



**Planning, Buying, and Implementing
New Information Technology:
A Case Study of the D.C. Business Center**

February 9, 2017

Evaluation Team:

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A Report by the Office of the District of Columbia Auditor
Kathleen Patterson, District of Columbia Auditor

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Why ODCA Did This Audit

Given the importance of efficient, secure IT systems to District government operations, ODCA identified the issue as a subject to review through a case study of the D.C. Business Center. The objectives of this evaluation were to identify challenges D.C. agencies face when planning, acquiring, and implementing IT projects and to recommend steps to ensure future IT investments will deliver the intended results.

What ODCA Found

- The District government did not have an effective process for creating a comprehensive plan to fund and manage a multi-agency information technology investment.
- There was no one agency overseeing the DCBC to ensure it met completion milestones and performance measures.
- DCBC's goals did not include helping businesses register for and pay for unemployment taxes to DOES.
- D.C.'s Capital Improvements Program cited up to \$39 million for DCBC without documenting estimated costs, and the project description was not adjusted once the funding was cut to \$1 million.
- DCBC progress was hampered by leadership turnover and personnel changes.
- The role of the Office of the Chief Technology Officer was not as robust as its statutory mandate.

For more information regarding this report please contact Diane Shinn, Director of Communications, at diane.shinn@dc.gov or 202-727-3600.

What ODCA Recommends

This audit identified four recommendations that could help D.C. agencies plan, acquire, and implement IT projects and to ensure future IT investments will deliver the intended results.

1. The Mayor and the D.C. Council should require a comprehensive planning process for IT projects.
2. The Mayor and D.C. Council should establish a dedicated budget for information technology projects.
3. The Mayor should ensure that for IT implementation, and particularly for District-wide or multi-agency systems, a steering committee, or other management structure envisioned in the comprehensive planning document, include representation from the City Administrator and appropriate Deputy Mayors' offices.
4. The D.C. Council should ensure that oversight committee responsibility for monitoring and oversight of IT projects is clear so committees can hold the executive management team accountable, including across administrations or changes in agency leadership.

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Background

The Office of the District of Columbia Auditor identified the issue of failed or abandoned information technology systems as a subject appropriate for review, and chose to evaluate one specific investment project as a case study to help identify lessons that could be used to improve outcomes on future IT implementation projects.

The project selected for review was a project known initially as the “One City Business Portal.” This project was selected as it provided the best opportunity to illustrate larger, systemic issues with delivering multi-agency technology improvements and to provide perspective on the potential for reforming the policies/procedures in place today.

In his State of the District address on March 11, 2014, District of Columbia Mayor Vincent Gray announced the “One City Business Portal,” which would, he said, “unify in one website the licensing and permitting functions of eight District government agencies, creating a user-friendly one-stop-shop experience for business owners.”

Last August, Mayor Muriel Bowser—who had defeated Gray in the primary three weeks after that speech—attended an event at a Columbia Heights restaurant where business owners tried out the new site. It is now called the D.C. Business Center (DCBC).

The first phase of the website is complete, and covers the licensing, but not the permitting, transactions of a single agency. Although the website says a multi-year project will fulfill the original vision of one-stop online business registration, licensing and permitting, there is no explicit funding in the city’s budgets for a buildout and the current version is a long way from the promises made by Mayor Gray in 2014.

State governments have long had trouble acquiring new information technology systems. The District of Columbia has tried twice unsuccessfully to bring a new financial management system online. The Metropolitan Police Department bought and abandoned two IT projects designed to identify potential problem officers, according to former Chief Cathy Lanier. A recent audit report in New Jersey found the state spent \$50 million in development and oversight costs for failed IT projects.

The DCBC project is a modest step forward. But its history and limited capability—relative to the promises made—demonstrates a need for significantly more comprehensive planning and budgeting. Constant turnover of agency executives also deprived the project of the coordination and oversight it required from government managers to meet the original and expansive goals.

To conduct this evaluation, ODCA retained David Bishop, who held positions in the Office of the Chief Technology Officer from 2009 to 2016, including serving as Interim Chief Technology Officer.

Objectives, Scope and Methodology

Objectives

Given the importance of efficient, secure IT systems to District government operations, ODCA identified the issue as a subject to review through a case study of the DCBC.

The objectives of this evaluation were to identify challenges D.C. agencies face when planning, acquiring, and implementing IT projects and to recommend steps to ensure future IT investments will deliver the intended results.

Scope

The evaluation covered the period from the formation of the Business and Regulatory Reform Task Force in February 2013 to the official launch of Phase 1 of the D.C. Business Portal in September 2016.

Methodology

ODCA identified the Department of Consumer and Regulatory Affairs (DCRA) and the Office of the Deputy Mayor for Planning and Economic Development (DMPED) as the two primary agencies responsible for the DCBC. ODCA requested the bulk of supporting documentation from these two agencies.

ODCA also requested supporting information and documentation from the following agencies that were involved in the project:

- The Department of Small and Local Business Development (DSLBD)
- The Office of the Chief Technology Officer (OCTO)
- The Office of Contracting and Procurement (OCP)
- The Executive Office of the Mayor (EOM)
- The Office of the Chief Financial (OCFO)

A series of interviews were conducted with individuals who currently hold or have held the following roles:

- Administrator for the DCRA Business Licensing Regulation Administration (BLRA)
- Director of Information Systems at DCRA
- Contracting Officer at DMPED
- Agency Fiscal Officer assigned by OCFO to DCRA
- Superintendent of Corporations at DCRA
- Deputy Superintendent of Corporations at DCRA
- Project Manager detailed from OCTO to DCRA

- Representatives of 3rd Party Vendors involved in the DCBC project

This evaluation was conducted in accordance with policies and procedures of ODCA, but wasn't conducted as an audit as defined by the U.S. Government Accountability Office's Government Auditing Standards.

The Story of the D.C. Business Center

The idea behind the DCBC (<https://business.dc.gov>) is to enable the more than 100,000 businesses¹ registered in the District to be able to comply with local laws and regulations as efficiently as possible. This meant being able to submit applications and supporting documentation to the District government, and to pay the appropriate fees, in a fully online environment without physically visiting any government agencies. In addition, a business owner should only have to maintain a single online account (username and password) to interact with all of the relevant D.C. government agencies. And business information should only have to be entered into the D.C. government system once, and then shared with other agencies and their databases.

Before the project started, some businesses may have needed to submit separate applications to as many as eight different agencies and maintain logins with as many as 15 different IT systems. The new website has added one more online requirement to this mix. If the District doesn't reduce the number of online visits businesses must make, the mission of the online portal will have failed.

For FY2017, the District has budgeted more than \$40 million and more than 300 employees across several agencies to handle business and professional licensing requirements.² Technology that works might allow some of those resources to be reduced or directed elsewhere.

This case study demonstrates that the ideas behind the DCBC project were sound, and that the initial phase has delivered a foundation for future expansion. But there is no evidence of a plan to further develop the site, and several procedural roadblocks may make it difficult to achieve the ultimate goal.

The Business Regulatory Reform Task Force

The DCBC project can be traced back to the formation of the Business Regulatory Reform Task Force (BRRTF) in February 2013^{3,4}, halfway into the

¹ DCRA email dated September 7, 2016

² http://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/DCO_CFO_FY17_Budget_vol_6.pdf Summary of data presented in FY 2017 Proposed Budget, Operating Appendices, Schedule 80 ("Agency Summary by Revenue Source") for DCRA (page 343), ABRA (page 367), DOH (page 765) and DOEE (page 945).

³ Mayor's Order 2013-031

Gray administration. That May, a new Director of Information Systems joined DCRA. This new leader worked closely with the DCRA Administrator for Business and Professional Licensing Administration (BPLA) to create a vision for a future IT system and began working toward it. The task force supported the IT plans that were in progress, and largely adopted DCRA recommendations, according to interviews with these former employees.

The task force released its report on August 25⁵, 2014. In the press release published on the DCRA website, Mayor Gray is quoted:

I believe that the District can be the most business-friendly city in the country, and I created this task force to make that vision a reality. I can promise you that this report will not just sit on a shelf; we've already begun to implement its recommendations.

Gray's proposed Fiscal Year 2015 Budget would allocate \$5,000,000 for the development of the site, the release added.

When complete, the One City Business Portal will allow users to access all business-related services from nine different District agencies: the Department of Consumer and Regulatory Affairs (DCRA), the Office of Tax and Revenue, the District Department of Transportation, Department of Small and Local Business Development, the Office of Contracting and Procurement, the Alcoholic Beverage Regulation Administration, the Department of Health, Fire and Emergency Medical Services, and the District Department of the Environment.

The release also noted the initial product would be limited.

During 2015, the District is expected to complete Phase I of the portal, which will allow users to access all DCRA-related business services from a single access and login point.

The task force report cited some of business owners' frustrations with dealing with the D.C. government:

The District of Columbia has been pursuing strategies to promote economic growth and small business participation; encouraging entrepreneurs and businesses to establish or grow their footprint within the city. Unfortunately, this strategic commitment has not been supported by an integrated information technology (IT) platform. In the current business regulatory environment, various District agencies need the same set of basic information from business applicants. A stove-piped IT structure makes it necessary for customers to resubmit their information at each agency.

⁴ <http://dslbd.dc.gov/release/mayor-gray-launches-business-regulatory-reform-task-force-dslbd>

⁵ <http://dcra.dc.gov/release/mayor-unveils-business-reg-reform-task-force-report>

Repeated entry of the same data increases the risk of keying errors and mismatched records, and multiple points of applicant-agency contact increases the risk of poor customer service interactions. The absence of an integrated IT platform also complicates the flow of information between review agencies and permit applicants; e.g., where an applicant submits an application at one agency, but concerns are raised, and logged in the system of, another. Businesses need a better IT solution for getting information into and out of District agencies.

And the section of the report that is specific to Technology made the following recommendation:

Create a One City Business Portal. Connect the key District agencies involved in processing business licenses and construction permits [e.g. ABRA, DCRA, DDOE, DDOT, DOH, DSLBD, OCP and OTR] on a common web-based platform with single login access. Allow online applications for all facets of the regulatory process, including "Clean Hands" and related tax certifications.

Budgeting for the DCBC

In November of 2013, DCRA had submitted an internal proposal to include \$35 million in capital funds in the FY2015-FY2020 capital improvements plan budget⁶, which would have become available the following October. When the Capital Improvements Plan (CIP) was submitted to the D.C. Council the next summer, the portal project was included. But the funding was only \$1 million⁷.

CIP project #CR0ISM11 named DCRA as both the owner agency and the implementing agency for the project. The Estimated Full Funding Cost was listed as \$39 million⁸. The following represents the only publicly available description of the long-term project scope:

Description

This project will enhance businesses' ability to comply with D.C. government business regulations by providing these resources:

- An online information portal with all regulatory information in one place and online wizards to provide step-by-step compliance guidance to businesses.
- An enterprise technology solution that would replace the disparate systems used across agencies to manage

⁶ Memo dated November 15, 2013, from DCRA to Office of Budget and Planning.

⁷ http://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/DCOCFO_Volume_6_web.pdf FY 2015 – FY 2020 Capital Improvements Plan, page 93.

⁸ *ibid*

regulatory – single point of entry for all D.C. Government regulatory functions.

Justification

The business-impacting regulations are enforced by a number of different agencies, primarily: 1. DCRA, 2. DDOT, 3. DSLBD, 4. DOH, 5. ABRA, 6. OTR

Systems within D.C. Government are much improved over the last five years, but we have not reached a state of true interagency automation and communication⁹.

To supplement the \$1 million in capital funds, DCRA provided additional funding for the project using special purpose revenue (SPR) funds it managed. These funds were not included as part of the capital improvements plan budget.

In FY2015, DCRA managed eight SPR funds directly related to collection of fees for some type of business and professional licensing. These DCRA-managed SPR funds were projected to collect approximately \$27 million in FY2015¹⁰.

According to the Agency Fiscal Officer for DCRA, only \$2.5 million of these funds were set aside for the DCBC project¹¹, and plans for the project were developed with that constraint in mind. This brought the total available funding for Phase 1 of the DCBC project to \$3.5 million in FY2015, or 70% of the \$5 million amount mentioned in August 2014 when the project was first announced publicly.

An additional \$650,000 was added to the project by the Department of Small and Local Business Development (DSLBD) beginning in FY2015. This funding was used to expand the initial contract to include the District's Certified Business Enterprise program in the portal¹².

In subsequent budget cycles, DCRA requested additional funding for the project¹³. But the Bowser administration did not specify any such funding in its FY2016 or FY2017 budget requests to the D.C. Council¹⁴.

⁹ *ibid*

¹⁰ http://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/DCOCFO_Volume_5_web.pdf FY 2015 Proposed Budget, Operating Appendices, Schedule 80 ("Agency Summary by Revenue Source") for DCRA (page 331)

¹¹ Interview notes.

¹² Purchase Order Report provided by Agency Fiscal Officer for DCRA.

¹³ Memos provided by Office of the City Administrator, Capital Improvements Program.

¹⁴ FY 2016 – FY 2021 Capital Improvements Plan and FY 2017 – FY 2022 Capital Improvements Plan.

Procurement for the First Phase

In May of 2014, the DMPED procurement staff issued a request-for-proposal solicitation for the One City Business Portal on behalf of DCRA.

It was “...seeking offers for technical services to design, build, test and implement a comprehensive online IT system comprising of a consolidated view of all business regulatory information, wizards and dashboards to help aspiring entrepreneurs and current business owners easily find, understand and comply with relevant D.C. Government business regulations.”¹⁵

While the business task force was developing its report, the Gray administration decided to start the project with available funds. A letter contract, sometimes used to speed the process, was given to Limbic Systems Inc. for \$800,000 in July 2015¹⁶.

Four months later, Limbic signed a \$3,516,272.60 contract, in response to the Deputy Mayor’s solicitation, to continue its work into FY 2015 and FY 2016¹⁷.

Implementation Issues

As work on the portal got underway, it was hampered by leadership changes in the lame duck Gray administration. One month before the solicitation was released, it was announced that the DCRA Director Nicholas Majett would be leaving his post¹⁸.

As the co-chairperson for the Business and Regulatory Reform Task Force, the DCRA director was the most critical champion for the project, and his departure signaled the beginning of what became a domino effect. The Agency Fiscal Officer role turned over in October of 2014; the DCRA BPLA Administrator moved to another agency in January 2015 as the Bowser administration came into office. And the project’s Contract Administrator, the DCRA Director of Information Systems, departed six months later, leaving a key oversight job vacant for almost a year¹⁹.

“After the administration changed, the folks in charge were not paying attention to this project. All the champions left around this time,” recalled Glenn Hickman²⁰, who was detailed from the Office of the Chief Technology Officer to assist DCRA. It took nine months to replace the outgoing BPLA Administrator and the person who ultimately assumed that

¹⁵ Solicitation issued May 5, 2014 (http://app.ocp.dc.gov/pdf/DCCR-2014-R-0001_M.pdf)

¹⁶ Letter contract provided by DMPED Contracting Officer.

¹⁷ Definitized contract provided by DMPED Contracting Officer.

¹⁸ <http://www.washingtoncitypaper.com/news/housing-complex/blog/13124025/cabinet-shakeup-for-gray-as-lame-duck-period-begins>

¹⁹ Email provided by DCRA.

²⁰ Per interview notes.

role “had a steep learning curve to climb and was reluctant to push the project forward with new leadership,” he said.

Thus, the turnover slowed the planned release schedule for the website. The new administration had other priorities, and absent the original champions, new project managers made decisions that differed from those initially agreed to by DCRA and Limbic.

In its proposal, which became part of the contract, Limbic Systems planned to fully rebuild the existing CorpOnline system for registering to do business with the city. But as leadership changed, so did DCRA’s plan. The first change was to switch to a hybrid approach of building the system’s 75 forms into the business portal, but keep the database separate²¹. This decision required extra spending to automate communication between the two databases. A \$450,000 sole source contract to do that was issued to CC Intelligent Solutions, the existing vendor for CorpOnline.²²

Months later, a second change was made. DCRA decided not to rebuild any of the CorpOnline forms, leaving it as a stand-alone IT system. After this decision, the project team worked with the Office of the Chief Technology Officer to enable a single sign-on to provide access to both the business portal and the existing corporate registration system. By this time, DCRA was 15 months into the project and had already delayed the launch. The OCTO proposal, although technically acceptable to the agency, would have required additional funding plus a 15-week development timeline. DCRA elected not to proceed with that proposal²³.

The bottom line for Phase 1 was delivery of a series of TurboTax-like questionnaires, known as “online wizards,” to guide new businesses through the regulatory and compliance process. It also allows all businesses to apply for, pay for, and receive a basic business license. And it provides an improved search capability.

Lessons Learned

The ODCA review of the project found that the District government did not have an effective process for creating a comprehensive plan to fund and manage a multi-agency information technology investment. Thus, there was no sign of a steering committee, or similar body, to coordinate the developing project and provide oversight to make sure it was meeting completion milestones and performance measures. And no one noticed that the portal goals did not include helping businesses register for and pay unemployment taxes to the Department of Employment Services.

The city’s CIP cited \$35 million to \$39 million estimates for the business portal’s total cost without documenting what that included. And it did not

²¹ *ibid*

²² Contract provided by DMPED.

²³ Per interview notes and documentation provided by interviewees.

adjust the description of the project after initial funding was cut to \$1 million.

The leadership turnover after Mayor Gray's primary election defeat in April 2014 aggravated the lack of planning. And since a mechanism was not set up to make sure replacements were named quickly, those personnel changes adversely affected the DCBC's development.

The role of the Office of the Chief Technology Officer, whose "mission is to direct the strategy, deployment, and management of D.C. Government technology," was not as robust as its statutory mandate suggests, ODCA found.²⁴

OCTO reviewed DCRA's capital funding requests for the DCBC project. And it required DCRA to submit a document outlining the planned costs and benefits of the project, although this step was not completed until April of 2015—almost a year after the initial solicitation was issued.²⁵

OCTO detailed a staff member to help manage the project, but didn't provide evidence of its involvement in project decision-making beyond approving individual procurement actions.

OCTO's effectiveness in overseeing projects involving multiple agencies is not a new issue. The Office of the Inspector General (OIG) found in 2007 that OCTO didn't use "sound acquisition guidelines," develop realistic financial goals, or get "stakeholders" effectively involved in planning and executing a \$65.7 million project to integrate all District government business functions.²⁶

The OIG recommended that OCTO and the Office of Contracting and Procurement "establish a coordinated framework and acquisition planning tool for acquiring future automated systems." There is no evidence this has been done.

The Chief Technology Officer responded to the Inspector General that a new Program Management Office was following "best practices" from the Project Management Institute on all OCTO projects. The practices included checking progress monthly against stated milestones and deliverables.²⁷ OCTO later tried to get all District agencies to use a project management software called Planview to oversee IT work. But adoption of the product was poor, and it was discontinued.

During Phase I the DCBC project team worked with OCTO to identify a solution to the need for a common login method for both the new DCBC

²⁴ <http://octo.dc.gov/page/about-octo>

²⁵ Project initiation forms provided by OCTO.

²⁶ http://app.oig.dc.gov/news/PDF/release07/04-1-12MAa_ASMP_Costs_and_Benefits-Final.pdf

²⁷ IBID p. 39

and the existing CorpOnline. Fifteen months into the two-year contract period OCTO shared a viable solution, but required funding to acquire necessary software licensing and developer resources. Because the plan required a transfer of funds plus a 15-week timeline, DCRA elected not to proceed with the solution, and CorpOnline was left as a stand-alone system and not incorporated into the DCPC dashboard. The option could be revisited today, but stands as an example of limited utilization of existing District technology expertise.

The District's struggle to fully fund the project is puzzling because DCRA controls approximately \$27 million a year in SPR funds from the collection of business-related licensing and permitting fees.²⁸ And some of it is supposed to be spent on technology improvements.

For instance, ODCA found that a "portion" of a \$200 general business license fee and a \$500 fee for contractor and construction licenses is supposed to be used "to reform and streamline" the application and renewal processes. But DCRA doesn't have a dedicated account to collect or spend that money. In addition, the agency doesn't maintain a separate account for a 10 per cent "Technology Enhancement Fee" it has charged for corporate registrations, basic business licenses and construction permits at various times between FY2011 and FY2016.²⁹

DCRA also spent \$13 million in capital funds since FY2007 on an "IT Systems Modernization" project, without the CIP describing the work, its schedule, or how it complemented or duplicated the portal project.³⁰

Agency officials also did not provide any documentation to reflect the changes made to the scope of Phase I of the DCBC to eliminate redesign of the CorpOnline system for registering businesses.

Recommendations

1. **Planning:** The Mayor and the D.C. Council should require a comprehensive planning process for IT projects. That should include giving OCTO the personnel and political standing to use its statutory authority to review and oversee District government IT projects.

A 2004 performance audit of state IT projects by the Maryland Office of Legislative Audits cited 10 best practices, including assuring user involvement, a skilled manager, executive management support, clear

²⁸http://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/DCOCFO_Volume_5_web.pdf Data presented in FY 2015 Proposed Budget, Operating Appendices, Schedule 80 ("Agency Summary by Revenue Source") for DCRA (page 331).

²⁹ Per interview notes.

³⁰http://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/DCOCFO_FY17_Budget_vol5.pdf FY 2017 – FY 2022 Capital Improvements Plan, page 100.

objectives, reliable budget estimates, and “formal project management methodology.”³¹

Effective planning documentation should also include:

- Identifying in the CIP each District agency, and which of its functions, will be included in any multi-agency technology investment, as well as which agency is responsible for the project’s technology and which will oversee the business goal.
 - Expanding the description of projects in the CIP to reflect more complete financial plans, and adjusting them annually as those plans change.
 - Setting up a high-level management team, such a steering committee, to define the long-term goals and to monitor progress and instill accountability.
 - Building in performance measures and completion milestones to judge progress.
2. **Funding:** The Mayor and D.C. Council should establish a dedicated budget for information technology projects. Total funding for each individual project should be listed in the CIP, regardless of its source. For example, SPR funds collected for technology ought to be spent for technology. OCTO should certify that the funding is sufficient to deliver the intended results.
- One option to secure appropriate funding would be to segregate the planning budget from the implementation budget in the CIP. The latter funds can be released when the project team has demonstrated that a full planning effort has been completed and that the implementation budget is aligned with an updated project scope.
3. **Management:** The Mayor should ensure that for IT implementation, and particularly for District-wide or multi-agency systems, a steering committee, or other management structure envisioned in the comprehensive planning document, include representation from the City Administrator and appropriate Deputy Mayors’ offices. This committee can manage the project, following procedures in the planning document to reflect changes in the project goals and schedule. It should also monitor the contractor’s completion deadlines and the results of the project’s performance measures.
4. **Oversight:** The D.C. Council should ensure that oversight committee responsibility for monitoring and oversight of IT projects is clear so committees can hold the executive

³¹<http://www.ola.state.md.us/Reports/Performance/IT%20Performance%202004%20final.pdf>

management team accountable, including across administrations or changes in agency leadership.

The Council also adopts operating rules for each Council period that outline committee assignments and agencies within each committee's jurisdiction. Council rules could assign oversight responsibility for multi-agency IT projects to the committee that oversees OCTO or the City Administrator, and/or could stipulate that jurisdiction over agencies includes oversight for each agency's own IT projects.

In addition to the recommendations included above, ODCA identified two other concerns that arise from this evaluation, concerning OCTO and the use by the D.C. government of SPR funds.

- In assessing the role of OCTO in development and implementation of the DCBC, we note that OCTO has a far broader statutory mandate than appears to be followed today. When created, OCTO was designed to serve as the government's leader in setting policy and developing and operating information technology systems. It appears that OCTO is serving instead as a support agency, providing more limited support based on what Executive Branch operating agencies contract and pay for. OCTO's overall role in the D.C. government may be an appropriate subject for further ODCA review.
- Similarly, this evaluation has identified SPR funds as a potential source of funding for IT projects, including statutory language that appears to mandate the use of a portion of certain SPR funds for IT development. How the District creates, uses, and accounts for special purpose revenue funds, broadly, may be another subject appropriate for further ODCA review.

Conclusion

As indicated at the outset of this report, governments at all levels face challenges in procuring and deploying information technology systems, including the District of Columbia. We hope this overview of the experience in implementing the D.C. Business Center provides useful guidance going forward. We appreciate the time and expertise of past and present D.C. government employees who shared their perspective with us.

Agency Comments

The Office of the D.C. Auditor submitted the draft of this report on November 30, 2016, to the Deputy Mayor for Economic Development and the directors of the Department of Consumer and Regulatory Affairs and the Office of the Chief Technology Officer with a request for comment by December 14, 2016. The Executive requested several extensions of time for comment and submitted the comments that follow on January 27, 2017.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
EXECUTIVE OFFICE OF THE MAYOR



Office of the General Counsel to the Mayor

To: Kathleen Patterson, DC Auditor

From: Executive Office of the Mayor

Date: January 27, 2016

Re: Response to Audit Report entitled, “Planning, Buying, and Implementing New Information Technology: A Case Study of the D.C. Business Center”

Thank you for your review and case study of the D.C. Business Center. After reviewing the report entitled, “Planning, Buying, and Implementing New Information Technology: A Case Study of the D.C. Business Center,” The Executive Office of the Mayor (EOM) offers the following response and explanation of the steps taken to date, as well as the steps that EOM plans to take in the future regarding Information Technology.

Recommendation 1:

Planning: The Mayor and the DC Council should require a comprehensive planning process for IT Projects. That should include giving OCTO the personnel and political standing to use its statutory authority to review and oversee District Government IT projects.

Response:

IN PROGRESS. OCTO currently reviews all capital IT project submissions from all District government agencies. OCTO works closely with the Capital Improvement Team’s review of capital project s submissions. The review process includes the following: (1) OCTO reviews of all capital project descriptions and IT spend plans; (2) OCTO contacts and works closely with District agency Chief Information Officers (CIOs) to understand the District agency’s project submissions and overall benefits and value the project will bring to the District government, residents, and businesses; (3) OCTO conducts detailed discussion regarding out-year costs projections and visions; and (4) OCTO consults with the Capital Improvement Budget Team and agencies with project recommendations and next steps. The Chief Technology Officer (CTO), under her current statutory authority, is executing a comprehensive planning process for IT projects.

Recommendation 2:

Funding: The Mayor and the DC Council should establish a dedicated budget for information technology. All funding for each project should be listed in The Capital Improvements Plan, regardless of its source. For example, SPR funds collected for technology ought to be spent for technology. OCTO should certify that the funding is sufficient to deliver the intended results.

Response:

UNDER CONSIDERATION. OCTO agrees that there should be a dedicated budget for all information technology projects. OCTO will continue to work directly with District agencies and the Capital Budget Team regarding sufficient funding. That said, funding for technology, as

with funding for all other projects, is limited and subject to the give and take necessary to fund the many priorities entailed in running a city.

Recommendation 3:

Management: The Mayor should ensure that for IT implementation, and particularly for District-wide or multi-agency systems, a steering committee, or other management structure envisioned in the comprehensive planning document, include representation from the City Administrator and appropriate Deputy Mayors' offices. This committee can manage the project, following procedures in the planning document to reflect changes in the project goals and schedule. It should also monitor the contractor's completion deadlines and the results of the project's performance measures.

Response:

IN PROGRESS. OCTO, with the support of the Executive Office of the Mayor (EOM) and the City Administrator (CA), has already begun to implement programs that fully satisfy Recommendation #3. OCTO's current statutory mandate sets forth the requirement to centralize the District's IT budget and set up internal controls to manage spending and implementation District-wide. OCTO, under the direction of CTO Vemulapalli, has taken great steps to correct deficiencies in OCTO's execution of that statutory mandate. OCTO proposed a technology governance plan that is currently under review. The proposal includes the establishment of a "Technology Governance Board" (Board) with membership that includes the CA and Deputy Mayors along with representatives of DC government agencies. The precursor to the official Board has begun holding governance meetings. The Board will also be divided into subcommittees coordinated by OCTO subject matter experts. OCTO proffers that once the current plan is finalized and fully implemented, it will satisfy all the concerns raised by ODCA. With respect to monitoring and tracking projects and performance, OCTO built an agency dashboard that will fully track District agency IT projects, including spending and performance. The dashboard should be fully populated with data within the next two months. Please see "Attachment 1" for more information on the "Agency IT Dashboard."

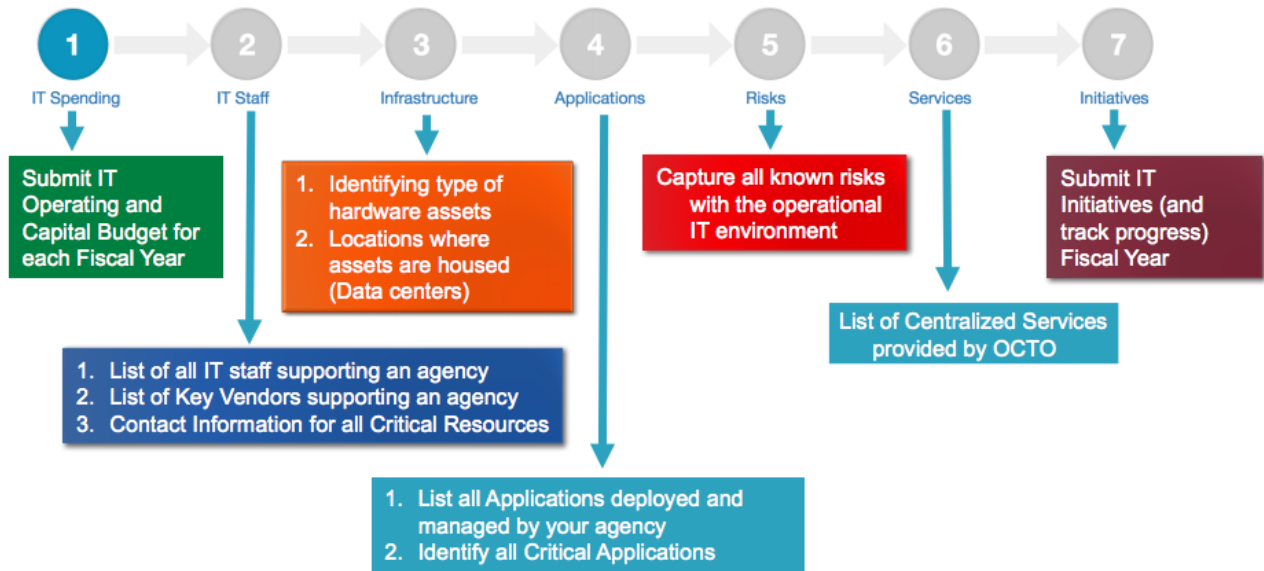
Recommendation 4:

Oversight: The DC Council should ensure its oversight committees have clear responsibility for monitoring and oversight of IT projects so it can hold the executive management team accountable, including across administrations or changes in agency leadership.

Response:

NOT APPLICABLE TO EXECUTIVE BRANCH. This recommendation is directed at Council. That said, The DC Council is already apprised of IT projects through its oversight function and OCTO appears before the DC Council twice per year to answer the Council's questions and respond to concerns. Further, the Council statutorily established OCTO to execute the function of the centralized IT manager for the District government and the Council sufficiently monitors the Executive Branch's performance of this function through its budget oversight and agency oversight process.

Attachment 1



All Agency CIOs have been given access to the Agency IT Dashboard

<https://itassessment.octo.in.dc.gov/>

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Auditor's Response to Agency Comments

ODCA appreciates the response provided by the Executive Office of the Mayor on behalf of the Deputy Mayor for Economic Development, Office of the Chief Technology Officer (OCTO), and Department of Consumer and Regulatory Affairs.

We are pleased that the administration agrees with the recommendation that there should be a dedicated budget for each information technology project included in the CIP, and we welcome the commitment to implement the recommendations to establish a comprehensive planning process for IT projects, and a high-level management team to monitor them, supplemented by an IT Dashboard.

We note that the response focuses on OCTO's responsibilities in governing agency and multi-agency IT projects and could have been more comprehensive. For example, the response does not comment on recommendations that the CIP be used to a greater extent in both planning for and funding IT projects.

The Executive indicates that OCTO understands that the agency has a role in reviewing proposed IT investments and providing feedback to the CIP, but did not indicate how the Mayor will ensure that an enhanced level of detail becomes a part of the published CIP. ODCA understands that not every IT investment that is proposed will ultimately be funded, and our recommendation sought to ensure that for those projects that are funded, there is a complete public record of the project scope and sufficient funding to bring the project to completion.

We also would have welcomed comments on the D.C. Business Center including whether there will be additional funding in FY 2018, and whether special purpose revenue will be set aside for technology projects, including the DCBC.

We look forward to following up on the administration's commitments in the course of our annual compliance reporting.

Appendix A

Glossary of Terms

The following acronyms are used throughout the document and are defined as follows:

ABRA	Alcoholic Beverage Regulation Administration
BLRA	Business Licensing Regulation Administration
DCRA	Department of Consumer and Regulatory Affairs
DDOE / DOEE	Department of Energy and the Environment
DDOT	Department of Transportation
DMPED	Deputy Mayor for Planning and Economic Development
DOH	Department of Health
DSLBD	Department of Small and Local Business Development
FEMS	Fire and Emergency Management Services
OCFO	Office of the Chief Financial Officer
OCFO-OTR	Office of the Chief Financial Officer–Office of Tax and Revenue
OCP	Office of Contracting and Procurement
OP	Office of Planning
SPR	Special Purpose Revenue
OCTO	Office of the Chief Technology Officer

Appendix B

Business Portal Timeline

Date	Activity
2/8/2013	Mayor Gray forms Business Regulatory Reform Task Force
5/19/2013	The role of DCRA Director of Information Systems was filled
11/15/2013	Budget #1: DCRA submits capital budget request of \$35M as part of the FY2015 to FY2020 capital budget formulation
3/11/2014	State of the District Address in which Mayor Gray announces the One City Business Portal
4/1/2014	Turnover #1: Muriel Bowser defeats Vincent Gray in primary election
5/2/2014	Turnover #2: Outgoing DCRA Director Nick Majett's last official day in the position. Interim DCRA Director Rabbiah Sabbakhan's first official day in the position.
5/5/2014	Procurement #1: One City Business Portal RFP solicitation issued
5/24/2014	Business Regulatory Reform Task Force report is released
6/2/2014	Procurement #2: Proposals due from vendors
6/9/2014	Procurement #3: Proposal discussion session held
6/24/2014	Procurement #4: Best-and-final-offer responses received
7/11/2014	Procurement #5: Letter contract issued to the winning bidder Limbic Systems to allow work to begin with a not-to-exceed limit of \$800,000.
8/7/2014	Budget #2: Volume 6 of the FY 2015 Budget and CIP submitted by D.C. government to Congress, including new capital project CR0-ISM11 "One City Business Portal" indicating \$1M in funding allotted for FY2015 and no future year funding allotments.
9/16/2014	Procurement #6: Mayor's office request for D.C. Council approval
10/1/2014	First day that \$1M in capital funding became available to use in creating the DCBC
10/2/2014	Date that Interim DCRA Director Rabbiah Sabbakhan signed MOU with OCTO for Project Management Services
10/7/2014	Procurement #7: D.C. Council approval resolution confirmed
10/19/2014	Turnover #3: Outgoing DCRA Agency Fiscal Officer's last official day in the position. Interim (and later Permanent) DCRA Agency Fiscal Officer's first official day in the position.
11/4/2014	Turnover #4: Muriel Bowser defeats David Catania in

	general election
11/4/2014	Procurement #8: DMPED Contracting Officer signs “definitized contract” in the amount of \$3,516,272.60.
11/19/2014	Date OCTO Director signed MOU with DCRA for Project Management Services
11/2014	Budget #3: DCRA submits capital budget request of \$6.5M as part of the FY2016 to FY2021 capital budget formulation
1/5/2015	Turnover #5: Outgoing DCRA Administrator for Business & Professional Licensing moves to D.C. Taxicab Commission. Interim Administrator for Business & Professional Licensing’s first unofficial day in the position (later made official on 3/22/2015). Interim DCRA Director replaced by new Mayoral appointee to the position, Melinda Bolling.
3/5/2015	Release #1: Business.dc.gov website made publicly available, including Online Wizard capability
5/13/2015	Procurement #9: Sole Source Procurement Awarded to CC Intelligent Solutions (CCIS) for \$450,000 to develop a full API wrapper under assumption that CorpOnline forms would be redesigned within business.dc.gov and CorpOnline would be retained as the back-office system and database of record for corporate registration.
6/23/2015	Procurement #10: Modification #1 to contract with Limbic Systems to change the two-year term of the contract to begin on August 4, 2014, and to add \$950,000 to the contract. \$650,000 of those funds came from DSLBD via MOU.
6/29/2015	Release #2: QuickSearch functionality added to business.dc.gov
7/17/2015	Budget #4: Volume 5 of the FY 2016 Budget and CIP submitted by D.C. government to Congress, including new funding for capital project CR0-ISM11 “One City Business Portal.”
7/24/2015	Turnover #6: Outgoing DCRA Director of Information Systems’ last official day in the position. Interim DCRA Director of Information Systems’ first official day in the position
7/27/2015	Turnover #7: Future DCRA Director of Information Systems begins a temporary appointment with DCRA Office of Information Systems
10/4/2015	Turnover #8: Interim Administrator for Business and Professional Licensing’s last day in the role. Incoming Administrator for Business and Professional Licensing’s first day in the position.
10/5/2015	Procurement #11: Modification #2 to contract with Limbic Systems to accommodate an additional scope of work without changing the total amount of the contract.
10/9/2015	Procurement #12: Modification #3 to contract with Limbic

	Systems for minor change in invoice submittal process.
10/20/2015	Request from DMPED Contracting Officer to DCRA requesting the name of a replacement Contract Administrator for the contract with Limbic Systems.
11/2/2015	Release #3: CBE Connect website added to business.dc.gov
11/13/2015	Budget #5: DCRA submits capital budget request of \$6.04M as part of the FY2017 to FY2022 capital budget formulation
11/15/2015	Turnover #9: DCRA Director of Information Systems officially assumes the role
4/21/2016	Procurement #13: Modification#4 to contract with Limbic Systems to incorporate the Metropolitan Washington Council of Government's Rider Clause as part of the contract.
5/15/2016	Release #4: Links to new BBL system and existing CorpOnline system added to business.dc.gov
5/26/2016	Memo sent from DCRA Director Melinda Bolling to DMPED Contracting Officer naming Deputy Director, Office of Information Systems as the replacement Contract Administrator for the contract with Limbic Systems.
6/22/2016	Budget #6: Volume 5 of the FY 2017 Budget and CIP submitted by D.C. government to Congress, including no new funding for capital project CR0-ISM11 "One City Business Portal".
6/27/2016	Procurement #14: Modification #5 to contract with Limbic Systems to expand technical support services for the remainder of the base period and for each of the three option periods.
8/2016	Notice provided to Limbic Systems of the new Contract Administrator.
8/22/2016	Link to business.dc.gov first appears on the home page of the DCRA website.
8/25/2016	Press event held at The Coupe restaurant to announce business.dc.gov and conduct a live demo of the DCBC capability.