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SENATE BILL 991  
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Short Title: Improve State IT Efficiency & Proj. Mgm't.

(Public)

Sponsors:

Referred to:

April 3, 2003

1 A BILL TO BE ENTITLED  
2 AN ACT TO IMPROVE STATE GOVERNMENT INFORMATION TECHNOLOGY  
3 PLANNING, ADOPT STANDARDS, MAKE PROJECT DEVELOPMENT MORE  
4 EFFICIENT, REDUCE COST OVERRUNS, PROVIDE ASSISTANCE TO STATE  
5 AGENCIES, AND INCREASE ACCOUNTABILITY.

6 The General Assembly of North Carolina enacts:

7 **PART I. INFORMATION TECHNOLOGY MANAGEMENT.**

8 **SECTION 1.** Part 1 of Article 3D of Chapter 147 of the General Statutes is  
9 redesignated as Part 1A.

10 **SECTION 2.** Article 3D of Chapter 147 of the General Statutes is amended  
11 by adding a new Part 1 to read:

12 "Article 3D.

13 "~~Office of State~~ Information Technology Services.

14 "Part 1. State Information Technology Management.

15 "**§ 147-33.72A. Purpose.**

16 The purposes of this Article are to:

- 17 (1) Establish a systematic process for planning and financing the State's  
18 information technology resources.  
19 (2) Develop standards and accountability measures for information  
20 technology projects, including criteria for adequate project  
21 management.  
22 (3) Implement procurement procedures that will result in cost savings on  
23 information technology purchases.  
24 (4) Create an Information Technology Advisory Board.  
25 (5) Create the Information Technology Fund for statewide information  
26 technology efforts.

27 "**§ 147-33.72B. Planning and financing State information technology resources.**

1       (a) In order to provide a systematic process for meeting the State's technology  
2 needs, the State Chief Information Officer shall develop a biennial State Information  
3 Technology Plan (Plan). The Plan shall be transmitted to the General Assembly by  
4 February 1 of each regular session.

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

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

11          (2) An evaluation and estimation of the significant unmet needs for  
12 information technology resources over a five-year time period. The  
13 Plan shall rank the unmet needs in priority order according to their  
14 urgency.

15          (3) A statement of the financial requirements posed by the significant  
16 unmet needs, together with a recommended funding schedule for each  
17 major project currently in progress or recommended for initiation  
18 during the upcoming fiscal biennium.

19          (4) An analysis of opportunities for statewide initiatives that would yield  
20 significant efficiencies or improve effectiveness in State programs.

21       (c) Each executive agency and the Administrative Office of the Courts shall  
22 biennially develop an agency information technology plan that includes the information  
23 required under subsection (b) of this section. The Office of Information Technology  
24 Services shall consult with and assist agencies in the preparation of these plans. Each  
25 agency shall submit its plan to the State Chief Information Officer by October 1 of each  
26 even-numbered year.

27 **"§ 147-33.72C. Project approval standards.**

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

29           (1) Review all State agency information technology projects that cost or  
30 are expected to cost more than five hundred thousand dollars  
31 (\$500,000), whether the project is undertaken in a single phase or  
32 component or in multiple phases or components. If the State Chief  
33 Information Officer determines a project meets the quality assurance  
34 requirements established under this Article, the State Chief  
35 Information Officer shall approve the project.

36           (2) Establish thresholds for determining which information technology  
37 projects costing or expected to cost five hundred thousand dollars  
38 (\$500,000) or less shall be subject to review and approval under  
39 subdivision (a)(1) of this section. When establishing the thresholds, the  
40 State Chief Information Officer shall consider factors such as project  
41 cost, potential project risk, agency size, and projected budget.

42       (b) Project Implementation. – No State agency shall proceed with an information  
43 technology project that is subject to review and approval under subsection (a) of this  
44 section until the State CIO approves the project. If a project is not approved, the State

1 CIO shall specify in writing to the agency the grounds for denying the approval. The  
2 State CIO shall provide this information to the agency within five business days of the  
3 denial.

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

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

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

21 (e) Performance Contracting. – All contracts between a State agency and a  
22 private party for information technology projects shall include provisions for vendor  
23 performance review and accountability. The State CIO may require that these contract  
24 provisions include monetary penalties for projects that are not completed within the  
25 specified time period or that involve costs in excess of those specified in the contract.  
26 The CIO may require contract provisions requiring a vendor to provide a performance  
27 bond.

28 **"§ 147-33.72D. Agency/State CIO Dispute Resolution.**

29 (a) Agency Request for Review. – In any instance where the State CIO has not  
30 approved an information technology project or has suspended the approval of an  
31 information technology project, the agency may request that a committee consisting of  
32 the State Controller, the State Budget Officer, and the Secretary of Administration  
33 review the State CIO's decision. The agency shall submit a written request for review to  
34 the State Controller within 10 working days of the agency receiving the State CIO's  
35 written grounds for project denial or project suspension. The agency's request for review  
36 shall specify the grounds for its disagreement with the State CIO's determination. The  
37 agency shall include with its request for review a copy of the State CIO's written  
38 grounds for project denial or project suspension.

39 (b) Review Process. – The State Controller shall serve as the chair of the  
40 committee. The committee shall meet within 10 business days of receiving the agency's  
41 request for review to consider the matter. The committee may request additional  
42 information from either the agency or the State CIO.

43 The committee shall review the information provided and determine whether the  
44 State CIO acted in an arbitrary and capricious manner in denying or suspending project

1 approval. The committee shall notify the agency and the State CIO in writing of its  
2 decision within 30 days after receiving the agency's request. The notification shall  
3 specify the grounds for the determination.

4 If the committee determines that the State CIO acted in an arbitrary and capricious  
5 manner, the project shall be deemed approved or the approval shall be reinstated.

6 **"§ 147-33.72E. Project management standards.**

7 (a) Agency Responsibilities. – Each agency shall provide for a project manager  
8 who meets the applicable quality assurance standards for each information technology  
9 project that is subject to approval under G.S. 143-33.72C(a). The project manager shall  
10 be subject to the review and approval of the State Chief Information Officer.

11 The agency project manager shall provide periodic reports to the project  
12 management assistant assigned to the project by the State CIO under subsection (b) of  
13 this section. The reports shall include information regarding project costs, issues related  
14 to hardware, software or training, projected and actual completion dates, and any other  
15 information related to the implementation of the information technology project.

16 (b) State Chief Information Officer Responsibilities. – The State Chief  
17 Information Officer shall designate a project management assistant from the Office of  
18 Information Technology Services for projects that receive approval under  
19 G.S. 147-33.72C(a). The State Chief Information Officer may designate a project  
20 management assistant for any other information technology project.

21 The project management assistant shall advise the agency with the initial planning of  
22 a project, the content and design of any request for proposals, contract development,  
23 procurement, and architectural and other technical reviews. The project management  
24 assistant shall also monitor agency progress in the development and implementation of  
25 the project and shall provide status reports to the State Chief Information Officer  
26 including recommendations regarding continued approval of the project.

27 **"§ 147-33.72F. Procurement procedures; cost savings.**

28 Pursuant to Part 4 of this Article, the Office of State Technology Services shall  
29 establish procedures for the procurement of information technology. The procedures  
30 may include aggregation of hardware purchases, the use of formal bid procedures,  
31 restrictions on supplemental staffing, enterprise software licensing, hosting, and  
32 multiyear maintenance agreements. The procedures may require agencies to submit  
33 information technology procurement requests to the Office of State Technology  
34 Services on October 1, January 1 and June 1 of each fiscal year in order to allow for  
35 bulk purchasing.

36 **"§ 147-33.72G. Information Technology Advisory Board.**

37 (a) Creation; Membership. – The Information Technology Advisory Board is  
38 established and shall be located within the Office of Information Technology Services  
39 for organizational, budgetary, and administrative purposes. The Board shall consist of  
40 12 members, four appointed by the Governor, four appointed by the President Pro  
41 Tempore of the Senate, and four appointed by the Speaker of the House of  
42 Representatives. All appointments shall be from among persons knowledgeable in the  
43 subject area and having experience with State government or information technology  
44 deployment within large organizations. Each member shall serve at the pleasure of the

1 officer who appointed the member. The Governor shall designate a chair from among  
2 the membership.

3 (b) Conflicts of Interest. – Members of the Advisory Board shall not serve on the  
4 board of directors or other governing body of, be employed by, or receive any  
5 remuneration of any kind from any information systems, computer hardware, computer  
6 software, or telecommunications vendor of goods and services to the State of North  
7 Carolina.

8 No member of the Advisory Board shall vote on an action affecting solely that  
9 person's State agency.

10 (c) Powers and Duties. – The Board shall:

11 (1) Review and comment on the State Information Technology Plan  
12 developed by the State Chief Information Officer under  
13 G.S. 147-33.72B(b).

14 (2) Review and comment on the information technology plans of the  
15 executive agencies and the Administrative Office of the Courts  
16 prepared under G.S. 147-33.72B(c).

17 (3) Review and comment on the statewide technology initiatives  
18 developed by the State Chief Information Officer.

19 (d) Meetings. – The Information Technology Advisory Board shall adopt bylaws  
20 containing rules governing its meeting procedures. The Board shall meet at least  
21 quarterly. The Office of Information Technology Services shall provide administrative  
22 staff and facilities for Advisory Board meetings. The expenses of the Board shall be  
23 paid from receipts available to the Office of Information Technology Services as  
24 requested by the Board. Advisory Board members shall receive per diem, subsistence,  
25 and travel allowances as follows:

26 (1) Commission members who are officials or employees of the State or of  
27 local government agencies, at the rate established in G.S. 138-6; and

28 (2) All other commission members, at the rate established in G.S. 138-5.

29 **"§ 147-33.72H. Information Technology Fund.**

30 There is established a special revenue fund to be known as the Information  
31 Technology Fund, which may receive transfers or other credits as authorized by the  
32 General Assembly. Money may be appropriated from the Information Technology Fund  
33 to meet statewide requirements, including planning, project management, security,  
34 electronic mail, State portal operations, and the administration of systemwide  
35 procurement procedures. Interest earnings on the Information Technology Fund balance  
36 shall be credited to the Information Technology Fund."

37 **SECTION 3.** G.S. 147-33.76 reads as rewritten:

38 **"§ 147-33.76. Head of the Office of Information Technology Services; qualification**  
39 **and appointment****Qualification, appointment, and duties of the State**  
40 **Chief Information Officer.**

41 (a) The Office of Information Technology Services shall be managed and  
42 administered by the State Chief Information Officer. ~~Officer~~ ('State CIO'). The State  
43 Chief Information Officer shall be qualified by education and experience for the office  
44 and shall be appointed by the Governor ~~after consultation with the Senate Committee on~~

1 ~~Information Technology and the House Committee on Technology meeting jointly (or~~  
2 ~~by similar committees designated by the rules of each house), and serve at the pleasure~~  
3 ~~of the Governor.~~

4 (b) ~~The Governor shall submit the name of the person to be appointed for review~~  
5 ~~by the entities specified in subsection (a) of this section.~~

6 (b1) The State CIO shall be responsible for developing and administering a  
7 comprehensive long-range plan to ensure the proper management of the State's  
8 information technology resources. The State CIO shall set technical standards for  
9 information technology, review and approve major information technology projects,  
10 review and approve State agency information technology budget requests, establish  
11 information technology security standards, provide for the procurement of information  
12 technology resources, and develop a schedule for the replacement or modification of  
13 major systems. The State CIO is authorized to adopt rules to implement this Article.

14 (c) The salary of the State Chief Information Officer shall be set by the General  
15 Assembly in the Current Operations Appropriations Act. The State Chief Information  
16 Officer shall receive longevity pay on the same basis as is provided to employees of the  
17 State who are subject to the State Personnel Act."

18 **SECTION 4.** G.S. 147-33.78 is repealed.

19 **SECTION 5.** G.S. 147-33.79 is repealed.

20 **SECTION 6.** All (i) records, (ii) personnel positions, and salaries, (iii)  
21 property, and (iv) unexpended balances of appropriations, allocations, reserves, support  
22 costs, and other funds of the Information Resources Management Commission are  
23 transferred to and vested in the Office of Information Technology Services authorized  
24 by Article 3D of Chapter 147 of the General Statutes.

25 **SECTION 7.(a)** On June 30, 2004, the State Controller shall transfer the  
26 sum of seven million five hundred thousand dollars (\$7,500,000) from the Information  
27 Technology Services Internal Service Fund to the Information Technology Fund.

28 **SECTION 7.(b)** For the fiscal year 2004-2005 appropriations are made from  
29 the Information Technology Fund as follows:

- 30 (1) The sum of two million seven hundred thousand dollars (\$2,700,000)  
31 to the Office of State Controller to implement the recommendations of  
32 the statewide Business Infrastructure Study; and  
33 (2) The sum of four million eight hundred thousand dollars (\$4,800,000)  
34 to the Office of Information Technology Services for the following  
35 purposes:

36	Security Assessment and Remediation	\$3,000,000
37	Project Management Office Expansion	\$600,000
38	Legacy Systems Study	\$1,000,000
39	Legal Services	\$100,000
40	ITS Management Staff	\$100,000

41 **SECTION 7A.** G.S. 120-231 is amended by adding a new subsection to  
42 read:

43 "(a1) The Joint Select Committee on Information Technology shall examine, on a  
44 continuing basis, systemwide issues affecting State government information technology,

1 including, but not limited to, State information technology operations, infrastructure,  
2 development, financing, administration, and service delivery. The Committee may  
3 examine State agency or enterprise-specific information technology issues. The  
4 Committee shall make ongoing recommendations to the General Assembly on ways to  
5 improve the effectiveness, efficiency, and quality of State government information  
6 technology."

7 **PART II. CONFORMING CHANGES IN ARTICLE 3D OF CHAPTER 147.**

8 **SECTION 8.** Part 1A of Article 3D of Chapter 147 of the General Statutes,  
9 as redesignated under Section 1 of this act, reads as rewritten:

10 "Part 1A. ~~Transfer and Organization of Office of Information Technology Services.~~"

11 **SECTION 9.** G.S. 147-33.75 reads as rewritten:

12 "**§ 147-33.75. ~~Transfer to~~ Office located in the Office of the Governor.**"

13 (a) The Office of Information Technology Services ("Office") ~~of the Department~~  
14 ~~of Commerce and the Information Resource Management Commission are hereby~~  
15 ~~transferred to~~ shall be housed in the Office of the Governor.

16 (b) The Governor has the authority, powers, and duties over the Office that are  
17 assigned to the Governor and the head of department pursuant to Article 1 of Chapter  
18 143B of the General Statutes, G.S. 143A-6(b), and the Constitution and other laws of  
19 this State."

20 **SECTION 10.** G.S. 147-33.82(d)(2) is repealed.

21 **SECTION 11.** G.S. 147-33.82(e) is repealed.

22 **SECTION 12.** G.S. 147-33.82(c), G.S. 147-33.82(d) as amended by Section  
23 10 of this act, G.S. 147-33.82(e1), and G.S. 147-33.82(f), are recodified as separate  
24 sections as Part 5 of Article 3D of Chapter 147 of the General Statutes, G.S. 147-33.110  
25 through G.S. 147-33.113 respectively.

26 **SECTION 13.** G.S. 147-33.82(a) reads as rewritten:

27 "**§ 147-33.82. ~~Powers and duties~~ Functions of the State Chief Information Officer**  
28 **~~and the Office of Information Technology Services.~~**"

29 (a) ~~The~~ In addition to any other functions required by this Article, the Office of  
30 Information Technology Services shall:

31 (1) Procure all information technology for State agencies, as provided in  
32 Part 4 of this Article.

33 (2) Submit for approval of the ~~Information Resources Management~~  
34 ~~Commission~~ Office of State Budget and Management all rates and fees  
35 for common, shared State government-wide technology services  
36 provided by the ~~Office.~~ Office on a fee-for-service basis and not  
37 covered by another fund.

38 (3) Conduct an annual assessment of State agencies for compliance with  
39 statewide policies for information technology and ~~Submit~~ submit for  
40 approval ~~review~~ of the ~~Information Resources Management~~  
41 ~~Commission~~ Technology Advisory Board recommended State  
42 government wide, enterprise level policies ~~statewide policies~~ for  
43 information technology.

- 1 (4) Develop standards, procedures, and processes to implement policies  
2 approved by the ~~Information Resources Management Commission.~~  
3 State CIO.
- 4 (5) ~~Assure that~~ Review State agencies implement and manage agency  
5 ~~information technology portfolio-based management of State~~  
6 ~~information technology resources, in accordance~~ resources for  
7 compliance with the direction set by the State Chief Information  
8 ~~Officer.~~this Article.
- 9 (6) ~~Assure~~ Review that State agencies implement and manage agency  
10 implementation of statewide information technology ~~enterprise~~  
11 ~~management efforts of State government, in accordance~~ government  
12 for compliance with the direction set by the State Chief Information  
13 ~~Officer.~~this Article.
- 14 (7) ~~Provide recommendations to the Information Resources Management~~  
15 ~~Commission for its biennial technology strategy and to develop State~~  
16 ~~government wide technology initiatives to be approved by the~~  
17 ~~Information Resources Management Commission.~~
- 18 (8) Develop a project management, quality assurance, and architectural  
19 review process ~~that adheres to the Information Resources Management~~  
20 ~~Commission's certification program and portfolio-based management~~  
21 ~~initiative.~~ for projects that require review and approval under  
22 G.S. 147-33.72C(a).
- 23 (9) ~~Establish and utilize the Information Technology Management~~  
24 ~~Advisory Council to consist of representatives from other State~~  
25 ~~agencies to advise the Office on information technology business~~  
26 ~~management and technology matters."~~

27 **SECTION 14.** Part 5 of Article 3D of Chapter 147 of the General Statutes,  
28 as recodified by Section 12 of this act, reads as rewritten:

29 "Part 5. Security for Information Technology Services.

30 "**§ 147-33.110. Statewide security standards.**

31 The State Chief Information Officer shall establish ~~an enterprise-wide~~ a statewide  
32 set of standards for information technology security to maximize the functionality,  
33 security, and interoperability of the State's distributed information technology assets,  
34 including communications and encryption technologies. The State CIO shall review and  
35 revise the security standards annually. As part of this function, the State Chief  
36 Information Officer shall review periodically existing security standards and practices in  
37 place among the various State agencies to determine whether those standards and  
38 practices meet ~~enterprise-wide~~ statewide security and encryption requirements. The  
39 State Chief Information Officer may assume the direct responsibility of providing for  
40 the information technology security of any State agency that fails to adhere to security  
41 standards adopted ~~pursuant to this section.~~ under this Article. Any actions taken by the  
42 State Chief Information Officer under this ~~subsection~~ section shall be reported to the  
43 ~~Information Resources Management Commission~~ Information Technology Advisory  
44 Board at its next scheduled meeting.

1 **"§ 147-33.111. State CIO approval of security standards and security assessments.**

2 (a) Notwithstanding G.S. 143-48.3 or any other provision of law, and except as  
3 otherwise provided by this ~~subsection,~~ section, all information technology security  
4 purchased using State funds, or for use by a State agency or in a State facility, shall be  
5 subject to approval by the State Chief Information Officer in accordance with security  
6 standards adopted under this ~~section.~~ Article.

7 (1)(b) If the legislative branch, the judicial branch, The University of North  
8 Carolina and its constituent institutions, local school administrative units as defined by  
9 G.S. 115C-5, or the North Carolina Community Colleges System develop their own  
10 security standards, taking into consideration the mission and functions of that entity,  
11 that are comparable to or exceed those set by the State Chief Information Officer under  
12 this section, then these entities may elect to be governed by their own respective  
13 security standards, and approval of the State Chief Information Officer shall not be  
14 required before the purchase of information technology security. The State Chief  
15 Information Officer shall consult with the legislative branch, the judicial branch, The  
16 University of North Carolina and its constituent institutions, local school administrative  
17 units, and the North Carolina Community Colleges System in reviewing the security  
18 standards adopted by those entities.

19 (2) Repealed.

20 (3)(c) Before a State agency may enter into any contract with another party for an  
21 assessment of network vulnerability, including network penetration or any similar  
22 procedure, the State agency shall notify the State Chief Information Officer and obtain  
23 approval of the request. The State Chief Information Officer shall refer the request to  
24 the State Auditor for a determination of whether the Auditor's office can perform the  
25 assessment and testing. If the State Auditor determines that ~~he~~ the Auditor's office can  
26 perform the assessment and testing, then the State Chief Information Officer shall  
27 authorize the assessment and testing by the Auditor. If the State Auditor determines that  
28 ~~his~~ the Auditor's office cannot perform the assessment and testing, then with the  
29 approval of the State Chief Information Officer and State Auditor, the State agency may  
30 enter into a contract with another party for the assessment and testing. If the State  
31 agency enters into a contract with another party for assessment and testing, the State  
32 agency shall issue public reports on the general results of the ~~reviews undertaken~~  
33 ~~pursuant to this subdivision,~~ but the reviews. ~~The contractor must~~ shall provide the State  
34 agency with detailed reports of the security issues identified ~~pursuant to this subdivision~~  
35 that shall not be disclosed as provided in G.S. 132-6.1(c). The State agency shall  
36 provide the State Chief Information Officer and the State Auditor with copies of the  
37 detailed ~~reports.~~ reports that shall not be disclosed as provided in G.S. 132-6.1(c).

38 **"§ 147-33.112. Assessment of agency compliance with security standards.**

39 The State Chief Information Officer shall assess the ability of each agency to  
40 comply with the current security enterprise-wide set of standards established pursuant to  
41 this section. The assessment shall include, at a minimum, the rate of compliance with  
42 the standards in each agency and an assessment of each agency's security organization,  
43 network security architecture, and current expenditures for information technology  
44 security. The assessment shall also estimate the cost to implement the security measures

1 needed for agencies to fully comply with the standards. Each agency subject to the  
2 standards shall submit information required by the State Chief Information Officer for  
3 purposes of this assessment. ~~Not later than May 4, 2004, the Information Resources~~  
4 ~~Management Commission and the~~ The State Chief Information Officer shall submit a  
5 ~~public report that summarizes the status of the assessment, including the available~~  
6 ~~estimates of additional funding needed to bring agencies into compliance, to the Joint~~  
7 ~~Legislative Commission on Governmental Operations and shall provide updated~~  
8 ~~assessment information by January 15 of each subsequent year.~~ include the information  
9 obtained from the assessment in the State Information Technology Plan required under  
10 G.S. 147-33.72B.

11 **"§ 147-33.113. State agency cooperation.**

12 (a) The head of each State agency shall cooperate with the State Chief  
13 Information Officer in the discharge of his or her duties by:

- 14 (1) Providing the full details of the agency's information technology and  
15 operational requirements and of all the agency's information  
16 technology security incidents within 24 hours of confirmation.
- 17 (2) Providing comprehensive information concerning the information  
18 technology security employed to protect the agency's information  
19 technology.
- 20 (3) Forecasting the parameters of the agency's projected future  
21 information technology security needs and capabilities.
- 22 (4) Designating an agency liaison in the information technology area to  
23 coordinate with the State Chief Information Officer. The liaison shall  
24 be subject to a criminal background report from the State Repository  
25 of Criminal Histories, which shall be provided by the State Bureau of  
26 Investigation upon its receiving fingerprints from the liaison. If the  
27 liaison has been a resident of this State for less than five years, the  
28 background report shall include a review of criminal information from  
29 both the State and National Repositories of Criminal Histories. The  
30 criminal background report shall be provided to the State Chief  
31 Information Officer and the head of the agency. In addition, all  
32 personnel in the Office of State Auditor who are responsible for  
33 information technology security reviews pursuant to  
34 G.S. 147-64.6(c)(18) shall be subject to a criminal background report  
35 from the State Repository of Criminal Histories, which shall be  
36 provided by the State Bureau of Investigation upon receiving  
37 fingerprints from the personnel designated by the State Auditor. For  
38 designated personnel who have been residents of this State for less  
39 than five years, the background report shall include a review of  
40 criminal information from both the State and National Repositories of  
41 Criminal Histories. The criminal background reports shall be provided  
42 to the State Auditor.

1 (b) The information provided by State agencies to the State Chief Information  
2 Officer under this ~~subsection~~section is protected from public disclosure pursuant to  
3 G.S. 132-6.1(c)."

4 **SECTION 15.** G.S. 147-33.83 reads as rewritten:

5 "**§ 147-33.83. Information resources centers and services.**

6 (a) With respect to all executive departments and agencies of State government,  
7 except the Department of Justice if they do not elect at their option to participate, the  
8 Office of Information Technology Services shall have all of the following powers and  
9 duties:

- 10 (1) To establish and operate information resource centers and services to  
11 serve two or more departments on a cost-sharing basis, if the  
12 ~~Information Resources Management Commission~~State CIO, after  
13 consultation with the Office of State Management and Budget, decides  
14 it is advisable from the standpoint of efficiency and economy to  
15 establish these centers and services.
- 16 (2) With the approval of the ~~Information Resources Management~~  
17 ~~Commission, Office of State Budget and Management,~~ to charge each  
18 department for which services are performed its proportionate part of  
19 the cost of maintaining and operating the shared centers and services.
- 20 (3) ~~With the approval of the Information Resources Management~~  
21 ~~Commission, to~~To require any department served to transfer to the  
22 Office ownership, custody, or control of information processing  
23 equipment, supplies, and positions required by the shared centers and  
24 services.
- 25 (4) ~~With the approval of the Information Resources Management~~  
26 ~~Commission, to~~To adopt reasonable rules for the efficient and  
27 economical management and operation of the shared centers, services,  
28 and the integrated State telecommunications network.
- 29 (5) ~~With the approval of the Information Resources Management~~  
30 ~~Commission, to~~To adopt plans, policies, procedures, and rules for the  
31 acquisition, management, and use of information technology resources  
32 in the departments affected by this section to facilitate more efficient  
33 and economic use of information technology in these departments.
- 34 (6) To develop and promote training programs to efficiently implement,  
35 use, and manage information technology resources.
- 36 (7) To provide cities, counties, and other local governmental units with  
37 access to the Office of Information Technology Services, information  
38 resource centers and services as authorized in this section for State  
39 agencies. Access shall be provided on the same cost basis that applies  
40 to State agencies.

41 (b) No data of a confidential nature, as defined in the General Statutes or federal  
42 law, may be entered into or processed through any cost-sharing information resource  
43 center or network established under this section until safeguards for the data's security  
44 satisfactory to the department head and the State Chief Information Officer have been

1 designed and installed and are fully operational. Nothing in this section may be  
2 construed to prescribe what programs to satisfy a department's objectives are to be  
3 undertaken, nor to remove from the control and administration of the departments the  
4 responsibility for program efforts, regardless whether these efforts are specifically  
5 required by statute or are administered under the general program authority and  
6 responsibility of the department. This section does not affect the provisions of  
7 G.S. 147-64.6, 147-64.7, or 147-33.91.

8 (c) Notwithstanding any other provision of law, the Office of Information  
9 Technology Services shall provide information technology services on a cost-sharing  
10 basis to the General Assembly and its agencies as requested by the Legislative Services  
11 Commission."

12 **SECTION 16.** G.S. 147-33.84 reads as rewritten:

13 "**§ 147-33.84. Deviations authorized for Department of Revenue.**

14 (a) The Department of Revenue is authorized to deviate from any provision in  
15 G.S. 147-33.83(a) that requires departments or agencies to consolidate information  
16 processing functions on equipment owned, controlled, or under custody of the Office of  
17 Information Technology Services. All deviations pursuant to this section shall be  
18 reported in writing within 15 days by the Department of Revenue to the ~~Information~~  
19 ~~Resources Management Commission~~ State CIO and shall be consistent with available  
20 funding.

21 (b) The Department of Revenue is authorized to adopt and shall adopt plans,  
22 policies, procedures, requirements, and rules for the acquisition, management, and use  
23 of information processing equipment, information processing programs, data  
24 communications capabilities, and information systems personnel in the Department of  
25 Revenue. If the plans, policies, procedures, requirements, rules, or standards adopted by  
26 the Department of Revenue deviate from the policies, procedures, or guidelines adopted  
27 by the Office of Information Technology ~~Services or the Information Resources~~  
28 ~~Management Commission, Services,~~ those deviations shall be allowed and shall be  
29 reported in writing within 15 days by the Department of Revenue to the ~~Information~~  
30 ~~Resources Management Commission.~~ State CIO. The Department of Revenue and the  
31 Office of Information Technology Services shall develop data communications  
32 capabilities between the two computer centers utilizing the North Carolina Integrated  
33 Network, subject to a security review by the Secretary of Revenue.

34 (c) The Department of Revenue shall prepare a plan to allow for substantial  
35 recovery and operation of major, critical computer applications. The plan shall include  
36 the names of the computer programs, databases, and data communications capabilities,  
37 identify the maximum amount of outage that can occur prior to the initiation of the plan  
38 and resumption of operation. The plan shall be consistent with commonly accepted  
39 practices for disaster recovery in the information processing industry. The plan shall be  
40 tested as soon as practical, but not later than six months, after the establishment of the  
41 Department of Revenue information processing capability."

42 **SECTION 17.** G.S. 147-33.85 is repealed.

43 **SECTION 18.** G.S. 147-33.86 is repealed.

44 **SECTION 19.** G.S. 147-33.87 reads as rewritten:

1 **"§ 147-33.87. Financial reporting and accountability for information technology**  
2 **investments and expenditures.**

3 The Office of Information Technology Services, the Office of State Budget and  
4 Management, and the Office of the State Controller shall jointly develop a system for  
5 budgeting and accounting of expenditures for information technology operations,  
6 services, projects, infrastructure, and assets. The system shall include hardware,  
7 software, personnel, training, contractual services, and other items relevant to  
8 information technology, and the sources of funding for each. ~~This system must integrate~~  
9 ~~seamlessly with the enterprise portfolio management system.~~ Annual reports regarding  
10 information technology shall be coordinated by the Office with the Office of State  
11 Budget and Management and the Office of the State Controller, and submitted to the  
12 Governor, General Assembly, and the Information Resources Management Commission  
13 Governor and the General Assembly on or before October 1 of each year."

14 **SECTION 20.** G.S. 147-33.88 reads as rewritten:

15 **"§ 147-33.88. Information technology reports.**

16 (a) The Office shall develop an annual budget for review and approval by the  
17 ~~Information Resources Management Commission~~ Office of State Budget and  
18 Management prior to April 1 of each year. ~~A copy of the approved budget shall be~~  
19 ~~submitted to the Joint Select Committee on Information Technology and the Fiscal~~  
20 ~~Research Division.~~

21 (b) The Office shall report to the Joint Select Committee on Information  
22 Technology and the Fiscal Research Division on the Office's Internal Service Fund on a  
23 quarterly basis, no later than the first day of the second month following the end of the  
24 quarter. The report shall include current cash balances, line-item detail on expenditures  
25 from the previous quarter, and anticipated expenditures and revenues. The Office shall  
26 report to the Joint Select Committee on Information Technology and the Fiscal  
27 Research Division on expenditures for the upcoming quarter, projected year-end  
28 balance, and the status report on personnel position changes including new positions  
29 created and existing positions eliminated. The Office spending reports shall comply  
30 with the State Accounting System object codes."

31 **SECTION 21.** G.S. 147-33.89(b) reads as rewritten:

32 "(b) Each State agency shall submit its disaster recovery plan on an annual basis  
33 to the ~~Information Resource Management Commission~~ and the State Chief Information  
34 Officer."

35 **SECTION 22.** G.S. 147-33.90 reads as rewritten:

36 **"§ 147-33.90. Analysis of State agency legacy systems.**

37 (a) The Office of Information Technology ~~Services, in conjunction with the~~  
38 ~~Information Resources Management Commission,~~ Services shall analyze the State's  
39 legacy information technology systems and develop a plan to ascertain the needs, costs,  
40 and time frame required for State agencies to progress to more modern information  
41 technology systems.

42 (b) In conducting the legacy system assessment phase of the analysis, the Office  
43 shall:

- 1 (1) Examine the hierarchical structure and interrelated relationships within  
2 and between State agency legacy systems.
- 3 (2) Catalog and analyze the portfolio of legacy applications in use in State  
4 agencies and consider the extent to which new applications could be  
5 used concurrently with, or should replace, legacy systems.
- 6 (3) Consider issues related to migration from legacy environments to  
7 Internet-based and client/server environments, and related to the  
8 availability of programmers and other information technology  
9 professionals with the skills to migrate legacy applications to other  
10 environments.
- 11 (4) Study any other issue relative to the assessment of legacy information  
12 technology systems in State agencies.

13 ~~By March 1, 2004, the Office shall complete the assessment phase of the analysis and~~  
14 ~~shall make a report of the assessment to the Joint Legislative Commission on~~  
15 ~~Governmental Operations (Commission). Thereafter, the Office shall make an ongoing~~  
16 ~~annual report on these matters to the Commission by March 1 of each year.~~

17 (c) Upon completion of the legacy system assessment phase of the analysis, the  
18 Office shall ascertain the needs, costs, and time frame required to modernize State  
19 agency information technology. The Office shall complete this phase of the assessment  
20 by January 31, 2005, and shall report its findings and recommendations to the 2005  
21 General Assembly. The findings and recommendations shall include a cost estimate and  
22 time line for modernization of legacy information technology systems in State agencies.  
23 The Office shall submit an ongoing, updated report on modernization needs, costs, and  
24 time lines to the General Assembly on the opening day of each biennial session."

25 **SECTION 23.** G.S. 147-33.91 reads as rewritten:

26 "**§ 147-33.91. Telecommunications services; duties of State Chief Information**  
27 **Officer with respect to State agencies.**

28 (a) With respect to State agencies, the State Chief Information Officer shall  
29 exercise general coordinating authority for all telecommunications matters relating to  
30 the internal management and operations of those agencies. In discharging that  
31 responsibility, the State Chief Information ~~Officer may~~ Officer, in cooperation with  
32 affected State agency heads, ~~do such of the following things as the State Chief~~  
33 ~~Information Officer deems necessary and advisable;~~ may:

- 34 (1) Provide for the establishment, management, and operation, through  
35 either State ~~ownership~~ ownership, contract, or commercial leasing, of  
36 the following systems and services as they affect the internal  
37 management and operation of State agencies:
  - 38 a. Central telephone systems and telephone ~~networks;~~ networks.
  - 39 b. ~~Teleprocessing systems;~~
  - 40 c. ~~Teletype and facsimile services;~~
  - 41 d. ~~Satellite services;~~ services.
  - 42 e. Closed-circuit TV ~~systems;~~ systems.
  - 43 f. Two-way radio ~~systems;~~ systems.
  - 44 g. Microwave ~~systems;~~ and systems.

- 1 h. Related systems based on telecommunication technologies.
- 2 i. The 'State Network', managed by the Office, which means any
- 3 connectivity designed for the purpose of providing Internet
- 4 Protocol transport of information to any building.
- 5 (2) ~~With the approval of the Information Resources Management~~
- 6 ~~Commission, coordinate~~ Coordinate the development of cost-sharing
- 7 systems for respective user agencies for their proportionate parts of the
- 8 cost of maintenance and operation of the systems and services listed in
- 9 subdivision (1) of this ~~section~~ subsection.
- 10 (3) Assist in the development of coordinated telecommunications services
- 11 or systems within and among all State agencies and recommend, where
- 12 appropriate, cooperative utilization of telecommunication facilities by
- 13 aggregating users.
- 14 (4) Perform traffic analysis and engineering for all telecommunications
- 15 services and systems listed in subdivision (1) of this subsection.
- 16 (5) Pursuant to G.S. 143-49, establish telecommunications specifications
- 17 and designs so as to promote and support compatibility of the systems
- 18 within State agencies.
- 19 (6) Pursuant to G.S. 143-49 and G.S. 143-50, coordinate the review of
- 20 requests by State agencies for the procurement of telecommunications
- 21 systems or services.
- 22 (7) Pursuant to G.S. 143-341 and Chapter 146 of the General Statutes,
- 23 coordinate the review of requests by State agencies for State
- 24 government property acquisition, disposition, or construction for
- 25 telecommunications systems requirements.
- 26 (8) Provide a periodic inventory of telecommunications costs, facilities,
- 27 systems, and personnel within State agencies.
- 28 (9) Promote, coordinate, and assist in the design and engineering of
- 29 emergency telecommunications systems, including, but not limited to,
- 30 the 911 emergency telephone number program, Emergency Medical
- 31 Services, and other emergency telecommunications services.
- 32 (10) Perform frequency coordination and management for State agencies
- 33 and local governments, including all public safety radio service
- 34 frequencies, in accordance with the rules and regulations of the Federal
- 35 Communications Commission or any successor federal agency.
- 36 (11) Advise all State agencies on telecommunications management
- 37 planning and related matters and provide through the State Personnel
- 38 Training Center or the Office of Information Technology Services
- 39 training to users within State agencies in telecommunications
- 40 technology and systems.
- 41 (12) Assist and coordinate the development of policies and long-range
- 42 plans, consistent with the protection of citizens' rights to privacy and
- 43 access to information, for the acquisition and use of
- 44 telecommunications systems, and base such policies and plans on

1 current information about State telecommunications activities in  
2 relation to the full range of emerging technologies.

3 (13) Work cooperatively with the North Carolina Agency for Public  
4 Telecommunications in furthering the purpose of this section.

5 (b) The provisions of this section shall not apply to the Criminal Information  
6 Division of the Department of Justice or to the Judicial Information System in the  
7 Judicial Department."

8 **SECTION 24.** G.S. 147-33.95 reads as rewritten:

9 "(a) Notwithstanding any other provision of law, the Office of Information  
10 Technology Services shall procure all information technology for State agencies. ~~For~~  
11 ~~purposes of this section, agency means any department, institution, commission,~~  
12 ~~committee, board, division, bureau, office, officer, or official of the State, unless~~  
13 ~~specifically exempted in this Article.~~ The Office shall integrate technological review,  
14 cost analysis, and procurement for all information technology needs of those State  
15 agencies in order to make procurement and implementation of technology more  
16 responsive, efficient, and cost-effective. All contract information shall be made a matter  
17 of public record after the award of contract. ~~Provided, that trade~~ Trade secrets, test data,  
18 similar proprietary information, and security information protected under  
19 G.S. 132-6.1(c) may remain confidential.

20 (b) The Office shall have the authority and responsibility, subject to the  
21 provisions of this Part, to:

22 (1) Purchase or ~~to contract for, by suitable means, including, but not~~  
23 ~~limited to, negotiations, reverse auctions, and the solicitation, offer,~~  
24 ~~and acceptance of electronic bids, and in conformity with~~  
25 ~~G.S. 143-135.9, — for all information technology in the State~~  
26 government, or any of its departments, institutions, or agencies  
27 covered by this ~~Part, or to Part.~~ The Office may authorize any  
28 department, institution, or State agency covered by this Part to  
29 purchase or contract for such information technology. The Office or a  
30 State agency may use any authorized means, including negotiations,  
31 reverse auctions, and the solicitation, offer, and acceptance of  
32 electronic bids. G.S. 143-135.9 shall apply to these procedures.

33 (2) Establish processes, specifications, and standards ~~which that~~ shall  
34 apply to all information technology to be purchased, licensed, or  
35 leased in the State government or any of its departments, institutions,  
36 or agencies covered by this Part.

37 (3) Comply with the State government-wide technical architecture, as  
38 required by the ~~Information Resources Management Commission~~ State  
39 CIO.

40 (c) For purposes of this section, "reverse auction" means a real-time purchasing  
41 process in which vendors compete to provide goods or services at the lowest selling  
42 price in an open and interactive electronic environment. The vendor's price may be  
43 revealed during the reverse auction. The Office may contract with a third-party vendor  
44 to conduct the reverse auction.

1 (d) For purposes of this section, "electronic bidding" means the electronic  
2 solicitation and receipt of offers to contract. Offers may be accepted and contracts may  
3 be entered by use of electronic bidding.

4 (e) The Office may use the electronic procurement system established by  
5 G.S. 143-48.3 to conduct reverse auctions and electronic bidding. All requirements  
6 relating to formal and competitive bids, including advertisement, seal, and signature, are  
7 satisfied when a procurement is conducted or a contract is entered in compliance with  
8 the reverse auction or electronic bidding requirements established by the Office.

9 (f) The Office ~~may~~ shall adopt rules consistent with this section."

10 **SECTION 25.** G.S. 147-33.101(b) reads as rewritten:

11 "(b) Prior to submission of any contract for review by the Board of Awards  
12 pursuant to this section for any contract for information technology being acquired for  
13 the benefit of the Office and not on behalf of any other State agency, the Director of the  
14 Budget shall review and approve the procurement to ensure compliance with the  
15 established processes, specifications, and standards applicable to all information  
16 technology purchased, licensed, or leased in State government, including established  
17 procurement processes, and compliance with the State government-wide technical  
18 architecture as established by the ~~Information—Resources—Management~~  
19 ~~Commission~~.State CIO."

20 **SECTION 26.** G.S. 147-33.103(b) is repealed.

### 21 **PART III. OTHER CONFORMING CHANGES.**

22 **SECTION 27.** G.S. 66-58.12(c) reads as rewritten:

23 "(c) The fee imposed under subsection (b) of this section must be approved by the  
24 ~~Information Resource Management Commission, State Chief Information Officer,~~ in  
25 consultation with the Joint Legislative Commission on Governmental Operations. The  
26 revenue derived from the fee must be credited to a nonreverting agency reserve account.  
27 The funds in the account may be expended only for e-commerce initiatives and projects  
28 approved by the ~~Information Resource Management Commission, State Chief~~  
29 ~~Information Officer,~~ in consultation with the Joint Select Committee on Information  
30 Technology. For purposes of this subsection, the term 'public agencies' does not include  
31 a county, unit, special district, or other political subdivision of government."

32 **SECTION 28.** G.S. 66-58.20 reads as rewritten:

33 **"§ 66-58.20. Development and implementation of Web portals; public agency**  
34 **links.**

35 (a) The Office of Information Technology Services (ITS) shall develop the  
36 architecture, requirements, and standards for the development, implementation and  
37 operation of one or more centralized Web portals that will allow persons to access State  
38 government services on a 24-hour basis. ITS shall submit its plan for the  
39 implementation of the Web portals to the ~~Information Resource Management~~  
40 ~~Commission (IRMC)~~.State Chief Information Officer for its review and approval. When  
41 the plan is approved by the ~~IRMC, State Chief Information Officer,~~ ITS shall move  
42 forward with development and implementation of the statewide Web Portal system.

43 (b) Each State department, agency, and institution under the review of the ~~IRMC~~  
44 State Chief Information Officer shall functionally link its Internet or electronic services

1 to a centralized Web portal system established pursuant to subsection (a) of this  
2 section."

3 **SECTION 29.** G.S. 115C-102.6B reads as rewritten:

4 **"§ 115C-102.6B. Approval of State school technology plan.**

5 (a) The Commission shall present the State school technology plan it develops to  
6 the Joint Legislative Commission on Governmental Operations and the Joint Legislative  
7 Education Oversight Committee for their comments prior to January 1, 1995. At least  
8 every two years thereafter, the Commission shall develop any necessary modifications  
9 to the State school technology plan and present them to the Joint Legislative  
10 Commission on Governmental Operations and the Joint Legislative Education  
11 Oversight Committee.

12 (b) After presenting the plan or any proposed modifications to the plan to the  
13 Joint Legislative Commission on Governmental Operations and the Joint Legislative  
14 Education Oversight Committee, the Commission shall submit the plan or any proposed  
15 modifications to (i) the ~~Information Resources Management Commission~~ for its State  
16 Chief Information Officer for approval of the technical components of the plan set out  
17 in G.S. 115C-102.6A(1) through (4), and (ii) the State Board of Education for  
18 information purposes only. The State Board shall adopt a plan that includes the  
19 components of a plan set out in G.S. 115C-103.6A(1) through (16).

20 At least one-fourth of the members of any technical committee that reviews the plan  
21 for the ~~Information Resources Management Commission~~ State Chief Information  
22 Officer shall be people actively involved in primary or secondary education.

23 (c) If no changes are made to the plan or the proposed modifications to the plan  
24 after the submission to the ~~Information Resources Management Commission~~ State Chief  
25 Information Officer and the State Board of Education, the plan or the proposed  
26 modifications shall take effect upon approval by the ~~Information Resources~~  
27 ~~Management Commission~~ State Chief Information Officer and the State Board of  
28 Education."

29 **SECTION 30.** G.S. 115C-102.6C(a) reads as rewritten:

30 **"§ 115C-102.6C. Approval of local school system technology plans.**

31 (a) Each local board of education shall develop a local school system technology  
32 plan that meets the requirements of the State school technology plan. In developing a  
33 local school system technology plan, a local board of education is encouraged to  
34 coordinate its planning with other agencies of State and local government, including  
35 other local school administrative units.

36 The ~~Information Resources Management Commission~~ Office of Information  
37 Technology Services shall assist the local boards of education in developing the parts of  
38 the plan related to its technological aspects, to the extent that resources are available to  
39 do so. The Department of Public Instruction shall assist the local boards of education in  
40 developing the instructional and technological aspects of the plan.

41 Each local board of education shall submit the local plan it develops to the  
42 ~~Information Resources Management Commission~~ Office of Information Technology  
43 Services for its evaluation of the parts of the plan related to its technological aspects and  
44 to the Department of Public Instruction for its evaluation of the instructional aspects of

1 the plan. The State Board of Education, after consideration of the evaluations of the  
2 ~~Information Resources Management Commission~~ Office of Information Technology  
3 Services and the Department of Public Instruction, shall approve all local plans that  
4 comply with the requirements of the State school technology plan."

5 **SECTION 31.** G.S. 115C-102.7(b) reads as rewritten:

6 "(b) The Commission shall provide notice of meetings, copies of minutes, and  
7 periodic briefings to the ~~chair of the Information Resources Management Commission~~  
8 ~~and the chair of the Technical Committee of the Information Resources Management~~  
9 ~~Commission~~ Office of Information Technology Services."

10 **SECTION 32.** G.S. 115C-102.15(b)(16) reads as rewritten:

11 "(b) The Business and Education Technology Alliance shall be composed of 27  
12 members who have knowledge and interest in ensuring that the effective use of  
13 technology is built into the North Carolina School System for the purpose of preparing a  
14 globally competitive workforce and citizenry for the 21st century. These members shall  
15 be appointed as follows:

16 ...

17 (16) One representative of the ~~Information Resource Management~~  
18 ~~Commission~~ appointed by the Commission's Chair Office of  
19 Information Technology Services appointed by the State Chief  
20 Information Officer."

21 **SECTION 33.** G.S. 115C-472.5(d) reads as rewritten:

22 "(d) The Department of Public Instruction shall report to the ~~Information Resource~~  
23 ~~Management Commission~~ State Chief Information Officer on an annual basis on all  
24 loans made from the fund."

25 **SECTION 34.** G.S. 115C-529 reads as rewritten:

26 "**§ 115C-529. Useful life guidelines.**

27 The ~~Information Resource Management Commission~~ State Office of Information  
28 Technology Services shall develop and annually revise guidelines for determining the  
29 useful life of computers purchased under G.S. 115C-528. The Division of Purchase and  
30 Contract shall develop and periodically revise guidelines for determining the useful life  
31 of automobiles, school buses, and photocopiers purchased under G.S. 115C-528. The  
32 Local Government Commission shall develop and periodically revise guidelines for  
33 determining the useful life of mobile classroom units purchased under G.S. 115C-528.  
34 Guidelines for computers and photocopiers shall include provisions for upgrades during  
35 the term of the contract. The ~~Information Resource Management Commission~~, State  
36 Office of Information Technology Services, the Division of Purchase and Contract, and  
37 the Local Government Commission shall provide their respective guidelines to the State  
38 Board of Education by November 1, 1996. The State Board of Education shall provide  
39 the guidelines to local boards of education by January 1, 1997."

40 **SECTION 35.** G.S. 120-123(57) is repealed.

41 **SECTION 36.** G.S. 120-231(b) reads as rewritten:

42 "(b) The Committee may consult with the ~~Information Resource Management~~  
43 ~~Commission~~ State Chief Information Officer on statewide technology strategies and

1 initiatives and review all legislative proposals and other recommendations of the  
2 ~~Information Resource Management Commission, State Chief Information Officer.~~"

3 **SECTION 37.** G.S. 126-5(c1)(17) is repealed.

4 **SECTION 38.** G.S. 132-6.2(b) reads as rewritten:

5 "(b) Persons requesting copies of public records may request that the copies be  
6 certified or uncertified. The fees for certifying copies of public records shall be as  
7 provided by law. Except as otherwise provided by law, no public agency shall charge a  
8 fee for an uncertified copy of a public record that exceeds the actual cost to the public  
9 agency of making the copy. For purposes of this subsection, "actual cost" is limited to  
10 direct, chargeable costs related to the reproduction of a public record as determined by  
11 generally accepted accounting principles and does not include costs that would have  
12 been incurred by the public agency if a request to reproduce a public record had not  
13 been made. Notwithstanding the provisions of this subsection, if the request is such as to  
14 require extensive use of information technology resources or extensive clerical or  
15 supervisory assistance by personnel of the agency involved, or if producing the record  
16 in the medium requested results in a greater use of information technology resources  
17 than that established by the agency for reproduction of the volume of information  
18 requested, then the agency may charge, in addition to the actual cost of duplication, a  
19 special service charge, which shall be reasonable and shall be based on the actual cost  
20 incurred for such extensive use of information technology resources or the labor costs of  
21 the personnel providing the services, or for a greater use of information technology  
22 resources that is actually incurred by the agency or attributable to the agency. If anyone  
23 requesting public information from any public agency is charged a fee that the requester  
24 believes to be unfair or unreasonable, the requester may ask the ~~Information Resource~~  
25 ~~Management Commission, State Chief Information Officer~~ or his designee to mediate  
26 the dispute."

27 **SECTION 39.** G.S. 143-6 reads as rewritten:

28 "(b2) Any department, bureau, division, officer, board, commission, institution, or  
29 other State agency or undertaking desiring to request financial aid from the State for the  
30 purpose of acquiring or maintaining information technology as defined by  
31 G.S. 147-33.81(2) shall, before making the request for State financial aid, submit to the  
32 State Chief Information Officer (~~CIO~~)(State CIO) a statement of its needs in terms of  
33 information technology and other related requirements and shall furnish the State CIO  
34 with any additional information requested by the State CIO. The CIO shall then review  
35 the statement of needs ~~submitted by the requesting department, bureau, division, officer,~~  
36 ~~board, commission, institution, or other State agency or undertaking~~ and perform  
37 additional analysis, as necessary, to comply with ~~G.S. 147-33.82. Article 3D of Chapter~~  
38 147 of the General Statutes. All requests for financial aid for the purpose of acquiring or  
39 maintaining information technology shall be accompanied by a certification from the  
40 State CIO deeming the request for financial aid to be consistent with Article 3D of  
41 Chapter 147 of the General Statutes. The State CIO shall make recommendations to the  
42 Governor regarding the merits of requests for financial aid for the purpose of acquiring  
43 or maintaining information technology. This subsection shall not apply to requests for  
44 appropriations of less than one hundred thousand dollars (\$100,000)."

1           **SECTION 40.** G.S. 143-48.3(a1) reads as rewritten:

2           "(a1) The Department of Administration shall comply with the State  
3 government-wide technical architecture for information technology, as required by the  
4 ~~Information Resources Management Commission~~ State Chief Information Officer."

5           **SECTION 41.** G.S. 143-48.3(f) reads as rewritten:

6           "(f) Any State entity, local school administrative unit, or community college  
7 operating a functional electronic procurement system established prior to September 1,  
8 2001, may until May 1, 2003, continue to operate that system independently or may opt  
9 into the North Carolina E-Procurement Service. Each entity subject to this section shall  
10 notify the Office of Information Technology Services ~~Information Resources~~  
11 ~~Management Commission~~ by January 1, 2002, and annually thereafter, of by January 1  
12 of each year of its intent to participate in the North Carolina E-Procurement Service."

13           **SECTION 42.** G.S. 143-661(b)(5) reads as rewritten:

14           "(b) The Board shall consist of 21 members, appointed as follows:

15           ...

16           (5) One member appointed by the ~~Chair of the Information Resource~~  
17 ~~Management Commission, who is the Chair or a member of that~~  
18 ~~Commission, for a term to begin on September 1, 1996 and to expire~~  
19 ~~on June 30, 1999.~~ State Chief Information Officer."

20           **SECTION 43.** G.S. 143-663(a)(2) reads as rewritten:

21           "**§ 143-663. Powers and duties.**

22           (a) The Board shall have the following powers and duties:

23           ...

24           (2) To develop and adopt uniform standards and cost-effective  
25 information technology, after thorough evaluation of the capacity of  
26 information technology to meet the present and future needs of the  
27 State and, in consultation with the ~~Information Resource Management~~  
28 ~~Commission,~~ Office of Information Technology Services, to develop  
29 and adopt standards for entering, storing, and transmitting information  
30 in criminal justice databases and for achieving maximum compatibility  
31 among user technologies."

32           **SECTION 44.** G.S. 143-725(a) reads as rewritten:

33           "**§ 143-725. Council established; role of the Center for Geographic Information**  
34 **and Analysis.**

35           (a) Council Established. – The North Carolina Geographic Information  
36 Coordinating Council ("Council") is established to develop policies regarding the  
37 utilization of geographic information, GIS systems, and other related technologies. The  
38 Council shall be responsible for the following:

39           (1) Strategic planning.

40           (2) Resolution of policy and technology issues.

41           (3) Coordination, direction, and oversight of State, local, and private GIS  
42 efforts.

43           (4) Advising the Governor, the General Assembly, and the ~~Information~~  
44 ~~Resource Management Commission (IRMC)~~ State Chief Information

1            Officer as to needed directions, responsibilities, and funding regarding  
2            geographic information.

3            The purpose of this statewide geographic information coordination effort shall be to  
4 further cooperation among State, federal, and local government agencies; academic  
5 institutions; and the private sector to improve the quality, access, cost-effectiveness, and  
6 utility of North Carolina's geographic information and to promote geographic  
7 information as a strategic resource in the State. The Council shall be located in the  
8 Office of the Governor for organizational, budgetary, and administrative purposes."

9            **SECTION 45.** G.S. 143B-146.13 reads as rewritten:

10          "**§ 143B-146.13. School technology plan.**

11          (a) No later than December 15, 1998, the Secretary shall develop a school  
12 technology plan for the residential schools that meets the requirements of the State  
13 school technology plan. In developing a school technology plan, the Secretary is  
14 encouraged to coordinate its planning with other agencies of State and local  
15 government, including local school administrative units.

16          The ~~Information Resources Management Commission~~ Office of Information  
17 Technology Services shall assist the Secretary in developing the parts of the plan related  
18 to its technological aspects, to the extent that resources are available to do so. The  
19 Department of Public Instruction shall assist the Secretary in developing the  
20 instructional and technological aspects of the plan.

21          The Secretary shall submit the plan that is developed to the ~~Information Resources~~  
22 ~~Management Commission~~ Office of Information Technology Services for its evaluation  
23 of the parts of the plan related to its technological aspects and to the Department of  
24 Public Instruction for its evaluation of the instructional aspects of the plan. The State  
25 Board of Education, after consideration of the evaluations of the ~~Information Resources~~  
26 ~~Management Commission~~ Office of Information Technology Services and the  
27 Department of Public Instruction, shall approve all plans that comply with the  
28 requirements of the State school technology plan."

29          **SECTION 46.** G.S. 147-64.6(b)(18) reads as rewritten:

30          "(b) The Auditor shall be responsible for the following acts and activities:

31            ...

32          (18) The Auditor shall, after consultation and in coordination with the State  
33 Chief Information Officer, assess, confirm, and report on the security  
34 practices of information technology systems. If an agency has adopted  
35 standards pursuant to ~~G.S. 147-33.82(d)(1) or (2)~~, G.S. 147-33.111(a),  
36 the audit shall be in accordance with those standards. The Auditor's  
37 assessment of information security practices shall include an  
38 assessment of network vulnerability. The Auditor may conduct  
39 network penetration or any similar procedure as the Auditor may deem  
40 necessary. The Auditor may enter into a contract with a State agency  
41 under ~~G.S. 147-33.82(d)(3)~~ G.S. 147-33.111(c) for an assessment of  
42 network vulnerability, including network penetration or any similar  
43 procedure. Any contract with the Auditor for the assessment and  
44 testing shall be on a cost-reimbursement basis. The Auditor may

1 investigate reported information technology security breaches, cyber  
2 attacks, and cyber fraud in State government. The Auditor shall issue  
3 public reports on the general results of the reviews undertaken  
4 pursuant to this subdivision but may provide agencies with detailed  
5 reports of the security issues identified pursuant to this subdivision  
6 which shall not be disclosed as provided in G.S. 132-6.1(c). The  
7 Auditor shall provide the State Chief Information Officer with detailed  
8 reports of the security issues identified pursuant to this subdivision.  
9 For the purposes of this subdivision only, the Auditor is exempt from  
10 the provisions of Article 3 of Chapter 143 of the General Statutes in  
11 retaining contractors."

#### 12 **PART IV. STUDIES.**

13 **SECTION 47.(a)** Each State agency, with the exception of The University  
14 of North Carolina and its constituent institutions, the Administrative Office of the  
15 Courts, and the General Assembly shall conduct a thorough, agency-wide examination  
16 and analysis of its Information Technology (IT) infrastructure, including IT  
17 expenditures and management functions. The purpose of the examination is to enable  
18 the General Assembly, the State CIO, the Office of State Budget and Management, and  
19 the State Controller to readily determine the amount of State funds being expended  
20 annually on each and all IT functions. As part of this examination, each agency shall  
21 review IT contracts with outside vendors, including the adequacy of contract  
22 management, and shall consider the implementation of performance measures in the  
23 development of future IT contracts. Each agency shall also identify IT functions that  
24 could be performed more economically through statewide approach across all agencies.  
25 Each agency shall report its plan in a format developed and approved by the State CIO  
26 and the Office of State Budget and Management. Reports shall be submitted to the  
27 Office of State Budget and Management and the State CIO on or before March 1, 2005.

28 **SECTION 47.(b)** The Office of State Budget and Management, in  
29 conjunction with the State CIO, the Information Technology Advisory Board, and the  
30 State Controller, shall develop a plan to consolidate information technology  
31 infrastructure, staffing, and expenditures where a statewide approach would be more  
32 economical. The plan shall not include The University of North Carolina and its  
33 constituent institutions, the Administrative Office of the Courts, and the General  
34 Assembly. The plan shall consider agency-specific program needs. The plan shall  
35 include specific recommendations to convert contractor FTE to State positions for  
36 recurring activities where the contractor positions have been filled for 12 months,  
37 beginning July 1, 2003. In developing the recommendations for converting contractor  
38 positions, the OSBM shall consider the nature of the work being performed by the  
39 contractors, the level of technical expertise required for the work, and whether the use  
40 of State positions would be more economical. The plan also shall identify agencies that  
41 lack the budgetary and technical resources to operate modern, secure information  
42 technology systems, and propose a method of consolidating those information  
43 technology systems under a centralized authority, with the approval of the agency. The  
44 OSBM shall use reports compiled by each State agency, as required by subsection (a) of

1 this section, in the development of the plan. The office shall report the plan to the Joint  
2 Legislative Commission on Governmental Operations on or before January 1, 2006.

3 **PART V. APPLICABILITY AND EFFECTIVE DATE.**

4 **SECTION 48.** Nothing in this act shall be construed to require a State  
5 agency that has issued a request for proposals for an information technology project  
6 approved by the Information Resources Management Commission to seek approval of  
7 the information technology project by the State Chief Information Officer under  
8 G.S. 147-33.72C or otherwise revise the request for proposals.

9 **SECTION 49.** This act becomes effective July 1, 2004.