



**Legislative
Council Staff**

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FISCAL NOTE

Drafting Number: LLS 18-1159
Prime Sponsors: Rep. Rankin
 Sen. Lambert

Date: April 30, 2018
Bill Status: House Business
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Bill Topic: PROCUREMENT PROCESS FOR MAJOR IT PROJECTS

- Summary of Fiscal Impact:**
- State Revenue
 - State Expenditure
 - State Transfer
 - TABOR Refund
 - Local Government
 - Statutory Public Entity

This bill makes changes to the IT procurement process and requires an audit of the procurement process for the human resources information system known as HR Works. It will increase the workload of state agencies and require a one-time expenditure for FY 2018-19.

Appropriation Summary: For FY 2018-19, the bill requires a General Fund appropriation of \$141,744 to Legislative Department for allocation to the Office of the State Auditor.

Fiscal Note Status: This fiscal note reflects the introduced bill, as recommended by the Joint Budget Committee.

**Table 1
State Fiscal Impacts Under HB 18-1421**

		FY 2018-19	FY 2019-20
Revenue	Total		
Expenditures	General Fund	\$141,744	
Transfers			
TABOR Refund			

Summary of Legislation

This bill makes certain changes to the state information technology (IT) procurement process. First, it requires the State Controller in the Department of Personnel and Administration (DPA) to delegate the authority to sign IT procurement contracts to the Chief Information Officer in the Governor's Office of Information Technology (OIT) or his or her designee. It requires that a project plan for a major IT project undertaken by a state agency include a planning and analysis function by OIT that ensures that the desired project solution is in accordance with OIT standards and the scope and budget are vetted by OIT. OIT is required to establish policies and procedures regarding vendor selection standards to be used in selecting a vendor for any major IT project.

Finally, the bill requires an audit of the procurement process for the human resources information system that was initially known as HRIS, but is now called HR Works. House Bill 17-1361 required the Office of the State Auditor to sign a contract with a third-party auditor to conduct a comprehensive audit of the state of IT in Colorado. This audit is currently ongoing. The audit required by the bill will be added to the scope of the ongoing audit.

State Expenditures

Office of the State Auditor (OSA). The bill requires a new audit of the procurement process for HR Works to be added to the scope of an existing audit of the state of IT that is currently underway by a third-party vendor and overseen by the OSA. The cost for this additional audit component is \$141,744.

OIT. Under the bill, OIT will be responsible for signing IT procurement contracts, as well as performing planning and analysis on all major IT projects submitted. The number of major IT projects submitted each year has never exceeded five. The bill will increase the workload for OIT, but, due to the relatively low number of projects involved and existing functions in the department, the increased workload is expected to be minimal and can be accomplished within existing appropriations.

Other state agencies. State agencies requesting major IT projects will be required to work with OIT on the procurement process. This may increase the time for some procurements, which could increase costs; however, with the low number of overall major IT projects requested each year, any increase is expected to be minimal and can be accomplished within existing appropriations.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2018-19, the bill requires and includes a General Fund appropriation of \$141,744 to the Legislative Department for allocation to the Office of the State Auditor.

State and Local Government Contacts

All State Agencies