



May 16, 2024

Mr. Eric Beverly, Executive Director
Texas Sunset Advisory Commission
PO Box 13066
Austin, Texas 78711

RE: DIR Response to the Staff Report

Dear Executive Director Beverly,

I want to express my sincere appreciation for you and your staff at the Texas Sunset Advisory Commission (Sunset). The Texas Department of Information Resources (DIR) is a unique and complex agency, and your team impressed us with their dedication to thoroughly understanding DIR, the nuances of our processes, and the technical aspects of DIR programs and funding. Throughout the entire process, your team remained professional, courteous, engaged, and responsive.

DIR is proud of the results of the Staff Report and overall agrees with the issues and recommendations. We value the opportunity to respond and believe that many of your staff's recommendations will effectuate a stronger and more capable DIR. While we agree that implementing these changes will not result in a significant fiscal impact to the State, DIR is a small agency, and we believe we will need additional resources to effectively implement many of these recommendations and accomplish the best results for Texas. We do not, however, believe those resources will be a significant cost to the state. DIR's detailed response to the Staff Report is attached and provides supplemental information and context for implementing these improvements.

We appreciate Sunset's consideration of DIR's response to the Staff Report. DIR understands that the Sunset process, while seemingly daunting and arduous at times, ultimately results in the betterment of the agency and—as a result—Texas. We look forward to implementing the recommendations in the Staff Report. Thank you again for all the time and attention your agency put into this effort.

Sincerely,

A handwritten signature in blue ink that reads "Amanda Crawford". The signature is written in a cursive, flowing style.

Amanda Crawford

Executive Director, Texas Department of Information Resources
State of Texas Chief Information Officer



Transforming How
Texas Government
Serves Texans

Response to the Texas Sunset Advisory Commission Staff Report

May 16, 2024

Texas Department of Information Resources

List of Issues

| | |
|---|---|
| Issue 1 DIR’s customer input mechanisms and board structure could be improved to better represent its customers and help ensure their needs are met. | 1 |
| Issue 2 DIR could improve statewide IT planning by strengthening its reports to the Legislature and expanding state agency procurement support. | 2 |
| Issue 3 Adjustments to two of DIR’s main contracting programs could better ensure the state gets the best deal on IT. | 4 |
| Issue 4 DIR needs more tools to protect the state’s cybersecurity. | 5 |
| Issue 5 The state has a continuing need for the Department of Information Resources. | 6 |

Issue 1 DIR's customer input mechanisms and board structure could be improved to better represent its customers and help ensure their needs are met.

Change in Statute

Issue 1.1 Restructure DIR's governing board to make all customer representatives nonvoting, ex officio members and expand the board to 11 members.

Response: Defer to Legislature

DIR appreciates the intent to provide agencies of varying sizes and differing needs appropriate input into the Board process but recognizes that it is the role of the Legislature to determine the governing board's structure. DIR defers to the Legislature on the appropriate number of Board members and whether those members are voting or non-voting.

Issue 1.2 Abolish two of DIR's expired statutory advisory committees and require DIR to establish certain advisory committees in rule.

Response: Agree

DIR takes its commitment to consider customer input seriously and values its customer advisory committees. If approved by the Legislature, DIR intends to restructure the Customer Advisory Committee through 1 Texas Administrative Code Chapter 201 to be more customer driven and improve customer input and feedback through this committee, particularly from customers of small and mid-size entities. DIR will establish all advisory committees in rule and will also formalize and post meeting minutes and agendas on the DIR website.

Issue 1.3 Continue the Data Management Advisory Committee.

Response: Agree

Issue 1.4 Update the standard across-the-board requirement related to board member training.

Response: Agree

Issue 1.5 Update the standard across-the-board requirement related to developing and maintaining a complaints system and making information on complaint procedures available to the public.

Response: Agree

DIR has addressed this recommendation by providing a web form to intake complaints on the DIR website. This web form is available on the main [Contact DIR webpage](#), through a direct link to the [Complaints](#) form on DIR's homepage, and on the [Compact with Texans webpage](#).

Management Action

Issue 1.6 Direct DIR to improve communication to customers regarding eligibility and cost of services.

Response: Agree

DIR has already begun outreach efforts in locations across the state, including locations identified in the [Governor's Small Business Summit](#). Through webinars and in-person events at these locations, DIR will provide information tailored to potential customers who could benefit from DIR's programs and services.

DIR is reevaluating our existing customer information and researching additional potential customers to continue outreach efforts across the state. However, providing outreach to eligible entities—especially those who are newly eligible as a result of [House Bill 4553](#) (88R)—may require additional resources. DIR's outreach and communication efforts are also limited by DIR not having statutory authority to fully publicize and market DIR programs and services.

In addition, DIR is conducting a content review of DIR's website and will produce clear information about eligibility—including the processes for each of our programs—on DIR's website.

Issue 1.7 Direct DIR to create and communicate a formal process for a potential customer to request customer eligibility from DIR's executive director.

Response: Agree

DIR will develop an eligibility request web form for DIR's website and publish a list of approved entities to the website by September 1, 2024.

Issue 1.8 Direct DIR to formalize annual telecommunications customer service surveys for the CCTS and TEX-AN programs.

Response: Agree

While DIR currently solicits feedback from telecommunications customers in a variety of ways, we will formalize the process to annually survey CCTS and TEX-AN customers on DIR services by the end of 2024.

Issue 2 DIR could improve statewide IT planning by strengthening its reports to the Legislature and expanding state agency procurement support.

Change in Statute

Issue 2.1 Require DIR to review a sample of IRDR responses for accuracy.

Response: Defer to Legislature

DIR agrees that the Legislature needs reports—including reports derived from Information Resources Deployment Review (IRDR) responses—that are clear, complete, and accurate to set

policy that guides the state's cybersecurity and IT planning. However, while DIR does not object to performing the work suggested in the recommendation, DIR would need additional resources and the express legal authority to access agency records and IT systems to complete the recommendation in a meaningful capacity.

Although DIR manages the IRDR process, each state agency is responsible for the accuracy of the information that it reports. The Staff Report noted that no inaccurate IRDR responses from agencies were identified. In addition, DIR is not aware of any instance in which an agency inaccurately answered a question in the IRDR. DIR expects agencies to have internal controls to validate IRDR response accuracy before submitting the IRDR. In addition, DIR requires agencies to attest that the inventory portion of the IRDR is accurate and complete.

This recommendation suggests that DIR should consider which questions contain data that has the highest potential for impact regarding agency software, hardware, compliance, and cybersecurity. Evaluating the accuracy of responses to these particular questions is practically impossible without both conducting a site visit to physically verify an agency's facilities and directly accessing IT systems that belong to DIR's customers. Through a desk review, DIR would not be able to determine if an agency answered most of the questions in these categories accurately; such a desk review would only identify anomalies in an agency's IRDR response compared to prior years or other agencies.

DIR recommends requiring state agencies to conduct an internal audit of a sample of their IRDR responses and incorporate the findings into their annual audit report to the State Auditor's Office. An agency's internal auditor would be able to validate the accuracy of the agency's IRDR responses by reviewing IT systems, networks, technology applications, budget documents, insurance policies, and internal or confidential plans that may be needed to verify the accuracy of the agency's IRDR responses.

DIR could assist by:

- Requiring agencies to attest to the accuracy of their IRDR response in its entirety;
- Granting SPECTRIM access to agencies' internal auditors; and
- Providing a list of IRDR questions that internal auditors can use to prepare for their review.

If this recommendation is adopted as proposed, DIR would need to utilize its existing contracts with outside audit firms to comply.

Issue 2.2 Require DIR to develop an IT procurement certification.

Response: Agree

DIR recognizes that the procurement of IT solutions for government agencies is a complex and multifaceted process, often involving significant investment of taxpayer dollars.

As part of the Texas Comptroller of Public Accounts' Certified Texas Contract Manager training and Certified Texas Contract Developer training, DIR currently provides limited instruction to demonstrate the DIR contract process and technology contract negotiations. If the Legislature adopts this recommendation, DIR will work with the Texas Comptroller of Public Accounts to establish a procurement training certification offering technology-specific contracting requirements and best practices.

Issue 2.3 Require DIR to develop an IT procurement training for state agency executive leadership.

Response: Agree

Issue 2.4 Require DIR to develop a procurement-as-a-service two-year pilot program.

Response: Agree

If this recommendation is adopted by the Legislature, DIR will establish a process to provide the procurement-as-a-service program. DIR will develop Texas Administrative Code rules to establish the framework of the program. DIR has already identified—and will likely be requesting in DIR’s Legislative Appropriations Request—additional resources that will be required to assist requesting agencies in the development of technical requirements based on the agencies’ unique needs.

Management Action

Issue 2.5 Direct DIR to clearly describe the risk associated with each quadrant in the PCLS Report.

Response: Agree

DIR will provide a more robust description of the project analysis process and subsequent scoring through quadrants or quartiles in the upcoming 2024 report.

Issue 3 Adjustments to two of DIR’s main contracting programs could better ensure the state gets the best deal on IT.

Change in Appropriation

Issue 3.1 The House Appropriations and Senate Finance committees should consider authorizing the use of Data Center Services funds for IT staff augmentation services through ITSAC.

Response: Agree

DIR agrees that agencies may not always have a need for the highly skilled, managed, concierge-level of service that comes with staff augmentation procured through the DCS Technology Solution Services. For agencies with sufficient IT expertise in overseeing staff augmentation resources, this recommendation would be beneficial. Accordingly, we agree with the recommendation and stand ready to implement any legislative appropriation change regarding the use of data center services capital budgets. If agencies transfer funds from their Data Center Services budgets to spend on IT staff augmentation services through ITSAC, DIR will not have as much involvement in the service delivery, oversight, and reporting functions that we do for the funds spent within the Data Center Services program. DIR is available to work with the Legislature to find any desired oversight mechanisms for those funds transferred out of DCS for ITSAC use.

Management Action

Issue 3.2 Direct DIR to review COOP vendor compliance at least twice per fiscal year to ensure pricing information is corrected and posted timely.

Response: Agree

DIR is revising the vendor onboarding schedule and required training for all newly awarded contracts to ensure that new vendors are trained on sales reporting and pricing compliance, as well as other relevant topics. DIR will also implement ongoing required training for established vendors to ensure processes are conveyed on a regular basis. In addition, DIR will require all existing contractors to both have a quality assurance review twice per fiscal year and continue to review pricing at every contract modification request. Through providing multiple layers of oversight, these changes will help to establish compliance and transparency in all Cooperative Contracts. DIR plans to implement these changes by September 1, 2024.

Issue 4 DIR needs more tools to protect the state's cybersecurity.

Change in Statute

Issue 4.1 Require DIR to require state agencies under its jurisdiction to obtain a DIR-selected information security assessment periodically.

Response: Agree

Requiring agencies to undergo periodic security assessments will provide DIR, the assessed agencies' leadership, and the Legislature with more accurate information about cybersecurity maturity across state agencies.

Issue 4.2 Modify the existing Information Security Assessment reporting requirements to reduce redundancy.

Response: Agree

DIR concurs that this recommendation will eliminate the confusion of multiple requirements for the same general information, which will help to ensure that DIR and the Legislature receive complete and accurate information.

Issue 4.3 Amend statute to change the deadline for submitting the *Information Security Assessment*.

Response: Agree

Amending statute would alleviate significant confusion caused by the three conflicting statutory deadlines, which would ensure both state agencies and DIR can comply with the Legislature's requirements.

Management Action

Issue 4.4 Direct DIR to create a mechanism for state agencies and institutions of higher education to report use of third-party assessments other than the TCF Assessment.

Response: Agree

DIR will modify the Statewide Portal for Enterprise Cybersecurity Threat, Risk, and Incident Management (SPECTRIM) to allow agencies to report to DIR the use of a third-party cybersecurity assessment other than the Texas Cybersecurity Framework (TCF) Assessment by September 1, 2024.

Issue 4.5 Direct DIR to change certain processes related to entities reporting low cybersecurity maturity.

Response: Agree

DIR will develop a process for designating certain TCF security objectives as high priority and will establish a periodic review of the designated objectives. Should an entity rate below a DIR-defined threshold for any of those objectives in its Information Security Plan, DIR will notify the entity's leadership of the low maturity score and its risks and offer any DIR assistance the entity is eligible to receive, for free or at a cost. DIR will implement these changes this summer for the upcoming cycle of Information Security Plans.

Additionally, DIR will add a question to the IRDR asking if the agency scored any high priority objectives beneath a DIR-defined threshold on their last Information Security Plan that they have yet to mitigate. If the agency answers in the affirmative, DIR will require the agency to submit a corrective action plan. DIR will provide the Legislature with the number of entities under a corrective action plan through the Consolidated Information Security Report. This process will be completed with the 2026 IRDR cycle.

DIR will also adjust the Consolidated Assessment of Agency IT Infrastructure to separate scores for IT and cybersecurity. This adjustment will be completed with the submission of the 2024 Consolidated Assessment of Agency IT Infrastructure.

Issue 5 The state has a continuing need for the Department of Information Resources.

Change in Statute

Issue 5.1 Continue the Texas Department of Information Resources for 12 years and remove the Sunset date of the agency's enabling statute.

Response: Agree, but defer to Legislature

While DIR appreciates and agrees with the recommendation to continue the agency for 12 years, DIR defers to the Legislature on this recommendation.

Issue 5.2 Abolish one, modify two, and continue 16 of DIR’s reporting requirements.

Response: Agree, but abolish or modify DCS Consolidation Measurement Report

DIR agrees with this recommendation with one modification: that the Legislature eliminate or replace the Data Center Services (DCS) Consolidation Measurement Report required by Government Code Section 2054.062. In 2013, the Legislature tasked DIR with annually measuring the cost savings achieved by consolidating agency servers and mainframes from their legacy data centers to the two DCS consolidated data centers. In 2016, DIR met the goal of the enacting legislation by fully consolidating mainframe, print-mail, and service desk services. The program now operates on a shared services model with fixed contractual pricing rather than a consumption-based variable pricing model.

In 2021, DIR modified the DCS Consolidation Measurement Report methodology in response to the adoption of the shared model, which is administered through DIR’s Shared Technology Services and provides customers with technology solutions and services through multiple contracts. This new methodology no longer captures the cost savings for the initial consolidation. Instead, the report’s methodology provides multiple views of Shared Technology Services’ financial performance, comparing the amounts that customers are spending on services with the appropriated amounts.

DIR recommends abolishing the statutory requirement to produce the DCS Consolidation Measurement Report as it is outdated and does not reflect the program as it currently exists. DIR could continue to provide the Legislature a report on the program’s cost avoidance analysis and the services that customers are consuming, as well as information on trends, and forecasted needs.

Issue 5.3 Update DIR’s statute to reflect the requirements of the person-first respectful language initiative.

Response: Agree

DIR will work with the Texas Legislative Council to revise the necessary statutory language.

Management Action

Issue 5.4 Direct DIR to document its ranking of risks identified in the audit plan and interview the board to inform the audit plan.

Response: Agree

Agency leadership and Board Members extensively review and discuss the risk assessment methodology, which is evaluated annually to ensure that risks are addressed. Although DIR believes that the methodology is fundamentally sound and has been well executed by Internal Audit, agency leadership recognizes that documentation of how standards were applied and judgments about how the relative nature of risks were reached in the actual risk assessments has been lacking. Management will work with DIR’s Board and Internal Audit to improve that process to the degree—and in a manner which—the Board and Internal Audit deem appropriate and consistent with the independence and integrity of the internal audit function.