

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2013

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HOUSE BILL 700\*  
Committee Substitute Favorable 5/2/13  
Senate Commerce Committee Substitute Adopted 6/18/13

Short Title: Omnibus State IT Governance Changes.

(Public)

Sponsors:

Referred to:

April 11, 2013

1 A BILL TO BE ENTITLED  
2 AN ACT MAKING OMNIBUS CHANGES TO THE LAWS RELATING TO STATE  
3 INFORMATION TECHNOLOGY GOVERNANCE.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** G.S. 147-33.72B(b)(1) reads as rewritten:

6 "(b) The Plan shall include the following elements:

- 7 (1) An inventory of current information technology assets and major projects  
8 currently in progress. As used in this subdivision, the term "major project"  
9 includes projects subject to review and approval under ~~G.S. 147-33.72C, or~~  
10 ~~that cost more than five hundred thousand dollars (\$500,000) to~~  
11 ~~implement.~~ G.S. 147-33.72C."

12 **SECTION 2.** G.S. 147-33.72C reads as rewritten:

13 **"§ 147-33.72C. Project approval standards.**

14 (a) Project Review and Approval. – The State Chief Information Officer shall:

- 15 (1) Review all State agency information technology ~~projects that cost or are~~  
16 ~~expected to cost more than five hundred thousand dollars (\$500,000),~~  
17 ~~whether the project is undertaken in a single phase or component or in~~  
18 ~~multiple phases or components.~~ projects. If the State Chief Information  
19 Officer determines a project meets the quality assurance requirements  
20 established under this Article, the State Chief Information Officer shall  
21 approve the project.  
22 (2) ~~Establish thresholds for determining which information technology projects~~  
23 ~~costing or expected to cost five hundred thousand dollars (\$500,000) or less~~  
24 ~~shall be subject to review and approval under subdivision (a)(1) of this~~  
25 ~~section. When establishing the thresholds, the State Chief Information~~  
26 ~~Officer shall consider factors such as project cost, potential project risk,~~  
27 ~~agency size, and projected budget.~~

28 (b) Project Implementation. – No State agency shall proceed with an information  
29 technology project that is subject to review and approval under subsection (a) of this section  
30 until the State CIO approves the project. If a project is not approved, the State CIO shall  
31 specify in writing to the agency the grounds for denying the approval. The State CIO shall  
32 provide this information to the agency within five business days of the denial.

33 (c) Suspension of Approval. – The State Chief Information Officer may suspend the  
34 approval of any information technology project that does not continue to meet the applicable  
35 quality assurance standards. ~~This authority extends to any information technology project that~~



1 ~~costs more than five hundred thousand dollars (\$500,000) to implement regardless of whether~~  
2 ~~the project was originally subject to review and approval under subsection (a) of this section. If~~  
3 ~~the State CIO suspends approval of a project, the State CIO shall specify in writing to the~~  
4 ~~agency the grounds for suspending the approval. The State CIO shall provide this information~~  
5 ~~to the agency within five business days of the suspension.~~

6 The Office of Information Technology Services shall report any suspension immediately to  
7 the Office of the State Controller and the Office of State Budget and Management. The Office  
8 of State Budget and Management shall not allow any additional expenditure of funds for a  
9 project that is no longer approved by the State Chief Information Officer.

10 ~~(d) General Quality Assurance. Information technology projects that are not subject to~~  
11 ~~review and approval under subsection (a) of this section shall meet all other standards~~  
12 ~~established under this Article.~~

13 (e) Performance Contracting. – All contracts between a State agency and a private party  
14 for information technology projects shall include provisions for vendor performance review  
15 and accountability. The State CIO may require that these contract provisions require a  
16 performance bond, include monetary ~~penalties~~ penalties, or require other performance  
17 assurance measures for projects that are not completed or performed within the specified time  
18 period or that involve costs in excess of those specified in the contract. The State CIO may  
19 ~~require contract provisions requiring a vendor to provide a performance bond.~~ utilize cost  
20 savings realized on government-vendor partnerships, as defined in G.S. 143-135.9, as  
21 performance incentives for an information technology project vendor.

22 (f) Notwithstanding the provisions of G.S. 114-2.3, any State agency developing and  
23 implementing an information technology project with a total cost of ownership in excess of five  
24 million dollars (\$5,000,000) may be required by the State Chief Information Officer to engage  
25 the services of private counsel or subject matter experts with the appropriate information  
26 technology and intellectual property expertise. The private counsel or subject matter expert  
27 may review requests for proposals; review and provide advice and assistance during the  
28 evaluation of proposals and selection of any vendors; and review and negotiate contracts  
29 associated with the development, implementation, operation, and maintenance of the project.  
30 This requirement may also apply to information technology programs that are separated into  
31 individual projects, if the total cost of ownership for the overall program exceeds five million  
32 dollars (\$5,000,000)."

33 **SECTION 3.** G.S. 147-33.72H reads as rewritten:

34 "**§ 147-33.72H. Information Technology Fund.**

35 There is established a special revenue fund to be known as the Information Technology  
36 Fund, which may receive transfers or other credits as authorized by the General Assembly.  
37 Money shall be appropriated from the Information Technology Fund to support the operation  
38 and administration of the Office of the State Chief Information Officer. Money may be  
39 appropriated from the Information Technology Fund to meet statewide requirements, including  
40 planning, project management, security, electronic mail, State portal operations, and the  
41 administration of systemwide procurement procedures. Expenditures involving funds  
42 appropriated to the Office of Information Technology Services from the Information  
43 Technology Fund shall be made by the CIO. By October 1 of each year, the State CIO shall  
44 submit to the Joint Legislative Oversight Committee on Information Technology a report on all  
45 expenditures involving funds appropriated to the Office of Information Technology Services  
46 from the Information Technology Fund for the preceding fiscal year. Interest earnings on the  
47 Information Technology Fund balance shall be credited to the Information Technology Fund."

48 **SECTION 4.** G.S. 147-33.77(a) reads as rewritten:

49 "(a) The State Chief Information Officer may appoint ~~a Chief Deputy Information~~  
50 Officer ~~one or more Deputy Chief Information Officers.~~ The salary of ~~the Chief~~ a Deputy  
51 Information Officer shall be set by the State Chief Information Officer. The State Chief

1 Information Officer may appoint all employees, including legal counsel, necessary to carry out  
2 the powers and duties of the office. These employees shall be subject to the State Personnel  
3 Act."

4 **SECTION 5.** This act is effective when it becomes law.