State of Montana

Department of Revenue
IT Strategic Plan 2014

Table of Contents

Executive Summary

The Montana Department of Revenue (DOR) believes its central purpose is to improve the quality of life for Montana citizens by excelling at public service and effective administration of the tax and liquor laws of Montana. The department fulfills this purpose by:

- Ensuring that revenues intended by the legislature to be raised are collected to serve Montanans
- Advancing equity and integrity in taxation
- Providing innovative and respectful service
- Protecting the public health and safety, and achieving efficiency in liquor administration
- Improving public understanding of Montana's revenue system

DOR pursues this mission within the framework of our core values, which are rooted in the Montana Constitution. These core values include:

- Respect for All Persons
- Integrity and Justice
- Productivity and Effectiveness
- Teamwork and Community

DOR collects local and state revenue, the agency's primary product. Using its defined purpose and core values as a framework, the department identified the following business goals:

- To serve Montana's citizens by respecting their legal rights, recognizing their dignity as individuals and advancing public understanding of the tax system
- To advance equity and integrity in taxation by reducing gaps between taxes paid and taxes owed, and properly classifying and equalizing the value of all taxable property in the state
- To support the proper operation of local governments and school districts by effectively administering Montana's property tax system
- To continually strengthen working relationships with other state agencies, tribal and local governments, the federal government and the general public
- To protect the public health and safety in the consumption of alcohol by properly licensing alcoholic beverage establishments, and efficiently distributing alcoholic beverages through a state controlled system
- To position the department to be prepared to manage various types of disasters
- To continually improve productivity and the quality of service by developing competent staff, using innovative practices and technology, fostering teamwork within the agency, improving the management of resources and responding to changing circumstances

Effective, efficient and quality technology solutions are the foundation on which the department is able to successfully achieve these integrated goals. To facilitate our effort, the Information Technology Office (ITO) has developed an agency IT plan:

- To provide Montana taxpayers with enhanced electronic services
- To provide desktop computing and network infrastructure that best meets the department's business needs

- To provide electronic collaboration tools
- To develop and expand electronic records management
- To expand the utilization of electronic tax compliance tools
- To implement imaging, workflow and web services
- To establish a workforce development plan
- To develop and implement business continuity/recovery plans
- To improve public understanding of Montana's revenue system and the services the department provides

Virtually all elements of DOR's IT Plan are driven by recognition and understanding of the department's business needs. The IT Plan builds on the foundation and integrated service aligned with DOR goals and division sub-goals established in recent years with a commitment to continuously improve a quality computing environment. All of the initiatives presented in this plan are designed to ensure that DOR is operating at the highest level of efficiency while providing Montana citizens the highest quality of service and value for their tax dollars.

Environment, Success, and Capabilities

Montana Department of Revenue Administers Revenue Laws

The duty of DOR is to administer the revenue laws as defined by statute, with the exception of gasoline tax. The DOR is also responsible for administering the alcohol and tobacco laws.

Montana is one of two states that require their state revenue department to appraise all property within the state. In all other states, individual cities and counties appraise property within their boundaries. The Montana Constitution requires the state to classify, appraise and keep record of all property within the state. Montana law assigns this constitutional responsibility to DOR. This approach promotes equity in valuation throughout the state.

Additionally, Montana statute requires DOR to adjust and equalize the valuation of taxable property in and among the separate counties and among taxpayers to secure a fair, just and equitable valuation of all taxable property among counties, classes of property and individual taxpayers.

After receiving the number of mills to be levied for each taxing jurisdiction, Montana statute directs DOR to compute and itemize the taxes, fees and assessments to be levied on each property's tax bill.

These additional responsibilities place Montana's DOR in a unique position – in terms of share of responsibility for state and local tax systems – compared to other states' revenue departments.

Montana Department of Revenue Collects Revenue

The product of DOR is collected taxes that are deposited in both state special revenue funds and the state general fund. These taxes are then distributed by the Montana Legislature to schools, local governments and other state agencies. Without DOR, local governments would not be able to collect property tax revenue.

In a similar fashion to the cashier at a restaurant or the collections department of a large firm, DOR's primary focus – as directed by law – is collecting revenue. The Montana Legislature then appropriates the revenue to local government and other state agencies, which use the revenue to fund public health, education, law enforcement, utilities, fire safety, roads, parks and other infrastructure that promote the quality of life for all Montanans.

State Objectives	DOR Business Requirements
Education Increase post-secondary education levels **Jobs** Increase employment and compensation levels **Efficient and Effective Government** Decrease government expenditures and increase the value and impact of state delivered services	To serve Montana's citizens by respecting their legal rights, recognizing their dignity as individuals, and advancing public understanding of the tax system. To advance equity and integrity in taxation by reducing gaps between taxes paid and taxes owed, and properly classifying and equalizing the value of all taxable property in the state. To support the proper operation of local governments and school districts by effectively administering Montana's property tax system. To continually strengthen working relationships with other state agencies, tribal and local governments, the federal government, and the general public. To protect the public health and safety in the consumption of alcohol by properly licensing alcoholic beverage establishments, and efficiently distributing alcoholic beverages through a state controlled system. To position the department to be prepared to manage various types of disasters. To continually improve productivity and the quality of service by developing competent staff, using innovative practices and technology, fostering teamwork within the agency, improving the management of resources, and responding to changing circumstances.

IT Contributions and Strategies

The DOR Information Technology Office (ITO) serves as the technological foundation for the department's business units. Through a secure and up-to-date computing environment, ITO contributes to the department's overall efficiency, ensuring confidentiality, integrity and availability of taxpayer data. In providing these services, the office enables DOR to meet its business objectives and facilitates its mission to serve the citizens of Montana. The office provides application development and support services for all revenue information systems, including network services to approximately 650 users from a central office in Helena and to 60 locations in the state's 56 counties. Depending on need, services are provided either with a site visit or using remote-access technologies. ITO includes the Network Services Unit (NSU) and the Quality Assurance and Applications Services Unit (QAAPPS).

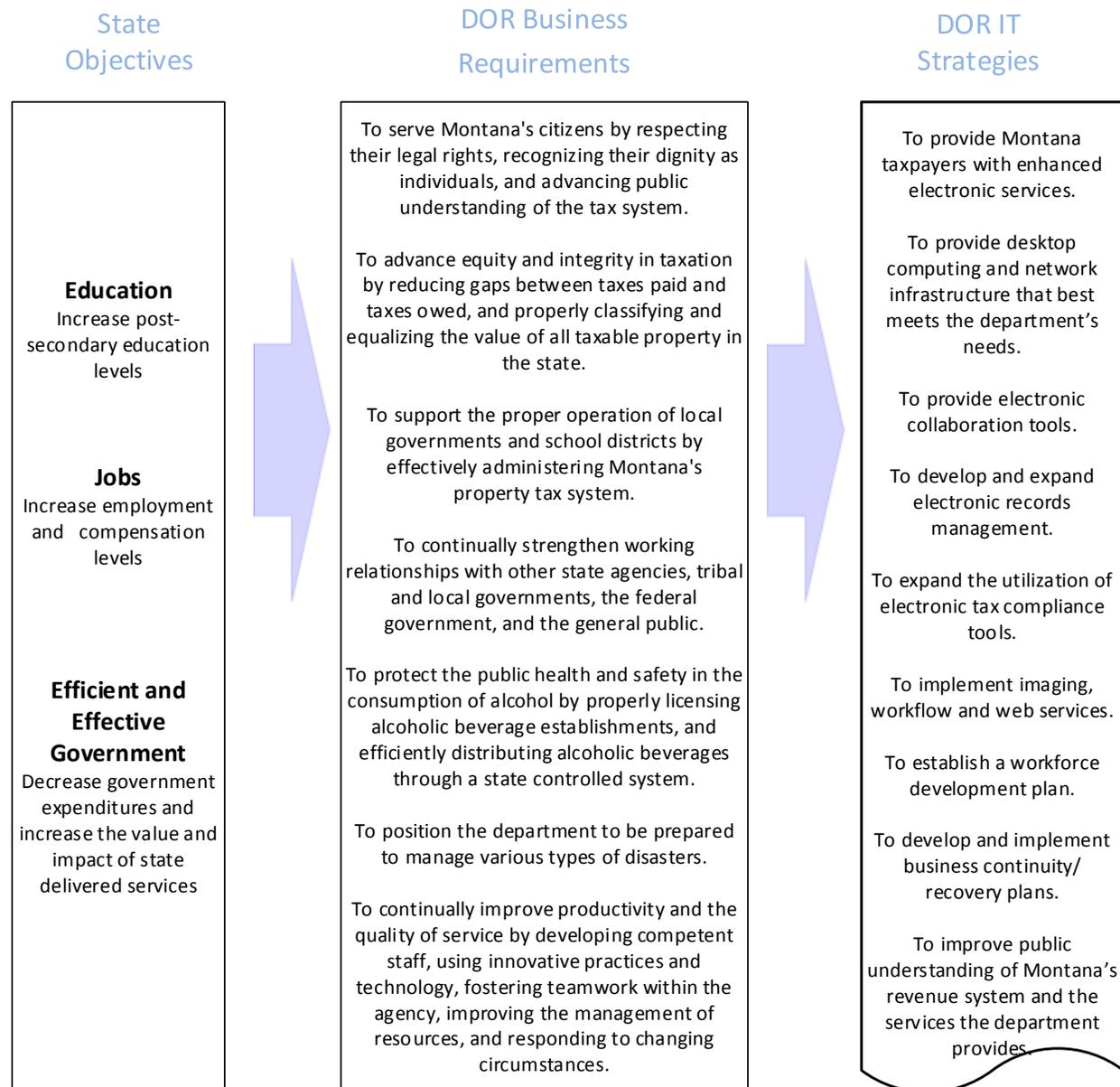| State Objectives	DOR Business Requirements	DOR IT Strategies
Education Increase post-secondary education levels **Jobs** Increase employment and compensation levels **Efficient and Effective Government** Decrease government expenditures and increase the value and impact of state delivered services	To serve Montana's citizens by respecting their legal rights, recognizing their dignity as individuals, and advancing public understanding of the tax system. To advance equity and integrity in taxation by reducing gaps between taxes paid and taxes owed, and properly classifying and equalizing the value of all taxable property in the state. To support the proper operation of local governments and school districts by effectively administering Montana's property tax system. To continually strengthen working relationships with other state agencies, tribal and local governments, the federal government, and the general public. To protect the public health and safety in the consumption of alcohol by properly licensing alcoholic beverage establishments, and efficiently distributing alcoholic beverages through a state controlled system. To position the department to be prepared to manage various types of disasters. To continually improve productivity and the quality of service by developing competent staff, using innovative practices and technology, fostering teamwork within the agency, improving the management of resources, and responding to changing circumstances.	To provide Montana taxpayers with enhanced electronic services. To provide desktop computing and network infrastructure that best meets the department's needs. To provide electronic collaboration tools. To develop and expand electronic records management. To expand the utilization of electronic tax compliance tools. To implement imaging, workflow and web services. To establish a workforce development plan. To develop and implement business continuity/ recovery plans. To improve public understanding of Montana's revenue system and the services the department provides.

IT Principles

IT principles govern DOR's information technology activities, decisions and service delivery operations. They provide touch-points and guidelines to ensure that the correct decisions are being made, decisions that will provide the greatest value to Montana's citizens and DOR's customers. Many of DOR's IT principles have their roots in the Montana Information Technology Act (MITA) and the principles outlined in Montana's State Strategic Plan for IT 2014.

- Resources and funding will be allocated to the IT projects that contribute the greatest net value and benefit to stakeholders.
- Unwarranted duplication will be minimized by sharing data, IT infrastructure, systems, applications and IT services.
- Shared interstate systems will be used to minimize IT expenditures, improve service delivery and accelerate service implementation.
- Information technology will be used to provide educational opportunities, create quality jobs, support a favorable business climate, improve government, protect individual privacy and the privacy of IT information, and enable business continuity for state government.
- IT resources will be used in an organized, deliberative and cost-effective manner.
- IT systems will provide delivery channels that allow citizens to determine when, where and how they interact with state agencies.
- Mitigation of risks is a priority to protect individual privacy and the privacy of IT systems information.
- Service offerings will incorporate security controls based on federal National Institute of Standards and Technology (NIST) security standards.
- DOR will employ *A Guide to the Project Management Body of Knowledge* (PMBOK Guide) principles for managing projects.

The Information Technology Office is dedicated to providing professional services. We emphasize a positive work environment through teamwork, compliance, integrity, information availability and confidentiality. We strive to empower those we serve with the ability to complete their tasks effectively and efficiently with quality equipment, innovative applications and continuous support.

IT Governance

DOR has developed a governance structure for its departmental IT planning, coordination, oversight and service delivery. Governance for departmental planning, coordination and oversight rests with DOR's Information Technology Governance Steering Committee (ITGSC). The DOR ITGSC was formed to ensure proper allocation of IT resources with department strategic objectives and goals by providing direction to the IT Office. The responsibilities of the committee include:

- Approving the allocation of IT resources to department projects
- Approving IT departmental policies and contracts
- Approving new technology/software
- Approving IT infrastructure standards
- Approving any exceptions to IT policy/standards
- Reporting to leadership on a regular basis regarding decisions and exceptions

The department's deputy director provides facilitation and an agenda and steers discussion toward decision making. Voting members include the director (ex officio), deputy director and four division administrators. Administrative support is provided to assist with documentation and meeting materials. Staff from the DOR Information Technology Office and Enterprise Planning and Analysis Office provides the following information to the committee:

- Informational updates on IT questions and technology
- Current status of IT
- Best practices for IT
- Project portfolio information
- What-if analysis of project scenarios
- Descriptions of project scoring, portfolio balance, capacity and risk

Other department personnel provide information regarding operations, plans and impacts of decisions under consideration and assist voting members in addressing division impacts and benefits. Meetings occur monthly or as needed.

The department also participates in several advisory boards and councils, of which two are valuable sources of information for decision making:

- Information Technology Board (ITB)
- Information Technology Managers Advisory Council (ITMC)

These groups meet monthly or quarterly. The department is not obligated to act on their advice, but they are the collective voice of the state agency community. Other groups that the DOR IT staff work with are:

- Project Management Office Advisory Group (PMOAG)
- Network Managers Group (NMG)
- Information Security Managers Group (ISMG)
- Change Control Board (CCB)

IT Financial Management

The IT budget consists primarily of general fund appropriation and Liquor Control Division proprietary funding. The Department of Revenue's planned agency expenditures, included in section 13, are based on the actual budget for the 2015 biennium. Calculations include a 5% inflation factor per year into future biennia. Future costs related to HB10 are unknown. The department is currently working through the executive planning process (EPP) and has not brought forward its requests. DOR continually monitors expenses in consideration of budgetary constraints and continuously strives to operate at the highest level of efficiency while providing Montana citizens the highest quality of service and value for their tax dollars.

IT Services and Processes

GenTax System

Start-Up Date with DOR: November 2003

Vendor: FAST Enterprises

Tax Types Managed: 89 tax types are managed through GenTax. This total includes support for Liquor sales and Department of Justice.

Technological Specifications:

Environment	Application Servers (Windows Server 2008 R2)	Database Servers (Microsoft SQL Server 2012)
Development/Test	7	3
Staging	8	3
Production	9	5

Tax Administration Functions:
- Calculate business and income tax
- Provide audit materials
- Provide compliance capabilities
- Provide fraud detection and prevention capabilities

Related Functions/Systems: Taxpayer Access Point (TAP), a public facing website that allows online filing for certain tax types.

Criticality of the System: Extreme

Number of Users: Approximately 400

Number of Taxpayer Accounts/Records: 2,060,339

Maintenance and Support Requirements: GenTax is supported by nine Department of Revenue staff developers, four Fast Enterprises on-site developers and off-site FAST staff through a maintenance contract. SITSD provides infrastructure support for communications, data base and application hosting.

Efficiencies: As a commercial off the shelf (COTS) solution that is licensed by many agencies (currently 42 in revenue, unemployment insurance, driver licensing and control, and vehicle registration and titling), GenTax software keeps pace with and leverages technological changes and improvements in its operational platform (for example, operating systems, database management systems, and browsers) on an ongoing basis through service packs and new releases. Similarly, GenTax embodies best practices of a wide variety of agencies so that functionality is continuously improved and expanded for all the agencies sharing the solution. Comprehensive configurability and flexibility of the software enables agencies to react to business environment and legislative and regulatory changes quickly and safely. This

same configurability and flexibility allows the software to be applied to additional lines of government business - as Montana has done over the years since initial implementation for tax and revenue. The customer-centric view that GenTax provides helps the agency to manage customer relationships more efficiently and to provide better service to the taxpayer. The single, integrated system of GenTax provides a consistent business paradigm and user interface that reduces usage complexity and streamlines user training. The GenTax e-Services module has all these same attributes and provides taxpayers with easy-to-use functions that improve the service that they receive while reducing the burden on the agency.

System Complexities: Taxes, by nature, are complex, dynamic and challenging to administer. Montana tax laws are no exception and in some cases even more complex than other states. The complexity of the tax system generates a level of risk that grows almost exponentially with the number of changes introduced, which often results in unintended faults being introduced into other areas as a result of change. For this reason the Department of Revenue relies on contracted maintenance staff and experienced staff developers to maintain the GenTax system. Developers undergo a rigorous and lengthy learning process before being allowed access to change system operations. Change is closely monitored, documented and tested to ensure system integrity and stability throughout the process. Large scale change, such as upgrading to a new version of software, requires additional contractor staff and extensive testing by business units to certify system operations.

ORION System

Start-Up Date with DOR: June 2007

Vendor: Tyler Technologies

Technological Specifications:

Environment	Application Servers (Windows Server 2008 R2)	Database Servers (Microsoft SQL Server 2008)
Development	1	1
Test	3	3
Production	8	3

Tax Types Managed: Property

Tax Administration Functions: Calculate Taxable values. Enter appraisal information for property valuation and calculation.

Related Functions/Systems:
- Orion Data Portal
- Oasis
- Cadastral

Criticality of the System: High

Number of Users: Approximately 350

Number of Taxpayer Accounts/Records: 1,160,000

Maintenance and Support Requirements: The Orion application is supported by two Department of Revenue staff developers and off-site Tyler staff through a maintenance contract.
SITSD provides infrastructure support for communications, data base and application hosting.

Efficiencies: Orion streamlines the process of gathering and processing information necessary to perform valuation on property in the state of Montana. Property types that it administers include real property (including mobile homes), personal property, and industrial property. It also supports configuration for any potential future property types. It provides custom calculation routines necessary for the department to abide by Montana law in the valuation of property as well as a method to get that data to county governments for the purposes of tax billing. Orion provides a way to perform numerous property maintenance tasks including tracking transfer of ownership, tracking of appeals, tracking permits, and assessing tax exemptions. It also provides for various valuation methods for equitable property value assessment.

System Complexities: Management of state property tax requires balancing market information, taxpayer input and changes in state law to value property in an equitable manner across fifty six counties. Accomplishing this requires a complex software package to provide the necessary tools for each county to accurately and fairly assess property values. Because of this complexity changes to the software system require extensive testing across multiple combinations of property types and counties to ensure that the desired outcome was achieved and no inadvertent variations were introduced. An additional layer of complexity is present because system changes and support are provided by offsite staff through a maintenance contract with the vendor.

Fairfax System

Start-Up Date with DOR: August 2010

Vendor: Fairfax Imaging, Inc.

Technological Specifications:

Environment	Application Servers (Windows Server 2008 R2)
Development	1
Test/Production	3
Dell EqualLogic SAN	10Tb
Database	2

Tax Types Managed: 33 tax types are scanned and imaged, while an additional 37 tax types are scanned, imaged and have data electronically lifted from the forms.

Tax Administration Functions: Provides scanned images and data for business and income tax staff

Related Functions/Systems:

- IBML Scanners
- Quick Enhance (scanning)
- Quick Key (Data Keying)
- Quick Review(scanning)

Criticality of the System: High

Number of Users: Approximately 650

Number of Taxpayer Accounts/Records: N/A

Maintenance and Support Requirements: The Fairfax application is supported by two Department of Revenue staff developers and off-site Fair Fax staff through a maintenance contract.
The IBML scanners are serviced through an agreement with Fairfax Imaging, Inc.
SITSD provides infrastructure support for communications and data base and application hosting

Efficiencies: The Fairfax system allows for scanning and imaging of incoming paper documents. Saving DOR paper storage and retention costs. The capture of data from paper documents saves on labor costs for manually keyed data.

System Complexities: The Fairfax system relies on high speed, high throughput scanners managed through the use commercial software and custom built software tools. The system is also capable of lifting data electronically from the high speed image scans and presenting that data to users. The process of recognizing, prepping and storing the data involves a highly complex set of activities that must be closely managed. Changes to scanned forms require modifications to software, process and preparation of forms for scanning. Implementing changes to the system require extensive testing, documentation and coordination to insure that scanned data is accurate, properly presented and consistent.

Other Related IT Systems

Start-Up Date with DOR: Varies by system

Vendor: Internally developed

Technological Specifications:

Environment	Application Servers (Windows Server 2008 R2)	Database Servers (Microsoft SQL Server 2008)
Development/Test	2	3
Production	2	3

Tax Administration Functions: Supports property, business and income tax administration

Related Functions/Systems: N/A

Criticality of the System(s): Low (Legal Referral) to Extreme (US Bank File Transfer Service)

County Collections, County Extract File Transfer, Data File Transfer, Data Fix Request, Downloadable Tax Forms, Fairfax File Validation Tool, Fairfax Token Watcher Service, Fairfax File Delete, GenTax Portal (DLI), GenTax SQL Conversion, Guid Killer, Inheritance Tax, Legislative Session Tracker, Liquor Scanner-Scanner Only, Mobile Office Extract Tool, OASIS, E Stop, One Stop Task Scheduler, Orion Data Portal, Performance Appraisal, Performance Management, SABHRS Transaction Service, SABHRS Verifier, SABHRS Warrant Service, SharePoint Reader, SQL Database Overlay, SR Tracker, Tax Assistance Calculator, US Bank File Transfer Service, Workflow Manager, Dart, Ergonomic Review, Fairfax, Legal Referral, Orion Pipeline, Process Maker, Public Tax Form, SAS, TAP, Tax Form Request, Apex, GenTax, Abandoned Property, Corp Tax data, Data portal service, Liquor Scanner-Desk top, Tier -1 Gaming, Combined Application (DOJ/DOR), Mainframe

Number of Users: 650

Number of Taxpayer Accounts/Records: N/A

Maintenance and Support Requirements: The miscellaneous systems are supported by Two Department of Revenue staff developers and two on-site contract developers. SITSD provides infrastructure support for communications and data base and application hosting

Efficiencies: Miscellaneous systems were created to enhance or directly support DOR operations.

System Complexities: While not as complex as business, income or property tax software the miscellaneous systems supported by the department still require the same level of documentation, testing and implementation effort. The miscellaneous systems are used to support the primary tax administration systems and in support of general administration of the department. In some cases these systems fulfill a vital role in the tax process. The file utility that transfers money each day from the department to US Bank is an example of one such system. While not a major piece of software and one that requires little to no maintenance, if it failed to function the department would not transfer money.

IT Infrastructure, Staffing and Resources

The Montana Department of Revenue was established in 1972 and has several major responsibilities. The department:

- Administers more than 30 state taxes and fees, including income taxes, natural resource taxes, corporation taxes and miscellaneous taxes
- Establishes values for all taxable property, including agricultural land, residential real estate, commercial real estate, forest land, business equipment, railroads and public utilities
- Supervises the operation of liquor stores, manages the state wholesale liquor operations and administers laws governing the sale, taxation and licensing of alcoholic beverages
- Returns unclaimed property to its rightful owners

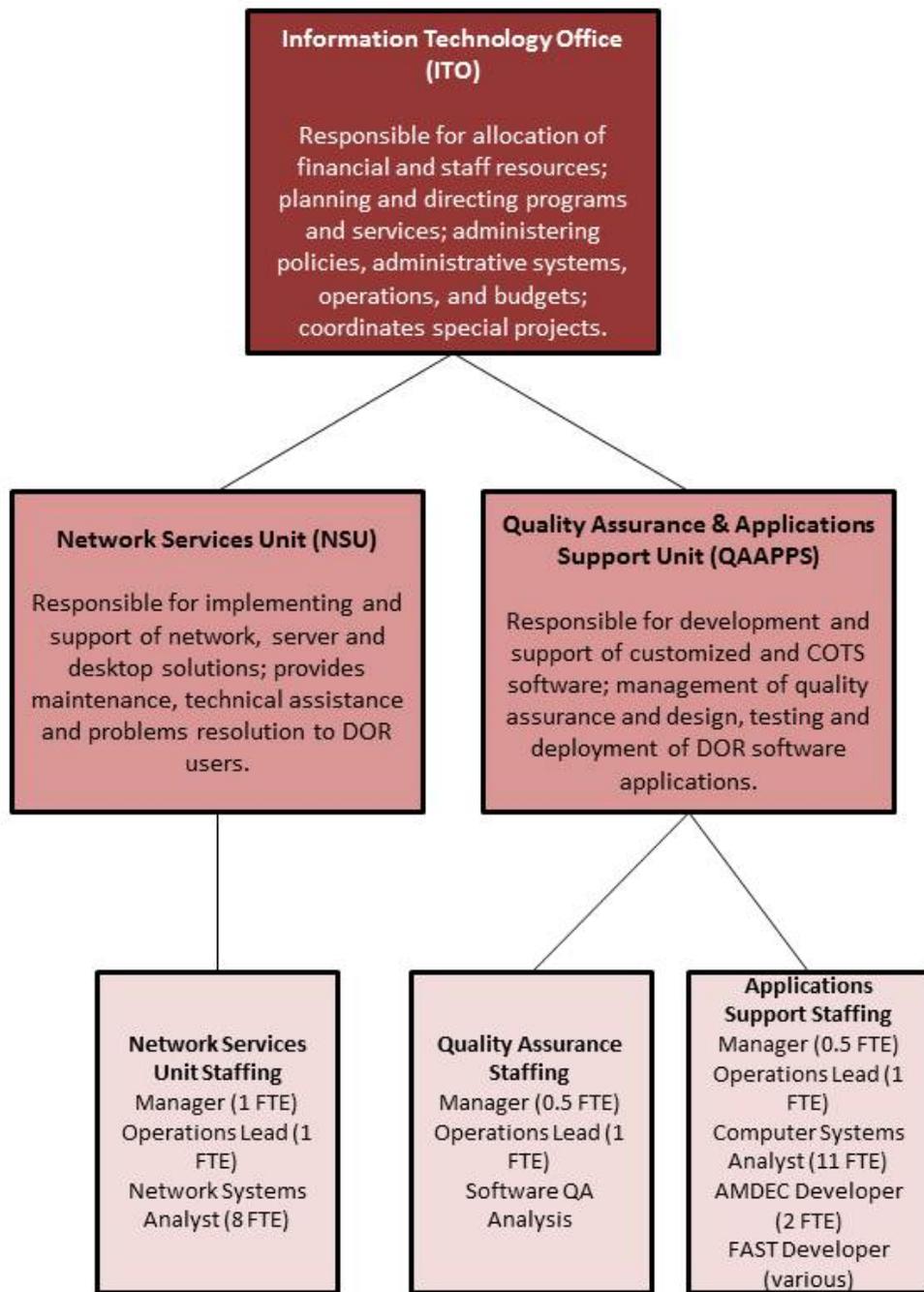Through a competent, diverse workforce committed to success, the department:

- Provides effective and responsive service to citizens, businesses and nonresidents who participate in Montana's economy
- Expands cooperation of citizens in making the tax system that they own work well
- Supports equity and integrity in taxation through effective and uniform enforcement, while protecting rights and thanking those citizens and businesses who pay their fair share of taxes
- Protects the public health, safety and order in the administration of liquor laws
- Advises, based on study and analysis, the Governor, legislature and the public on tax issues
- Cooperates, consistent with its statutory role and responsibilities, with public officials and agencies in local, state, tribal and federal governments to achieve the public good
- Employs more than 650 full-time employees

The Department of Revenue is organized into 5 divisions:

1. Business and Income Taxes
2. Citizen Services and Resource Management
3. Liquor Control
4. Property Assessment
5. Director's Office

The Director's Office supports the agency's director and is composed of nine work units:

1. Executive Office
2. Legal Services
3. Public Information Office
4. Tax Policy and Research
5. Office of Human Resources
6. Enterprise Planning and Analysis Office
7. Security Office
8. Budget Office
9. Information Technology Office

Information Technology Office (ITO)

Responsible for allocation of financial and staff resources; planning and directing programs and services; administering policies, administrative systems, operations, and budgets; coordinates special projects.

Network Services Unit (NSU)

Responsible for implementing and support of network, server and desktop solutions; provides maintenance, technical assistance and problems resolution to DOR users.

Quality Assurance & Applications Support Unit (QAAPPS)

Responsible for development and support of customized and COTS software; management of quality assurance and design, testing and deployment of DOR software applications.

Network Services Unit Staffing
Manager (1 FTE)
Operations Lead (1 FTE)
Network Systems Analyst (8 FTE)

Quality Assurance Staffing
Manager (0.5 FTE)
Operations Lead (1 FTE)
Software QA Analysis

Applications Support Staffing
Manager (0.5 FTE)
Operations Lead (1 FTE)
Computer Systems Analyst (11 FTE)
AMDEC Developer (2 FTE)
FAST Developer (various)

Risks and Issues

Primary Risk	Probability	Impact	Mitigation Strategy
Staff voluntary terminations	High	Medium	The agency will develop a succession planning program identifying staff eligible to retire and forecast an estimated retirement date and replacement plan when possible. Positions/skills rated as critical will have individual plans for skills transfer, replacement, documented procedures, etc. for mitigating the impact.
Security breach	Medium	High	Our agency has an active security program, including, but not limited to, staff training and awareness, data encryption and security policies.
Difficulty of hiring qualified technical staff	High	High	Index salary range to 2012-2014 market rates for positions most affected by this issue in order to remain competitive for recruitment and retention.

IT Goals and Objectives

Goal Number 1: Collaboration and integration with the business units in identifying and implementing appropriate, efficient and cost-effective technology solutions to best meet the department's business goals and objectives.

Description: Ensure Montana citizens and businesses are served through responsible and appropriate investment in and implementation of IT resources.
Benefits: The department is best positioned to meet its statutory responsibilities and performance objectives.

This goal supports the State IT Strategic Plan objective of Efficient and Effective Government, which is to minimize government expenditures and increase the value and impact of state delivered services.

Objective 1-1 Expand and enhance e-services

Business Requirement: To improve and enhance electronic services for Montana's citizens and businesses; to provide access to online unclaimed property filing and online auctions for unclaimed property held by the state, and to provide citizens secure and convenient mobile file-and-pay options for wireless devices. These online services need to be enhanced in the context of protecting the confidentiality and security of taxpayer information and revenue operations.
Benefits: Wide-spread use of electronic services will increase accuracy and efficiency in returns processing, resulting in improved citizen service. These services make complying with tax regulation less burdensome, thus improving voluntary compliance; provide a convenient means for citizens to claim their abandoned property; result in better market values received for auctioned property thus maximizing revenues to the general fund; and reduce tax processing by enabling citizens to file or pay taxes using wireless devices.

Objective 1-2 Expand and enhance electronic collaboration technologies to support tax administration functions of the business units

Business Requirement: The need to make statewide information sharing and training more effective, productive, safe and cost-effective.

Benefits: Meetings held using electronic collaboration technologies, rather than in-person, will not only be more energy efficient but will reduce travel time and provide for improved productivity, communications, education and training. There is significant potential for more productive and more frequent collaboration with statewide employees and other entities. Eventually, the service can be made available to citizens and businesses that have matters or issues pending with the department, leading to additional cost-reduction and improving communication with Montana's citizens.

Objective 1-3 Improve efficiency, service and taxpayer confidentiality through imaging and scanning technology

Business Requirement: The need to manage the flow of paper documents throughout the agency; process refunds more timely; reduce data security risk associated with physical transportation of paper documents; improve compliance activities with the capturing of additional data from existing forms as well as new data; and make information more rapidly and readily available to decision and policy makers.

Benefits: While it continues to reduce paper returns through electronic filing, the department, nevertheless, devotes significant resources moving, retrieving and storing paper documents to facilitate tax administration and compliance activities. Physical transport of paper documents to and from off-site facilities includes a heightened risk of disclosure of confidential state tax documentation. Imaging and workflow have greatly enhanced the department's ability to protect confidential taxpayer information while improving its overall efficiency in compliance activities, returns processing and error correction, and overall service to the taxpayer. Ongoing implementation has allowed the department to capture more data than ever by using dynamic two-dimensional bar coding to extend the benefits of efficient tax return processing, faster taxpayer refunds, enhanced information for legislative decision making, and increased tax revenues from compliance. Further, implementation in the Property Assessment Division (PAD) will improve property valuation activities and property tax administration. The efficiencies realized in PAD would accommodate the future growth of parcels in the state and minimize the need to increase staff

Objective 1-4 Records and information management

Business Requirement: The Montana Department of Revenue is responsible for the administration, security and confidentiality of state tax documentation, in both physical and electronic formats, necessitating a centralized records management function. The department has not established department-wide, routine inventory and disposition practices for all of its records and does not have department-wide records management practices and policies. As a result, the department faces challenges in meeting its statutory requirements and reducing security risks.

Benefits: Enables the department to better manage document and records retention; address security issues related to capturing confidential taxpayer data.

Objective 1-5 Property valuation system enhancement

Business Requirement: The need to provide additional system functionality not covered under existing software maintenance and support. Additional functionality needed includes enhancements allowing DOR to better meet local governments' data requirements; to make the valuation process more accurate, timely and taxpayer friendly; and to support data sharing and centralization to facilitate tax administration and compliance activities.

Benefits: Transferring functionality to GenTax and the use of other software systems or combination of both will improve the delivery time of certified values to local governments and service to, and communication with, taxpayers through online services for submitting information to the department. The efficiencies realized in the Property Assessment Division would accommodate the future growth of parcels in the state and minimize the need to increase staff. Meeting this goal may happen through improvement in Orion or be supplemented by GenTax.

Objective 1-6 Enhance utilization of electronic compliance tools

Business Requirement: The need to enhance the use of data and statistical analysis tools to maximize the validity and reliability of cross-matching and compliance activities using data from GenTax, Orion, IRS and other DOR sources.

Benefits: Ensures, to the greatest extent possible, that every taxpayer pays their fair share and enables the department to close the tax gap and properly administer the tax laws. Supports equal competition in the marketplace and equitable economic development opportunities. Better valuation and helpful information for investors and real estate transactions.

Objective 1-7 Support enterprise implementation of an identity management system

Business Requirement: The need to better manage the security lifecycle, i.e., account creation, suspension, privilege modification and account deletion, thus better securing DOR systems and data from unauthorized access.

Benefits: User identities are provisioned and coordinated; application provisioning is automated; user roles, privileges and credentials are managed; administrators delegate responsibility; administrators deploy applications easily and securely; users self-manage their preferences and passwords; users have single sign-on access. Administration costs are reduced through centralized account management and automated tasks; application deployment is accelerated by enabling new applications to use the existing infrastructure to provision user accounts and privileges; time needed to grant new-user access is reduced; and security and usability is improved by centrally managing user passwords and security credentials.

Objective 1-8 Ensure SITSD (State Information Technology Services Division) sensitivity awareness and sensitivity to threat to taxpayer information confidentiality and security posed by cloud computing technology

Business requirement: Protect against potential threats that cloud computing could pose to successful revenue collection if such computing technology either does or is perceived by the public as compromising the security of taxpayer information.

Benefits: Partnering with SITSD to eliminate any risks associated with cloud computing technology with regard to security of data allows the enterprise to be responsible for the protection of taxpayer data and help ensure taxpayers this issue is taken very seriously when implementing new technology.

Objective 1-9 Develop an online registration system for businesses, licenses, fees and permits with the capability to reach out to the Internal Revenue Service and local governments that could benefit from participating in the program

Business requirement: Provide the capability to register, renew and pay the license fees associated with the One-Stop licensing program, as well as fees, licenses and permits of other state agencies and government entities not currently part of the eStop Licensing Program.

Benefits: Creates a better business climate for citizens and businesses and provides greater productivity in state government, better information for decision-making and better exchange of information for all participating agencies. This program will provide better service to citizens who interact with the State of Montana and also improve the efficiencies for those citizens.

Goal Number 2: Recruit, train and retain a highly skilled workforce

Description: Attract and retain a qualified information technology workforce through competitive pay and effective use of training.

Benefits: Enable employees to continuously improve performance and contribute to the department's efficiency and effectiveness.

This goal supports the State IT Strategic Plan objectives of Jobs, which is to increase employment and compensation levels.

Objective 2-1 Establish a workforce development plan

Business Requirement: The need to recruit and retain qualified IT professionals and provide them with a plan on how to grow within the agency.

Benefits: Aids in the development of a more productive, competent and content workforce leading to an improved computing environment for department employees and Montana citizens.

Goal Number 3: Ensure continuity of business operations within limited resources

Description: Define procedures to ensure timely and orderly resumption of DOR's business operations with minimal or no interruption to time-sensitive services.

Benefits: Continued service to the Montana taxpayers and continued productivity by the DOR staff.

This goal supports the State IT Strategic Plan objective of Efficient and Effective Government, which is to minimize government expenditures and increase the value and impact of state delivered services.

Objective 3-1 Develop and implement a business continuity/resumption plan

Business Requirement: The need to ensure the DOR's ability to survive a disaster, to resume normal operations and to reestablish critical services within a reasonable time. To identify weaknesses and

implement a disaster prevention program, minimize the duration of a serious disruption to business operations. Facilitate effective co-ordination of recovery tasks and reduce the complexity of the recovery effort.
Benefits: Continued service to the Montana taxpayers and continued productivity by the DOR staff.

Objective 3-2 Payment processing and tax return custody services

Business Requirement: The need for an alternative, back-up tax payment processing and tax return custody service should a disaster render the current department tax payment and return processing facility unavailable.
Benefits: Daily processing of state revenues will continue and confidential taxpayer information will be protected by rerouting tax returns and payments to an alternate, secure location should the Helena processing facility be unavailable due to a major disaster. A minimum level disaster response is provided.

Objective 3-3 Migrate to Miles City Backup Facility

Business Requirement: The need for an alternative, back-up facility that works with the State Data Center.
Benefits: Daily processing of state revenues will continue and confidential taxpayer information will be protected by rerouting tax returns and payments to an alternate, secure location should the Helena processing facility be unavailable due to a major disaster. A minimum level disaster response is provided. This includes moving the GenTax application from the Oracle platform to the Microsoft SQL (Structured Query Language) Server platform.

IT Projects

Item	Description
Project name	**GenTax System Upgrade**
Project/program purpose and objectives	- Leverage advantages in the upgrade to increase efficiency and effectiveness of tax administration - Transition to a browser based application architecture in order to reduce maintenance of software and increase flexibility - Improved task and workflow management, including the ability to access more detailed information quickly - Align with GenTax version used by DLI's Status, Tax Accounting, Audit & Rating System (STAARS)in order to allow for improved cross agency support
Estimated start date	7/1/2015
Estimated cost	$2,675,000
Funding source - 1	HB10 (proposed)
Funding source - 2	N/A
Funding source - 3	N/A
Annual costs	No additional costs, existing maintenance agreement in place.

Security and Business Continuity Programs

Information Security Management (ISM) Program General Description

DOR is responsible for a wide range of security that exceeds state's requirements under Title 15, MCA and in accordance with the Internal Revenue Code (IRC) section 6103(d) of the Internal Revenue Service (IRS). In compliance with the IRS Publication 1075, the department must provide annual Safeguard reports to the IRS to document changes to the department's security programs or functions as those changes apply to section 6103(d) and the authority to receive, use and safeguard Federal Tax Information (FTI). DOR works in conjunction with the Department of Administration (DOA) State Information Technology Services Division (SITSD) to ensure compliance of these federal regulations. SITSD is as obligated to comply as much as DOR due to the support services provided. Through the communications with the IRS Safeguards office, DOR and DOA/SITSD work to continually enhance security features and guidelines for systems to meet the National Institute of Standards and Technology (NIST) requirements.

DOR and DOA/SITSD have a Memorandum of Understanding (MOU) to improve the security and administration of the DOR mid-tier environment. The improvements provide DOR with dedicated, segregated servers located in SITSD's Helena Data Center, creating a more secure environment for DOR confidential data. Joint administration places management responsibilities with DOR staff and provides greater administrative and supervisory control over those resources. In the event of an incident, the segregated environment also makes information sharing more possible, thus closing any communication gap and ensuring the partnership minimizes any security risks that may affect confidential data. DOR is also part of SITSD's Mile City Data Center for disaster recovery purposes.

DOR has implemented a department-wide information security management program compliant with 2-15-114, MCA and SITSD *Information Security Programs* policy with adoption of the NIST Special Publication 800 series as guides for establishing appropriate security procedures. This is in alignment with the SITSD's direction for an enterprise approach to protect sensitive and critical information hosted and shared on state and/or external/commercial information assets or systems.

As described in NIST SP 800-39, DOR has developed and adopted the Information Risk Management Strategy to guide DOR through information security lifecycle architecture with application of risk management. This structure provides a programmatic approach to reducing the level of risk to an acceptable level, while ensuring legal and regulatory mandates are met in accordance with 2-15-114, MCA.

DOR's program has four components, which interact with each other in a continuous improvement cycle. They are as follows:

- Risk Frame – Establishes the context for making risk-based decisions
- Risk Assessment – Addresses how the agency will assess risk within the context of the risk frame, identifying threats, harm, impact, vulnerabilities and likelihood of occurrence
- Risk Response – Addresses how the agency responds to risk once the level of risk is determined based on the results of the risk assessment (e.g., avoid, mitigate, accept risk, share or transfer)
- Risk Monitoring – Addresses how the agency monitors risk over time ("Are we achieving desired outcomes?")

DOR's Security Office is challenged with limited resources, manpower and funding. While a review of alternatives and mitigation efforts are implemented, the level of acceptable risk is constantly challenged by the ever changing technology and associated risks from growing attacks and social structure changes. Specific vulnerabilities have been identified which require restructure, new equipment or personnel positions (funds increase). They are addressed below in our future plans.

Ongoing and Future Security Program Plans

In order to continue the protection of confidential information, the department will continue to enhance our security functions by:

- Creating a Security Office that provides security and disclosure guidance to the department staff and citizens served by the department. The office will include a Chief Security Officer who manages a team of three who ensure compliance with the IRS's Publication 1075 - Tax Information Security Guidelines, NIST Security Standards, the Montana Taxpayer Bill of Rights, and state statutes;
- Maintaining the structure that includes the department's Disclosure Specialist and Security Specialist in a dual capacity to administer our information security program, under the guidance of the Chief Security Officer;
- Utilizing the Security Task Force, which is comprised of representatives from each division to discuss and review security measures to be presented to the department's leadership;
- Deploying and maintaining written security policies and procedures;
- Employing multiple layers of user authentication for system access;
- Ensuring segregation of duties when creating security matrix access roles;
- Subscribing to the "least privilege" philosophy in granting system access;
- Including appropriate security requirements, as determined by the department, in the written specifications for the department's solicitation of data and information technology resources;
- Ensuring that system audit trails are maintained, reviewed; and
- Conducting internal evaluations of the information security program.

The department has deployed encryption software to all department laptops, which provides full hard-drive protection. The department is also implementing two-factor authentication, with the anticipation for full deployment completed by the end of calendar year 2014.

The department provides its employees with information security training covering the following topics:

- Network security
- Laws, rules and policies
- Login ids and passwords
- Viruses, hoaxes and chain letters
- Proper use of e-mail and the Internet
- User responsibilities
- State and federal regulations and consequences of non-compliance

During the department's New Employee Orientation, the Security Office provides training materials educating new employees on the importance of security awareness. IRS Publication 1075 requires all employees to complete security training annually along with the SANS Secure the Human mandatory

training requirement out of the Governor's Office. The Security Office regularly communicates security related information through the department's newsletter and email. Employees are required to sign disclosure statements annually regarding computers, use of the internet and confidentiality.

Continuity of Operations (COOP) Capability Program General Description

Due to the integrated nature of DOR with state and local governments, on March 1, 2010, DOR joined with the Department of Administration Continuity Services for standardizing our agency's Continuity of Operations Capabilities and entering the data into the state's Living Disaster Recovery Planning System (LDRPS), which will provide the plans and structure to facilitate response and recovery capabilities to ensure the continued performance of the State Essential Functions of Government. This program involves two blocks of focus: the first is to complete the Business Continuity Plans (BCP) involving two phases and the second works on the specific business processes or activity plans such as Emergency Action Plans (EAP), Information System Contingency Plan (ISCP), Communications Plans, Incident Management Plans, and more. Our business continuity plans have already been developed in a format that we have found to be easy to understand and work well for our business processes. But, as indicated above, we will be standardizing the format with Continuity Services. This program is not a standalone process, in that information that is identified and recorded under this structure can and often exists in the Records Management Program and associates with Information Security Management Program requirements.

Integration of these three programs is critical to the confidentiality, integrity and availability of information, which is associated with each program.

Future COOP Program Plans

The agency's continuity of operations program is challenged with limited resources, manpower and funding. While alternatives are reviewed and mitigation efforts are implemented, the level of acceptable risk is constantly challenged by the ever changing technology and associated risks from growing cyber-attacks and social structure changes. Specific vulnerabilities have been identified that require restructure, new equipment or personnel positions (funds increase). These are addressed below in our future plans. We plan to undertake these efforts over this strategic period despite lack of funding:

- Perform disaster recovery drills annually
- Maintain disaster recovery contracts with SITSD and vendors
- Continue to develop a payment processing and tax return custody service
- Migration to the Miles City backup facility

DOR continues to make efforts to upgrade its disaster recovery and continuity of operation activities. Despite those efforts, the department finds that there continue to be unnecessary risks to the health of state and local governments due to budget constraints and denial of past budget requests aimed at improving disaster response and recovery of Montana's revenue system.

Planned IT Expenditures

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
IT personal services	2,075,000	2,181,000	2,179,000	2,288,000	2,402,000	2,522,000
IT operating expenses	5,109,000	5,166,000	5,255,000	5,403,000	5,553,000	5,704,000
IT initiatives	*0*	*2,675,000*	0	0	0	0
Other	104,000	52,000	109,000	114,000	120,000	126,000
Total	***7,288,000***	***10,274,000***	***7,543,000***	***7,805,000***	***8,075,000***	***8,352,000***

Notes:
Personal Service estimates include a 5% inflation factor per year.
Operating Expenses include a 5% inflation factor per year.
Estimates **do not include** any new budget requests, as they have not yet been approved.

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