

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**HOUSE BILL 700
RATIFIED BILL**

**AN ACT MAKING OMNIBUS CHANGES TO THE LAWS RELATING TO STATE
INFORMATION TECHNOLOGY GOVERNANCE.**

The General Assembly of North Carolina enacts:

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

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

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

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

"§ 147-33.72C. Project approval standards.

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

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

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

(c) Suspension of Approval. – The State Chief Information Officer may suspend the approval of any information technology project that does not continue to meet the applicable quality assurance standards. ~~This authority extends to any information technology project that costs more than five hundred thousand dollars (\$500,000) to implement regardless of whether the project was originally subject to review and approval under subsection (a) of this section.~~ If the State CIO suspends approval of a project, the State CIO shall specify in writing to the agency the grounds for suspending the approval. The State CIO shall provide this information to the agency within five business days of the suspension.

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

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



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

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

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

"§ 147-33.72H. Information Technology Fund.

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

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

"(a) ~~The State Chief Information Officer may appoint a Chief Deputy Information Officer.~~ one or more Deputy Chief Information Officers. The salary of ~~the Chief~~ a Deputy Information Officer shall be set by the State Chief Information Officer. The State Chief Information Officer may appoint all employees, including legal counsel, necessary to carry out the powers and duties of the office. These employees shall be subject to the State Personnel Act."

SECTION 5. This act is effective when it becomes law.
In the General Assembly read three times and ratified this the 17th day of July, 2013.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

Pat McCrory
Governor

Approved _____m. this _____ day of _____, 2013