

HOUSE COMMITTEE ON AUDITS

May 12, 2005 Hearing Room D

8:30 A.M. Tapes 74 - 75

MEMBERS PRESENT: Rep. Jerry Krummel, Chair

Rep. Tom Butler, Vice-Chair

Rep. Diane Rosenbaum, Vice-Chair

Rep. Alan Brown

Rep. Jackie Dingfelder

STAFF PRESENT: Jim Keller, Committee Administrator

Kellie Whiting, Committee Assistant

MEASURES/ISSUES HEARD:

Department of Administrative Services - Informational Meeting

Department of Environmental Quality - Informational Meeting

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

TAPE/#	Speaker	Comments
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TAPE 74, A

002 Chair Krummel Calls the meeting to order at 8:35 a.m. and opens the informational meeting on the Department of Administrative Services (DAS).

Department of Administrative Services – INFORMATIONAL MEETING

005 Don Fleming Department of Administrative Services. Submits the DAS user fee and assessment chart (**EXHIBIT A**).

010 Chair Krummel Explains the objective of the meeting.

044 Fleming Explains the comprehensive state vulnerability assessment and states the result was a concurrence for immediate action to address the findings through an immediate action plan. Explains the criteria for the action plan and areas pursued in regards to network security and risk exposure.

083 Chair Krummel Inquires about the vendors.

089 Fleming Responds he is unsure and will provide the information at a later time. Comments on the area of risk in terms of information and data centers. Explains the decision for establishing parameters. Explains the identity and access management. Comments on technology decisions, resources and strategies. Explains the concurrence to leverage the investment.

131 Chair Krummel Inquires if the work is directly done with IBM.

138 Fleming Responds he will provide the information later. Explains the instant response team and reactive measures. Comments on the time issues to respond and the improvement to awareness. States the decision was not competitively bid on. Discusses the attention on the Patch Management Project. Comments on the expedited procurement process.

230 Chair Krummel Inquires where they are in the process to have the critical beginnings in place.

241 Fleming Responds by the end of the biennium, they will have established an initial beginning or a solid capability, but will be still be a couple of

years from a stable effective stable cyber program. Comments on the benefits for specific programs.

295	Chair Krummel	Inquires about the percentage of progress.
298	Fleming	Responds 25-30% towards the goal of security. Comments on the pursuit at an agency level.
314	Chair Krummel	Comments on the expenditures.
319	Fleming	Responds about the benchmarks for cyber security need spending.
331	Chair Krummel	Inquires about hardware/software compatibility.
349	Fleming	Responds about changing vendors and the different functions of software. Explains the selection process and notes the decisions are made based on cost effectiveness and what system would best fit their needs. Comments on the enabling function for the state. Touches on information technology compatibility.

TAPE 75, A

021	Chair Krummel	Inquires about purchasing equipment and never using it.
026	Fleming	Responds it is not a common or regular problem. Explains the steps taken to improve quality insurance.
044	Rep. Butler	Inquires about the comprehensive vulnerability assessment and the indication of any compromised information.
051	Fleming	Responds about unknown compromises. Responds the comprehensive capability has improved.
070	Rep. Butler	Inquires about the instance response teams working around the clock.
077	Fleming	Explains when the cyber attacks happen. Responds the staff works 24 hours and day and seven days a week.
100	Rep. Butler	Inquires about sanctions for employees who attempt to go beyond the legitimate capacity in terms of the internet use.

111	Chair Krummel	Responds about internal attacks.
116	Rep. Butler	Expresses concern over internal attacks and the need for a process protecting the state, employers and privacy issues.
134	Fleming	Responds about the problem without reasonable efforts to provide safe measures and to prevent internal attacks. Comments on the personal activity on infrastructures. Refers to HB 3145 and states the bill provides consequences for fraud, waste and neglect.
193	Rep. Butler	Comments that the state currently has an articulated policy to protect the state from cyber attacks.
204	Fleming	Responds HB 3145 will be helpful. Responds the Public Employees Retirement Program is improving. Explains the process for improvement.
261	Rep. Butler	Comments on the anticipated risk.
270	Chair Krummel	Inquires about the conversion surrounding the JClarity program.
279	Fleming	Responds about the efforts of staff and management.
288	Rep. Rosenbaum	Inquires about record retention.
299	Fleming	Responds about the discussion around records retention and the needed policy for retaining and recovering records.
404	Chair Krummel	Closes the informational meeting on the Department of Administrative Services and opens an informational meeting on the Department of Environmental Quality (DEQ).

DEPARTMENT OF ENVIRONMENTAL QUALITY - INFORMATIONAL MEETING

Tape 74, B

002	Chair Krummel	Refers to the draft letter including recommendations for the DEQ (EXHIBIT B). Explains the recommendations for the DEQ and comments on the previous testimony regarding the Vehicle Inspection
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Program. Refers to the prepared testimony of Andy Ginsburg
(EXHIBIT C).

066	Rep. Butler	Inquires about the potential defects and guaranteed tolerances.
078	Rep. Dingfelder	Inquires when the enhanced test will be phased out.
090	Andy Ginsburg	Department of Environmental Quality. Responds it will be completed in 2007.
092	Rep. Dingfelder	Inquires about the issues with the enhanced test.
099	Ginsburg	Responds the existing equipment is being phased out so there is not complexity to operate.
113	Rep. Dingfelder	Inquires about the cost of the audit on equipment that will be phased out.
123	Ginsburg	Responds they are in the process to establish an interagency contract with Portland State University to conduct a third party review at a lower cost.
137	Rep. Dingfelder	Inquires about the timeframe of the review by Portland State University.
145	Ginsburg	Responds the report will be back by June 2005.
159	Rep. Dingfelder	Expresses concern over spending the money on a system that is going to be phased out.
168	Chair Krummel	Inquires if the review can be non-biased and if DEQ has done business with Portland State before.
201	Rep. Brown	Concurs with Rep. Dingfelder and states the review should be done on the new equipment.
213	Rep. Butler	Responds about recommendation one to review overall protocol. Reiterates the concern over a biased opinion.
225	Rep. Brown	Inquires about the outcome of the review.

236	Chair Krummel	Responds about the affects of the review.
250	Rep. Butler	Responds about the agencies involved and services provided.
270	Rep. Dingfelder	Responds about the private and public services and third party assurance.
291	Rep. Butler	Responds about the DEQ reserve.
297	Chair Krummel	Inquires if the first recommendation should be modified in the draft letter (EXHIBIT B) .
300	Rep. Rosenbaum	Responds about the suggestion of a third party review instead of an expensive audit and having the results before the end of session.
320	Rep. Dingfelder	Concurs with Rep. Rosenbaum.
333	Chair Krummel	Responds about having the Joint Legislative Audits Committee look at the issue as well.
340	Rep. Butler	Concurs with the suggestions of review and state there needs to be a conclusion in which will ensure that the testing is uniform and accurate without destroying the testing program.
373	Chair Krummel	Comments on the transparency issues.
400	Rep. Butler	Comments on the testing on machinery.
406	Chair Krummel	Explains the recommendations.

TAPE 75, B

002	Chair Krummel	Asks for any other suggestions to the draft letter.
012	Ginsburg	Explains the fee increase for the 2007 - 2009 bienniums.
035	Chair Krummel	Comments on recommendation number four and five.

045	Rep. Dingfelder	Inquires about the exemption of older vehicles.
051	Ginsburg	Responds and refers to his prepared testimony (EXHIBIT C). Explains the reasons DEQ would not be in favor for certain exemptions. Comments on recommendation number five and the maintenance issues.
094	Rep. Rosenbaum	Comments on the recommendations four and five being out of the scope of the Audits Committee and should be referred to the Environment Committee.
109	Chair Krummel	Closes the informational meeting on Department of Environmental Quality and adjourns the meeting at 10:10 a.m.

EXHIBIT SUMMARY

- A. Department of Administrative Services, chart, Don Fleming, 2 pp**
- B. Department of Environmental Quality, draft letter, staff, 5 pp**
- C. Department of Environmental Quality, prepared testimony, Andy Ginsburg, 5 pp**