State of Montana

Department of Revenue
IT Strategic Plan 2016

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Executive Summary

The Montana Department of Revenue's (DOR) 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 DOR pursues this mission within a framework of core values that are rooted in the Montana Constitution. The DOR collects local and state revenue, the agency's primary product.

The department achieves integrated business goals through effective, efficient and quality technology solutions. The Information Technology Office (ITO) has developed an agency IT plan for those solutions driven by recognition and understanding of the department's business needs. The IT plan aligns with the DOR goals and division sub-goals established in recent years with a commitment to continued improvement of the computing environment. All of the initiatives presented in this plan ensure that DOR operates at the highest level of efficiency and provides Montana citizens the highest quality of service and value for their tax dollars.

The DOR has identified significant risks related to its IT operations. These risks include staff turnover, the potential for security breaches and the difficulty of hiring qualified technical staff.
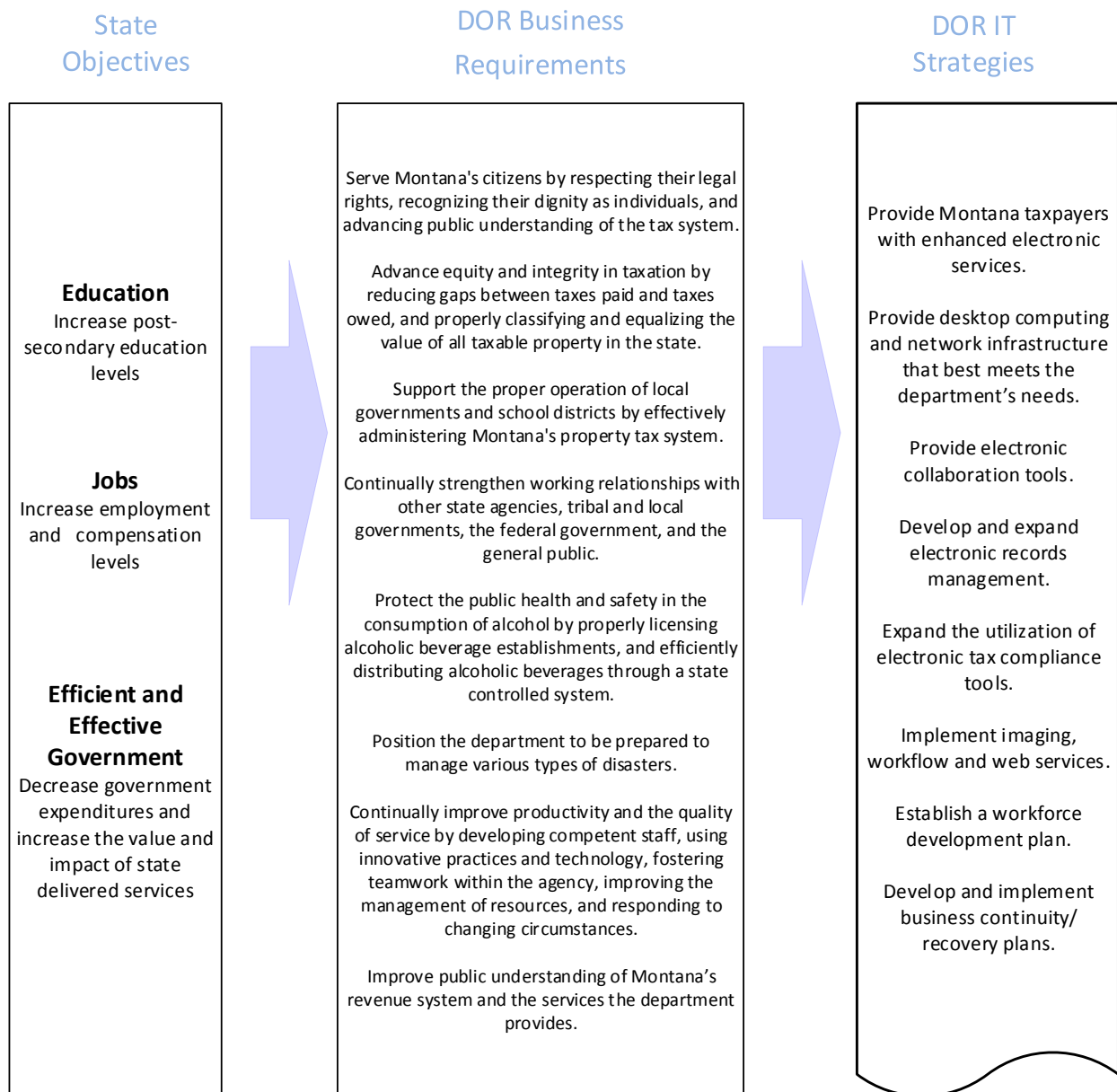
Environment, Success and Capabilities

The duty of the DOR is to administer revenue, property appraisal, and alcohol and tobacco laws as defined by state law. The Montana Constitution requires the state to classify, appraise and keep record of <u>all</u> property within the state, and Montana is one of two states that require their state revenue department to appraise all property within the state. This approach promotes equity in valuation throughout the state. In all other states, individual cities and counties appraise property within their boundaries. Montana law requires DOR to adjust and equalize the valuation of taxable property for a fair and equitable valuation of all taxable property among counties, classes of property and individual taxpayers.

DOR's primary focus, as directed by law, is collecting revenue. DOR collects income tax and revenue from other sources, depositing collections in both state special revenue funds and the state general fund. The Montana Legislature then appropriates the revenue to local government and other state agencies that use the revenue to fund public health, education, law enforcement, utilities, fire safety, roads, parks and other infrastructure and services that promote the quality of life for all Montanans. Without DOR, local governments would not be able to collect property tax revenue.

IT Contributions and Strategies

DOR 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 mission to serve the citizens of Montana. ITO provides application development and support services for all revenue information systems, including network services and desktop support to approximately 650 users. This is done from a central office in Helena to 60 locations in the state's 56 counties. On-site visits or remote-access technologies provide services to users. ITO includes the Network Services Unit (NSU) and the Applications Services Unit (ASU).

State Objectives

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

DOR Business Requirements

Serve Montana's citizens by respecting their legal rights, recognizing their dignity as individuals, and advancing public understanding of the tax system.

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.

Support the proper operation of local governments and school districts by effectively administering Montana's property tax system.

Continually strengthen working relationships with other state agencies, tribal and local governments, the federal government, and the general public.

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.

Position the department to be prepared to manage various types of disasters.

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.

Improve public understanding of Montana's revenue system and the services the department provides.

DOR IT Strategies

Provide Montana taxpayers with enhanced electronic services.

Provide desktop computing and network infrastructure that best meets the department's needs.

Provide electronic collaboration tools.

Develop and expand electronic records management.

Expand the utilization of electronic tax compliance tools.

Implement imaging, workflow and web services.

Establish a workforce development plan.

Develop and implement business continuity/ recovery plans.

IT Principles

IT principles govern DOR's information technology activities, decisions and service delivery operations. They provide touch points and guidelines to ensure proper decision making that will provide the greatest value to Montana's citizens and DOR's partners. Many of DOR's IT principles have their roots in the Montana Information Technology Act and the principles outlined in Montana's State Strategic Plan for IT. ITO is dedicated to delivering effective, reliable, secure information technology solutions and excelling in customer service.

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 the DOR's Information Technology Governance Steering Committee (ITGSC). DOR ITGSC exists to ensure proper alignment of IT resources with department strategic objectives and goals by providing direction to the IT Office. The department's deputy director provides facilitation, an agenda and steers discussion toward sound decision making. Voting members include the director (ex officio), deputy director and four division administrators. Administrative support personnel assist with documentation and meeting materials. Staff from DOR Information Technology and Enterprise Planning and Analysis Offices report to the committee. 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, committees and councils, which are valuable sources of information for decision making:

- Information Technology Board
- Information Technology Managers Advisory Council
- Project Management Office Advisory Group
- Network Managers Group
- Information Security Advisory Council
- Change Control Board

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 the Planned IT Expenditures section of this document, reflect the actual budget for the 2017 biennium. Calculations include a five percent inflation factor per year into future biennia. Future costs related to House Bill 10 are unknown. At publication of this plan, the department was working through the executive planning process and had not brought forward its requests. DOR continually monitors expenses in consideration of budgetary constraints and strives to operate at the highest level of efficiency to provide Montana citizens the highest quality of service and value for their tax dollars.

IT Services and Processes

DOR maintains three major IT systems and a multitude of smaller applications and systems. Nearly 100 percent of these applications and systems are located in the State of Montana Data Centers in Helena and Miles City. Either DOR or SITSD hosts the centers. Internal DOR staff provide comprehensive network services and desktop support.

GenTax System

GenTax is a commercial off-the-shelf application licensed by revenue agencies, unemployment insurance providers, driver licensing and control bureaus, and vehicle registration and titling departments. GenTax software keeps pace with and leverages technological changes and improvements in its operational platform on an ongoing basis through service packs and new releases. GenTax uses industry best practices to continually improve and expand functionality. Configurability and flexibility of the software enables users of the product to react to changing business environments, legislative mandates and regulatory changes.

ORION System

Orion streamlines information gathering and processing necessary to appraise property in Montana. Property types include real, personal, commercial and industrial property. Orion also supports configuration for any potential future property types. It provides custom calculation routines necessary for the department to abide by Montana law in property valuation as well as a method to get that data to county governments for the purposes of tax billing. Orion performs numerous property maintenance tasks including tracking ownership transfer, appeals and permits, and assessing tax exemptions. It also accommodates various valuation methods for equitable property valuation.

Fairfax System

The Fairfax system allows for scanning and imaging of incoming paper documents. This saves DOR the cost of paper storage and retention. Data capture saves labor costs incurred through manually keyed data.

Other Related IT Systems

Miscellaneous systems supported by the department (not a comprehensive list):
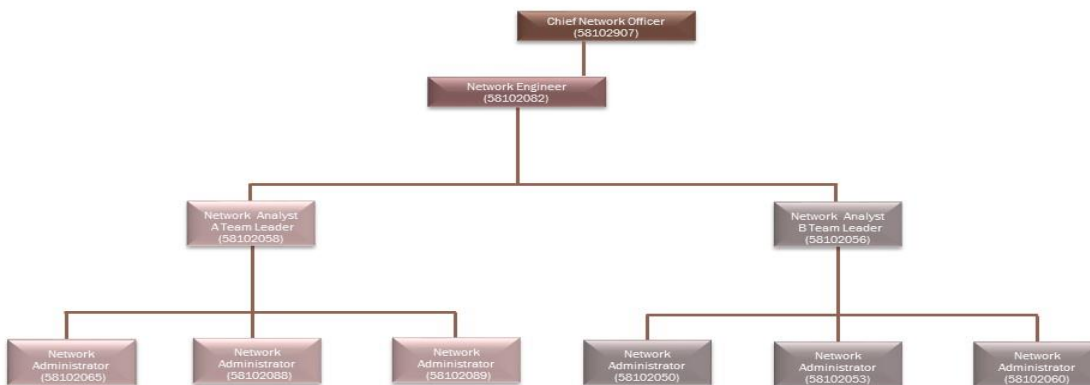
County Collections, County Extract File Transfer, Data File Transfer, Data Fix Request, Downloadable Tax Forms, Fairfax File Validation Tool, Fairfax Token Watcher Service, Fairfax File Delete, GenTax Portal (DLI), GenTax SQL Conversion, Guid Killer, Inheritance Tax, Legislative Session Tracker, Liquor 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)…

IT Infrastructure, Staffing and Resources

DOR has five divisions: Business and Income Taxes, Citizen Services and Resource Management, Liquor Control, Property Assessment, and the Director's Office. The Director's Office supports the agency's director and has nine work units: Executive Office, Legal Services, Public Information Office, Tax Policy and Research, Office of Human Resources, Enterprise Planning and Analysis Office, Security Office, Budget Office, and Information Technology Office (ITO). The ITO, led by the Chief Information Officer, has two units, Network Services and Applications Services, and employs thirty full time equivalents.
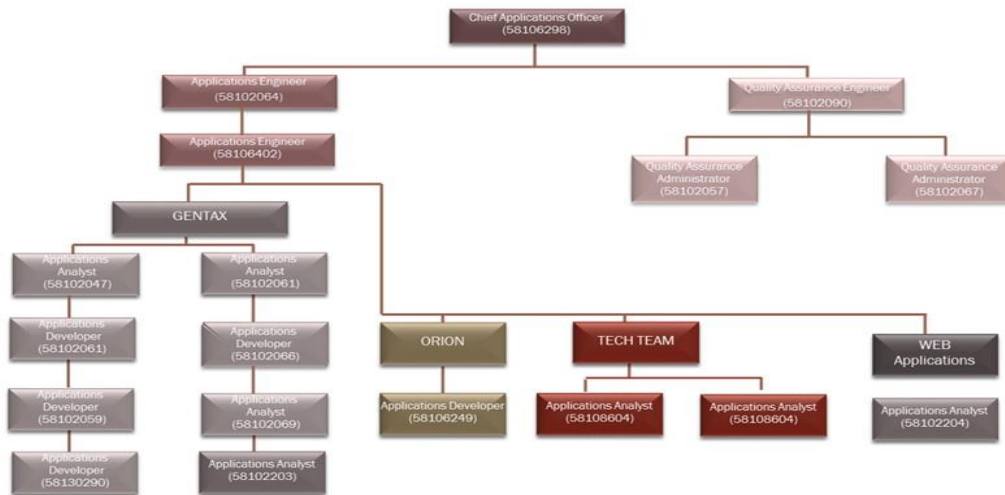
DOR APPLICATIONS SERVICES UNIT

DOR NETWORK SERVICES UNIT

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	The 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 2014-2016 market rates for positions most affected by this issue in order to remain competitive for recruitment and retention.

IT Goals and Objectives

The goals and objectives in this plan are two-fold: those supported by the ITO at the department level and those internal to the ITO.

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

Objective 1-1: Improve and enhance electronic services for Montana's citizens and businesses. These online services need to ensure the protection, confidentiality, and security of taxpayer information and revenue operations. Enhance and embrace the taxpayers' needs to interact with the department through means other than by phone or through written correspondence by continually improving Internet-based communication with taxpayers through website, portal, and knowledge-based systems.

Objective 1-2: Expand and enhance electronic collaboration technologies to support tax administration functions of the business units. There is a vital need to make statewide information sharing and training more effective, productive, safe and cost-effective.

Objective 1-3: Improve efficiency, service and taxpayer confidentiality through imaging and scanning technology by continuing to move from paper processing to the increasing use of electronic filing and payments.

Objective 1-4: Administer and secure confidential state tax records, in both physical and electronic formats, through centralized records management.

Objective 1-5: Enhance the property valuation system 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. Ensure field staff have the tools and training to do their work in an efficient and effective manner. Implement electronic forms, streamline data clean up and records management, and enhance GIS capabilities to support the department.

Objective 1-6: 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. Provide support for maintaining the tax base, addressing fraud and an auditing presence in the department. Stay current with industry standards to support security, fraud prevention and integrity of taxpayer information.

Objective 1-7: Protect against potential threats that cloud computing could pose to successful revenue collection.

Objective 1-8: Develop online systems for businesses, licenses, fees and permits. Ensure data consolidation and presentation using transparency in government tools.

Objective 1-9: Support the development and implementation customer relations management processes supporting internal workflows interactive distance learning/training.

Objective 1-10: Provide technological support and expertise for eliminating antiquated ordering systems, continuous warehousing improvements, addition of QR codes on licenses and increased use of mobile applications in support of liquor control processes.

Objective 1-11: Strive to keep applications and systems, especially GenTax, Orion and Fairfax, up to date with service packs and upgrades as they become available.

Goal Number 2: *To gain recognition as the best, most efficient and well organized IT unit in Montana state government, providing exemplary service and support to the department and citizens of Montana. Deliver effective, reliable, secure information technology solutions, and excel in customer service.*

Objective 2-1: Measure IT performance using data collected in the ASU Service Request tool and the NSU Microsoft Service Manager, and report **metrics** in the DOR IT Office Annual Report and through the performance review process.

Objective 2-2: Provide **transparency** into the ITO through sharing annual survey results, continued development and publishing of internal controls, refinement of the IT proposal request (ITPR) process, and through the IT governance steering committee (ITGSC).

Objective 2-3: Show **value** with respect to improving our business partners' performance and efficiency by connecting the right services, quality and costs to business processes.

Goal Number 3: *Recruit and retain a highly skilled IT workforce.*

Objective 3-1: Provide IT staff with career ladders detailing a structured sequence of job positions through which the employee may progress in the ITO.

Objective 3-2: Provide IT staff with continuous training to improve performance or to assist in attaining a required level of knowledge or skill.

Objective 3-3: Provide IT staff with competitive salaries by regularly assessing market rates and working with department executive, human resources and financial management personnel.

Objective 3-4: Conduct annual stay interviews with staff to learn specific actions that the department may need to take to strengthen the employee's engagement and retention within the agency.

Goal Number 4: *Define procedures to ensure timely and orderly resumption of DOR's business operations with minimal or no interruption to time-sensitive services.*

Objective 4-1: Develop and implement a business continuity/resumption plan.

Objective 4-2: Ensure that back-up tax payment processing and tax return custody services will function if a disaster makes the current department tax payment and return processing facility unavailable.

Objective 4-3: Regularly perform disaster recovery drills using the Helena State Data Center and Miles City Backup Facility.

IT Projects

Item	Description	Description
Project name	**GenTax Upgrade to V10**	**Collection Changes**
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	- Implement GenTax best practices - Evaluate business processes and current technical solution - Provide technical enhancements and solutions to ensure collectors can manage caseloads more efficiently - Evaluate existing business processes for potential automation - Includes training for new business processes - Includes individual and business collection types
Start date	4/1/2016	3/1/2016
Estimated cost	$500,000	$500,000
Funding source	HB2-GF	HB2-GF
Annual costs	No additional costs; existing maintenance agreement in place.	No additional costs; existing maintenance agreement in place.

Security and Business Continuity Programs

DOR is responsible for a wide range of security that exceeds state requirements under Montana Code Annotated Title 15, 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. DOR works in conjunction with the Department of Administration (DOA) State Information Technology Services Division (SITSD) to ensure compliance with 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 enhance security features and guidelines for systems to meet the National Institute of Standards and Technology requirements.

Due to the integrated nature of DOR with state and local governments, DOR joined with the Department of Administration Continuity Services for standardizing the agency's Continuity of Operations Capabilities. Use of the state's Living Disaster Recovery Planning System 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 involving two phases; and the second works on the specific business processes or activity plans such as Emergency Action Plans, Information System Contingency Plan, Communications Plans, Incident Management Plans, and more. This program is not a standalone process, in that information identified and recorded under this structure 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.

Planned IT Expenditures

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
IT personal services	2,465,000	2,774,000	2,912,700	3,058,335	3,211,252	3,371,814
IT operating expenses	5,786,000	6,007,000	6,307,350	6,622,718	6,953,853	7,301,546
IT initiatives	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total	8,251,000	8,781,000	9,220,050	9,681,053	10,165,105	10,673,360

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.

Administrative Information

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