

Second Regular Session
Seventy-first General Assembly
STATE OF COLORADO

REREVISED

*This Version Includes All Amendments
Adopted in the Second House*

LLS NO. 18-1159.01 Nicole Myers x4326

HOUSE BILL 18-1421

HOUSE SPONSORSHIP

Rankin, Hamner, Young

SENATE SPONSORSHIP

Lambert and Tate, Lundberg, Moreno

House Committees
Business Affairs and Labor
Appropriations

Senate Committees
Appropriations

A BILL FOR AN ACT

101 **CONCERNING THE PROCUREMENT PROCESS FOR MAJOR INFORMATION**
102 **TECHNOLOGY PROJECTS UNDERTAKEN BY STATE AGENCIES,**
103 **AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov/>.)

Joint Budget Committee. The bill requires internal process changes in connection with the procurement process for major information technology (IT) projects as follows:

Delegation of authority to sign contracts: The state controller is authorized to delegate to state agencies the ability to sign contracts

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

SENATE
3rd Reading Unamended
May 9, 2018

SENATE
2nd Reading Unamended
May 8, 2018

HOUSE
3rd Reading Unamended
May 7, 2018

HOUSE
Amended 2nd Reading
May 4, 2018

involving the payment of money by the state. Currently, the state controller chooses not to delegate such authority to the office of information technology (office) for IT project contracts. The bill requires the state controller to delegate the ability to sign contracts for major IT projects to the office and specifically to the chief information officer or the chief information officer's designee.

Project plan for IT projects: The project plan for any major IT project by a state agency is required to include certain criteria. The bill specifies that in addition to current requirements, such a project plan shall include a planning and analysis function to be performed by the office to ensure that the state agency's desired major IT project solution is in accordance with the office's technology standards and to ensure that the scope and budget of the major IT project are vetted by the office.

IT vendor selection: The office is required to establish policies and procedures regarding a vendor selection standard to be used in selecting a vendor for any major IT project. The vendor selection standard is required to include a process for resolving differences of opinion between the office and the state agency in the vendor selection for any major IT project.

Additionally, in 2017, the general assembly enacted legislation that required the state auditor to enter into a contract with an independent consulting firm to evaluate state IT resources. The bill expands the scope of the current contract to include a review and evaluation of the procurement process for the human resources information system, also known as HRWorks, and to provide objective findings and recommendations that could help the procurement process for major IT projects in the future. The consulting firm is required to submit a report, containing specified findings and recommendations, to the legislative audit committee, the joint budget committee, the joint technology committee, and the office of information technology. After receiving the report, such committees, the office, and any other office or department that was the subject of recommendations made in the report are required to meet to discuss the implementation of the recommendations made in the report.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 24-30-202, **amend**

3 (1) as follows:

4 **24-30-202. Procedures - vouchers, warrants, and checks -**
5 **rules - penalties - definitions.** (1) No disbursements shall be made in

1 payment of any liability incurred on behalf of the state, other than from
2 petty cash or by any alternative means of payment approved by fiscal rule
3 promulgated by the controller, unless there has been previously filed with
4 the office of the state controller a commitment voucher. The commitment
5 voucher may be in the form of an advice of employment, a purchase
6 order, a copy of a contract, or a travel authorization or in other form
7 appropriate to the type of transaction as prescribed by the controller. Any
8 state contract involving the payment of money by the state shall contain
9 a clause providing that the contract shall not be deemed valid until it has
10 been approved by the controller or such assistant as he OR SHE may
11 designate; EXCEPT THAT A STATE CONTRACT FOR A MAJOR INFORMATION
12 TECHNOLOGY PROJECT AS DEFINED IN SECTION 24-37.5-102 (2.6) SHALL
13 CONTAIN A CLAUSE PROVIDING THAT THE CONTRACT SHALL NOT BE
14 DEEMED VALID UNTIL IT HAS BEEN APPROVED BY THE CHIEF INFORMATION
15 OFFICER OR THE CHIEF INFORMATION OFFICER'S DESIGNEE. Such contracts
16 entered into on or after July 1, 1997, shall also contain a clause notifying
17 the other party to the contract of the controller's authority to withhold
18 debts owed to state agencies under the vendor offset intercept system
19 pursuant to section 24-30-202.4 (3.5)(a)(I) and the types of debts that are
20 subject to withholding under said system. The form and content of and
21 procedures for filing such vouchers shall be prescribed by the fiscal rules
22 promulgated by the controller.

23 **SECTION 2.** In Colorado Revised Statutes, 24-37.5-102, **amend**
24 (2.6) introductory portion and (2.6)(a) as follows:

25 **24-37.5-102. Definitions.** As used in this ~~article~~ ARTICLE 37.5,
26 unless the context otherwise requires:

27 (2.6) (a) "Major information technology project" means a project

1 of state government, EXCLUDING THE DEPARTMENT OF EDUCATION
2 THROUGH JUNE 30, 2019, that has a significant information technology
3 component, including, without limitation, the replacement of an existing
4 information technology system.

5 **SECTION 3.** In Colorado Revised Statutes, 24-37.5-105, **amend**
6 (4)(c)(VII) and (4)(c)(VIII); and **add** (4)(c)(IX) and (4.5) as follows:

7 **24-37.5-105. Office - responsibilities - rules.** (4) (c) As part of
8 any major information technology project by a state agency, classified as
9 such according to a comprehensive risk assessment performed by the
10 office, the project plan at a minimum shall include:

11 (VII) Independent verification and validation of the project; ~~and~~

12 (VIII) A funding strategy for the ongoing maintenance and
13 eventual disposal of the information technology system; AND

14 (IX) A PLANNING AND ANALYSIS FUNCTION TO BE PERFORMED BY
15 THE OFFICE TO ENSURE THAT THE STATE AGENCY'S DESIRED MAJOR
16 INFORMATION TECHNOLOGY PROJECT SOLUTION IS IN ACCORDANCE WITH
17 THE OFFICE'S TECHNOLOGY STANDARDS AND TO ENSURE THAT THE SCOPE
18 AND BUDGET OF THE MAJOR INFORMATION TECHNOLOGY PROJECT ARE
19 VETTED BY THE OFFICE.

20 (4.5) ON OR BEFORE DECEMBER 1, 2018, THE OFFICE SHALL
21 ESTABLISH POLICIES AND PROCEDURES REGARDING A VENDOR SELECTION
22 STANDARD TO BE USED IN SELECTING A VENDOR FOR ANY MAJOR
23 INFORMATION TECHNOLOGY PROJECT CLASSIFIED AS SUCH BY THE OFFICE.
24 THE VENDOR SELECTION STANDARD SHALL INCLUDE A PROCESS FOR
25 RESOLVING DIFFERENCES OF OPINION BETWEEN THE OFFICE AND THE STATE
26 AGENCY IN THE VENDOR SELECTION FOR ANY MAJOR INFORMATION
27 TECHNOLOGY PROJECT.

1 **SECTION 4.** In Colorado Revised Statutes, 24-37.5-803, **add**
2 (5.5) as follows:

3 **24-37.5-803. State information technology resources -**
4 **independent evaluation and recommendations - report - repeal.**

5 (5.5) (a) THE QUALIFIED, INDEPENDENT THIRD-PARTY CONSULTING FIRM
6 RETAINED PURSUANT TO SUBSECTION (1) OF THIS SECTION SHALL, IN
7 ADDITION TO THE EVALUATION SPECIFIED IN SUBSECTION (2) OF THIS
8 SECTION, REVIEW AND EVALUATE THE PROCUREMENT PROCESS FOR THE
9 HUMAN RESOURCES INFORMATION SYSTEM, ALSO KNOWN AS HRWORKS,
10 AND PROVIDE OBJECTIVE FINDINGS AND RECOMMENDATIONS THAT COULD
11 HELP THE PROCUREMENT PROCESS FOR MAJOR INFORMATION TECHNOLOGY
12 PROJECTS IN THE FUTURE.

13 (b) ON OR BEFORE JUNE 30, 2019, THE CONSULTING FIRM SHALL
14 SUBMIT A REPORT TO THE LEGISLATIVE AUDIT COMMITTEE, THE JOINT
15 BUDGET COMMITTEE, THE JOINT TECHNOLOGY COMMITTEE, AND THE
16 OFFICE OF INFORMATION TECHNOLOGY. THE REPORT SHALL INCLUDE:

17 (I) A DISCUSSION OF SPECIFIC POINTS IN THE MAJOR INFORMATION
18 TECHNOLOGY PROJECT PROCUREMENT PROCESS THAT CONTRIBUTED TO
19 THE CHALLENGES FOR THE EXECUTIVE BRANCH OF STATE GOVERNMENT
20 AND THE GENERAL ASSEMBLY IN IDENTIFYING AND PROCURING OPTIMAL
21 TECHNOLOGY SOLUTIONS; AND

22 (II) RECOMMENDATIONS REGARDING CHANGES THAT THE
23 EXECUTIVE BRANCH OF STATE GOVERNMENT MAY IMPLEMENT AND POLICY
24 DISCUSSIONS THAT THE GENERAL ASSEMBLY MAY CONSIDER TO IMPROVE
25 MAJOR INFORMATION TECHNOLOGY PROJECT PROCUREMENT PROCESSES IN
26 THE FUTURE.

27 (c) AFTER RECEIVING THE REPORT REQUIRED BY THIS SUBSECTION

1 (5.5), THE JOINT BUDGET COMMITTEE, THE JOINT TECHNOLOGY
2 COMMITTEE, THE OFFICE OF INFORMATION TECHNOLOGY, AND ANY OTHER
3 OFFICE OR DEPARTMENT THAT WAS THE SUBJECT OF RECOMMENDATIONS
4 MADE IN THE REPORT SHALL MEET TO DISCUSS THE IMPLEMENTATION OF
5 THE RECOMMENDATIONS MADE IN THE REPORT.

6 **SECTION 5. Appropriation.** For the 2018-19 state fiscal year,
7 \$141,744 is appropriated to the legislative department for use by the
8 office of the state auditor. This appropriation is from the general fund. To
9 implement this act, the office may use this appropriation for the purposes
10 authorized in section 24-37.5-803, C.R.S.

11 **SECTION 6. Safety clause.** The general assembly hereby finds,
12 determines, and declares that this act is necessary for the immediate
13 preservation of the public peace, health, and safety.