scope areas by the IT Consolidation PMO. For example, problems with printers had been a source of contention between bureau IT staff and IRM technicians. Some bureau personnel said that IRM technicians hastily assessed printer failures rather than thoroughly diagnosed the problem. As a result, IRM often determined that replacing a printer was the best solution, which adversely impacted bureau budgets. However, bureaus in most cases determined that IRM could have provided a “simple fix” to the printer rather than replaced the equipment. Bureau personnel also commented that trouble tickets went back and forth continually between IRM and the bureaus. Some bureaus needed to hire additional staff because they were handling a large number of out-of-scope issues while still helping IRM with in-scope issues. Every aspect of IT Consolidation became a “moving target,” with what was considered in-scope service one day becoming an out-of-scope issue the next day.

Because of the level of confusion experienced by bureaus, they relied on personal contacts to handle trouble ticket issues without IRM’s assistance. With this occurring, the level of work handled by the remaining IT staff within bureaus increased—leading some bureaus to have hired additional staff. With IRM’s helpdesk thus being circumvented, IRM was not getting an accurate depiction of the type of issues being experienced by the bureaus. In attempting to clarify in-scope and out-of-scope responsibilities, IRM officials met on several occasions with the bureaus’ IT staff and CSAF members to better define what services were truly in-scope and out-of-scope. As a result of these meetings, IRM created a spreadsheet clarifying the scope of services supported by IRM’s and the bureaus’ respective IT staff. The spreadsheet was pending final approval as of August 31, 2009.

Recommendation 3: OIG recommends that the Chief Information Officer approve the clarified in-scope and out-of-scope service areas and disseminate this information to all consolidated bureaus.

Management Response

In its response, CIO agreed that clarifying scope boundaries is critical and that it has and will continue to communicate its message regarding in-scope and out-of-scope services by continually meeting with customer bureaus. IRM further indicated that it will continue to be proactive by meeting with customer bureaus to redefine these responsibilities as necessary.

The actions being taken by IRM to clarify the scope boundaries and disseminate this information to all consolidated bureaus sufficiently addresses the intent of the recommendation. Therefore, OIG considers the recommendation resolved, pending further action.

ISSO Duties

Responsibility for performing ISSO duties was an area of confusion and frustration expressed by all bureaus. The question of whether ISSO duties can be shared among bureau IT staff and IRM technicians is still unanswered.

Several bureau ISSOs said that they did not have full administrative rights after consolidation to perform their duties. IRM had been providing either limited administrative rights or temporary rights just to complete a specific task; however, the administrative rights provided had not been applied consistently across the bureaus. OIG learned that in-scope and out-of-scope services varied among the bureaus, as did bureau ISSO administrative rights. Some bureau ISSOs managed to keep all of their administrative rights, while others retained about half of their former rights. Some bureaus said that they did not have the administrative privileges to do the out-of-scope work for which they were responsible and instead had to get the assistance of IRM.

OIG believes that the lack of clarity over ISSO responsibilities, combined with the inconsistent manner in which responsibilities have been taken wholly or in part from consolidated bureaus, has created frustration and delays for ISSOs and end users. (b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)

IRM officials told OIG that IRM was planning to hire a full-time ISSO to perform ISSO duties for consolidated bureaus, with bureau ISSOs still responsible for duties for mission-specific applications.

Recommendation 4: OIG recommends that the Chief Information Officer clarify information systems security officer responsibilities and duties between consolidated bureaus and the Bureau of Information Resource Management and apply these standards consistently across all bureaus.

Management Response

In its response, CIO concurred with the recommendation and outlined the actions it had taken to clarify ISSO responsibilities and duties and define roles and responsibilities between consolidated bureaus and IRM. The actions being taken by IRM sufficiently address the intent of the recommendation. Therefore, OIG considers the recommendation resolved, pending further action.

Communication Issues

Although the IT Consolidation PMO made significant efforts in communicating information about the IT Consolidation to stakeholders during the consolidation process, OIG nonetheless was repeatedly told about communication problems between IRM and its customers that have hindered acceptance of the consolidation effort. For example, some bureaus said that they were not being notified when equipment updates or repairs were to occur, such as when a security update for mobile computing devices was downloaded without prior notification. This led to equipment not working for bureau staff and numerous calls to the IRM helpdesk to report the problem. Another incident occurred when office automation software appeared on the classified network without any warning from IRM, which caused multiple user errors and prevented access to the network for several days while the problems were being fixed. Other employees reported instances of changes being made to the network without adequate vetting with the bureaus, such as policy changes affecting access accounts. OIG was also told about the lack of professionalism shown in the way IRM has handled the IT Consolidation Project. One bureau reported that IRM seemed to be emphasizing to bureaus that “it is our way or the highway,” with bureau managers being given little, if any, flexibility in implementing the consolidation effort.

Personnel in several bureaus said that there was an information disconnect between their Customer Service Advisory Forum (CSAF) representatives and bureau executive directors regarding the IT Consolidation. At the time of the OIG review, all bureau executives were not attending monthly CSAF meetings with the CIO to discuss their specific bureau issues regarding consolidation. Instead, a bureau representative was selected to represent the views of two or more bureaus. This required a significant level of communication between bureau executives and their CSAF representative. Also during the OIG review, bureau executive directors were reporting that information from CSAF and IRM was being presented at the management level rather than from a user's perspective. In addition, information was not reaching the individuals who required it and whose responsibilities were affected by the information. OIG believes that having a more defined process to share information among bureau executive directors and CSAF representatives may alleviate confusion and misunderstanding.

Recommendation 5: OIG recommends that the Chief Information Officer, in coordination with Customer Service Advisory Forum representatives, develop and disseminate an established process to obtain bureau suggestions and issues on the Information Technology Consolidation Project, as well as to appropriately debrief bureau executives they represent on the consolidation process.

Management Response

In its response, the CIO agreed that “bureau input and information flows are critical,” that the CSAF “provides a vital link between customers and IRM,” and that “active bureau participation is encouraged.” IRM then described actions it has taken to enable transparency of the consolidation initiative but stated that members “must communicate and filter this information to their respective bureaus.”

The CSAF is an effective platform for discussing IT Consolidation progress and issues. However, as stated in the report, having bureau representatives rather than bureau executive directors attend the meetings has led to confusion and misunderstandings about the consolidation effort. Therefore, a better defined process for sharing information from these meetings with bureau executives and IT staff would be beneficial. With implementation of such a process, the intent of the recommendation will be met. OIG will consider the recommendation resolved, pending further action.

VIP Service

The OIG team also heard frustrations regarding the VIP program, which was designed to prioritize service to senior-level officials, including Assistant Secretaries, executive directors, and special envoy personnel. Personnel in several bureaus expressed dissatisfaction with the IT Consolidation Project, noting that it had created more work for the bureau IT staff because VIPs asked for help directly from the staff rather than from the ITSC because of poor service from IRM. Bureau officials also reported that the VIP prioritization process was not working well. For example, a request for a hard drive to support one of the President's special envoys was placed with IRM technicians. However, the request took 2 days to be addressed, while VIPs should have been the top priority for the helpdesk. During OIG's evaluation, the CSO made changes in its notification of VIPs within their tracking process to address these issues.

Inventory

IRM had not redefined its process to manage IT inventory for consolidated bureaus. At the time of OIG's review, bureau officials and IRM technicians had to collaborate to ensure that an adequate inventory was maintained and updated in accordance with regulations in the Foreign Affairs Manual (FAM) and the Foreign Affairs Handbook (FAH). Bureau officials expressed frustration about the lack of accountability for inventory control because most equipment was moved by IRM technicians who might not always inform the bureau custodial officer of the equipment's removal, replacement, or relocation.

The inventory management process varied among bureaus. One bureau had developed its own notification for IRM technicians to follow for inventory control, while another bureau was requesting IRM technicians to complete a form indicating the locations of equipment that had been moved.

The Under Secretary for Management issued a memorandum in April 2009 stating that bureau officials are responsible for reconciling their inventory for 2009 and 2010 reporting periods. IRM was collaborating with the Bureau of Administration to identify an automated tool to help manage inventory. IRM also created an internal working group to develop a process for managing inventory. The working group, led by DSD staff, would also be responsible for conducting the inventory for the consolidated bureaus once the responsibility was transferred to IRM. The need for revised IT asset management policy to address this inventory management issue is addressed in the resulting recommendation in the section "Policy Changes" in this report.

IRM Actions to Address Bureau Concerns

IRM has taken actions to address bureaus' concerns regarding poor customer service. One step taken was the expansion of discussion at CSAF meetings. The CSAF offers a forum for IT Consolidation stakeholders to provide their experience, insight, and feedback during the planning and implementation of the IT Consolidation initiative and after consolidation operations have been initiated. According to IRM, the primary goal of the CSAF is to ensure that IT Consolidation stakeholders, including service providers and business users, have input into and provide guidance throughout the consolidation process on their requirements and preferences. The CSAF Charter, dated October 2007, states that the CSAF ensures three aspects:

(1) Involvement – The CSAF is the forum used to bring the user community, business process owners, and service providers directly into the IT consolidation process; (2) Guidance – Through the CSAF, the forum will utilize input from stakeholders and users to drive IT consolidation by establishing priorities and business requirements; and (3) Communication – The CSAF will increase the quality of communications between the IT consolidation stakeholders and its designers.

IRM also created the IT Mart in January 2009 to be a one-stop shop located centrally within the Department to handle service requests such as user accounts, FOBs, mobile computing devices, and laptops. Previously, issues were handled from three different locations or within the consolidating bureau. The IT Mart has proved to be a positive step toward providing assistance in one location central to Department employees, combined with the ability to handle walk-in customers.

Other actions taken to improve customer service and communication included periodic electronic newsletters to update stakeholders on the Project's progress, a dedicated IT Consolidation Web site, and town hall meetings. These forums allowed stakeholders the ability to voice their concerns and to learn of the latest IT Project developments. OIG commends these actions, but IRM needs to make additional efforts to improve customer satisfaction, as specified in the recommendations contained in this report.

IMPLEMENTING THE IT CONSOLIDATION PROJECT

The Department did not fully comply with requirements outlined in Federal laws and regulations (the Clinger Cohen Act and OMB guidance) and agency policy (FAM and FAH) for effectively managing an IT project. Specifically, the IT Consolidation PMO did not develop business, user, system, and performance requirements as required by project management guidelines. In addition, the CIO did not make the necessary policy changes to address the transfer of ownership of pre-existing IT plans of action and milestones (POA&M), inventory control, ISSO responsibilities, and the handling of mission-specific and personnel-sensitive information. Also, the Department did not implement staff selection criteria for IT staff. The condensed 2-year timeframe, as opposed to the suggested 4 to 5 years, imposed on the Department to complete consolidation for the participating bureaus and offices contributed to the lack of project requirements and inadequate implementation of the Project. As a result, the IT Consolidation PMO cannot ensure that the consolidation effort is and remains aligned with Department goals.

Project Classification

The IT Consolidation Project was initially categorized as a major project within the Department. Per OMB Circular A-11,⁸ Exhibits 53 and 300⁹ were completed by the IT Consolidation PMO, reflecting the Project's status as a major capital investment. OMB Circular A-11¹⁰ states that a major IT investment is a system or an acquisition requiring special management attention because it has

- significant importance to the mission or function of the agency, component of an agency, or another organization;
- obligations of more than \$500,000 annually;
- program or policy implications;
- high executive visibility;
- high development, operating, or maintenance costs;

⁸ OMB Circular A-11, *Preparation and Submission of Budget Estimates*, August 7, 2009.

⁹ Per OMB Circular A-11, Exhibit 300 establishes policy for planning, budgeting, acquisition, and management of Federal capital assets, and it provides instruction on budget justification and reporting requirements for major IT investments and for major non-IT capital assets. For IT, Exhibit 53 is a companion to Exhibit 300.

¹⁰ OMB Circular A-11, part 7, section 300, "Planning, Budgeting, Acquisition, and Management of Capital Assets."

- funding means other than direct appropriations; or
- agency capital planning and investment control process identifying it as a major IT project.

The size and scope of the IT Consolidation Project met the requirements of a major IT investment project for the Department. The IT Consolidation Web site states that the Project will include a total of more than 24,000 unclassified and 13,000 classified desktop computers and their office automation products, e-mail for all domestic customers, a common network infrastructure supporting desktop operations, and all domestic IT helpdesks. In addition, the Project has high costs associated with it, including approximately \$60 million spent through August 2009. Further, the Project has funding means other than direct appropriations and is considered a high executive visibility effort within the Department. Even though the IT Consolidation Project met the criteria for a major project, OMB requested that the Department revise its Exhibits 300 and 53 for FY 2009 to roll up the consolidation effort under the IT Infrastructure Line of Business, thus rendering it a non-major project. As directed by OMB, Federal agencies are required to combine IT efforts under the IT Infrastructure line of business to facilitate the sharing of best practices and consolidate common practices. As requested by OMB, the Department revised its Exhibit 300 and 53 submissions.

The IT Consolidation PMO has developed project management documentation for the consolidation effort. This includes a project charter, project scope statement, and a project management plan. A project charter was created and signed by the former CIO in September 2007 to formally authorize the Project. The charter provides information on the Project description, vision, goals, responsible parties, and stages. Also, a project scope statement was developed to document what work was to be accomplished and what deliverables needed to be produced. Further, a project management plan was developed and approved by the CIO in March 2008. This plan contained documentation and processes that are required to manage, monitor, and control the IT Consolidation Project.

Defining Business, User, System and Performance Requirements

The IT Consolidation PMO did not develop business, user, system, and performance requirements as required by project management guidelines. In accordance with OMB Circular A-130,¹¹ agencies should ensure that programs or projects involving information systems proceed in a timely fashion toward agreed-upon

¹¹ OMB Circular A-130, *Management of Federal Information Resources*, November 28, 2000.

milestones, which continue to deliver intended benefits to the agency and customers, meet user requirements, and identify and offer security protections. Further, the FAM (5 FAM 626.1, "Project Cycle") requires project managers to define business, user, and system requirements during the project's study period. In the case of the IT Consolidation, this would be the period before the first bureau consolidation. Business requirements must be linked to the project's mission and goals and should not be expressed in terms of solutions but as statements of need for specific functions. User requirements must be identified in terms of operational needs, schedule requirements, and interface requirements. The interests of the stakeholders (executive management, system administrators, and system end users) must be examined and prioritized to discern "needs" from "wants." System requirements can be expressed as attributes, constraints, regulatory requirements, and/or specifications. System requirements must be traced to user requirements and must be verifiable.

The IT Consolidation PMO did not have documentation supporting its process of gathering, prioritizing, and selecting business, user, system, and performance requirements for the effort, in accordance with OMB and FAM requirements. According to the IT Consolidation PMO, the Secretary's July 2007 memorandum approving the consolidation initiative was used as defining the Project's requirements. This represented a deviation from accepted project management methodology, which required that documented requirements, constraints, and solutions be presented to management for a decision rather than an attempt be made to derive the requirements from a decision memorandum after the fact. The IT Consolidation PMO did not undertake any further initiatives to gather requirements from stakeholders for the IT Consolidation effort, as required by OMB Circular A-130. OIG noted that the Secretary's memorandum mentioned the timeframe for consolidating IT desktop services but did not include a detailed description of what requirements were identified and had been prioritized based on discussions with bureau management and IT staff.

Although the consolidation effort has already moved forward, the identification of requirements would provide senior management and the IT Consolidation PMO with a mechanism for determining whether intended end results had been achieved for the consolidation effort. In addition, identified requirements would help support existing project management documentation and align the consolidation effort with defined benefits and goals. Because of the complexity and breadth of IT Consolidation, the identification and prioritization of requirements and the use of such requirements in the development and revision of project documentation will ensure that the project is in keeping with Department goals.

Recommendations 6. OIG recommends that the Chief Information Officer develop and disseminate detailed business, user, system, and performance requirements outlining the consolidation goals to be achieved for a successful endeavor.

Recommendations 7. OIG recommends that the Chief Information Officer revise project management documentation to be consistent with identified business, user, system, and performance requirements.

Management Response

In its response to Recommendation 6, the CIO stated that the Grant Thornton study provided the detailed requirements and alternative analysis that resulted in the decision to consolidate and that IRM “has been managing” the performance measures and “continues to communicate” its progress. During its evaluation, OIG concluded that the study was performed before the consolidation effort began. The study did not detail or provide specific business, user, system, and performance requirements to measure consolidation progress and success. The CIO needs to document and share such requirements with all relevant parties to ensure that measurable goals are present to track completion and success of the Project. For Recommendation 7, the CIO agreed that project management documentation should be updated as appropriate. Based on the actions taken or anticipated, OIG considers Recommendations 6 and 7 resolved, pending further action.

Policy Changes

The IT Consolidation PMO did not adequately address policy planning required for the consolidation effort, including making and disseminating necessary policy changes via Department directives and the FAM. Specifically, revisions to address the transfer of ownership of IT POA&Ms, inventory control, ISSO responsibilities, and the handling of mission-specific and personnel-sensitive information had not been completed. OMB Circular A-123 provides guidance to agencies on improving the accountability and effectiveness of programs and operations by establishing, assessing, correcting, and reporting on internal controls. The guidance emphasizes the need for integrated and coordinated internal control assessments that synchronize all internal control-related activities.

POA&Ms are created to address vulnerabilities identified through internal or external reviews. Bureau systems owners are responsible for addressing identified weaknesses via a POA&M process with established steps and deadlines. After bureaus consolidate IT services with IRM, the responsibility and ownership of IT-related POA&Ms will be transferred from the bureau to the CIO for resolution. At the time of OIG's evaluation, the Department's POA&M database contained more than 2,700 entries for various vulnerabilities, including software applications, local area networks, and assessment reports. A policy or procedure addressing who is responsible for managing POA&Ms after consolidation had not been developed by the CIO. OIG was informed by the IT Consolidation PMO that IRM's Office of Information Assurance was developing POA&M policy; however, at the time of OIG's evaluation, no policy or procedure had been finalized and therefore had not been disseminated to bureau executives and IT staff.

Changes to inventory management policy as a result of IT Consolidation have also not been revised. Prior to consolidation, bureau executive directors (serving as accountable officers) were responsible for accounting for and inventorying their IT assets. After consolidation, bureaus and IRM were required to work collectively to ensure that inventory management was performed accurately and effectively. However, confusion began to surface as consolidated bureaus and IRM handled IT issues depending on whether services were in-scope or out-of-scope. The Under Secretary for Management issued a memorandum in April 2009 stating that IRM and the Bureau of Administration were working together to address the process of managing and accounting for desktop computer and printer inventory. However, in the meantime, bureaus were responsible for keeping inventories of IT hardware that was not under their control. Other than the memorandum, no formal policy has been generated to ensure that bureau staff and IRM are handling inventory management adequately to prevent potential misplacement or loss of equipment.

Policies addressing the handling of ISSO responsibilities and duties after consolidation have not been revised. The division of duties between bureau IT staff and IRM had not been clarified, and in some cases, limited access was provided to bureaus to handle required tasks.

Further, policy addressing the maintenance and storage of mission-related and personnel-sensitive information within the Enterprise Server Operations Center (ESOC) also had not been formulated. The storage and viewing of mission or user-sensitive information stored in ESOC had not been codified. With the potential for bureau mission-sensitive information residing on e-mails and resting in user data libraries located in ESOC, boundaries and limitations must be established to ensure that only those IRM individuals with a "need to know" have access.

Recommendation 8. OIG recommends that the Chief Information Officer revise and/or create policy through Department of State directives and the Foreign Affairs Manual to reflect information management changes attributable to the Information Technology Consolidation Project. These policies should address, at a minimum, the handling of information technology plans of action and milestones transferred from consolidated bureaus, information technology asset management, information systems security officer responsibilities, and the proper handling of mission-specific information stored on Department networks.

Management Response and OIG Reply

In its response, the CIO concurred with the recommendation and stated that it had directed the FAM to be updated to reflect information management changes attributable to the IT Consolidation Project. Based on the response, OIG considers the recommendation resolved, pending further action.

Staff Selection Criteria

The Department did not develop selection criteria for IT staff transitioning during the consolidation effort. The Office of Personnel Management requires all Federal agencies to reassign all Computer Specialist positions to the new Information Technology Specialist positions within their area of specialty.¹² The Department's Bureau of Human Resources provides guidance to the bureaus on the implementation of these new requirements.¹³ However, the bureaus implemented the requirements only partially, which resulted in IT Specialists not having a specific functional description. According to the Department, IRM officials did not have the control to determine which IT personnel would be reassigned to their helpdesk support as part of the consolidation. This led to personnel who did not have the appropriate functional code to perform required IT support being transferred to IRM's helpdesk to provide IT services to consolidated bureaus.

¹² Job Family Standard for Administrative Work in the Information Technology Group, issued in May 2001, with subsequent revisions issued in August 2003 and September 2008.

¹³ Memorandum from HR/CSP to Executive Directors, "Implementing the New IT Classification Standard," issued in September 2001.

Based on its review of personnel actions and position descriptions of 25 transferred Civil Service IT positions to IRM as part of the consolidation effort, OIG found that 14 positions did not have specialty functional descriptions. For example, one consolidated bureau transferred an administrative employee and another transferred a policy and planning IT specialist to IRM to be part of their Tier 1 IT helpdesk that responded to and resolved trouble ticket calls. Actions such as these have resulted in complaints from the bureaus and the IT Consolidation PMO about personnel providing customer service who do not have the technical qualifications to be in that position. Once consolidation is completed, approximately 75 percent of the reported Department Civil Service IT specialists will have been impacted by the effort. With the Department not fully implementing specialty functional descriptions for IT specialists, having personnel who are not qualified provide customer support could adversely impact the Department's operations.

Recommendation 9. OIG recommends that the Chief Information Officer, in coordination with the Chief Human Capital Officer, ensure that personnel transferred to the Bureau of Information Resource Management as part of the Information Technology Consolidation Project have been assigned appropriate specialty functional descriptions for performing information technology functions.

Management Response

In its response, the CIO stated that it believed the recommendation as written in the draft report was "broader" than the IT Consolidation Project and therefore should be eliminated from the report. OIG agrees with the rationale presented in the response but believes that assigning specialty functional codes for those individuals transferred to IRM is critical to ensure that those employees have adequate IT knowledge and skills to provide customer support. As such, OIG has revised the recommendation to be more applicable to the IT Consolidation Project, and the CIO is requested to respond to the new recommendation.

IT CONSOLIDATION COSTS

One of the original objectives of the IT Consolidation Project was to reduce bureau costs for desktop support services and systems maintenance. However, the Department did not have actual or comparative cost information to determine whether consolidating services actually resulted in a reduction in bureau costs. The inconsistent manner in which bureaus accounted for IT services costs was one element hindering IRM's ability to make a comparative cost analysis. The limited cost analysis performed prior to bureau consolidation also contributed to the inability to make a determination. In addition, greater transparency and communication between the IT Consolidation PMO and the bureaus on cost issues could significantly improve the bureaus' acceptance of the Department's IT Consolidation. The lack of the bureaus' understanding of costs has led officials and staff to question the costs for consolidation and has negatively impacted overall support for and commitment to the Consolidation Project.

Actual and Comparable Cost Information

The Department did not maintain actual and comparable cost information for IT services prior to consolidating under IRM. IRM was therefore unable to determine the IT costs for bureaus prior to consolidation. As a result, there were no baselines for comparing pre-consolidation and post-consolidation costs for the overall project.

In an attempt to determine pre-consolidation costs, IRM requested RM's assistance in gathering bureau costs for IT services to develop a cost estimate per desktop to be applied to consolidated bureaus. RM did not have the information readily available, so it sent a spreadsheet to the bureaus requesting information on the population served, IT staff, and IT support expenses. RM officials asked the bureaus only for total costs and did not break out costs for services that would be included in the consolidation. Further, bureaus did not have any in-scope and out-of-scope distinctions allowing the bureaus' IT staff to estimate and budget for required IT services in a consistent manner. Therefore, RM officials could not definitively answer questions about what bureaus paid for in-scope and out-of-scope services.

Another factor impacting the inability to perform cost comparisons was having salaries paid from different funds. Before IT Consolidation, salaries for IT support employees for all D&CP bureaus were paid from the American Salaries Fund. After IT Consolidation, IRM became responsible for funding the salaries of the support personnel who transferred to IRM and thus were paid from the Working Capital Fund.¹⁴ In addition, bureaus did not consistently retain cost information for their pre-consolidation IT services, so no estimate could be applied to those services being provided by IRM.

OIG was also unable to determine from Department accounting data whether bureaus were paying more or less for IT services under consolidation. OIG attempted to independently verify bureau pre-consolidation and post-consolidation costs to determine whether cost savings had been realized. OIG identified all bureau IT-related Budget Object Classification (BOC) codes and requested funding amounts under these BOCs for the Department's 34 domestic bureaus and offices for FYs 2006 to 2009. However, a thorough cost analysis could not be obtained for several reasons. First, bureaus had different mission-related goals and priorities with varying support needs and costs. In addition, bureaus allocated their budgets for IT services and support in an inconsistent manner, which resulted in the lack of a baseline for pre-consolidation costs.

OIG also identified one particular BOC code that was used by certain bureaus as a sort of "miscellaneous" account for the funding of both IT-related and non-IT-related items. As a result, it was difficult to differentiate the substantial costs within this code for inclusion in bureau IT expenses. RM officials could not confirm that the code, which contained large-dollar funding amounts for certain bureaus, was for IT expenditures either in whole or in part.

Cost Analyses Performed

The Department performed limited cost planning and analyses prior to initiating bureau consolidation. In accordance with OMB Circular A-130, agencies must prepare and update a benefit cost analysis for each information system throughout its life cycle. In addition, in accordance with the FAH (5 FAH-5 H-600) and the FAM (5 FAM 660, "Benefit Cost Analysis"), benefit cost analyses must be prepared for each new, modified, or fully integrated program or project prior to implementation. Also, all benefit cost analyses must include alternatives that are operationally and techni-

¹⁴ The Working Capital Fund provides a mechanism to charge users for services with cost consciousness as a primary objective. It also offers flexibility with no-year funding and the ability to adjust staffing as needed within affordability limitations. ("IRM IT Consolidation" <<http://itconsolidation.a.state.gov>>, accessed on Oct. 19, 2009.)

cally feasible to satisfy objectives and consider both current and future costs and benefits as stated in the FAH (5 FAH-5 H-620). Department officials said that IT Consolidation was “rolled up” under IT Infrastructure Exhibit 300, which was provided to OMB. The benefit cost analysis for IT Consolidation complied with OMB Circular A-130 budget submission requirements; however, the submission was based on limited cost information, as more in-depth information was not available.

In September 2006, the Department contracted with the consulting firm Grant Thornton to begin a business case analysis of IT Consolidation and its alternatives for IT services at the Department. Grant Thornton representatives collected and analyzed cost and workload data for desktop-managed services from the bureaus and offices under the Assistant Secretary for Management, including RM and the Under Secretary for Management; the Bureaus of Administration, Diplomatic Security, and Human Resources; the Office of Medical Services; and the Foreign Service Institute. Data was requested, but was not received, from other bureaus and offices. From this limited information, Grant Thornton concluded that the data was representative of the Department-wide workload for domestic, unclassified desktop-managed services. As such, Grant Thornton extrapolated its sample data of 9,391 end-users across 24,873 domestic, unclassified end-users Department-wide to develop its business case. Specifically, Grant Thornton compiled workload data from only seven bureaus and assumed that each of the remaining 27 bureaus in the Department had similar IT service requirements and setup.

Because the Grant Thornton results were extracted from limited data, IRM attempted to determine the cost of IT services for bureaus prior to consolidation with assistance from RM and from several bureaus that agreed to share their cost data. However, the lack of cost information retained by bureaus and RM precluded a thorough analysis of pre-consolidation costs. With such limited cost information available, IRM then decided to use its cost model across all bureaus for IT services, much as the Grant Thornton analysis had done, even though it did not apply to all missions. IRM developed the IT Consolidation Cost Model Plan, dated December 14, 2007, to document its cost for the Project, list the objectives of the consolidation effort, and describe the cost model process and approach. The IT Consolidation Cost Model Plan further outlines IRM’s cost model for the current and future state of IT Consolidation for in-scope services.¹⁵

¹⁵ According to IRM, in-scope services for the unclassified and classified networks include the IT Service Desk, Standard Desktop Services, IT Security Services, Enterprise Network Services, Mobile Computing Services, File Storage and Sharing Services, Messaging Services, and User Profile Services.

OIG found the IT Consolidation Cost Model Plan to be based on limited cost information. Rather than performing additional benefit cost analyses, the IT Consolidation Cost Model Plan was based on IRM's assumptions about bureau IT costs and the assessment of a small amount of cost data available. Instead of being charged a per-desktop cost based on individual circumstances, bureaus were being charged the same cost per desktop, even though bureaus are very dissimilar, that is, each bureau has a different mission, network management, workload requirements, and costs. As a result, bureaus were being charged a cost per desktop that might not be commensurate with the support services they needed or provided.

Cost Transparency and Communication

Bureau officials expressed frustration regarding the lack of transparency on costs for IT Consolidation. Most of the frustration revolved around increasing cost estimates for the bureaus, which started at approximately \$1,500 per desktop but then increased to \$1,883 for reasons that were not known. Many officials said that their bureaus were paying substantially more for desktop services post-consolidation. One official for a bureau not yet consolidated noted that the bureau was being asked to pay two or three times more than it was paying for service that was perhaps 60 percent of the service it was receiving.

Other bureau officials stated that they were being assessed "hidden fees." Officials said that bureaus already had remote sites, called "nodes," as part of their networks but that since consolidation, the bureau has had to pay an additional \$700,000 to IRM for those nodes. Similarly, officials expressed concern over seemingly high maintenance charges for each connection to the networks and printers, although bureaus paid for their installation. Officials also questioned why their respective bureaus' costs included paying for the IT network infrastructure, despite such costs already being part of IRM's base funding prior to IT Consolidation. Those same officials questioned why IRM was charging bureaus for both unclassified and classified network workstations, when only a switch separated the two environments. Bureau officials stated that the added 10 percent contingency cost, which was built into the cost estimate per desktop, seemed excessively high—noting that a 1 percent contingency cost was more realistic. However, IRM stated that the cost was based on the desktop and not the user. Further, IRM stated that both unclassified and classified desktops required file and e-mail storage, helpdesk support, and hardware support.

The OIG team could not independently validate anecdotal claims and concerns about cost issues expressed by bureau officials. However, based on its review of the cost information provided, OIG determined that the cost per desktop calculation was unclear and that the costs had fluctuated throughout the consolidation schedule. For example, IRM's cost model initially projected a cost per desktop of \$1,500. This was based on providing support for a service helpdesk, standard desktop services, and file and e-mail storage for 37,000 total desktops less the cost of government employees' salaries and benefits. This estimate assumed a support staff to desktop ratio of 1:78 (approximately a 10 percent increase in staffing efficiency) and a contractor to full-time employee labor mix of 77 percent contractors and 23 percent full-time employees.

The \$1,500 cost per desktop did not remain constant because IRM added and subtracted cost elements that produced new estimates. For example, a cost estimate for labor (contractors and full-time employees) and for non-labor costs was added that increased the cost per desktop to \$1,693. IRM then decided that the cost per desktop did not include full-time employee costs and therefore adjusted it downward, bringing the \$1,500 estimate to \$1,350. Subsequently, IRM added a management reserve¹⁶ of 10 percent (\$135) to the estimate, bringing the final cost per desktop to \$1,485 (rounded to \$1,500). This cost model included the annual cost per desktop, including labor and non-labor costs for one workstation. Department officials also provided other reasons as to why per-desktop costs did not remain constant: the per-desktop estimate did not include government employee labor costs, government employees determined to be "in-scope" were absorbed by IRM, and the performance-based contract that impacted the per-desktop costs was awarded later than anticipated.

The cost model was subsequently adjusted upwards to approximately \$1,883 per desktop, as expenses to provide the support proved to be higher than first anticipated. According to RM, bureaus consolidated in 2009 will not be assessed the \$1,883 charge until 2010. Beyond 2009, all consolidated bureaus will include the per-workstation charge of \$1,883 in their base funding level. The \$1,883 charge will not change until FY 2011 at the earliest, as stated by RM officials.

The IT Consolidation PMO has made efforts to communicate with its stakeholders through numerous formats, including meetings and forums, an electronic newsletter, and a Web site dedicated to the project. According to IRM, the IT Cost Center

¹⁶ Per the IT Consolidation Cost Model Plan, the management reserve represents additional contractor support to minimize the risk of service as well as contingency support costs.

has briefed CSAF members, executive directors, and budget officers on the costs comprising per-desktop charge. Along with various town hall and customer feedback meetings, to include meetings with bureau executive directors and regional executive directors, IRM has provided numerous opportunities for communication between IRM and consolidated bureaus. A Department official said that the PMO should be recognized for trying to communicate complicated cost and other issues to the consolidating bureaus. The CIO also told OIG that she thought communication efforts were sufficient. Bureau management, however, said that they believed more communication and clarity were needed. Of the 16 consolidated bureaus, officials from 10 bureaus expressed concerns that IRM had not sufficiently explained how the cost per desktop was derived. Without a full understanding and clarification of cost matters, it will likely be difficult to overcome bureau resistance to IT Consolidation.

Future Cost Planning

The IT Consolidation cost estimates provided by IRM have changed throughout the course of consolidation, resulting in bureaus stating that they did not have sufficient funds to pay for the IT Consolidation. For example, one bureau was charged \$1.78 million for 946 workstations, but the bureau official said that it had only approximately \$600,000 available in bureau resources, resulting in a deficit of \$1.15 million. Another bureau was charged \$2 million for 1,095 workstations, but the bureau official said that it had only approximately \$300,000 available, leading to a deficit of \$1.7 million. Because of the unanticipated costs of the consolidation, bureaus claimed to not have sufficient funds to pay for the consolidation in FY 2009. To assist, the bureaus were made “whole” by providing them with supplemental funding amounting to \$6.8 million in FY 2009 based on approval from the Under Secretary for Management.

Bureau officials expressed concerns that shortages in funding would affect their ability to provide those IT support services that have remained with the bureau. Some bureaus indicated that priority projects might be affected. Other bureaus indicated the need to hire additional staff to handle mission-specific responsibilities but were unable to do so because of insufficient funds after providing IRM the funding requested. Because IRM had not provided sufficiently detailed information on costs per desktop and how bureau funding was being used to support operations, some bureaus were resisting the consolidation.

It is unclear how the Department will address shortages in bureau funding that occur in the future because IRM has not projected cost or shared information with bureaus on future costs for the operation and maintenance of desktop services. OIG reviewed a draft of the OMB IT Infrastructure Line of Business evaluation report, written by the Gartner Group, Inc., an IT research and advisory company. The report, which addresses IT infrastructure services performed by IRM and the Department, is very detailed and covers most of the services promoted by the IT Consolidation. The report provides information on costs, service levels, staffing levels, productivity, cost gaps, and findings. While this information was being developed under a separate contract parallel to the Grant Thornton study, the information could provide IRM and bureaus with cost analyses and information to assist in their future planning and management decision process.

Recommendation 10. OIG recommends that the Chief Information Officer share information with bureaus on the cost estimates per desktop for the Information Technology Consolidation Project. This information should show how the cost estimates are derived and how bureau funding is being used to support operations and include future projections for operation and maintenance of information technology services.

Management Response

In its response, the CIO stated that IRM had held “numerous meetings” with officials regarding the cost per desktop, how the cost was derived, and how funding supported the operations and maintenance of IT services. IRM further stated that in December 2009, it will brief CSAF members on future per-desktop cost estimates.

OIG acknowledges the attempts IRM has made to explain the cost per desktop and how bureau funding is being used to support operations to Department officials. However, OIG was told, during its evaluation, of repeated instances of confusion regarding required consolidation funding, its use to support IT operations, and future projections. Therefore, IRM should continue its efforts to explain the costs associated with the consolidation effort and expand its efforts beyond CSAF members to bureau executives and IT staff. OIG considers the recommendation resolved, pending further action.

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RECOMMENDATIONS

Recommendation 1. OIG recommends that the Chief Information Officer review and revise performance metrics contained within the helpdesk service contracts to ensure that measures are put in place to address customer complaints on timeliness and resolution of issues.

Recommendation 2. OIG recommends that the Chief Information Officer revise the training program for helpdesk technicians to ensure that all individuals have consistent knowledge and skills to provide customer support.

Recommendation 3. OIG recommends that the Chief Information Officer approve the clarified in-scope and out-of-scope service areas and disseminate this information to all consolidated bureaus.

Recommendation 4. OIG recommends that the Chief Information Officer clarify information systems security officer responsibilities and duties between consolidated bureaus and the Bureau of Information Resource Management and apply these standards consistently across all bureaus.

Recommendation 5. OIG recommends that the Chief Information Officer, in coordination with Customer Service Advisory Forum representatives, develop and disseminate an established process to obtain bureau suggestions and issues on the Information Technology Consolidation Project, as well as to appropriately debrief bureau executives they represent on the consolidation process.

Recommendations 6. OIG recommends that the Chief Information Officer develop and disseminate detailed business, user, system, and performance requirements outlining the consolidation goals to be achieved for a successful endeavor.

Recommendation 7. OIG recommends that the Chief Information Officer revise project management documentation to be consistent with identified business, user, system, and performance requirements.

Recommendation 8. OIG recommends that the Chief Information Officer revise and/or create policy through Department of State directives and the Foreign Affairs Manual to reflect information management changes attributable to the Information Technology Consolidation Project. These policies should address, at a minimum, the handling of information technology plans of action and milestones transferred from consolidated bureaus, information technology asset management, information systems security officer responsibilities, and the proper handling of mission-specific information stored on Department networks.

Recommendation 9. OIG recommends that the Chief Information Officer, in coordination with the Chief Human Capital Officer, ensure that personnel transferred to the Bureau of Information Resource Management as part of the Information Technology Consolidation Project have been assigned appropriate specialty functional descriptions for performing information technology functions.

Recommendation 10. OIG recommends that the Chief Information Officer share information with bureaus on the cost estimates per desktop for the Information Technology Consolidation Project. This information should show how the cost estimates are derived and how bureau funding is being used to support operations and include future projections for operation and maintenance of information technology services.

ABBREVIATIONS

BOC	Budget Object Classification
CIO	Chief Information Officer
CSAF	Customer Service Advisory Forum
CSO	Customer Service Office
Department	Department of State
D&CP	Diplomatic and Consular Programs
DSD	Desktop Services Division
ESOC	Enterprise Server Operations Center
FAH	Foreign Affairs Handbook
FAM	Foreign Affairs Manual
IRM	Bureau of Information Resource Management
ISSO	information systems security officer
IT	Information technology
ITSC	IT Service Center
OIG	Office of Inspector General
OMB	Office of Management and Budget
OSD	Operational Support Division
PMO	Program Management Office
POA&M	plan of action and milestones
RM	Bureau of Resource Management

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APPENDIX A

SCOPE AND METHODOLOGY

To perform the evaluation of the Information Technology (IT) Consolidation Project at the Department of State, the Office of Inspector General (OIG) re-searched federal laws, regulations, guidance, and industry best practices for project management, benefit cost analyses, and customer service. OIG also reviewed prior audit and inspection reports to identify prior issues and follow-up matters.

OIG reviewed documentation provided by Department officials, including customer service surveys, project management documentation, cost spreadsheets, IT Consolidation progress reports, and minutes of meetings between executive directors and senior Department management. The team obtained and reviewed systems documentation, including planning documents, documentation of in-scope and out-of-scope IT services, risk assessments, security-level documentation, staffing patterns, enterprise architecture documents, Department configuration guidelines, performance measures, and plans of action and milestones documentation. Further, OIG reviewed, for each bureau for various fiscal years, benefit cost analyses documentation; Exhibits 300, A-11, A-76; and Bureau of Information Resource Management (IRM) IT budget documentation. OIG also reviewed cost model documentation created by the Department. Project methodologies, contract documentation, and material available on the IT Program Management Office (PMO) Web site were also reviewed.

OIG interviewed officials from various bureaus and offices to obtain insight on the quality of customer service and costs incurred prior to and after IT Consolidation (the bureaus and offices are listed in Appendix B). Specifically, OIG met with officials of 16 consolidated bureaus and offices at the time of the evaluation. Questions asked of officials included their IT consolidation experience, satisfaction, and any issues that had not been addressed. Additionally, OIG met with officials from seven bureaus and offices in pre-consolidation phases to discuss their interaction with IRM staff, as well as their concerns and experiences. OIG did not include OIG's Executive Office in this evaluation.

OIG interviewed officials in the Bureaus of Administration and Resource Management to discuss their respective roles and responsibilities for implementing and managing the IT Consolidation Program. These discussions included questions on the initial conception of the IT Consolidation effort, planning exercises, studies performed, and cost analyses for the bureaus and IRM. OIG also met with IRM's Desktop Support Division, Customer Liaison Staff, and the Process Improvement Division to obtain insight on customer service policies, procedures, surveys, communication, and areas of improvement. The team attended several Customer Service Advisory Forum (CSAF) meetings chaired by the Chief Information Officer (CIO). The CSAF meetings, which included representation from each functional and regional bureau, focused on providing progress reports on the IT Consolidation effort.

OIG also met with officials from the Office of Management Policy, Rightsizing, and Innovation to determine their oversight responsibilities for the IT Consolidation effort. OIG met with the IT Consolidation PMO to obtain information on the effort. This information included project management methodology and planning, security controls being used, consolidation milestones, project complications, and coordination and communication with bureau management and senior Department officials.

OIG sent a survey questionnaire with specific questions on customer service to executive directors, IT staff, and end users of all consolidated bureaus and offices to solicit their views on IT services both prior to and after the consolidation. Questions in the survey highlighted quality and timeliness of service, skills and knowledge of the technicians, and clarity of services to be provided by the bureaus and IRM. OIG received more than 700 responses to the survey. Further, the team conducted site visits at IRM's customer service call centers located at Main State and Beltsville, Maryland, as well as the IT Mart, which is the walk-in customer support location at headquarters.

OIG's Office of Audits conducted its fieldwork and analysis for this evaluation from February through August 2009.

APPENDIX B

BUREAUS AND OFFICES VISITED DURING EVALUATION

During its evaluation of the Information Technology Consolidation Project at the Department of State, the Office of Inspector General visited the following Department bureaus and offices:

Consolidated Bureaus

Bureau of Near Eastern Affairs, Executive Office
Bureau of Overseas Building Operations, Executive Office
Office of Legal Advisor, Executive Office
Bureau of Population, Refugees, and Migration, Executive Office
Bureau of Resource Management, Executive Office
Bureau of Legislative Affairs, Executive Office (via e-mail)
Bureau of Oceans and International Environmental and Scientific Affairs,
Executive Office
Bureau of Western Hemisphere Affairs, Executive Office
Bureau of Economic, Energy, and Business Affairs, Executive Office
Office of Medical Services, Executive Office
Bureau of Administration, Executive Office, Information Resource Management
Bureau of Administration, Office of Global Information Services
Bureau of European and Eurasian Affairs/International Organization Affairs,
Executive Office
Bureau of East Asian and Pacific Affairs, Executive Office
Bureau of African Affairs, Executive Office
Office of the Director of U.S. Foreign Assistance, Executive Office

Bureaus Not Consolidated as of August 31, 2009

Bureau of Foreign Services Institute, Executive Office
Bureau of Educational and Cultural Affairs/ International Information Program,
Executive Office
Bureau of Diplomatic Security, Executive Office
Bureau of Human Resources, Executive Office

Bureau of Arms Control and International Security Affairs, Executive Office
Bureau of Public Affairs, Executive Office
Bureau of Consular Affairs, Executive Office

Department Offices

Under Secretary for Management
Bureau of Resource Management, State Programs, Operations and Budget
IT Consolidation Program Office
Bureau of Administration
Office of Management Policy, Rightsizing, and Innovation
Bureau of Information Resource Management, Operations, Customer Service
Office
Bureau of Information Resource Management, Operations, Customer Service
Office, Desktop Support Division
Bureau of Information Resource Management, Operations, Customer Service
Office, Customer Liaison Staff
Bureau of Information Resource Management, Operations, Customer Service
Office, Process Improvement Division
IT Consolidation Customer Service Advisory Forum

APPENDIX C



United States Department of State


**Chief Information Officer
Information Resource Management**

Washington, D.C. 20520-6311

December 15, 2009

MEMORANDUM

TO: OIG - Mr. Harold W. Geisel, Deputy Inspector General

FROM: IRM – Susan Swart 

SUBJECT: Draft Report on Evaluation of the Information Technology Consolidation Project at the Department of State (AUD/IT-10-11)

IRM appreciates the opportunity to comment on the Office of Inspector General (OIG) *Evaluation of the Information Technology Consolidation Project at the Department of State* (Report Number AUD/IT-10-11). We recognize the level of effort associated with this review and we believe this process contributes to our shared goal of supporting fully the Department's mission and personnel.

We recognize also, that the review could not fully address all aspects of the program. Specifically, the evaluation does not appear to address the significance of the program's contribution toward enhancing the Department's IT security posture. The Department established its Site Risk Scoring Program, a program recognized by the administration and private sector as a model for other agencies in the Federal government. Also, this program received the National Security Agency's Rowlett Award for organizational excellence among security programs in 2009.

This program was used by IRM to improve security during consolidation. As a result of the overall risk scoring program and the efforts by the Desktop Support Division (DSD) to reduce risk at consolidated sites, desktop-related risk dropped significantly from July 2008 through July 2009. This risk reduction provides clear and compelling evidence that IRM is working effectively through consolidation to improve the security posture of the Department significantly.

IT Consolidation has also provided IRM the opportunity to improve the Department's domestic IT infrastructure. All consolidated users are allotted email storage boxes of 500MB, a substantial increase for most users. In addition, email and BlackBerry services for consolidated users have been centralized, creating efficiencies in email management and standardizing storage and security practices across the enterprise as well as 7x24 support. Through IT Consolidation, IRM has also implemented a centralized Storage Access Network (SAN) solution for storing user files centrally within the Enterprise Server Operations Center (ESOC). As user files are migrated to the SAN, IRM is able to centrally manage the data stores, including conducting regular back-up of the data. IRM is also instituting a new Disaster Recovery / Continuity of Operations Plan

(DR/COOP) for protecting this data, a capability that was not possible until implementation of centralized file storage. Additionally, the implementation of the Remedy IT Service Management (ITSM) system provides greater visibility into the incidents and service requests brought to the IT Service Center. The Remedy ITSM suite will take advantage of a newly revised IT support process within IRM, focusing on the identification, development, and improvement of its IT support processes so that IRM may better meet the IT needs of its customers across State. This increase in capabilities gives IRM and the Bureaus greater control over ticket routing, increased transparency, standardized processes and tools, and greater reporting capabilities.

Additionally, it is IRM's position that the critical evaluation of IRM's customer service does not reflect the distinct trend toward improved service and the infrastructure now in place to ensure continued improvement. IRM has never been more focused on customer service. *IT Services Online* went live on December 7, 2009, providing customers an additional way to request services from IRM. The revision of the IT Consolidation Master Service Level Agreement (SLA) v3, scheduled for release early next year, is more focused on customer service and assigning target resolution times to issues reported through the IT Service Center and IT Services Online. Finally, IRM is seeing a marked improvement in meeting SLA specific measures for Incidents and Service Requests with an increase of approximately 10% in compliance with the target SLA resolution times.

We appreciate OIG's recognition that IRM faced the challenge of working from an incomplete baseline of bureau information. The bureaus were not uniform in providing service, in tracking and reporting costs, or in monitoring customer satisfaction. Today, however, consolidation has enabled service levels to be monitored rigorously and evaluated against documented service levels. IRM's approach to the working capital fund ensures that costs are captured, tracked, and reported. We believe that the transparency and discipline instilled with consolidation will enable the Department to sustain improvement and efficiencies.

IRM's comments on the OIG's specific recommendations follow.

Recommendation 1: OIG recommends that the Chief Information Officer review and revise performance metrics contained within the helpdesk service contract to ensure that measures are put in place to address customer complaints on timeliness and resolution of issues.

The current service contract performance metrics are written to meet or exceed the Department's Master Service Level Agreement (SLA) response/performance agreements. The service contract is a performance-based contract managed by IRM, which contains award incentives and disincentives tied to the vendor's ability to meet the target SLA metrics. IRM/OPS/CSO management continually reviews contract performance in relation to SLA targets and meets regularly with the vendor to discuss their performance. The Department has the ability to renew or re-negotiate the contract in order to ensure proper performance metrics are in place and being met.

IRM is seeing improvement in meeting SLA specific measures for Incidents and Service Requests in compliance with target SLA resolution time. Incident Resolution improved from

82% in October 2008 to 94% in October 2009, while Service Requests increased from 83% in October 2008 to 95% in October 2009. To further address customer concerns, the Customer Service Advisory Forum (CSAF) Tiger Team, which is comprised of customer bureau representatives, is currently revising the Master SLA to ensure their feedback is incorporated into the performance metrics. The CSAF, which is comprised of Senior Department Officials, will review, modify, and approve the final version of the revised Master SLA. Internally, FTE and contract managers monitor the responsiveness to telephonic, data, and after-hours requests on a daily basis. Additionally, six months ago, IRM established an independent division to monitor both IT Service Center (ITSC) and DSD performance and to induce changes/improvements when required. Levels of performance are documented, verifiable, and will withstand an independent "knowledgeable review."

IRM proposes that this recommendation be closed.

Recommendation 2: OIG recommends that the Chief Information Officer revise its training program for helpdesk technicians to ensure that all individuals have consistent knowledge and skills to provide customer support.

The ITSC helpdesk recognizes that training is an ongoing task, and as IRM continues to add customers through Consolidation, the changing environment mandates constant attention to this area. Under the current service contract, the vendor will continue to train Service Desk Analysts (SDAs) to improve their skills and knowledge in order to meet the service goals of the ITSC. The contract requires appropriate training of all contractor employees, and IRM management works with the vendor to remove SDAs who exhibit poor performance despite remedial training efforts.

New SDAs always have been required to complete a detailed three-phased training program when they begin with the ITSC. Phase 1 lasts two weeks and consists of detailed classroom and hands-on training. Phase 2 training also lasts two weeks and is focused on mentoring the new SDAs. In Phase 2, the new SDAs observe experienced SDAs on the floor with mentors alongside to help address issues that arise on the phones. In Phase 3, the new SDAs are on the floor while backline SDAs work with them to evaluate the tickets generated and to note areas needing improvement. Additionally, all SDAs receive refresher training as new or updated tasks and initiatives related to ITSC services arise.

IRM proposes that this recommendation be closed.

Recommendation 3: OIG recommends that the Chief Information Officer approve the clarified in-scope and out-of-scope service areas and disseminate this information to all consolidated bureaus.

IRM agrees that clarifying scope boundaries is critical and has and will continue to communicate its message regarding in-scope and out-of-scope services by continually meeting with customer bureaus. Since IRM's approach was to tailor consolidation for each bureau to respect bureau-specific applications, it is admittedly an area prone to misunderstanding and uncertainty. The project defined early and communicated exhaustively the eight in-scope areas by meeting with

in- and out-of-scope technicians on March 3, 2009, June 4, 2009, and August 18, 2009 to clarify in- versus out-of-scope services. IRM will continue to be proactive by meeting with customer bureaus to re-define these responsibilities as necessary.

IRM proposes that this recommendation be closed.

Recommendation 4: OIG recommends that the Chief Information Officer clarify information systems security officer responsibilities and duties between consolidated bureaus and the Bureau of Information Resource Management and apply these standards consistently across all bureaus.

IRM concurs with this recommendation and reports the following actions taken to date:

- IRM/OPS/CSO has created a desktop ISSO position within the Operational Support Division to help coordinate these issues in Spring of 2010. Defined roles and responsibilities are available on CSO's website (<http://irm.m.state.sbu/sites/ops/CSO/default.aspx>).
- IRM/IA Global Risk has been working with ISSOs from consolidated bureaus to better define these roles and responsibilities and has draft documentation of the roles and responsibilities ready.
- IRM/IA has identified that in addition to defining the roles and responsibilities, it is important to have an SLA that specifies how quickly high priority actions (e.g. responding to spillage of classified materials onto OpenNet) will occur.

IRM proposes this recommendation be considered closed when the common definition of roles and responsibilities, as well as SLA metrics (such as response time), have been incorporated into the SLA agreements between each bureau and IRM.

Recommendation 5: OIG recommends that the Chief Information Officer, in coordination with Customer Service Advisory Forum representatives, develop and disseminate an established process to obtain bureau suggestions and issues about the information technology consolidation project, as well as to debrief executives they represent on the consolidation process, appropriately.

IRM agrees bureau input and information flows are critical. The Customer Service Advisory Forum (CSAF) provides a vital link between customers and IRM, and we strongly encourage active bureau representation. When IT Consolidation was initiated in October 2007, a CSAF Charter was developed and formalized, outlining the specific roles and responsibilities of CSAF members (see link for Charter):

<http://itconsolidation.state.gov/index.cfm?fuseaction=public.display&shortcut=4WGS>).

Per the Charter, the CSAF exists to perform several main functions. Successful application of each of these functions will increase IRM's ability to effectively plan and implement IT Consolidation and continuously involve the user community, business process owners, and service providers in the entire organizational transformation. Members of the CSAF provide: (1) collaboration; (2) guidance; and (3) communication between bureaus and IRM.

The CSAF meets monthly and helps to discuss, craft, and disseminate several types of deliverables directly to customers that will help achieve the goal of establishing a shared ownership of the IT Consolidation initiative. These include:

- Providing input into the prioritization of bureaus to transition, as well as prioritization of functional and technical requirements / issues.
- Providing feedback and support to IT Consolidation project documentation once released in draft by the IT Consolidation Working Group within the Bureau of Information Resource Management at the Department of State.

IRM provides the CSAF with regular performance data, ticket information, and cost forecasts to enable transparency of the initiative. In turn, CSAF members must communicate and filter this information to their respective bureaus. The CSAF also continues to support our enhancements to IRM's Service Level Agreements (SLAs) and provides input for all major service initiatives.

CSAF membership is controlled through a regulated process to vote in new members. Membership includes leaders throughout the Department, including Executive Directors, Office Directors, technical representatives, and user representatives from all bureaus affected by IT Consolidation. In total, twelve members comprise the CSAF. Membership of the CSAF can be changed according to fluctuations in business needs or position changes – but should remain representative of the full spectrum of stakeholders of the IT Consolidation. The goal is to allow proper flexibility to the organization while ensuring that the correct mix of skills, experience, and backgrounds are fully represented within the core CSAF team.

IRM proposes that this recommendation be closed.

Recommendation 6: OIG recommends that the Chief Information Officer develop and disseminate detailed business, user, system, and performance requirements outlining the consolidation goals to be achieved for a successful endeavor.

The A/CSPO Grant Thornton study provided the detailed requirements and alternative analysis which resulted in the Secretary's decision to consolidate, vs outsourcing, the defined IT services. The OIG has been provided copies of the IT Consolidation Program's goals, IRM's Service Agreement, and the security risk scores for IRM. IRM has been managing to these performance measures and continues to communicate IRM's progress with its customers and stakeholders in all bureaus.

IRM proposes that this recommendation be closed.

Recommendation 7: OIG recommends that the Chief Information Officer revise project management documentation to be consistent with identified business, user, system, and performance requirements.

IRM agrees that project management documentation will continue to be updated as appropriate.

Recommendation 8: OIG recommends that the Chief Information Officer revise and/or create policy through Department of State directives and the Foreign Affairs Manual to reflect information management changes attributable to the Information Technology Consolidation Project. These policies should address, at a minimum, the handling of information technology plans of action and milestones transferred from consolidated bureaus, information technology asset management, information systems security officer responsibilities, and the proper handling of mission-specific information stored on Department networks.

The CIO concurs with this recommendation and has directed the update, as appropriate, to 5 FAM 600 to address items raised in the OIG Draft Report.

Recommendation 9: OIG recommends that the Chief Information Officer, in coordination with the Chief Human Capital Officer, implement specialty functional descriptions for information technology specialists throughout the Department of State to ensure that appropriate personnel are performing information technology functions.

IRM believes that this recommendation is broader than the IT Consolidation program, and should be eliminated from this Evaluation Report.

IRM proposes that this recommendation be closed.

Recommendation 10: OIG recommends that the Chief Information Officer share with bureaus information on the cost estimate per desktop, to include how the cost estimate was derived, how bureau funding is being used to support operations, and future projections for operations and maintenance of information technology services.

Throughout FY08 and FY09, IRM held numerous meetings and town halls with Executive Directors, bureaus, and the Customer Service Advisory Forum (CSAF) regarding the cost per desktop, how it was derived, and how funding supported the operations and maintenance of IT services. As a Working Capital Fund (WCF), the IT Cost Center's surcharge is based on actual expenses, which is justified, reviewed, and approved by A/EX/WCF. Most recently, on September 16, 2009, IRM provided an IT Cost Center FY09 End of Year update to the CSAF, documenting the planned and actual expenses for the fiscal year. On December 16, 2009, IRM will brief the CSAF about the future per desktop cost estimates based on the IT Consolidation schedule. IRM will continue to brief Senior Department Officials, bureaus, and the CSAF regarding the cost per desktop on a regular basis.

IRM proposes that this recommendation be closed.

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