



THE PRINCE GEORGE'S COUNTY GOVERNMENT
Office of Audits and Investigations

May 6, 2019

MEMORANDUM

TO: Derrick L. Davis, Chair
 Government Operations and Fiscal Policy (GOFP) Committee

THRU: David H. Van Dyke, County Auditor *DHV*
 Turkessa M. Green, Deputy County Auditor *AMG*

FROM: Mukund Agashe, Staff Auditor *MA*

RE: Office of Information Technology (OIT)
 Fiscal Year 2020 Budget Review

Budget Overview

The FY 2020 Proposed Budget for the Office of Information Technology is \$39,247,300, an increase of \$5,249,800, or 15.4%, over the FY 2019 Approved Budget. This is largely due to an increase in operating expenses for ongoing maintenance of the ERP system and funding to replace aging network switches. The Office's expenditures are primarily funded by office automation charges and other revenues in the Information Technology Internal Service Fund. A General Fund transfer of \$1,861,900 is also proposed for FY 2020.

Budget Comparison – Information Technology Internal Service Fund

Approved Fiscal Year 2019 to Proposed Fiscal Year 2020

Category	FY 2018 Actual	FY 2019 Approved	FY 2019 Estimate	% Change - Est vs App	FY 2020 Proposed	\$ Change	% Change
Compensation	\$ 6,058,409	\$ 7,054,200	\$ 6,421,000	-9.0%	\$ 7,255,100	\$ 200,900	2.8%
Fringe Benefits	2,987,680	4,336,200	3,647,100	-15.9%	4,019,300	(316,900)	-7.3%
Operating Expenses	21,005,543	22,607,100	21,880,800	-3.2%	27,972,900	5,365,800	23.7%
Total	\$ 30,051,632	\$ 33,997,500	\$ 31,948,900	-6.0%	\$ 39,247,300	\$ 5,249,800	15.4%

Authorized Staffing Count - Information Technology Fund

	FY 2019 Approved	FY 2020 Proposed	Change Amount	Percentage Change
Full-Time	70	70	0	0.0%
Part-Time	4	4	0	0.0%
Total	74	74	0	0.0%

Revenue Sources

- Funding for the Office is generated from the following sources:

○ Office Automation Charges	\$29,678,700
○ I-Net Receipts	7,366,200
○ General Fund Transfer	1,861,900
○ Agency Charges – GIS	<u>340,500</u>
Total	\$39,247,300

- Office Automation Charges: OIT charges each agency a “fixed-charge” per year to provide information technology services. For FY 2020, the Office of Management and Budget proposed \$3,110 for each funded position for nonpublic safety agencies, and \$4,554 for public safety agencies. Overall Office Automation charges increased by \$5,421,700. See Attachment A for a detailed list of Office Automation charges by Agency.
- I-Net Receipts: A portion of the Public, Educational, and Government Access Channels (PEG) fees collected by Comcast and Verizon to operate I-Net.
- Agency Charges - GIS: For Geographic Information Systems (GIS) services provided to the Maryland-National Capital Park and Planning Commission (budgeted as a project charge to the M-NCPPC).

Staffing Changes and Compensation

- Information Technology Internal Service funds are provided for 70 full-time positions, the same as the FY 2019 approved level. In addition, funding is provided for four (4) part-time positions in the Proposed FY 2020 Budget.
- In addition to the 70 full-time positions, OIT staff includes 96 contract positions. (See Attachment B2 of the responses to the First Round Questions for a list of the outsourced positions.)
- As of March 2019, the Office reported twelve (12) full-time and one (1) part-time vacant positions. In FY 2020, three (3) of these full-time positions and one (1) part-time position will not be funded. The remaining nine (9) positions are funded and include two (2) appointed positions (Director and Deputy Director).
- The Office reported that its current rate of attrition is 2.9%. The Office cites the key factors contributing to the current attrition level are retirement and the change in administration.

- The following table provides the Office’s rate of attrition for the last five fiscal years:

Attrition Rate - Historical Trend					
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019 (YTD)
# of Separations	3	1	2	2	2
# of Authorized Positions	69	69	69	70	70
Rate of Attrition	4.3%	1.4%	2.9%	2.9%	2.9%

Fringe Benefits

- Fringe benefits are proposed to decrease by \$316,900, or 7.3%, under the FY 2019 approved level to align with anticipated costs.
- A five-year trend analysis of fringe benefit expenditures is included below.

Fringe Benefits Historical Trend					
	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimated	FY 2020 Proposed
Fringe Benefits	\$4,322,789	\$3,624,344	\$2,987,680	\$3,647,100	\$4,019,300
As a % of Compensation	74.7%	61.9%	49.3%	56.8%	55.4%
Annual % Change		-16.2%	-17.6%	22.1%	10.2%

Operating Expenses

- In FY 2020, total operating expenses are proposed at approximately \$28 million, an increase of \$5,365,800, or 23.7%, over the FY 2019 approved level.
- The accompanying table compares the FY 2020 Proposed Budget operating expenditures with the FY 2019 Approved Budget operating expenditures. In nine (9) of the categories, the FY 2020 Proposed Budget increases planned spending over the FY 2019 budget. In four (4) of the categories, the FY 2020 Proposed Budget level remains unchanged compared to the FY 2019 budget. FY 2020 expenditures decrease in three (3) categories.

Operating Objects	FY 2019 Budget	FY 2020 Proposed	FY 2019 - FY 2020	
			\$ Change	% Change
Operational Contracts	\$ 8,606,900	\$ 13,365,100	\$ 4,758,200	55.3%
Office and Operating Equipment Non-Capital	12,100,800	12,885,800	785,000	6.5%
Data-Voice	240,200	266,100	25,900	10.8%
Equipment Lease	70,000	92,100	22,100	31.6%
General Office Supplies	42,800	52,000	9,200	21.5%
Interagency Charges	102,700	106,300	3,600	3.5%
Printing	700	1,900	1,200	171.4%
Vehicle Equipment Repair/Maintenance	27,300	27,900	600	2.2%
Gas and Oil	2,800	3,200	400	14.3%
Training	42,600	42,600	-	0.0%
Allowances	14,400	14,400	-	0.0%
Membership Fees	5,000	5,000	-	0.0%
Travel:Non-Training	2,000	2,000	-	0.0%
Mileage Reimbursement	800	200	(600)	-75.0%
Telephone	202,600	152,400	(50,200)	-24.8%
General & Administrative Contracts	1,145,500	955,900	(189,600)	-16.6%
TOTAL	\$ 22,607,100	\$ 27,972,900	\$ 5,365,800	23.7%

- The most significant dollar increase between the FY 2020 Proposed Budget and the FY 2019 Approved Budget is in Operational Contracts (\$4.8 million increase), for ongoing ERP licensing and maintenance costs. Office and Operating Equipment Non-Capital is also increasing by \$785,000 for network switch replacement.
- The most significant dollar reduction between the FY 2020 Proposed Budget and the FY 2019 Approved Budget is in General and Administrative Contracts (\$189,600 decrease), due to the reduction in contracts for administrative and technical staff augmentation.
- FY 2020 Operating expenses are comprised of the following major items:
 - Office and Operating Equipment Non-Capital (\$12.9 million), which includes:
 - Computer refresh (\$2.6 million);
 - Microsoft Enterprise Software License Renewal (\$1.7 million);
 - I-NET Equipment and Initiatives (\$800,000);
 - Refresh Routers and Switches (\$785,000);
 - IBM Mainframe Software (\$569,000);
 - Avaya Maintenance and Software support (\$525,000);
 - Enhanced security protection (\$500,000); and
 - Various other contracts (See Attachment B of the responses to the Second Round Questions.)
 - General and Administrative Contracts (\$955,000), which includes:
 - Telecommunications Transmission Facility Coordinating Committee (TTFCC) consulting support (\$390,000);
 - CIO Advisory services (\$136,000);
 - On-Line Learning Management System and Instructor-Led Training (\$124,100); and
 - Legal Services for Cable Franchise Negotiations (\$73,000).

- Operational Contracts: (\$13.4 million), which includes:
 - Consulting and Technical Services (\$2.6 million);
 - Staffing for the I-Net Program (\$1.6 million);
 - Application and Development Support (\$1.6 million);
 - CAP Gemini Hosting (\$1.5 million);
 - Data Center Mainframe Operations and Programming (\$1.2 million);
 - SAP software maintenance (\$1 million); and
 - Data Warehouse (\$1 million).
- The Proposed FY 2020 beginning fund balance for the Information Technology Internal Service Fund is \$1,458,907. In FY 2020, proposed revenues are sufficient to cover proposed expenses; therefore, the use of fund balance is not anticipated, leaving a projected \$1.5 million in the fund as of June 30, 2020. A General Fund transfer of \$1.9 million to Information Technology Internal Service Fund is also proposed in FY2020. (See Attachment B – Fund Operating Summary)

Highlights

- The Office reported the following key accomplishments for FY 2019:
 - Completed transfer of financial data from the legacy GEAC Mainframe system into a Data Warehouse solution. Historical data is now stored in a SQL server, making it easy to access data for ad-hoc reports.
 - Completed the Infrastructure Replacement project at the RMS Building to include CISCO equipment that was unsupported and at the end-of-life stage.
 - Completed the Geographical Information System (GIS) data updates and standardization to meet National Capital Region (NCR) and the State of Maryland's Next Gen 9-1-1 differing standards.
 - Deployed an Advanced Threat Protection (ATP) technology solution to protect the Microsoft Office 365 email platform against phishing emails.
- The Office reported the following initiatives for FY 2020:
 - Countywide Computer Refresh (Total Project Cost \$11.9 million): The Office is conducting a phased computer refresh that began in FY 2018. Funding in the amount of \$2.6 million is included in the Proposed FY 2020. The original plan called for 1/3 of the County's workstations to be refreshed every 3 years. Due to the increased cost of the workstations, this plan was changed to 1/4 of the County's workstations every four years. Each workstation has a 5-year manufacturer warranty, excluding the smaller Dell XPS Laptops which come with a 4-year warranty. There are 6,000 workstations eligible for the refresh. Police Mobile Digital Computers (MDC), Kiosks, Training Rooms, and Conference Room equipment are not eligible for refresh. Since Windows 7 reaches its end of life phase in January 2020, it is OIT's goal to have all Windows 7 machines that are eligible for refresh, replaced by this date.

- Kronos Workforce Timekeeper Central Implementation (Total Project Cost \$849,700): The Office plans to complete implementation of the new timeclock software and hardware in Fiscal Year 2020. Funding in the amount of \$447,300 is included in the Proposed FY 2020 Budget for ongoing licensing and clock maintenance.
- Office Automation Charges/Showback: IT chargeback/showback is an accounting strategy that applies the costs of IT hardware, software, cloud services, or shared services to the business unit in which they are used. The Office plans to use the Easy Vista suite of products to accurately calculate show back and the estimated costs agencies should pay annually for office automation. OIT expects to have a new methodology of determining office automation charges drafted by June 2019.
- I-Net – All County high schools (with the exception of Dr. Henry Wise High School) currently have high speed network connection. The Office reported that there is no plan in place to provide connections to the schools without I-Net access at this time. A list of all of the public and charter schools that do not have high speed connections are provided on page 12 of the First Round of Responses.
- The Office reported the following FY 2020 goals and objectives:
 - Replace aging Infrastructure and workstations;
 - Enhance security across the Enterprise;
 - Increase the percentage of production infrastructure monitored with alert notifications;
 - Increase the percentage of OIT initiated projects completed on schedule; and
 - Reduce the percentage of service desk requests that are not resolved within agreed service level time.

Capital Improvement Program (CIP) Overview

- The FY 2020 Proposed Capital Budget for the Office of Information Technology is \$2.5 million, which is a decrease of \$8.8 million under the FY 2019 Approved Capital Budget. FY 2020 Proposed funding is provided to for enhancements to SAP that support the following agencies:

Office of Human Resources Management	\$1.3 Million
Office of Central Services	\$ 611,600
Office of Finance	\$ 477,200
Office of Management and Budget	\$ 134,400
- The FY 2020 funding source is General Obligation Bonds in the amount of \$2.5 million.
- **Enterprise Resource Planning (ERP)** – A \$73.7 million multiyear project that provides funding to purchase, develop, and implement software to support the automation and modernization of the

business process for the County. A summary of the implementation cost by fiscal year, as reported in the CIP Budget, is provided in the table below.

FY	Total Project Cost	Increase (Decrease)	Total Expended (to date)**	Estimated Completion Date
2008*	\$ 6,000,000	N/A	N/A	June-10
2009*	\$ 7,300,000	\$ 1,300,000	N/A	June-10
2010*	\$ 5,600,000	\$ (1,700,000)	N/A	June-10
2011*	\$ 15,200,000	\$ 9,600,000	N/A	June-13
2012*	\$ 2,600,000	\$ (12,600,000)	N/A	June-17
2013*	\$ 2,600,000	\$ -	\$ 784,573	June-17
2014	\$ 42,336,000	\$ 39,736,000	\$ 19,182,835	October-16
2015	\$ 53,974,000	\$ 11,638,000	\$ 33,671,678	October-16
2016	\$ 61,974,000	\$ 8,000,000	\$ 42,041,181	October-16
2017	\$ 69,653,000	\$ 7,679,000	\$ 57,790,381	October-16
2018	\$ 73,742,000	\$ 4,089,000	\$ 59,576,862	June-19
2019	\$ 73,742,000	\$ -	\$ 71,215,696	June-19
2020	\$ 73,742,000	\$ -	\$ 73,741,996	June-20

*Originally included as a project in the Office of Central Services' Capital Improvement Program as the *Administrative Information Systems* project.

**Total Expended is the cumulative project cost as of the end of the fiscal year. FY 2019 and FY 2020 total expended is an estimate per Attachment K & L of the 1st Round responses.

- The Office reported that the following SAP modules were successfully implemented in FY 2019.
 - The custom developed Debt Management solution – Feb-2019
 - SBP Publishing (pattern Stream) – Mar -2019
- Tax and Revenue Management (TRM) – The Executive Steering Committee for the ERP project agreed in 2016 that the Office of Finance’s Tax and Revenue Management implementation would be removed from the SAP program’s Master Statement of Work. At this time the Office of Finance is exploring the best method to implement Tax and Revenue management.
- FY 2020 funding will be used to complete all remaining aspects of this project. The anticipated completion date is June 2020.

Attachments: Attachment A – Office Automation Charges by Agency
 Attachment B – Information Technology Internal Service Fund

OFFICE OF INFORMATION TECHNOLOGY (OIT)
OFFICE AUTOMATION CHARGES

Agency/Branch	Approved FY 2019	Proposed FY 2020	\$ Increase/ (Decrease)	% Change
Board of License Commissioners	21,800	29,900	8,100	37.16%
CCOP	6,200	7,500	1,300	20.97%
Central Services	730,800	888,000	157,200	21.51%
Circuit Court	422,900	524,700	101,800	24.07%
Community Relations	167,900	228,500	60,600	36.09%
County Council	398,000	547,100	149,100	37.46%
County Executive	112,000	168,600	56,600	50.54%
Corrections	2,027,500	2,443,100	415,600	20.50%
DoE	979,600	1,247,800	268,200	27.38%
DPIE	892,500	1,082,900	190,400	21.33%
DPW&T	1,219,000	1,510,100	291,100	23.88%
Elections	56,000	67,400	11,400	20.36%
Family Services	77,700	101,100	23,400	30.12%
Finance	192,800	236,000	43,200	22.41%
Fire / EMS	3,252,800	3,983,200	730,400	22.45%
Health	662,400	801,800	139,400	21.04%
Homeland Security	671,700	813,200	141,500	21.07%
Housing & Community Development	84,000	105,000	21,000	25.00%
Office of Ethics and Accountability	18,700	22,400	3,700	19.79%
Office of Law	167,900	209,900	42,000	25.01%
OHRM	211,500	258,600	47,100	22.27%
OMB	80,800	97,500	16,700	20.67%
Orphan's Court	21,800	26,300	4,500	20.64%
Personnel Board	6,200	7,500	1,300	20.97%
Police	9,415,600	11,430,400	2,014,800	21.40%
Sheriff	1,685,900	2,049,600	363,700	21.57%
Social Services	71,500	86,200	14,700	20.56%
Soil Conservation	46,600	59,900	13,300	28.54%
State's Attorney	534,900	644,500	109,600	20.49%
Economic Development Corporation (MOU)	20,000	-	(20,000)	-100.00%
TOTAL	24,257,000	29,678,700	5,421,700	22.35%

OFFICE OF INFORMATION TECHNOLOGY (OIT)
INFORMATION TECHNOLOGY INTERNAL SERVICE FUND
FUND OPERATING SUMMARY

Description	FY 2019 Budget	FY 2019 Estimated	FY 2020 Proposed	Dollar Change	Percentage Change
Revenues:					
Agency Charges	\$24,257,000	\$24,257,000	\$29,678,700	5,421,700	22.4%
I-Net Receipts	7,400,000	7,351,400	7,366,200	(33,800)	-0.5%
Agency Charges - GIS	340,500	340,500	340,500	-	0.0%
General Fund Transfers	2,000,000	2,000,000	1,861,900	(138,100)	-6.9%
Total Revenues	<u>\$33,997,500</u>	<u>\$33,948,900</u>	<u>\$39,247,300</u>	<u>\$ 5,249,800</u>	15.4%
Expenditures:					
Compensation	\$ 7,054,200	\$ 6,421,000	\$ 7,255,100	\$ 200,900	2.8%
Fringe Benefits	4,336,200	3,647,100	4,019,300	(316,900)	-7.3%
Operating Expenses	22,607,100	23,880,800	27,972,900	5,365,800	23.7%
Total Expenditures	<u>\$33,997,500</u>	<u>\$33,948,900</u>	<u>\$39,247,300</u>	<u>\$ 5,249,800</u>	15.4%
Beginning Fund Balance	\$ (1,518,927)	\$ 1,458,907	\$ 1,458,907	\$ 2,977,834	-196.0%
Excess Revenues over Expenditures	-	-	-	-	N/A
Ending Fund Balance	<u>\$ (1,518,927)</u>	<u>\$ 1,458,907</u>	<u>\$ 1,458,907</u>	<u>\$ 2,977,834</u>	-196.0%