

SENATE BILL REPORT

SB 5572

As Reported by Senate Committee On:
State Government, February 17, 2017

Title: An act relating to oversight of the state procurement and contracting for information technology goods and services.

Brief Description: Providing oversight of the state procurement and contracting for information technology goods and services.

Sponsors: Senators Hunt and Miloscia; by request of Office of the Chief Information Officer.

Brief History:

Committee Activity: State Government: 2/10/17, 2/17/17 [DPS-WM, DNP].

Brief Summary of Substitute Bill

- Requires the Department of Enterprise Services (DES) to consult with the Office of the state Chief Information Officer regarding information technology (IT) goods and services to ensure consistency with standards and policies to govern IT.
- Requires DES to provide excellence assessments of its information technology contract operations.

SENATE COMMITTEE ON STATE GOVERNMENT

Majority Report: That Substitute Senate Bill No. 5572 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Miloscia, Chair; Zeiger, Vice Chair; Hunt, Ranking Minority Member; Pearson.

Minority Report: Do not pass.

Signed by Senator Kuderer.

Staff: Melissa Van Gorkom (786-7491)

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Background: Office of the Chief Information Officer (OCIO). OCIO was created in 2011 within the Consolidated Technology Services (CTS) agency and is responsible for the preparation and implementation of a strategic IT plan and enterprise architecture for the state.

Department of Enterprise Services. DES is responsible for the development and oversight of policy for the procurement of goods and services by all state agencies, including procurement processes for IT goods and services; and implementation of an enterprise system for electronic procurement.

The DES Director (Director) must adopt rules, policies, and guidelines governing procurement. The Director has the sole authority to:

- enter into master contracts on behalf of the state; and
- delegate authorization to purchase goods and services to agencies. Such authorization must specify restrictions as to dollar amount or specific types of goods and services, based on a risk assessment process. Delegation does not exempt the agency from conformance to the policies established by the Director.

DES also adopts uniform policies and procedures for the effective and efficient management of contracts by all state agencies. All contracts for purchases of goods and services must be based on a competitive solicitation process. DES may grant exemptions from competitive solicitation, including emergency contracts, sole source contracts, and direct buy purchases.

DES must provide expertise and training on best practices for state procurement. State agency employees responsible for procurement must complete the training or certification programs. No agency employee may execute or manage contracts unless the training and certification requirements have been met. DES may exempt an employee or a group of employees from the training or certification requirement.

Summary of Bill (First Substitute): DES is required to consult with OCIO regarding IT goods and services to ensure consistency with standards and policies to govern IT.

DES must coordinate with OCIO on purchasing for IT goods and services and may delegate authority to CTS to enter into master contracts for IT goods and services. Delegation does not exempt the agency from conformance to the policies established by the Director;

DES is required to provide excellence assessments of its information technology contract operations by a trained examiner using a framework published by the national institutes of standards and technology every two years and provide the completed assessment and feedback report to the legislature and the governor. The agency's goal is to achieve a 60 percent excellence assessment score within seven years of its first assessment. If DES achieves the goal, the agency must apply for a NIST performance award, and may conduct less-frequent excellence assessments. If DES fails to achieve the goal, the agency must achieve certification under an internationally recognized quality management system, such as ISO 9001, or its equivalent, within seven years of the first excellence assessment.

OCIO must: be notified, within three business days, of any emergency purchase of IT goods and services; review and provide recommendations for any submittal for a sole source

contract for IT goods and services; and approve any designation of mandatory use master contracts or delegation of authority to an agency for purchase of IT goods and services.

Training and certification programs for procurement of IT goods and services must be developed and provided in partnership with OCIO.

EFFECT OF CHANGES MADE BY STATE GOVERNMENT COMMITTEE (First Substitute):

- Adds excellence assessment requirements for information technology contracts.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: This aligns IT procurement authority with the oversight responsibility that the OCIO has. Looking at project success factors, what we have found is that if a project does not start well, you suffer all the way through the project. This change gets OCIO involved earlier so that the state can set themselves up for success on IT projects. OCIO would work in coordination with DES through the procurement process.

Persons Testifying: PRO: Senator Sam Hunt, Prime Sponsor; Rob St. John, Office of the Chief Information Officer; Michael Cockrill, WaTech Director & Washington State Chief Information Officer.

Persons Signed In To Testify But Not Testifying: No one.