

SESSION OF 2015

**SUPPLEMENTAL NOTE ON SENATE BILL NO. 7**

As Amended by Senate Committee of the Whole

**Brief\***

SB 7, as amended, would require the Legislative Division of Post Audit (LPA) to conduct information technology audits, as directed by the Legislative Post Audit Committee and establish the Office of Information Technology Services (OITS) as a separate state agency for budgetary purposes. The OITS budget would be submitted separately from the Department of Administration budget.

Information technology audit work could include assessment of security systems and continuous audits of ongoing information technology projects of any state agency or entity subject to financial or performance compliance audit requirements in current law (e.g. local subdivisions of government or agencies that receive money from or through the State, persons who receive grants or gifts from or through the State, and persons regulated or licensed by a State agency who operate for the benefit of a State institution, with the exception of utilities).

The bill also would authorize the LPA to communicate the findings of these audits, outside of the regularly scheduled meetings, to the Legislative Post Audit Committee, the Joint Committee on Information Technology, and the governmental branch Chief Information Technology Officers (CITOs) in certain circumstances.

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

## **Background**

Under current law, State information technology (IT) projects have three levels of oversight including the Enterprise Project Management Office with the Office of Information Technology Services (OITS), the CITO for each branch of government, and periodic reports by the Legislative CITO to the Joint Committee on Information Technology (JCIT).

The bill was introduced by the Legislative Post Audit Committee. The Legislative Post Auditor testified in support of the bill at the Senate Ways and Means Committee hearing. The Post Auditor indicated, despite the three levels of oversight, many recent State of Kansas IT projects had experienced significant cost overruns, including the Department of Labor Unemployment Insurance Modernization Project and the Kansas Department of Revenue Motor Vehicle System vehicle and licensing upgrade project.

The CITO for the Kansas Bureau of Investigation (KBI) testified neutrally on the bill. The CITO expressed concerns regarding granting LPA access to KBI computer systems that contain confidential informant files, whistle-blower information, and background investigations on personnel who are employees in the Governor's Office. The KBI official requested the provision regarding data mining be removed or further clarified.

The Senate Ways and Means Committee amendment clarifies that any IT system maintained or administered by a State agency may be audited, in addition to other entities that do business with the State. The Senate Committee also adopted an amendment to remove provisions allowing LPA to engage in data mining of electronic records in order to examine records for waste, fraud, and abuse, as well as other issues, as directed by the Legislative Post Audit Committee.

The fiscal note prepared by the Division of the Budget indicates the bill, as introduced, would have no fiscal impact. According to LPA, any additional audit work performed as a result of the enactment of the bill would be done by its existing staff.

The Senate Committee of the Whole amendment inserts the provisions of SB 4, as introduced, to establish the OITS as a separate state agency for budgetary purposes, into SB 7. The original contents of SB 4 were removed and it became the FY 2015 Supplemental Appropriations bill.

#### **SB 4**

The Legislative Post Auditor testified neutrally to the bill, as introduced. He indicated OITS receives little oversight over its rate structure and the proposed bill would allow the Legislature to inspect the agency more closely and limit the agency expenditures.

No proponents or opponents testified.

OITS is included within the off-budget portion of the Department of Administration budget but the Department of Administration does not exercise operational control of the program.

The fiscal note prepared by the Division of the Budget on the SB 4, as introduced, indicates there would be no fiscal effect to the state budget.