



STEVEN L. BESHEAR  
GOVERNOR

EXECUTIVE ORDER

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ALISON LUNDERGAN GRIMES  
SECRETARY OF STATE  
COMMONWEALTH OF KENTUCKY  
BY R. Adler

Secretary of State  
Frankfort  
Kentucky

2013-403  
June 14, 2013

**RELATING TO REORGANIZATION OF THE  
FINANCE AND ADMINISTRATION CABINET**

**WHEREAS**, the Commonwealth of Kentucky promotes effective and efficient management of state government operations and resources; and

**WHEREAS**, Executive Order 2012-880 promotes the centralization of Information Technology infrastructure resources across the Commonwealth; and

**WHEREAS**, pursuant to KRS Chapter 42, the Commonwealth Office of Technology is charged with developing strategies and policies to support and promote the effective applications of information technology within state government as a means of saving money, increasing employee productivity, and improving state services to the public as well as developing, implementing and maintaining the technology infrastructure of the Commonwealth; and

**WHEREAS**, after much study and review of the existing state of the provision of Information Technology Services across the agencies of the Commonwealth, it has been determined that the Commonwealth will greatly benefit by departing from the decentralized model of providing Information Technology infrastructure services to a centralized model; and

**WHEREAS**, the adoption of a centralized model will reduce costs, improve security, promote information sharing and assist agencies in focusing on their mission rather than operational issues; and

**WHEREAS**, streamlining IT service delivery is estimated to yield significant savings upon full implementation; and



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**WHEREAS**, this reorganization plan will provide a mechanism to efficiently and effectively carry out the statutory mission of the Commonwealth Office of Technology within the Finance and Administration Cabinet in a more cost efficient manner:

**NOW, THEREFORE**, I, Steven L. Beshear, Governor of the Commonwealth of Kentucky, by virtue of the authority vested in me by the Constitution of Kentucky and KRS 12.028 do hereby Order and Direct the following:

- I. The Commonwealth Office of Technology within the Finance and Administration Cabinet shall have the following changes in organizational structure:
  - A. The Division of Enterprise Architecture within the Office of Enterprise Technology is hereby established and shall be headed by a director appointed by the Secretary pursuant to KRS 12.050 and shall report to the executive director of the Office of Enterprise Technology.
  - B. The Division of Printing Services within the Office of Infrastructure Services is hereby abolished.
  - C. The Division of Financial Information Technology within the Office of Application Development is hereby renamed the Division of Revenue Application Development.
  - D. The Division of Support Services within the Office of Application Development is hereby renamed the Division of Development Support Services.
  - E. The Division of Agency Information Technology within the Office of Application Development is hereby renamed the Division of Agency Application Development.
  - F. The Division of Data Management Services within the Office of Application Development is hereby established and shall be headed by a director appointed by the Secretary pursuant to KRS 12.050 and shall report to the executive director of the Office of Application Development.
  - G. The Office of Information Technology Service Management is hereby established and shall be headed by an executive director appointed by the Secretary pursuant to KRS 12.050 and shall report to the executive director of the Commonwealth Office of Technology.



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- II. The Finance and Administration Cabinet, the Personnel Cabinet, and the State Budget Director shall take all steps necessary to effectuate this order.

This Order shall be effective June 16, 2013.

  
STEVEN L. BESHEAR, GOVERNOR  
Commonwealth of Kentucky

  
ALISON LUNDERGAN GRIMES  
Secretary of State

## REORGANIZATION PLAN

### INTRODUCTION

It is the policy of the Beshear Administration to gain efficiencies in state government to best serve the citizens of the Commonwealth. In keeping with this policy the Finance and Administration Cabinet realizes the need to group related functions and streamline processes to garner greater economy and improved administration.

The goal of this reorganization is to accomplish the aforementioned efficiencies by reorganizing internal offices and divisions in a way that will prove more efficient, economical and transparent. The aforementioned efficiencies will be achieved through a partnership between and among executive branch agencies for the delivery and maintenance of infrastructure technology (IT) services. The Finance and Administration Cabinet will be the lead organizational entity for this effort through the Commonwealth Office of Technology. This Executive Order will create a state government environment that better supports Governor Beshear's initiatives.

### SUMMARY OF PLAN

As a part of Governor Beshear's Smart Government Initiative, the Information Technology work group recommended that an assessment be conducted by an outside consulting firm of the Commonwealth's information technology management practices, organization and costs. That recommendation was carried out and a comprehensive assessment was performed. The key findings of that assessment were that the Commonwealth's decentralized delivery of IT infrastructure services: resulted in costly redundancy of IT assets and personnel, subjected some IT infrastructure to undue risk, and positioned Kentucky poorly to take advantage of emerging trends in IT service delivery.

After a full analysis of the consultant's findings with the Governor's Executive Cabinet and through review of the positive impacts of implementing a number of the report's recommendations, the Governor, through Executive Order 2012-880, took actions to consolidate IT infrastructure services under a Chief Information Officer (CIO). The CIO will be the Executive Director of COT and assume all roles and responsibilities as defined by KRS 42.730 and a member of the Governor's Executive Cabinet as defined by KRS 11.065.

According to the Kentucky Revised Statutes, the **Commonwealth Office of Technology (COT)** has the sole responsibility for IT operations in the Executive Branch. COT must ensure that these operations are conducted in the most efficient and effective way. The statutory authority for this reorganization is contained in KRS 12.270(3). In addition, the statutes charge COT with ensuring that Kentucky IT

operations are efficient. In KRS 11.507(1)(c), COT is charged with developing strategies and policies to support and promote the effective applications of information technology within state government as a means of saving money, increasing employee productivity, and improving state services to the public.

The primary benefits of this reorganization are: cost savings, reduced risk, better positioning for the future, and improved services. This consolidation will significantly reduce the Commonwealth's risks associated with system failure and privacy or security breaches. The consolidation will position the Commonwealth to take full advantage of emerging technologies and sourcing alternative in the future, and will result in the delivery of improved IT infrastructure services to state agencies.

The majority of changes within COT consist of consolidating executive branch agency personnel whose primary job duties include information technology infrastructure services. These changes require relocating existing subdivisions and the movement of functions to better suited entities to perform that function. Details pertaining to the functions, responsibilities and missions of these entities within COT are as follows:

The **Office of Enterprise Technology (OET)** within COT is responsible for IT public policy formulation and the management and oversight of major IT projects and programs for both the COT and the enterprise of state government.

The Division of Enterprise Architecture is created within OET. This division is responsible for enterprise architecture standards and strategy to guide IT procurement and technology migration, ensuring the reliability, interoperability and sustainability of technology, information and business processes.

The **Office of Infrastructure Services (OIS)** is responsible for operation of the Commonwealth Enterprise Computing and Communications environment. The OIS team handles day-to-day technical support and operation of executive branch IT resources and the Commonwealth Data Center. OIS employees oversee shared IT infrastructure resources and services, including large-scale computing, server hosting, data and voice communication networks and phone systems. The centerpiece of the communications environment is the Kentucky Information Highway (KIH).

The Division of Printing Services within the Office of Infrastructure Services is abolished.

The **Office of Application Development (OAD)** within COT provides comprehensive application development services to Commonwealth government agencies on all technology platforms. OAD is a customer focused organization with professional staff performing project management, business and technical analysis, development, testing and quality assurance and enterprise level geographic information systems design and support.

The Division of Financial Information Technology within OAD is renamed the Division of Revenue Application Development. This division provides project management, systems analysis, and application development and support for new and legacy systems of the Department of Revenue within the Finance and Administration Cabinet.

The Division of Support Services within OAD is renamed the Division of Development Support Services. This division provides internal and external customers with development services such as application testing; management of test and development environments; management of application integration with enterprise upgrades; quality and audit services; and administrative support. The division will assist all development activities in ensuring applications meet quality standards; audit requests are managed appropriately; and test and development environments are securely administered.

The Division of Agency Information Technology within OAD is renamed the Division of Agency Application Development. This division provides project management, systems analysis, and application development and support for new and legacy systems of the Executive, Legislative and Judicial Branches.

The Division of Data Management Services within OAD is created. This division provides data support to customer agencies and application development staff for all projects and legacy systems. The division will assist with the creation and/or updating of data models; extraction, transformation and definition of customer data; and the creation of master data for business centric Commonwealth applications.

The **Office of Information Technology Service Management** is established within COT and is responsible for the IT Infrastructure Library (ITIL) framework and support functions of COT. This office has the responsibility for the IT Infrastructure consolidation (i3) project of providing oversight for the transition of agency infrastructure to the Central IT organization. This office will be directly responsible for the oversight all branches within the Office of Information Technology Service Management.

## **I. Changes within COT's Internal Organizational Structure**

### **A. Office of Enterprise Technology**

- 1. Division of Enterprise Architecture will be created**

### **C. Office of Infrastructure Services**

- 1. Division of Printing Services will be abolished**

D. Office of Application Development

1. Division of Financial Information Technology will be renamed Division of Revenue Application Development
2. Division of Support Services will be renamed Division of Development Support Services
3. Division of Agency Information Technology will be renamed Division of Agency Application Development
4. Division of Data Management Services will be created

E. Office of Information Technology Service Management will be created

**FISCAL / PERSONNEL IMPACT**

**Fiscal Impact:** While it is difficult to provide an exact dollar reduction or increase in expenditures that will result from the reorganization, the consulting firm's report estimated savings of \$16.7 to \$27.8 million annually from all fund sources, once fully implemented. That estimate assumed a transition period of about two to three years to achieve that level of savings. One part of the implementation of this consolidation will be to reaffirm the existing costs of providing IT infrastructure services to be able to fully compare those costs to the costs in the future once fully consolidated under COT. As a result, redistributions of duties with existing resources may occur. No layoffs are scheduled as a result of this reorganization.

**Personnel Impact:** Executive branch agency personnel whose primary job duties involve IT infrastructure services duties as set out in Executive Order 2012-880 will be consolidated to COT.

The changes within the COT do not initially reduce or increase personnel costs but instead shift personnel to more productive areas. Prior to this reorganization, the Commonwealth Office of Technology within the Finance and Administration Cabinet had 338 employees. After this reorganization, the Commonwealth Office of Technology will have 588 employees. The number of management positions within COT will increase as a result of this reorganization.

<b>Position</b>	<b>Before</b>	<b>After</b>
Executive Directors	5	6
Division Directors	10	11
Total	15	17