

From: Soura, Christian  
To: Earley, Jimmy <jearley@cio.sc.gov>  
Date: 6/25/2013 2:33:52 PM  
Subject: RE: IBM

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Thanks – sorry about the last-minute bit. You know how it is around here. I believe this will be the final version. It's the same content, just rearranged a little...

CLS

**Veto 33      Part IB, Page 491; Section 117, General Provisions; Proviso 117.124 – GP: IT Certifications**

Together, we have already taken some very important steps to improve information security and develop a common approach to protecting sensitive data. For instance, and thanks to your support, this General Appropriations Act and the accompanying Capital Reserve Fund bill provide essential funding and legal authority that will enable us to further improve the state's defenses, including:

- \$10 million from the Capital Reserve Fund, for IT security improvements and an additional year of identity theft protection and identity theft resolution services
- \$5.8 million in recurring funds for the new Division of Information Security, augmented by \$4.8 million from the Capital Reserve Fund for enterprise technology and remediation
- \$230,000 to establish an Identity Theft Unit within the Department of Consumer Affairs

Also, as recommended by Deloitte, we are establishing a new security organization under the leadership of a Chief Information Security Officer. We are also creating a Privacy Office that will help us classify the records we hold, to ensure that sensitive records are safeguarded properly.

Deloitte has already completed risk assessments of three agencies and will undertake 15 more over the course of the next year. Thanks to the funding contained in this budget and the authority granted under the "Technology and Remediation" proviso, we have the ability to rapidly respond to any security vulnerabilities that are uncovered. In many cases, this response will involve the procurement of IT services or equipment.

This proviso clearly has its roots in Deloitte's initial report on how South Carolina should organize its efforts to establish a true statewide approach to information technology and security. One of Deloitte's key findings – with which I am in complete agreement – was that we need to transition from the decentralized model we have today to a federated model in which more decisions about technology policies and standards are made centrally.

To that end, the proviso I am vetoing would suspend – starting less than a week from now – all information technology procurement delegations for all state agencies, with exemptions for the legislature, the judiciary, and our technical colleges and other public institutions of higher education. Unfortunately, the closing sentence of this proviso is the primary reason for my veto: "All information security and information technology purchases must be approved by the Budget and Control Board, Division of State Information Technology in a manner prescribed by the Division."

I believe this proviso was drafted with the reasonable intention of ensuring that security-related purchases of IT hardware and services are made according to a common set of standards. I support this and will direct cabinet agencies to work with DSIT to procure and implement IT security improvements, effective immediately.

Unfortunately, I am vetoing this proviso because its overly-broad wording encompasses "[a]ll information

security **and information technology** purchases” within its scope, and therefore captures essentially any software, hardware, or IT service purchase that will be made by a state agency in the coming year, **even if entirely unrelated to security**. I do not believe this was the original author’s intent; furthermore, I suspect that DSIT is not prepared to review the full range of agencies’ IT requests beginning in just six days.

We have made great strides in improving the state’s information security practices in the past year, through a variety of means including two Executive Orders and this budget. That work will continue and will be easier to accomplish without this proviso’s unintended consequences. I look forward to partnering with you to that end in the coming year.

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From: Earley, Jimmy  
Sent: Tuesday, June 25, 2013 11:07 AM  
To: Soura, Christian  
Subject: RE: IBM

Christian, thanks for the changes. I think this explains what we were trying to accomplish. Let me know if I can be of further assistance. Thanks, Jimmy

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From: Soura, Christian  
Sent: Tuesday, June 25, 2013 3:21 AM  
To: Earley, Jimmy  
Subject: RE: IBM

I hear ya. To be honest, if it just said "information security" instead of "information security and information technology" procurements, then it probably wouldn't have been a veto candidate. The problem is that the "and" dramatically expands the scope of the proviso.

I made a bunch of edits based upon your comments. I think we're trying to get to the same place. What do you think about this draft? Thanks.

CLS

This well-intentioned proviso clearly has its roots in Deloitte’s initial report on how South Carolina should organize its efforts to establish a true statewide approach to information technology and security. One of Deloitte’s key findings – with which I am in complete agreement – was that we need to transition from the decentralized model we have today to a federated model in which more decisions about technology policies and standards are made centrally.

We have already taken several steps to improve information security and develop a common approach to protecting sensitive data. For instance, in October and November 2012, I issued Executive Orders that called upon the State Inspector General to perform a comprehensive review of the state’s IT security policies and procedures, while instructing cabinet agencies to collaborate with the Division of State Information Technology (DSIT) to implement stronger network monitoring capabilities.

Furthermore, this General Appropriations Act and the accompanying Capital Reserve Fund bill provide essential funding and legal authority that will enable us to further improve the state’s defenses, including:

- \$10 million from the Capital Reserve Fund, for IT security improvements and an additional year of identity theft protection and identity theft resolution services
- \$5.8 million in recurring funds for the new Division of Information Security, augmented by \$4.8 million from the Capital Reserve Fund for enterprise technology and remediation
- \$230,000 to establish an Identity Theft Unit within the Department of Consumer Affairs

As recommended by Deloitte, we are establishing a new security organization under the leadership of a Chief Information Security Officer. We are also creating a Privacy Office that will help us classify the records we hold, to ensure that sensitive records are safeguarded properly.

Deloitte has already completed risk assessments of three agencies and will undertake 15 more over the course of the next year. Thanks to the funding contained in this budget and the authority granted under the “Technology and Remediation” proviso, we have the ability to rapidly respond to any security vulnerabilities that are uncovered. In many cases, this response will involve the procurement of IT services or equipment.

To that end, the proviso I am vetoing would suspend – starting less than a week from now – all information technology procurement delegations for all state agencies, with exemptions for the legislature, the judiciary, and our technical colleges and other public institutions of higher education. The closing sentence of this proviso is the primary reason for my veto: “All information security and information technology purchases must be approved by the Budget and Control Board, Division of State Information Technology in a manner prescribed by the Division.”

I believe this proviso was drafted with the reasonable intention of ensuring that security-related purchases of IT hardware and services are made according to a common set of standards. I support this and will direct cabinet agencies to work with DSIT to procure and implement IT security improvements, effective immediately.

Unfortunately, I am vetoing this proviso because its overly-broad wording encompasses “[a]ll information security **and information technology** purchases” within its scope, and therefore captures essentially any software, hardware, or IT service purchase that will be made by a state agency in the coming year, **even if entirely unrelated to security**. I do not believe this was the original author’s intent; furthermore, I suspect that DSIT is not prepared to review the full range of agencies’ IT requests beginning in just six days.

We have made great strides in improving the state’s information security practices in the past year, including through this budget. That work will continue and will be easier to accomplish without this proviso’s unintended consequences.

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From: Earley, Jimmy  
Sent: Monday, June 24, 2013 3:31 PM  
To: Soura, Christian  
Subject: RE: IBM

Christian,

As you know, the purpose of this proviso is to help ensure some standardization and level of consistency in the procurement and implementation of security related hardware, software and services. The proviso would allow us to

help better manage the state's investment in the security solutions and technologies that Deloitte has recommended after completing risk assessments for the first three state agencies. I am sure that there will be future recommendations for security products and services as we work to complete the additional 15 agency assessments over the next year.

We understand that the proviso language is broad and the time to implement such a procedure is short. Perhaps if this proviso is not the best tool to accomplish our goals, the Governor could help us ensure some level of standardization among the cabinet agencies as we move forward with the establishment of the new security division and the procurement and implementation of new security technologies.

Thanks for letting me share my thoughts on this. Let me know if you would like to discuss further.

Jimmy

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From: Soura, Christian  
Sent: Monday, June 24, 2013 11:13 AM  
To: Earley, Jimmy  
Subject: RE: IBM

I'll call in a minute...draft text for us to discuss on Proviso 117.124...

The proviso itself:

*117.124. (GP: IT Certifications) Information Technology procurement certifications for all state agencies, departments, boards and commissions, except for the Legislative and Judicial Departments, and institutions of higher learning including technical colleges, shall be suspended for the current fiscal year. All information security and information technology purchases must be approved by the Budget and Control Board, Division of State Information Technology in a manner prescribed by the Division.*

Draft line-item veto message:

This well-intentioned proviso clearly has its roots in Deloitte's initial report on how South Carolina should organize its efforts to establish a true statewide approach to information technology and security. One of Deloitte's key findings – with which I am in complete agreement – was that we need to transition from the decentralized model we have today to a federated model in which more decisions about technology policies and standards are made centrally.

Unfortunately, I believe this proviso misses another one of Deloitte's conclusions, which is that this transition cannot be completed overnight. Elsewhere in this budget, we have begun the process of establishing a new security organization under the leadership of a Chief Information Security Officer. We are also taking steps to establish a Privacy Office that will help us classify the records we hold, to ensure that sensitive records are safeguarded properly. It will take time to build these offices, to hire the most qualified personnel, and to define a new set of policies.

This proviso would suspend – starting less than a week from now – all information technology procurement delegations for all state agencies, with exemptions for the legislature, the judiciary, and our technical colleges and other public institutions of higher education. The closing sentence of this proviso is particularly worrisome: “All information security and information technology purchases must be approved by the Budget and Control Board, Division of State Information Technology in a manner prescribed by the Division.”

This overly-broad wording could be interpreted to apply to essentially any software, hardware, or IT service purchase made by a state agency in the coming year. I believe we need to take more time to decide which decisions should be made centrally as opposed to by individual agencies; furthermore, we will need to build

capacity within the central administrative agency before we make such a radical change to our purchasing practices. Otherwise, there is great risk that we will add more sign-offs and red tape to our existing processes, without adding any value at the same time.

CLS

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From: Earley, Jimmy  
Sent: Monday, June 24, 2013 10:03 AM  
To: Soura, Christian  
Subject: RE: IBM

Christian, I am in the office all day today – please call me on my cell at 606-5460 – thanks, Jimmy

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From: Soura, Christian  
Sent: Sunday, June 23, 2013 4:46 PM  
To: Earley, Jimmy  
Subject: RE: IBM

No, but I'll talk to her about it this week...remind me on Thursday, if I haven't answered in the meantime.

You around tomorrow? I wanna call you briefly about Proviso 117.124.

CLS

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From: Earley, Jimmy  
Sent: Wednesday, June 19, 2013 3:21 PM  
To: Soura, Christian  
Subject: IBM

Christian,

I know you are slammed but wanted to know if you have any updates on the IBM Global Delivery Center. They did call last week to check on our progress. Thanks, Jimmy