

Information Network of Kansas Board Meeting Minutes

August 2018 Board Meeting August 7, 2018

Opening

A meeting of the INK Board was called to order at 10:04 a.m. Tuesday, August 7, 2018 at 700 SW Harrison, 2nd Floor Conference Room, Topeka, Kansas by Lana Gordon, representing the Secretary of Labor, with the following members present:

Matt Billingsley, representing the Kansas Department of Revenue
Gregg Wamsley, representing the Kansas Library Association
Doug Gaumer, representing the Kansas Bankers Association.
Glen Yancey, representing the Executive Branch Chief Information Technology Officer (on phone)
Aaron Kite, representing the Kansas Bar Association

Others Present

Duncan Friend of the Information Network of Kansas, Inc.; Nolan Jones, Ashley Gordon, and James Adams, Kansas Information Consortium, LLC (KIC); Rodney Caudle, Director of Information Technology, National Information Consortium (NIC).

Consent Agenda

The consent agenda for the meeting included the July 2018 INK Board minutes, the July 2018 INK special teleconference meeting minutes, July 2018 Network Manager Report, and the following contracts for approval for KanPay Counter services for the City of Phillipsburg and Marysville Public Library.

Action Taken: Motion made to approve the Consent Agenda in its entirety by Billingsley, seconded by Wamsley.

Discussion: Ashley Gordon was alerted this morning that Kansas Department of Labor has executed for payment processing and would like to get it on the Consent Agenda so there isn't a slowdown in progress between meetings.

Amended Action Taken: Motion made to approve the Consent Agenda with KDOL payment processing being added through a friendly amendment by Billingsley, seconded by Wamsley. Motion passes unanimously.

Action Agenda

1. New member (Introductions)

New member introduction of Doug Gaumer, Managing Director, Kansas City Corporate Banking, CrossFirst Bank. Mr. Gaumer will represent a user association of statewide character, the Kansas Bankers Association.

Action Taken: None.

2. Security: Treats and Responses (*Jones/Rodney*)

Rodney Caudle, Director of Information Technology, NIC gave a presentation on Security threats and responses. [*Please see presentation attached*].

Information Network of Kansas Board Meeting Minutes

Discussion:

There were several questions asked after the presentation and Jones also talked about how security is handled organizationally across the Kansas Information Consortium and National Information Consortium, along with security auditing and the relationship to law enforcement agencies.

NOTE: Yancey joined the meeting by phone at 10:19 am.

Action Taken: None.

3. Network Manager Report (*Jones*)

Potential Kiosk Pilot for Motor Vehicles

Billingsley and Jones attended a meeting with Sedgwick County the previous week on Friday of last week for potentially piloting a kiosk for different types of Government transactions. The county is very interested and a nice way to offer 24/7 365 access to DMV services including the ability to get printed license plate tags. At some point will be coming to the Board for a project request and further discussion. Billingsley included that the vendor was at the meeting and it this was started in Indiana. It is very impressive and they do a lot of services by driver license renewal, taxes, and property taxes. Sedgwick County is very interested in it to help reduce lines and the convenience. Jones chimed in that it will cost but doesn't seem like it will be that much more expensive than an individual going into the office. Billingsley noted that they a demo at the America Association of Motor Vehicle Administrators (AAMVA) conference last year in Chicago.

Agent Kay

Agent Kay is a chat bot that has been implemented and they have been working with KDOR on – they recently added 7 pages of questions and answers from KDOR and have scheduled a meeting for next week to embed it in their website.

2019 INK Business Plan

Jones said one of the action items he'd received from the INK Board was not to wait until the end of the year to start discussing the upcoming business plan and he had committed to bringing a draft forward next month at the September meeting

In advance of that, he went over a few of the key high-level areas he planned to include were implementing new technologies, extending Agent Kay, home assistants like Alexa, and putting some emphasis on automating backend systems, making systems easier to implement and update. He is also interested in doing at least one drone project. Bob Brock had presented to the Board and Kansas is a leader here. On another front, they plan to hire a marketing coordinator probably sooner than 2019 to have someone focused solely on marketing services and getting feedback from agencies. He expects to propose rebranding to the Board, as well as doing at least two major marketing campaigns. Jones then discussed that they plan to move offices next year and discussed the rationale for doing so. Internally, they will be looking to invest in ITIL (Information Technology Infrastructure Library) standards to improve processes. Finally, they plan to have more visible community involvement, including joining the local Chamber of Commerce.

Other Activity

Jones then addressed several other projects and activities they had been working on, including significant ongoing effort on KDOR's WebFile which needs to be up in December. On a different note, a KDOR attorney brought their attention to a contest related to crash data and distracted driving being run by the federal Department of Transportation and they submitted a short proposal. Internally, after almost two years of working and planning, they have migrated their Oracle database to a main instance rather than their own standalone copy. It is running successfully.

Media Room

Billingsley asked if the media room was up and ready. Jones confirmed that it was – they do have a couple more adjustments. At the new facility they plan to have a dedicated media room for users and he would like it to be self-serve.

2018 Business Plan

Finally, Jones indicated that they were still working on accomplishing the objectives in the 2018 Business Plan and they are on track. He will provide a status report at the next meeting.

Action Taken: None.

4. Law Enforcement Memorial Website Demo - (Jones)

Jones conducted an online demonstration of a new website for the Kansas Law Enforcement Memorial on the Capitol grounds. It is being led by the Douglas County sheriff, but the Attorney General is also very involved. The website is done but the marketing campaign has not been rolled out yet, so he asked that the members not publicize it yet. At the end of the presentation, he talked about some potential future enhancements.

Action Taken: None.

5. Discussion – Draft of INK 2017 Financial Audit - (Friend)

Friend directed the members to their board materials that included three documents related to the audit of INK's 2017 financials. He explained the background and noted that at some point they should probably devote a part of a meeting to walking through the financial concepts of how things flow. He gave a brief background for the board, especially with a new member in attendance. In essence, Friend stated, what the board is looking at is an audit of INK financials that stretches into their processes as well that they conduct on the Board's behalf. However, it is not NIC or KIC financial reports.

So far, uniformly, as far as Friend knows, they have received an unqualified or "clean" audit since its inception and that is true this year also. Included are the audited financials, a report to the Board of Directors that the auditors explain what they do and INK attests to what they are purporting about its own activities, and a separate audit of procedures to test some contracts to make sure the funds are being handled in a compliance with the contracts.

Information Network of Kansas Board Meeting Minutes

Billingsley asked if there were a special account for grants. Friend answered that they are a liability and reflected that way on the balance sheet, so there is money set aside. Billingsley asked about the money for Form Finder - Friend wasn't sure if it is segregated here specifically – it is not a grant - but by Board action money is set aside for the Kansas Business Center. He asked if there were any restrictions around that. Friend answered that it had been for activities related to the Kansas Business Center and discussed some of the things it had been used for, including some things for Form Finder, like a security audit. Friend noted that the audit was calendar year 2017, but the Q2 financials for 2018 should be on the agenda at the next meeting so we could look at those then. Gaumer said he assumed most of the transactions come electronically and asked if INK handled checks or cash. Friend deferred to Ashley Gordon who stated that the bulk are handle electronically. They do have some situations where subscribers might mail in a check to their secure lock box and they have records for those for audit. In terms of them handling paper checks, it is rare.

Friend did a high-level review of the audited financial statements then drew the Board's attention to a footnote related to cash where it indicated that an amount of \$375,301 was unsecured at year-end. While the audit was "clean", this reflects a control deficiency – the lowest level of finding. While it not reportable, because it related to cash, it is reflected in the note. Essentially, by statute, banks holding government money must pledge securities to cover any balance in excess of FDIC coverage. INK has a signed agreement with them to do this, although it contains no penalties. From the audit, \$5,306,156 was covered by pledged securities across INK accounts at 3 banks, but Kaw Valley was short in the amount secured. Friend requested and received a letter confirming the amounts left unsecured (he also sent a copy of the contract) and asked them to address it, which they did immediately and committed to sending a monthly report and putting it on their monthly assets and liabilities committee agenda. Friend distributed a letter to this effect. He then noted that he had also spoke with Board Counsel to inform him of the matter and had told both the Chair and the Treasurer. Friend confirmed in answer to a board member question that there are other banks that are accustomed to handling government money and pledging securities appropriately – our other two banks do the same thing. Gaumer confirmed that he thought every state-chartered bank could provide this service. The risk of loss is low, but it is a violation of policy. Friend also noted that these financials would flow on through to the state Comprehensive Annual Financial Report (CAFR), so, yes, it could show up in another audit as INK is considered a component unit of the State of Kansas.

Secretary Gordon discussed moving the funds somewhere else. There was some discussion of this. Friend then noted that in talking with the auditors, he asked if they would consider issuing a management letter, even though it was a control deficiency where they wouldn't normally do this, to attest to the fact in their estimation it didn't rise above that level of deficiency and to comment on whether receiving monthly reports was adequate. Secretary Gordon said that she felt the Board should ask the auditors to generate that letter.

Action Taken: Billingsley motioned for Friend to ask the Auditors to include a letter from them with to go with the financial statement that addresses the control deficiency related to the pledged securities, seconded by Kite. Motion passes unanimously.

Action Taken: Billingsley motioned for Friend to get three bids from three other banks for services, seconded by Wamsley. Gaumer abstained from the motion and vote. Motion passes.

Information Network of Kansas Board Meeting Minutes

6. **INK Backup Solution: Avamar Status/Next Steps** (*Friend/Jones*)

Friend briefly recapped the issue here with regard to Avamar and the propose Rubrik solution. A preliminary investigation has indicated that it will cost more than had been expected – in excess of \$50,000. Also, when I have talked with some technical people, it was suggested this was a good time before making the investment to consider whether this was the right approach going forward vs. some type of code escrow. Friend deferred to Yancey (attending by phone) to discuss his thoughts. Yancey stated that he had done code escrows before with contractors when they were paying them to develop something so that if the contract went south, his agency would own the right to be able to use that and operate it. The unique circumstance here is that INK has that, but there is the added requirement based on the technical solution that INK can immediately stand up their instance of what they own, with almost no transition. He continued that, as Friend pointed out, that turns out to be an expensive feature related to the way INK maintains and escrow copy of the code. So, he suggests that before the group asks Friend to go run through the traps on this in terms of swapping out an Avamar solution for a different solution, the question should be asked if it is the intent of the Board to maintain an escrow copy of the INK site that really acts as a second “hot site” in the event that they terminate the contract.

Yancey indicated he hadn’t looked at the contract – typically there are transition provisions so the likelihood of a termination one day and a site needing to be up the next day typically is written out in the contract so that there are transition processes that occur that will allow one to have the time necessary to take an escrow that wasn’t a hot site escrow and to have that available and running by the time you actually terminate the services of the contractor. Friend responded that there are transition provisions in the contract – not ones that he had sent out in advance – he had just sent out the specific piece related to this. What he would suggest was that they believed it would all end in August, it does appear it is still working – although there is a question about whether or not INK would be able to recover from it due to the difference in software versions. The situation was left with the Board that they would report at each meeting what they were doing to transition. So, what they can say is that they have found that it would be \$50K-60K a year plus maintenance to maintain this solution of continuing to get a copy or whether another solution might be available. Also, to have Sachs weigh in since she has a long history on this topic. Jones confirmed he would help and be responsive however the Board required. He then spoke briefly about an escrow in other states where they do business, like Louisiana – they have the same perpetual use rights by contract. Friend would talk to Glen more and get more information. Yancey closed by saying it would help him to understand the scenario under which this recovery would occur.

Action Taken: None.

7. **New Business** – None.

Action Taken: Gaumer moved to adjourn meeting, seconded by Wamsley. Motion passes unanimously.

Adjournment

Meeting adjourned at 12:02 p.m. The next INK board meeting will be held at 10:00 a.m. on September 4, 2018, at 700 SW Harrison, 2nd Floor Executive Conference Room, Topeka, Kansas.

Minutes submitted by: Nikki Reed/Duncan Friend