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HOUSE FILE NO. 3770

FIRST COMMITTEE ENGROSSMENT

March 4, 2008

Authored by Winkler, Simon, Kahn, Bunn, Norton and others

The bill was read for the first time and referred to the Committee on Governmental Operations, Reform, Technology and Elections

March 17, 2008

Committee Recommendation and Adoption of Report:

To Pass as Amended and re-referred to the Committee on Finance

Referred by Chair to State Government Finance Division.

March 18, 2008

Returned to the Committee on Finance as Amended.

1.1 A bill for an act
 1.2 relating to state government; requiring state agencies with information and
 1.3 technology projects over a certain amount to provide documentation prior to
 1.4 funding requests; requiring the Office of Enterprise Technology to report on
 1.5 project performance; requiring an annual independent audit for certain projects;
 1.6 requiring state agencies to develop a strategic information technology plan;
 1.7 amending Minnesota Statutes 2006, sections 16E.01, subdivision 3; 16E.03,
 1.8 subdivision 1; 16E.04, subdivision 2.

1.9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.10 Section 1. Minnesota Statutes 2006, section 16E.01, subdivision 3, is amended to read:

1.11 Subd. 3. **Duties.** (a) The office shall:

1.12 (1) manage the efficient and effective use of available federal, state, local, and
 1.13 public-private resources to develop statewide information and telecommunications
 1.14 technology systems and services and its infrastructure;

1.15 (2) approve state agency and intergovernmental information and telecommunications
 1.16 technology systems and services development efforts involving state or intergovernmental
 1.17 funding, including federal funding, provide information to the legislature regarding
 1.18 projects reviewed, and recommend projects for inclusion in the governor's budget under
 1.19 section 16A.11;

1.20 (3) ensure cooperation and collaboration among state and local governments in
 1.21 developing intergovernmental information and telecommunications technology systems
 1.22 and services, and define the structure and responsibilities of a representative governance
 1.23 structure;

1.24 (4) cooperate and collaborate with the legislative and judicial branches in the
 1.25 development of information and communications systems in those branches;

2.1 (5) continue the development of North Star, the state's official comprehensive online
2.2 service and information initiative;

2.3 (6) promote and collaborate with the state's agencies in the state's transition to an
2.4 effectively competitive telecommunications market;

2.5 (7) collaborate with entities carrying out education and lifelong learning initiatives
2.6 to assist Minnesotans in developing technical literacy and obtaining access to ongoing
2.7 learning resources;

2.8 (8) promote and coordinate public information access and network initiatives,
2.9 consistent with chapter 13, to connect Minnesota's citizens and communities to each
2.10 other, to their governments, and to the world;

2.11 (9) promote and coordinate electronic commerce initiatives to ensure that Minnesota
2.12 businesses and citizens can successfully compete in the global economy;

2.13 (10) manage and promote the regular and periodic reinvestment in the information
2.14 and telecommunications technology systems and services infrastructure so that state and
2.15 local government agencies can effectively and efficiently serve their customers;

2.16 (11) facilitate the cooperative development of and ensure compliance with standards
2.17 and policies for information and telecommunications technology systems and services,
2.18 electronic data practices and privacy, and electronic commerce among international,
2.19 national, state, and local public and private organizations;

2.20 (12) eliminate unnecessary duplication of existing information and
2.21 telecommunications technology systems and services provided by other public and private
2.22 organizations while building on the existing governmental, educational, business, health
2.23 care, and economic development infrastructures;

2.24 (13) identify, sponsor, develop, and execute shared information and
2.25 telecommunications technology projects and ongoing operations; and

2.26 (14) ensure overall security of the state's information and technology systems and
2.27 services.

2.28 (b) The chief information officer in consultation with the commissioner of finance
2.29 must determine when it is cost-effective for agencies to develop and use shared
2.30 information and telecommunications technology systems and services for the delivery of
2.31 electronic government services. The chief information officer may require agencies to
2.32 use shared information and telecommunications technology systems and services. The
2.33 chief information officer shall establish reimbursement rates in cooperation with the
2.34 commissioner of finance to be billed to agencies and other governmental entities sufficient
2.35 to cover the actual development, operating, maintenance, and administrative costs of

3.1 the shared systems. The methodology for billing may include the use of interagency
3.2 agreements, or other means as allowed by law.

3.3 (c) A state agency with any information and telecommunications technology project
3.4 that has a total expected project cost of more than \$1,000,000, whether funded as part
3.5 of the biennial budget or by any other means, shall for the purpose of registration with
3.6 the office submit basic project startup documentation as specified by the office in both
3.7 content and format. Registration must occur prior to the date of commencement of the
3.8 project and before any project funding is requested or committed. Project leaders must
3.9 demonstrate that acceptable and sustainable project management methodology is being
3.10 followed for the project, must provide updates to the project documentation as changes
3.11 are proposed, and must regularly report on the current status of the project on a schedule
3.12 agreed to by the office.

3.13 (d) The office must monitor progress on any active information and
3.14 telecommunications technology project that has a total expected project cost of more than
3.15 \$1,000,000 and report on performance against plan in terms of time, scope, and budget.
3.16 Based on the determination of the chief information officer, the office must conduct an
3.17 independent project audit of the project. The audit analysis and evaluation by the office
3.18 of the projects registered under paragraph (c) must be presented to agency executive
3.19 sponsors, the project governance bodies, and the chief information officer. All reports and
3.20 responses must become part of the project record.

3.21 (e) For any active information and telecommunications technology project that has a
3.22 total expected project cost of more than \$5,000,000, an annual independent audit must be
3.23 performed that conforms to project audit principles published by the office.

3.24 (f) The chief information officer shall report to the legislative committees with
3.25 jurisdiction over the office by January 15 of each year regarding the review process
3.26 required under paragraph (a), clause (2). The report must include a description of the
3.27 current status of each project reviewed by the office. The report must include the rationale
3.28 used for the determination made for each project.

3.29 Sec. 2. Minnesota Statutes 2006, section 16E.03, subdivision 1, is amended to read:

3.30 Subdivision 1. **Definitions.** For the purposes of chapter 16E, the following terms
3.31 have the meanings given them.

3.32 (a) "Information and telecommunications technology systems and services" means
3.33 all computing and telecommunications hardware and software, the activities undertaken
3.34 to secure that hardware and software, and the activities undertaken to acquire, transport,
3.35 process, analyze, store, and disseminate information electronically. "Information and

4.1 telecommunications technology systems and services" includes all proposed expenditures
4.2 for computing and telecommunications hardware and software, security for that hardware
4.3 and software, and related consulting or other professional services.

4.4 (b) "Information and telecommunications technology project" means an effort to
4.5 acquire or produce information and telecommunications technology systems and services.

4.6 (c) "Telecommunications" means voice, video, and data electronic transmissions
4.7 transported by wire, wireless, fiber-optic, radio, or other available transport technology.

4.8 (d) "Cyber security" means the protection of data and systems in networks connected
4.9 to the Internet.

4.10 (e) "State agency" means an agency in the executive branch of state government and
4.11 includes the Minnesota Office of Higher Education, but does not include the Minnesota
4.12 State Colleges and Universities unless specifically provided elsewhere in this chapter.

4.13 (f) "Total expected project cost" includes direct staff costs, all supplemental contract
4.14 staff and vendor costs, and costs of hardware and software development or purchase.
4.15 Breaking a project into several phases does not affect the cost threshold, which must be
4.16 computed on the full cost of all aspects of the related subprojects.

4.17 Sec. 3. Minnesota Statutes 2006, section 16E.04, subdivision 2, is amended to read:

4.18 Subd. 2. **Responsibilities.** (a) In addition to other activities prescribed by law, the
4.19 office shall carry out the duties set out in this subdivision.

4.20 (b) The office shall develop and establish a state information architecture to ensure
4.21 that state agency development and purchase of information and communications systems,
4.22 equipment, and services is designed to ensure that individual agency information systems
4.23 complement and do not needlessly duplicate or conflict with the systems of other agencies.
4.24 When state agencies have need for the same or similar public data, the chief information
4.25 officer, in coordination with the affected agencies, shall manage the most efficient and
4.26 cost-effective method of producing and storing data for or sharing data between those
4.27 agencies. The development of this information architecture must include the establishment
4.28 of standards and guidelines to be followed by state agencies. The office shall ensure
4.29 compliance with the architecture.

4.30 (c) The office shall assist state agencies in the planning and management of
4.31 information systems so that an individual information system reflects and supports
4.32 the state agency's mission and the state's requirements and functions. Each agency
4.33 shall develop a strategic information technology plan. The office shall review and
4.34 approve agency technology plans to ensure consistency with enterprise information and
4.35 telecommunications technology strategy. By December 1 of each year, the office must

5.1 report to the legislative committees with jurisdiction over the office regarding the plans
5.2 under this paragraph.

5.3 (d) The office shall review and approve agency requests for funding for the
5.4 development or purchase of information systems equipment or software before the
5.5 requests may be included in the governor's budget.

5.6 (e) The office shall review major purchases of information systems equipment to:

5.7 (1) ensure that the equipment follows the standards and guidelines of the state
5.8 information architecture;

5.9 (2) ensure the agency's proposed purchase reflects a cost-effective policy regarding
5.10 volume purchasing; and

5.11 (3) ensure that the equipment is consistent with other systems in other state agencies
5.12 so that data can be shared among agencies, unless the office determines that the agency
5.13 purchasing the equipment has special needs justifying the inconsistency.

5.14 (f) The office shall review the operation of information systems by state agencies
5.15 and ensure that these systems are operated efficiently and securely and continually meet
5.16 the standards and guidelines established by the office. The standards and guidelines must
5.17 emphasize uniformity that is cost-effective for the enterprise, that encourages information
5.18 interchange, open systems environments, and portability of information whenever
5.19 practicable and consistent with an agency's authority and chapter 13.

5.20 (g) The office shall conduct a comprehensive review at least every three years of
5.21 the information systems investments that have been made by state agencies and higher
5.22 education institutions. The review must include recommendations on any information
5.23 systems applications that could be provided in a more cost-beneficial manner by an outside
5.24 source. The office must report the results of its review to the legislature and the governor.