

*Colorado Legislative Council Staff Fiscal Note*  
**STATE AND STATUTORY PUBLIC ENTITY  
 CONDITIONAL FISCAL IMPACT**

**Drafting Number:** LLS 10-1025  
**Prime Sponsor(s):** Rep. Ferrandino

**Date:** April 19, 2010  
**Bill Status:** House SVMA  
**Fiscal Analyst:** Kerry White (303-866-3469)

**TITLE:** CONCERNING THE MANAGEMENT OF INFORMATION TECHNOLOGY IN STATE AGENCIES.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
<b>State Revenue</b>		
<b>State Expenditures</b>	See State Expenditures Section	
<b>FTE Position Change</b>		
<b>Effective Date:</b> Upon signature of the Governor, or upon becoming law without his signature.		
<b>Appropriation Summary for FY 2010-2011:</b> None required.		
<b>Local Government Impact:</b> None.		

**Summary of Legislation**

This bill sets reporting standards and time frames for certain information technology projects and for the State Internet Portal Authority. These provisions are described in greater detail below:

*Collaboration, Office Productivity, and Electronic Mail Solutions (COPE)* are defined as electronic mail, calendar, instant messaging, video conferencing, word processing, spreadsheets, or other applications that are provided through the internet. The Governor's Office of Information Technology (OIT) is directed to report to certain legislative committees whenever it initiates a COPE as of January 1, 2010, as follows:

- an implementation plan, cost-benefit analysis, and an analysis that demonstrates that the COPE's implementation conforms with the state agency's security plan and other security safeguards are to be included with each initial report;
- after the initial report, quarterly progress reports are required for 2 years; and
- reporting requirements are repealed as of July 1, 2014.

***State Internet Portal Authority (SIPA) Reports***

- the State Auditor is required to conduct or initiate annual financial audits of the SIPA, to be paid for by the same, and may also conduct periodic performance audits of the SIPA, to be paid for by the State Auditor through annual appropriations;
- the State Auditor is required to submit a written report to the Legislative Audit Committee upon completion of a financial or performance audit of the SIPA; and

- the SIPA is required to report on the total fees charged by each state agency for accessing electronic information and services through the SIPA in the prior fiscal year, as well as the amount of revenue derived by the SIPA from these transactions.

### **State Expenditures**

This bill has a conditional fiscal impact, as discussed below.

*The OIT* is required to report on any COPE implemented as of January 1, 2010. This analysis assumes that the OIT can develop the initial implementation plan and cost-benefit analysis, as well as quarterly reports, within existing resources. The OIT will need to obtain certain data elements from the SIPA in order to create an analysis that demonstrates that the COPE's implementation conforms with a state agency's security plan and other security safeguards. To the extent that the OIT is able to utilize available data to satisfy the reporting requirement, no costs will be incurred. Should the OIT determine it requires additional information from the SIPA, this may create conditional costs for a consultant of up to \$10,000 per occurrence. The fiscal note assumes that the OIT will address any funding requirements through the budget process.

*The Office of the State Auditor* is required to report on any financial or performance audit completed on the SIPA, the costs for which can be absorbed within existing resources. The state auditor is also required to fund any performance audits that it chooses to initiate for the SIPA. As a performance audit is to be performed at the discretion of the state auditor, the fiscal note assumes that if and when it is completed, its cost may be as high as \$150,000. This analysis also assumes that it would be performed in place of a performance audit for another state agency and therefore does not increase net state expenditures.

*Other State Agencies* may incur costs related to SIPA's requirement to provide fee and revenue reports for certain transactions made through the state internet portal. As the SIPA does not track billings by state agency, it may require up to \$6,500 to develop a reporting template and \$3,255 to prepare the report in future years. The SIPA recovers its costs through user fees, and is likely to recover these costs from impacted state agencies. The fiscal note assumes that any increased costs to a specific state agency will be minimal and can be absorbed within existing appropriations.

### **Statutory Public Entity Impact**

The SIPA, as discussed above, is required to provide fee and revenue reports for state agency transactions and fund annual financial audits. Any costs for the fee and revenue reports will be recovered through user fees. The annual financial audit is estimated to cost \$21,500 per year and is provided for in the SIPA's budget.

### **Departments Contacted**

Governor's Office of Information Technology  
State Auditor

Joint Budget Committee  
State Internet Portal Authority