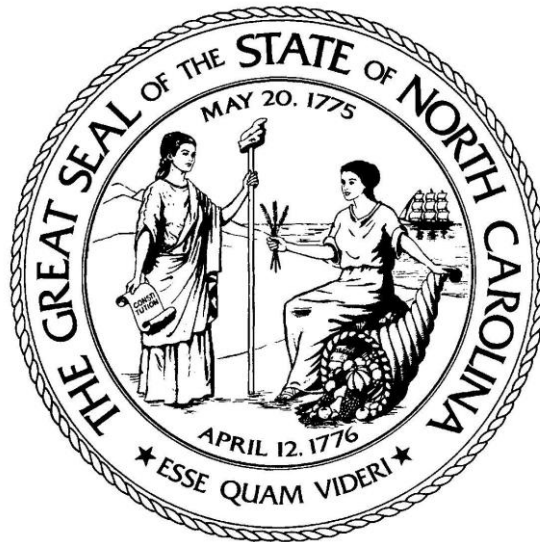


# **House Appropriations Committee on Information Technology**

## **Proposed Special Provisions for S.B. 257, Appropriations Act of 2017**



**May 25, 2017**

GENERAL ASSEMBLY OF NORTH CAROLINA



SPECIAL PROVISIONS  
HOUSE APPROPRIATIONS, INFORMATION TECHNOLOGY REPORT

MAY 24, 2017

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2017-DIT-H5(S37.1)i

Department of Information Technology  
House Appropriations, Information Technology

***GOVERNMENT DATA ANALYTICS CENTER/INFRASTRUCTURE AND OPERATIONS***

**SECTION 37.1.** Of the funds appropriated in this act to the Department of Information Technology, Government Data Analytics Center (GDAC), the sum of two million dollars (\$2,000,000) for the 2017-2018 fiscal year and the sum of two million dollars (\$2,000,000) for the 2018-2019 fiscal year shall be used to fund contract additions that support GDAC infrastructure and operations improvements, including security upgrades to comply with State and federal requirements, and to provide enhanced and expanded GDAC user services, data storage, data integration, and system maintenance.

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2017-DIT-H6(S37.2)-P

Department of Information Technology  
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***GOVERNMENT BUDGETS TRANSPARENCY/ACCOUNTABILITY/REPORTING***

**SECTION 37.2.** By September 1, 2017, the State Chief Information Officer, the State Controller, the Office of State Budget and Management (OSBM), and the State Chief Information Officer (State CIO) shall make a detailed written report to the chairs of the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on the status of efforts to effectuate the State budget transparency Internet Web site as mandated in Section 7.17 of S.L. 2015-241 to provide information on budget expenditures for each State agency for each fiscal year beginning 2015-2016. Specifically, the reports shall:

- (1) Include an explanation of coordination efforts with counties and local education agencies to facilitate the posting of their respective local entity budgetary and spending data on their respective Internet Web sites.
- (2) Account for how the appropriated General Funds in the amount of eight hundred fourteen thousand dollars (\$814,000) for the 2015-2016 fiscal year were or were not spent toward the purposes of implementation of the mandated transparency requirements.

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2017-DIT-H7(S37.3)i

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***DATA CENTER CONSOLIDATION***

**SECTION 37.3.(a)** The consolidation of State data centers shall continue as a priority for the 2017-2019 fiscal biennium, however, the Western Data Center in Rutherford County and the Eastern Data Center in Wake County may not be closed or consolidated without express authorization by the General Assembly.

**SECTION 37.3.(b)** Unless otherwise exempt, State agencies shall continue to use the State infrastructure to host their projects, services, data, and applications, except that the State Chief Information Officer may grant an exception if the State agency demonstrates any of the following:

- (1) Using an outside contractor would be more cost-effective for the State.
- (2) The Department of Information Technology does not have the technical capabilities required to host the application.
- (3) Valid security requirements preclude the use of State infrastructure, and a vendor can provide a more secure environment.

**SECTION 37.3.(c)** By December 1, 2017, the State Chief Information Officer shall present a report on data center consolidations to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division. On or before May 1, 2018, the State Chief Information Officer shall report to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on the number of physical servers eliminated across all departments as a result of data center consolidation and the savings associated with such elimination.

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2017-DIT-H8(S37.5)i

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***INFORMATION TECHNOLOGY INTERNAL SERVICE FUND/RATES***

**SECTION 37.5.(a)** During the 2017-2019 fiscal biennium:

- (1) Information Technology Internal Service Fund receipts for the 2017-2018 fiscal year shall not exceed two hundred five million dollars (\$205,000,000).
- (2) Information Technology Internal Service Fund receipts for the 2018-2019 fiscal year shall not exceed two hundred five million dollars (\$205,000,000).

Rates approved by the Office of State Budget and Management during the 2017-2019 fiscal biennium to support the Information Technology Internal Service Fund shall be based on the fund limit set in this section.

Information Technology Internal Service Fund receipts may be increased for specific purposes only after consultation with the Joint Legislative Commission on Governmental Operations each time a requirement necessitating an increase is identified.

**SECTION 37.5.(b)** For the 2017-2018 fiscal year, receipts in excess of requirements, including information technology equipment and fixtures, shall be maintained in a separate account to be managed by the Office of State Budget and Management. The amounts received shall be used for the following purposes:

- (1) To offset agency budget shortfalls resulting from Department of Information Technology rate increases.
- (2) To offset Department of Information Technology Internal Service Fund budget shortfalls, if approved by the Office of State Budget and Management.

**SECTION 37.5.(c)** For the 2018-2019 fiscal year, budget requirements and associated rates shall be developed based on actual service costs for fiscal year 2016-2017. These budget requirements and associated rates shall be developed and reported to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division by October 1, 2018.

**SECTION 37.5.(d)** Receipts collected for Information Technology Internal Service Fund services shall only be used for the specific purposes for which they were collected and, to the extent not already appropriated, are hereby appropriated for those purposes. Funds collected for information technology equipment and fixtures shall be separately maintained and accounted for by the Department of Information Technology, and such funds shall be used only for the replacement of the fixtures and equipment for which the funds were collected.

**SECTION 37.5.(e)** By December 1, 2017, the Department of Information Technology shall report to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on the development of rates and the means and methods by which it is in compliance with the requirements of this section.

**SECTION 37.5.(f)** The State Chief Information Officer shall ensure that bills from the Department of Information Technology are easily understandable and fully transparent. If a State agency fails to pay its IT Internal Service Fund bill within 30 days of receipt, the Office of State Budget and Management may transfer funds from the agency to fully or partially cover

1 the cost of the bill from that agency to the IT Internal Service Fund following notification of  
2 the affected agency.

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2017-DIT-H9(S37.6)-P

Department of Information Technology  
House Appropriations, Information Technology

***ENTERPRISE RESOURCE PLANNING***

**SECTION 37.6.(a)** The Department of Information Technology shall collaborate with the Office of State Budget and Management and the Office of State Controller to continue to develop a fully consolidated statewide ERP solution. To that end, of the funds appropriated in this act to the Statewide Reserves, the sum of three million two hundred thousand dollars (\$3,200,000) for the 2017-2018 fiscal year and the sum of ten million dollars (\$10,000,000) for the 2018-2019 fiscal year shall be allocated to the Department of Information Technology for Enterprise Resource Planning (ERP) projects.

**SECTION 37.6.(b)** The Department of Information Technology shall annually report on the progress of the ERP projects to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on or before January 1.



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SPECIAL PROVISION



2017-DIT-H10(S37.7)-P

Department of Information Technology  
House Appropriations, Information Technology

**COMMUNITY COLLEGE SYSTEM ENTERPRISE RESOURCE PLAN DESIGN AND  
IMPLEMENTATION REVISIONS**

**SECTION 37.7.** Section 7.10A of S.L. 2016-94 reads as rewritten:

**"COMMUNITY COLLEGES SYSTEM ERP DESIGN AND IMPLEMENTATION**

**"SECTION 7.10A.(a)** The North Carolina Community Colleges System Office, in consultation with the Department of Information Technology, shall begin planning and design of a modernized ERP for the State's 58 community colleges. The ERP system shall address, at a minimum, student information system, core financial management, grants, human resource management, and payroll. The planning and design of the ERP system may include either a modernization of the current system or a replacement system. ~~A request for proposal for a replacement system implementation shall be prepared for release~~ The Department of Information Technology shall approve a request for proposal for the North Carolina Community Colleges System Office for the services necessary to continue the ERP design process no later than October 1, 2017, 30 days following the certification of the State budget for the 2017-2018 fiscal year. The North Carolina Community Colleges System Office may use funds from the North Carolina Community College IT Systems Budget Code 26802 to support planning and request for proposal development efforts; provided, that the total amount expended for the project does not exceed one million dollars (\$1,000,000). To the extent that these funds have not been appropriated for the 2016-2017 fiscal year elsewhere, they are hereby appropriated.

**"SECTION 7.10A.(b)** The North Carolina Community Colleges System Office shall submit a preliminary report on the planning and implementation of the enterprise resource planning system to the Joint Legislative Oversight Committee on Information Technology on or before January 15, 2017. ~~The report shall identify~~ By no later than October 1, 2017, the System Office shall report on the results of the planning and design effort, including at least all of the following information:

- (1) Proposed sequence of functional and site implementation.
- (2) A phased-in contracting plan with checkpoints to facilitate budgeting and program management.
- (3) The feasibility of a cloud-based component.
- (4) Cost estimate for full implementation."

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2017-DIT-H1-P

Department of Information Technology  
House Appropriations, Information Technology

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***ESTABLISH ROTATIONAL DEVELOPMENT PROGRAM FOR STATE INFORMATION  
TECHNOLOGY***

**SECTION #.** The Department of Information Technology shall develop a rotational development program (RDP) for its Statewide Information Technology Division and for information technology procurement. The RDP shall coordinate with participating agencies, as defined in G.S. 143B-1320, to utilize existing agency staff on a quarterly basis to supplement Department resources and to expand opportunities for education and cross-functional training.

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2017-DIT-H2-P

Department of Information Technology  
House Appropriations, Information Technology

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**RISK AND VULNERABILITY ASSESSMENT**

**SECTION #.(a)** The Department of Information Technology shall coordinate with each participating agency, as defined in G.S. 143B-1320, to conduct a risk and vulnerability assessment (RVA). The RVA shall consider, at a minimum, all of the following for each participating agency:

- (1) The existing network infrastructure and configuration, including all interconnectivity and supported protocols and network services offered.
- (2) Publicly available information and data accessible via agency Web sites.
- (3) An inventory of all agency hardware and its operating systems and network management systems.
- (4) An inventory of all applications, data storage devices and systems, and identification and authentication measures.
- (5) Existing security systems and components, including antivirus, firewalls, and network monitoring.
- (6) Network application processes and formal and informal policies, procedures, and guidelines.
- (7) All applicable laws, regulations, and industry best practices.

**SECTION #.(b)** The Department shall prepare a mitigation plan based upon the RVA conducted pursuant to this section and shall submit the RVA and the plan to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on or before February 1, 2018.

**SECTION #.(c)** Of the funds appropriated to the Department of Information Technology for the 2017-2019 fiscal biennium, the sum of two million dollars (\$2,000,000) from the Information Technology Reserve Fund balance shall be used to conduct the RVA and mitigation plan pursuant to this section.

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2017-DIT-H3-P

Department of Information Technology  
House Appropriations, Information Technology

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***DIT ENCRYPTED DEVICE STUDY***

**SECTION #.** The Department of Information Technology shall conduct a study on the use of encrypted mobile information storage devices. The study shall consider potential benefits, risks, and costs of implementing and utilizing encrypted mobile information storage devices, including any identifiable issues relating to interfacing or networking with existing State resources. The Department shall submit the results of the study to the Joint Legislative Oversight Committee and the Fiscal Research Division on or before January 15, 2018.

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2017-DIT-H4-P

Department of Information Technology  
House Appropriations, Information Technology

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1 ***NETWORK SEGMENTATION AND AUTOMATION***

2       **SECTION #.** In an effort to better protect critical State infrastructure and data, the  
3 Department of Information Technology shall incorporate network segmentation and automation  
4 into its statewide cybersecurity policy and shall require participating agencies, as defined in  
5 G.S. 143B-1320, to adopt solutions and security controls that isolate and segment sensitive  
6 information.