

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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SENATE BILL 315

Government Performance Audit Select Committee Substitute Adopted 4/1/93
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Short Title: GPAC/Info. Tech. Briefings.

(Public)

Sponsors:

Referred to: Appropriations.

February 23, 1993

A BILL TO BE ENTITLED

**AN ACT TO IMPLEMENT RECOMMENDATIONS OF THE GOVERNMENT
PERFORMANCE AUDIT COMMITTEE RELATING TO INFORMATION
TECHNOLOGY, TELECOMMUNICATIONS, PURCHASE AND CONTRACT,
ECONOMIC DEVELOPMENT, AND RELATED GENERAL GOVERNMENT
MATTERS.**

The General Assembly of North Carolina enacts:

PART I—INFORMATION TECHNOLOGY

Section 1. The State Information Processing Services (hereafter referred to as "SIPS") shall prepare and document a plan for developing and implementing a technically competent and adequately staffed performance analysis and capacity planning operation for its information systems and telecommunications networks. As part of its plan, SIPS shall propose to the Information Resource Management Commission (hereafter referred to as "IRMC") the implementation of the computer programs necessary to support performance analysis and capacity planning operations. SIPS shall present the written plan to the IRMC for approval and implementation not later than December 31, 1993.

Sec. 1.1. SIPS shall evaluate and simplify its procedures and processes for billing customers for use of its services. SIPS shall submit a plan for implementing the

1 new billing procedures and processes to the IRMC for approval and implementation not
2 later than July 1, 1993.

3 Sec. 1.2. SIPS shall evaluate and redesign the billing report format that it
4 provides to its customers in order to meet their information needs. SIPS shall submit a
5 plan for implementing the new billing report format to the IRMC for approval and
6 implementation not later than July 1, 1993.

7 Sec. 1.3. The IRMC shall adopt not later than July 1, 1993, written
8 procedures for setting rates charged to customers of the SIPS computing, consulting,
9 telecommunications, and related services.

10 Sec. 1.4. SIPS shall prepare an evaluation of costs and benefits of
11 implementing leasing as a financing strategy for purchasing its mainframe computers.
12 This evaluation shall include an analysis of the requirements for annual reserve fund
13 accumulations at SIPS and the effect on total billing rates for SIPS' client agencies.
14 This evaluation shall include an analysis of any statutory changes or constitutional
15 changes that would be required to permit such leasing procedures for mainframe
16 computers. SIPS shall submit the report to the Office of State Budget and Management,
17 the Office of State Controller, the IRMC, and the Joint Legislative Commission on
18 Governmental Operations not later than July 1, 1993.

19 Sec. 1.5. SIPS shall develop a written plan for a program to provide technical
20 leadership and support in a variety of information technologies to agencies throughout
21 State government. SIPS shall present the written plan to the IRMC for approval and
22 implementation not later than December 31, 1993.

23 Sec. 1.6. SIPS shall prepare a written plan for developing and implementing
24 a training program that will focus its training services in information technologies,
25 software tools, and technical management techniques in which its clients have growing
26 needs. SIPS shall present the written plan to the IRMC for approval and
27 implementation not later than December 31, 1993.

28 Sec. 1.7. SIPS shall prepare a written plan for setting technical standards for
29 the design, development, and implementation of all new application systems to be run at
30 its data center. SIPS shall present the written plan to the IRMC for approval and
31 implementation not later than December 31, 1993.

32 Sec. 1.8. SIPS shall prepare a written plan for (i) evaluating the support it
33 provides to Local Area Network (hereafter referred to as "LAN") clients and users in
34 State agencies, (ii) determining the most appropriate levels of LAN support it can
35 provide to State agencies, and (iii) deploying LANs in State agencies where LANs are
36 determined to be needed and useful. SIPS shall present the written plan to the IRMC
37 for approval and implementation not later than December 31, 1993.

38 Sec. 1.9. SIPS shall prepare a written plan for updating its LAN guidelines
39 and standards in such a manner that will support alternative approaches to designing and
40 implementing LANs in State agencies. SIPS shall present the written plan to the IRMC
41 for approval and implementation not later than December 31, 1993.

42 Sec. 1.10. SIPS shall prepare a written plan for providing training for its staff
43 and for preparing standards and procedures to be used in computer-aided software
44 engineering applications development at SIPS. SIPS shall present the written plan to

1 the IRMC for approval not later than December 31, 1993, and shall implement the plan
2 upon this approval.

3 Sec. 1.11. SIPS shall develop a written plan for providing service to its
4 customers that incorporates SIPS needs to be competitive in the total costs of such
5 services to SIPS customers. The plan shall compare SIPS service plans and capabilities
6 with services from alternative sources of technology, such as purchase of service from
7 commercial vendors and purchase of agency computers and networks that are smaller
8 than mainframes. SIPS shall present the written plan to the IRMC for approval not later
9 than September 1, 1993.

10 Sec. 1.12. SIPS shall develop a written plan (i) for instituting a client service
11 management program and (ii) for instituting procedures for improving its relations with
12 all of its customers. SIPS shall submit the written plan to the IRMC for approval not
13 later than September 1, 1993, and shall implement the plan upon this approval.

14 Sec. 1.13. SIPS shall develop specific measures of service performance that
15 are oriented to meeting the needs of its clients and shall develop written service level
16 agreements for committing to meet these performance standards when requested to do
17 so by a user of SIPS services. SIPS shall submit the measures of service performance
18 and its plans for instituting service level agreements with clients to the IRMC for
19 approval not later than September 1, 1993, and shall begin the service level agreement
20 process upon approval of its plan by the IRMC.

21 Sec. 1.14. The IRMC shall develop a written plan and guidelines for agencies
22 to adopt a uniform set of policies, procedures, and standards relating to the procurement,
23 management, and use of information and telecommunications technology. The IRMC
24 shall present the written plan and guidelines to the Joint Legislative Commission on
25 Governmental Operations not later than September 30, 1993.

26 Sec. 1.15. The IRMC shall develop a written plan for encouraging and
27 assisting agencies to link their information technology plans to their program objectives
28 throughout the agency. The IRMC shall deliver its written plan to the Joint Legislative
29 Commission on Governmental Operations not later than September 30, 1993.

30 Sec. 1.16. The IRMC shall develop a written plan and procedure by which
31 every agency under its jurisdiction shall submit its information technology plans for
32 review and comment by either IRMC staff or information resource managers selected
33 by the IRMC from at least two other agencies. The purpose of these reviews shall be to:

- 34 (1) Familiarize agencies with other agencies' information technology
35 operations, and
- 36 (2) Provide constructive reviews and suggestions for agencies' information
37 technology operations.

38 The plan and procedure developed by the IRMC shall result in every agency under its
39 jurisdiction having its information technology plans reviewed at least once every three
40 years. The IRMC shall deliver the written plan for this review procedure to the Joint
41 Legislative Commission on Governmental Operations not later than December 31,
42 1993.

43 Sec. 1.17. SIPS shall prepare a written plan for linking its strategic and
44 operational plans to the information technology plans and policies of its customers and

1 client agencies. SIPS shall deliver this plan to the IRMC not later than December 31,
2 1993, and shall implement the plan upon receiving approval of the plan.

3 Sec. 1.18. SIPS shall develop a written plan to strengthen its problem
4 reporting operations. SIPS shall present the written plan to the IRMC for approval and
5 implementation not later than December 31, 1993.

6 Sec. 1.19. SIPS shall develop a plan for a quality assurance operation inside
7 its organizational structure. SIPS shall present the written plan to the IRMC for
8 approval and implementation not later than December 31, 1993.

9 Sec. 1.20. SIPS shall develop a plan to combine the two sides of its
10 mainframe computer into a single image system. SIPS shall present the written plan to
11 the IRMC for approval and implementation not later than December 31, 1993.

12 Sec. 1.21. SIPS shall develop a plan to make operational a fully functional
13 change management system concerning its computer resources, telecommunications
14 resources, and consulting services. SIPS shall present the written plan to the IRMC for
15 approval and implementation not later than December 31, 1993.

16 Sec. 1.22. SIPS shall prepare a written plan for a version/release approach to
17 maintaining all production systems on SIPS' mainframe computers. The plan shall
18 cover production systems maintained either by SIPS or by the agencies using the SIPS
19 mainframe computers. SIPS shall present the written plan to the IRMC for approval
20 and implementation not later than December 31, 1993.

21 Sec. 1.23. SIPS shall prepare a documented plan for a training program to
22 cross-train its system programmers to provide more backup staff resources for critical
23 systems products and applications. SIPS shall present the written plan concerning the
24 training program to the IRMC for approval and implementation not later than December
25 31, 1993.

26 Sec. 1.24. SIPS shall update all job title classifications for its employees, in
27 conjunction with the Office of State Personnel, not later than December 31, 1993.

28 Sec. 1.25. The IRMC shall prepare and adopt a plan for sponsoring periodic
29 briefings for senior executive agency officials, senior judicial branch officials, and
30 members of the General Assembly on major topics, issues, trends, and developments in
31 information technology.

32 The IRMC shall present the plan for the briefings to the Joint Legislative
33 Commission on Governmental Operations not later than July 1, 1993, and shall
34 implement the plan, incorporating where possible and practicable any revisions
35 suggested by the Joint Legislative Commission on Governmental Operations,
36 immediately after the presentation.

37 The IRMC shall prepare and deliver a written report to the Joint Legislative
38 Commission on Governmental Operations not later than December 31, 1993, listing (i)
39 the number of such briefings held during 1993, (ii) a brief description of the contents of
40 the briefings, (iii) a list of persons from the three branches of government who attended
41 the meetings, (iv) an evaluation of the effectiveness of the meetings, and (v) plans for
42 future meetings.

43 Sec. 1.26. The IRMC, working in coordination with the Office of State
44 Personnel and the personnel officers in the executive agencies, shall develop a written

1 plan for continuously updating information technology position descriptions at the State
2 Information Processing Services and all executive agencies to reflect current
3 qualifications requirements for those positions. The IRMC shall present the results of
4 the initial updating efforts and the plan for continuously revising and updating the
5 position descriptions to the Joint Legislative Commission on Governmental Operations
6 not later than December 31, 1993.

7 Sec. 1.27. The IRMC shall develop a plan for relocating information systems
8 technical staff positions, including but not limited to computer programmers, systems
9 analysts, database administrators, and other data processing specialists, from the
10 agencies in which they now work to the State Information Processing Services wherever
11 feasible.

12 The plan shall detail (i) the financial savings of each proposed relocation, (ii)
13 other benefits of the proposed centralization, and (iii) projected direct and indirect costs
14 to the State of the proposed centralization.

15 The IRMC shall present this plan to the Joint Legislative Commission on
16 Governmental Operations not later than December 31, 1993.

17 Sec. 1.28. The IRMC shall develop a written policy that specifies the
18 conditions under which an agency may purchase, implement, and use mainframe
19 computer resources and telecommunications resources other than those provided by the
20 State Information Processing Services. The IRMC shall deliver the written policy to the
21 Joint Legislative Commission on Governmental Operations not later than December 31,
22 1993.

23 Sec. 1.29. The IRMC shall develop a written plan not later than December
24 31, 1993, for encouraging all State agencies to establish oversight of the information
25 resource management function within the top management levels of each agency. The
26 IRMC shall present the plan to the Joint Legislative Commission on Governmental
27 Operations not later than December 31, 1993.

28 Sec. 1.30. The IRMC shall establish policies and guidelines for disaster
29 recovery plans and operations at SIPS. These policies and guidelines shall be
30 established not later than June 30, 1993.

31 Sec. 1.31. The IRMC shall establish policies and guidelines for State
32 agencies to follow in developing disaster recovery plans and operations. The IRMC
33 shall present these policies and guidelines to the Joint Legislative Commission on
34 Governmental Operations not later than June 30, 1993.

35 Sec. 1.32. SIPS shall prepare a report on steps it has taken to develop a
36 contract for full-facility disaster recovery services, commonly referred to as a "hot site"
37 facility, that will provide disaster recovery coverage for critical applications on the State
38 computer center's mainframe computer and network as well as disaster recovery
39 coverage for critical applications on other State mainframe computers. SIPS shall
40 deliver the report to the IRMC not later than July 31, 1993.

41 Sec. 1.33. All State departments under the jurisdiction of the IRMC shall
42 submit to the IRMC their plans for participating in and using the SIPS contract for hot
43 site disaster recovery services to recover any of their applications that are determined by
44 the IRMC or the SIPS hot site contract to be critical to the operations of State

1 government. The State departments shall submit these plans to the IRMC not later than
2 July 31, 1993.

3 Sec. 1.34. The IRMC shall develop procedures for requiring agencies to
4 submit plans for purchasing and using personal computers and workstations before
5 authorizing the agencies to purchase these devices. The IRMC shall present its draft
6 procedures, including drafts of any legislation that would be required to prohibit agency
7 purchases of personal computers and workstations without plans approved by the
8 IRMC, to the Joint Legislative Commission on Governmental Operations not later than
9 December 31, 1993.

10 Sec. 1.35. The Fiscal Research Division of the Legislative Services Office
11 shall develop a procedure for funding information technology and telecommunications
12 projects that extend more than two years. The procedure shall include
13 recommendations for any needed changes in the rules of the Senate and House of
14 Representatives, changes in the operation and procedures of budget, appropriations, and
15 finance committees, and changes in the statutes that would be necessary to encourage or
16 permit funding information systems and telecommunications projects that extend more
17 than two years.

18 The Fiscal Research Division shall deliver its draft procedure for approval to
19 the Legislative Services Commission not later than December 31, 1993.

20 Sec. 1.36. Not later than July 1, 1993, the Department of Environment,
21 Health, and Natural Resources, the Department of Human Resources, the Department of
22 Public Instruction, the Department of Revenue, the Department of State Treasurer, the
23 Department of Transportation, the Employment Security Commission, and the
24 Administrative Office of the Courts shall deliver written reports to the Information
25 Resource Management Commission on actions they have taken to address each of the
26 findings and recommendations concerning the management and operation of their
27 respective information systems, as published in the North Carolina General Assembly's
28 Government Performance Audit Committee's Performance Audit of Information
29 Technology and Telecommunications, Volume II, December 1992.

30 Sec. 1.37. Not later than July 1, 1993, the Legislative Automated Systems
31 Division in the Legislative Services Office shall deliver a written report to the
32 Legislative Services Commission on actions that staff division has taken to address each
33 of the findings and recommendations concerning the management and operation of the
34 North Carolina General Assembly's information systems, as published in the North
35 Carolina General Assembly's Government Performance Audit Committee's Performance
36 Audit of Information Technology and Telecommunications, Volume II, December
37 1992. This report shall contain any written response to the audit prepared by the
38 Legislative Automated Systems Division, but not included in the North Carolina
39 General Assembly's Government Performance Audit Committee's Performance Audit of
40 Information Technology and Telecommunications, Volume II, December 1992.

41 Sec. 1.38. Not later than December 31, 1993, the Department of
42 Environment, Health, and Natural Resources, the Department of Human Resources, the
43 Department of Public Instruction, the Department of Revenue, the Department of State
44 Treasurer, the Department of Transportation, the Employment Security Commission,

1 and the Administrative Office of the Courts shall deliver written, updated reports to the
2 Information Resource Management Commission on actions they have taken to address
3 each of the findings and recommendations concerning the management and operation
4 of their respective information systems, as published in the North Carolina General
5 Assembly's Government Performance Audit Committee's Performance Audit of
6 Information Technology and Telecommunications, Volume II, December 1992.

7 Sec. 1.39. Not later than December 31, 1993, the Legislative Automated
8 Systems Division in the Legislative Services Office shall deliver a written, updated
9 report to the Legislative Services Commission on actions that staff division has taken to
10 address each of the findings and recommendations concerning the management and
11 operation of the North Carolina General Assembly's information systems, as published
12 in the North Carolina General Assembly's Government Performance Audit Committee's
13 Performance Audit of Information Technology and Telecommunications, Volume II,
14 December 1992.

15 16 PART II—TELECOMMUNICATIONS

17
18 Sec. 2. G.S. 143B-426.21 reads as rewritten:

19 "§ 143B-426.21. Information Resource Management Commission.

20 (a) Creation; Membership. – The Information Resource Management
21 Commission is created in the Office of the State Controller. The Commission consists of
22 the following members:

- 23 (1) Four members of the Council of State, appointed by the Governor.
- 24 (2) The Secretary of Administration.
- 25 (3) The State Budget Officer.
- 26 (4) Two members of the Governor's cabinet, appointed by the Governor.
- 27 (5) One citizen of the State of North Carolina with a background in and
28 familiarity with information systems or telecommunications, appointed
29 by the General Assembly upon the recommendation of the President
30 Pro Tempore of the Senate in accordance with G.S. 120-121.
- 31 (6) One citizen of the State of North Carolina with a background in and
32 familiarity with information systems or telecommunications, appointed
33 by the General Assembly upon the recommendation of the Speaker of
34 the House of Representatives in accordance with G.S. 120-121.
- 35 (7) The Chair of the Governor's Committee on Data Processing and
36 Information Systems.
- 37 (8) The Chair of the State Information Processing Services Advisory
38 Board.

39 Members of the Commission shall not be employed by or serve on the board of
40 directors or other corporate governing body of any information systems, computer
41 hardware, computer software, or telecommunications vendor of goods and services to
42 the State of North Carolina.

43 The two initial cabinet members appointed by the Governor and the two initial
44 citizen members appointed by the General Assembly shall each serve a term beginning

1 September 1, 1992, and expiring on June 30, 1995. Thereafter, their successors shall be
2 appointed for four-year terms, commencing July 1. Members of the Governor's cabinet
3 shall be disqualified from completing a term of service of the Commission if they are no
4 longer cabinet members.

5 The appointees by the Governor from the Council of State shall each serve a term
6 beginning on September 1, 1992, and expiring on June 30, 1993. Thereafter, their
7 successors shall be appointed for four-year terms, commencing July 1. Members of the
8 Council of State shall be disqualified from completing a term of service on the
9 Commission if they are no longer members of the Council of State.

10 Vacancies in the two legislative appointments shall be filled as provided in G.S.
11 120-122.

12 The Commission chair shall be elected in the first meeting of each calendar year
13 from among the appointees of the Governor from the Council of State and shall serve a
14 term of one year. The Secretary of Administration shall be secretary to the
15 Commission.

16 No member of the Information Resource Management Commission shall vote on an
17 action affecting solely his or her own State agency.

18 (b) Powers and Duties. – The Commission has the following powers and duties:

- 19 (1) To develop, approve, and publish a statewide information technology
20 strategy covering the current and following biennium that shall be
21 updated annually and shall be submitted to the General Assembly on
22 the first day of each regular session.
- 23 (2) To develop, approve, and sponsor statewide technology initiatives and
24 to report on those initiatives in the annual update of the statewide
25 information technology strategy.
- 26 (3) To review and approve biennially the information technology plans of
27 the executive agencies, including their plans for the procurement and
28 use of personal computers and workstations.
- 29 (4) To recommend to the Governor and the Office of State Budget and
30 Management the relative priorities across executive agency
31 information technology plans.
- 32 (5) To establish a quality assurance policy for all agency information
33 technology projects, information systems training programs, and
34 information systems documentation.
- 35 (6) To establish and enforce a quality review and expenditure review
36 procedure for major agency information technology projects.
- 37 (7) To review and approve expenditures from appropriations made to the
38 Office of State Budget and Management for the purpose of creating a
39 Computer Reserve Fund.
- 40 (8) To develop and promote a policy and procedures for the fair and
41 competitive procurement of information technology consistent with the
42 rules of the Department of Administration and consistent with
43 published industry standards for open systems that provide agencies
44 with a vendor-neutral operating environment where different

1 information technology hardware, software, and networks operate
2 together easily and reliably.

3 (9) To prepare and maintain a statewide data security plan, including data
4 security standards and security audit standards, to protect the integrity
5 and confidentiality of sensitive data and communications that reside on
6 the State's computers and that move through the State's
7 telecommunications networks.

8 (c) Meetings. – The Information Resources Management Commission shall
9 adopt bylaws containing rules governing its meeting procedures. The Information
10 Resources Management Commission shall meet at least monthly.

11 (d) Agency Information Resource Manager Reports. – Each executive agency
12 shall designate in January of each year to the Information Resource Management
13 Commission the senior staff member in the agency who serves as the Information
14 Resource Manager in the agency. Not later than the last business day of the first month
15 of each calendar quarter, the Information Resource Manager in each agency shall
16 deliver to the Commission a written report summarizing the agency's expenditures in
17 the previous calendar quarter for information technology hardware, information
18 technology software, telecommunications, information technology consulting services,
19 information technology personnel, and other miscellaneous information technology
20 expenses. The report also shall contain brief descriptions of the major information
21 technology initiatives undertaken in the previous calendar quarter and the tangible
22 results from each initiative.

23 (e) Agency Telecommunications Resource Managers. – Each State agency shall
24 designate in January of each year one of its employees or officials to the Information
25 Resource Management Commission as the Telecommunications Resource Manager for
26 the agency. The person designated by the agency as the Telecommunications Resource
27 Manager may be the same person designated as the agency Information Resource
28 Manager. Any State advisory board or commission that makes recommendations to the
29 State Information Processing Service concerning the operation of its computer and
30 telecommunications resources shall include at least two members from the persons who
31 have been designated as agency telecommunications resource managers.

32 (f) State Information Processing Services Telecommunications Plans. – The
33 State Information Processing Services (hereafter 'SIPS') shall submit an annual
34 telecommunications plan, including plans for the expenditures and operations of the
35 State Telecommunications System, to the first regularly scheduled meeting of the
36 Information Resource Management Commission each year. The Commission shall
37 incorporate information that it deems relevant and useful from this annual
38 telecommunications plan in the annual statewide information technology strategy
39 presented to the General Assembly on the first day of each regular session.

40 SIPS shall submit a strategic plan for State telecommunications to the first regularly
41 scheduled meeting of the Information Resource Management Commission each year.
42 The strategic plan shall include statements of direction for the development of voice,
43 data, and video technology to be made available to State government through the State
44 Telecommunications System in the coming three to five years. The strategic

1 telecommunications plan shall summarize its anticipated costs and benefits to State
2 government and the citizens of North Carolina. The Commission shall incorporate
3 information that it deems relevant and useful from this strategic telecommunications
4 plan in the annual statewide information technology strategy presented to the General
5 Assembly on the first day of each regular session.

6 (g) Risk Notifications. – The Information Resources Management Commission
7 shall establish and maintain procedures for periodically identifying (i) agencies facing
8 risks to the continuing operation of their information technology systems or (ii) agencies
9 facing risks to the successful implementation of new information technology
10 applications. Any agency identified and notified by the Commission as facing risks
11 under this subsection shall prepare a written plan to reduce and eliminate these risks.
12 The affected agencies shall deliver their plans to the Commission not later than 90 days
13 after receiving the notification from the Commission."

14 Sec. 2.1. The Information Resource Management Commission (hereafter
15 referred to as "IRMC") shall prepare and adopt, not later than December 31, 1993,
16 written guidelines that specify those responsibilities that pertain to the operation of the
17 State Telecommunications System (hereafter referred to as "STS") and those
18 responsibilities that pertain to the operation of the State agency telecommunications
19 functions.

20 Sec. 2.2. The State Information Processing Services (hereafter referred to as
21 "SIPS") shall prepare a plan for the delivery of telecommunications services to State
22 agencies and include in the plan techniques for ensuring that State agency user needs are
23 given priority over the interests of telecommunications equipment and service vendors.
24 SIPS shall present the plan for delivery of telecommunications services to the IRMC not
25 later than December 31, 1993.

26 Sec. 2.3. SIPS, in consultation with major users, shall prepare a plan for
27 implementing its "bandwidth on demand" concept and submit the plan to the IRMC not
28 later than December 31, 1993.

29 Sec. 2.4. The IRMC shall prepare a plan for consolidating any multiple
30 voice, video, and data networks within or across State agencies that it deems appropriate
31 to consolidate after the completion and receipt of reports required under this act. Upon
32 adoption of the plan, the IRMC shall present the plan to the Joint Legislative
33 Commission on Governmental Operations.

34 Sec. 2.5. SIPS shall evaluate and revise its telecommunications disaster
35 recovery plan and coordinate that plan with the disaster recovery plan for the State
36 computer center. SIPS shall present its revised telecommunications disaster recovery
37 plan to the Information Resources Management Commission not later than December
38 31, 1993.

39 Sec. 2.6. The IRMC and The University of North Carolina jointly shall
40 prepare a written evaluation of the costs, benefits, and feasibility of migrating the
41 portions of The University of North Carolina Education Computing Service's (hereafter
42 referred to as "UNCECS") wide area network that are currently being upgraded by the
43 UNCECS onto the STS's North Carolina Integrated Network (hereafter referred to as
44 "NCIN") and the Microelectronics Center of North Carolina (hereafter referred to as

1 "MCNC") CONCERT data network. The IRMC and The University of North Carolina
2 shall jointly present the written evaluation to the Joint Legislative Commission on
3 Governmental Operations not later than December 31, 1993.

4 Sec. 2.7. The IRMC and the Administrative Office of the Courts jointly shall
5 prepare a written evaluation of the costs, benefits, and feasibility of transferring
6 ownership of the Administrative Office of the Courts' network back to the ownership
7 and management of the State Telecommunications System. The evaluation shall
8 include an independent study to determine whether incremental operating costs
9 (including incremental overhead costs) are lower under STS, and a service level
10 agreement between STS and the Administrative Office of the Courts that meets the
11 Administrative Office of the Courts' requirements for network service. The IRMC and
12 the Administrative Office of the Courts jointly shall present the written evaluation to the
13 Joint Legislative Commission on Governmental Operations not later than December 31,
14 1993.

15 Sec. 2.8. The IRMC and the MCNC jointly shall prepare a written evaluation
16 of the costs, benefits, and feasibility of moving ownership and management of the
17 MCNC CONCERT data network, that can be efficiently managed and supported by the
18 STS, over to the STS North Carolina Integrated Network. The IRMC and the MCNC
19 jointly shall present the written evaluation to the Joint Legislative Commission on
20 Governmental Operations not later than December 31, 1993.

21 Sec. 2.9. The IRMC and the Department of Justice jointly shall investigate
22 the costs, benefits, and feasibility of transferring the Department of Justice's Police
23 Information Network to the ownership or management of the STS North Carolina
24 Integrated Network. This evaluation shall include investigation of the technical ability
25 of maintaining network security for the Police Information Network, as required by
26 federal government rules and regulations, on a shared physical communications
27 network. The IRMC and the Department of Justice jointly shall present a written report
28 on the results of the investigation to the Joint Legislative Commission on Governmental
29 Operations not later than December 31, 1993.

30 Sec. 2.10. The IRMC, the Department of Administration Agency for Public
31 Telecommunications, and the University of North Carolina Center for Public Television
32 jointly shall develop a written plan and timetable to promote the sharing of facilities and
33 telecommunications resources between the Agency for Public Telecommunications and
34 the University of North Carolina Center for Public Television. The IRMC, the
35 Department of Administration Agency for Public Telecommunications, and the
36 University of North Carolina Center for Public Television jointly shall present the
37 written plan and timetable to the Joint Legislative Commission on Governmental
38 Operations not later than December 31, 1993.

39 Sec. 2.11. The IRMC shall prepare a written plan to establish stronger
40 centralized governance over its wide area communications networks. The plan shall
41 include involvement of three organizational components: (i) a Director of Statewide
42 Telecommunications, (ii) a Telecommunications Advisory Board, and (iii) an expansion
43 of IRMC membership to include at least one telecommunications official in State
44 government. The plan for stronger centralized governance shall apply to the wide area

1 communications networks only as the transport mechanism to move information. The
2 IRMC shall present the written plan to the Joint Legislative Commission on
3 Governmental Operations not later than September 30, 1993.

4 Sec. 2.12. The IRMC and the STS, in consultation with major users, shall
5 prepare a written needs assessment, requirements analysis, and feasibility study for
6 migrating networks to a new broadband technology that will support activities
7 including, but not limited to, greater use of local area network interconnections,
8 geographic information systems, image processing, video conferencing, State and
9 county library interconnections, and educational television. The written plan shall
10 include an assessment of demand for the increased bandwidth, a comprehensive cost
11 analysis of migrating to a new broadband technology, an assessment of broadband
12 technology's reliability in actual operation, and an assessment of the ability of
13 technology vendors to deliver the network as it has been proposed. The IRMC shall
14 present the written needs assessment, requirements analysis, and feasibility plan to the
15 Joint Legislative Commission on Governmental Operations not later than September 30,
16 1993.

17 Sec. 2.13. The Microelectronics Center of North Carolina shall prepare a
18 written needs assessment, requirements analysis, and feasibility study for replacing and
19 expanding its analog microwave segments with optic fiber provided by a common
20 carrier. Among its topics, the reports shall address current capacity constraints,
21 anticipated capacity constraints over the next five years, and realistic, anticipated
22 demand growth over the next five years. The MCNC shall deliver the written needs
23 assessment, requirements analysis, and feasibility study to the IRMC and the Joint
24 Legislative Commission on Governmental Operations not later than December 31,
25 1993.

26 Sec. 2.14. The IRMC shall direct an evaluation of the three pilot projects
27 currently underway on two-way video teleconferencing for distance learning and remote
28 medical diagnosis. The State shall not replace the funding of the pilot projects from the
29 current grantors or sponsors before the completion of the evaluation, which shall (i)
30 examine the findings and conclusions of the distance learning pilot projects, and (ii)
31 validate the pilot projects' effectiveness in supporting training in schools, homes, and
32 State agencies.

33 Sec. 2.15. The IRMC shall direct the Agency for Public Telecommunications
34 in preparing a written needs assessment, requirements analysis, feasibility study, and
35 documented demand analysis of the Agency for Public Telecommunications' proposal
36 to broadcast gavel-to-gavel coverage of General Assembly sessions. The IRMC and the
37 Agency for Public Telecommunications shall deliver the written report, along with
38 recommendations of the IRMC, to the Joint Legislative Commission on Governmental
39 Operations not later than December 31, 1993.

40 Sec. 2.16. The University of North Carolina shall prepare a written plan for
41 upgrading The University of North Carolina Education Computing Services' LINCNET
42 (i) to support greater bandwidth applications, such as file/catalog transfer, and (ii) to be
43 compatible with the Triangle-area library network, consisting of Duke University, North
44 Carolina State University, and the University of North Carolina at Chapel Hill. The

1 University of North Carolina shall deliver the written plan to the Joint Legislative
2 Commission on Governmental Operations not later than December 31, 1993.

3 Sec. 2.17. The State Telecommunications System shall develop a written
4 plan to pursue a single statewide Centrex tariff with each of the current geographic
5 carriers. The STS shall deliver the written plan to the IRMC not later than December
6 31, 1993.

7 Sec. 2.18. The State Telecommunications System shall develop a plan and a
8 draft request for proposal for a single bulk discount agreement with the long-distance
9 InterExchange Carrier voice telecommunications service. The STS shall deliver the
10 written plan and draft request for proposal to the IRMC for approval not later than
11 December 31, 1993.

12 13 **PART III—PURCHASE AND CONTRACT**

14
15 Sec. 3. The Secretary of Administration shall study the manner in which
16 purchase and contract bid protests are handled for State departments and agencies,
17 public schools, and community colleges and shall make findings on the following: (i)
18 whether there should be a uniform procedure applicable to all bid protests, (ii) whether
19 bid protests should be appealed pursuant to Chapter 150B of the General Statutes
20 (Administrative Procedures Act), and (iii) the extent to which the State Purchasing
21 Office should be involved with bid protests. The Secretary shall submit findings and
22 recommendations to the General Assembly for approval prior to March 15, 1994.

23 Sec. 3.1. G.S. 143-49 reads as rewritten:

24 **"§ 143-49. Powers and duties of Secretary.**

25 The Secretary of Administration shall have power and authority, and it shall be his
26 duty, subject to the provisions of this Article:

- 27 (1) To canvass sources of supply, and to purchase or to contract for the
28 purchase, lease and lease-purchase of all supplies, materials,
29 equipment and other tangible personal property required by the State
30 government, or any of its departments, institutions or agencies under
31 competitive bidding or otherwise as hereinafter provided.
- 32 (2) To establish and enforce specifications ~~which~~ or standards that shall
33 apply to all supplies, materials and equipment to be purchased or
34 leased for the use of the State government or any of its departments,
35 institutions or agencies. The Secretary shall develop a program for
36 prioritizing the commodities for which specifications or standards need
37 to be developed according to the existing demand for the commodities
38 and the current volume of purchases of the commodities. The
39 Secretary shall also consider the adoption of specifications or
40 standards that have been developed or adopted by other governmental
41 entities.
- 42 (3) To purchase or to contract for, by sealed, competitive bidding or other
43 suitable means, all contractual services and needs of the State
44 government, or any of its departments, institutions, or agencies; or to

1 authorize any department, institution or agency to purchase or contract
2 for such services.

3 When the award of any contract for contractual services exceeding a
4 cost of one hundred thousand dollars (\$100,000) requires negotiation
5 with prospective contractors, the Secretary shall request and the
6 Attorney General shall assign a representative of the office of the
7 Attorney General to assist in negotiation for the award of the contract.
8 It shall be the duty of such representative to assist and advise in
9 obtaining the most favorable contract for the State, to evaluate all
10 proposals available from prospective contractors for that purpose, to
11 interpret proposed contract terms and to advise the Secretary or his
12 representatives of the liabilities of the State and validity of the contract
13 to be awarded. All contracts and drafts of such contracts shall be
14 prepared by the office of the Attorney General and copies thereof shall
15 be retained by such office for a period of three years following the
16 termination of such contracts. The term 'contractual services' as used in
17 this subsection shall mean work performed by an independent
18 contractor requiring specialized knowledge, experience, expertise or
19 similar capabilities wherein the service rendered does not consist
20 primarily of acquisition by this State of equipment or materials and the
21 rental of equipment, materials and supplies. The term 'negotiation' as
22 used herein shall not be deemed to refer to contracts entered into or to
23 be entered into as a result of a competitive bidding process.

24 (3a) To monitor the purchasing activity of the State and its departments,
25 institutions, and agencies and to require standardized periodic
26 reporting on the volume of purchases by commodity, service, and
27 vendor category, and the volume of purchases under term contract and
28 open-market procedures. The Secretary shall compile and analyze the
29 data no less than annually.

30 The Secretary shall also conduct a biennial management review of
31 the purchasing operations in State government and in each of its
32 departments, institutions, and agencies to assure that they are using
33 effective and efficient purchasing practices in accordance with law.
34 The Secretary may recommend measures to improve purchasing
35 operations.

36 The Secretary shall report his findings and recommendations under
37 this subdivision to the Governor and the General Assembly on an
38 annual basis.

39 (3b) To develop and implement innovative procurement practices so as to
40 reduce the cost of ordering supplies and services, reduce the volume of
41 inventory maintained by State departments and agencies, and increase
42 the quality of products purchased. These innovative procurement
43 practices may include (i) requiring State departments and agencies to
44 order items from prime vendors for delivery at the time the items are

1 needed instead of ordering for stock, when it is advisable to do so, and
2 (ii) urging State departments and agencies to place orders with vendors
3 electronically.

4 The Secretary may appoint a task force to assist him in the
5 implementation of this duty.

6 (4) To have general supervision of all storerooms and stores operated by
7 the State government, or any of its departments, institutions or
8 agencies and to have supervision of inventories of all tangible personal
9 property belonging to the State government, or any of its departments,
10 institutions or agencies. The duties imposed by this subdivision shall
11 not relieve any department, institution or agency of the State
12 government from accountability for equipment, materials, supplies and
13 tangible personal property under its control.

14 (5) To make provision for or to contract for all State printing, including all
15 printing, binding, paper stock and supplies or materials in connection
16 with the same.

17 (6) To make available to nonprofit corporations operating charitable
18 hospitals, to local nonprofit community sheltered workshops or centers
19 that meet standards established by the Division of Vocational
20 Rehabilitation of the Department of Human Resources, to private
21 nonprofit agencies licensed or approved by the Department of Human
22 Resources as child placing agencies or residential child-care facilities,
23 and to counties, cities, towns, governmental entities and other
24 subdivisions of the State and public agencies thereof in the expenditure
25 of public funds, the services of the Department of Administration in
26 the purchase of materials, supplies and equipment under such rules,
27 regulations and procedures as the Secretary of Administration may
28 adopt. In adopting rules and regulations any or all provisions of this
29 Article may be made applicable to such purchases and contracts made
30 through the Department of Administration, and in addition the rules
31 and regulations shall contain a requirement that payment for all such
32 purchases be made in accordance with the terms of the contract. Prior
33 to adopting rules and regulations under this subdivision, the Secretary
34 of Administration may consult with the Advisory Budget
35 Commission."

36 Sec. 3.2. The General Assembly finds that the Division of Purchase and
37 Contract of the Department of Administration needs information on commodities
38 purchased by State departments and agencies on the open market and under term
39 contract so that the Division can (i) determine expected volume of purchases by line
40 items for new term contract solicitations, and (ii) oversee the use of term contracts and
41 open-market purchases; therefore, the Office of State Controller shall give high priority
42 to a management information system on purchase activity by State departments and
43 agencies when it plans for the implementation of a new accounting system. Until the
44 State Controller has such a system in operation, the Division of Purchase and Contract

1 of the Department of Administration shall direct all State departments and agencies to
2 report to it on commodities purchased on the open market and under term contract, in
3 accordance with G.S. 143-49(3a), and all State departments and agencies shall report as
4 directed by the Division of Purchase and Contract.

5 Sec. 3.3. The Secretary of Administration shall evaluate the need to reassign
6 standards engineers within the Division of Purchase and Contract and shall make the
7 reassignments as deemed appropriate.

8 Sec. 3.4. Five authorized personnel positions for buyers in the Purchasing
9 Section of the Division of Purchase and Contract of the Department of Administration
10 are hereby redirected within the Department, at the direction of the Secretary of
11 Administration, to assist the Department in carrying out the following duties:

- 12 (1) Providing for the development and implementation of a management
13 information system for oversight of purchase activity by State
14 departments and agencies;
- 15 (2) Assessing the efficiency of the Division of Purchase and Contract and
16 providing planning for the Division;
- 17 (3) Improving the program under which specification standards are
18 developed for commodities purchased by the State;
- 19 (4) Monitoring of innovative inventory strategies and inventory levels;
- 20 (5) Enhancing communications and relationships between the Division of
21 Purchase and Contract and the vendor and service provider
22 communities.

23 Sec. 3.5. Prior to March 15, 1994, the Office of State Budget and
24 Management shall develop and propose to the General Assembly a policy and a
25 program for contracting out to the private sector services traditionally performed by
26 State employees. The policy shall define the goals and objectives of a program for
27 contracting out to the private sector, identify a strategy for implementation of the
28 program, and assign responsibility for administration of the program to the Office of
29 State Budget and Management.

30 The program to implement the policy shall consist of the following
31 components:

- 32 (1) The identification of the current functions and activities performed by
33 the State that have the greatest potential to benefit from contracting
34 out. In making this determination, the Office of State Budget and
35 Management shall consider whether (i) the service is available in the
36 private sector, (ii) the demand for the service is increasing, decreasing,
37 or remaining constant, (iii) management of the proposal can ensure
38 quality, and (iv) outside cost is less expensive. The Office of State
39 Budget and Management shall also consider whether it would be
40 feasible for the State to resume providing the service if contracting out
41 the service proves unsatisfactory.
- 42 (2) A framework for determining whether the identified functions should
43 be contracted out. This framework shall provide for (i) a study of the
44 identified function by a task force made up of at least one

1 representative of the Division of Purchase and Contract and one
2 representative of each agency that will be using the service, (ii) the
3 identification of direct service costs, overhead costs, and general
4 administrative costs of the function being performed, (iii) the
5 identification of the annual, one-time, and other costs to the State of
6 contracting out, (iv) the disposition of any State assets used in the
7 current process, and (v) the determination of whether contracting out
8 of the function would be financially beneficial.

9 The Office of State Budget and Management shall not implement the policy
10 or any new program without the approval of the General Assembly.

11 12 **PART IV—ECONOMIC DEVELOPMENT**

13
14 Sec. 4. The General Assembly finds that:

- 15 (1) The Department of Administration is not a key player in economic
16 development, yet it has the North Carolina Board of Science and
17 Technology.
18 (2) The North Carolina Board of Science and Technology and its attendant
19 funding should be transferred to the Department of Commerce, whose
20 major role is economic development.

21 Sec. 4.1. The statutory authority, powers, duties, and functions, records,
22 personnel, property, and unexpended balances of appropriations, allocations, or other
23 funds of the North Carolina Board of Science and Technology are transferred from the
24 Department of Administration to the Department of Commerce.

25 The transfer directed by this section shall include eight certified positions
26 under General Fund program code 14100-1871 in the Department of Administration as
27 well as all positions certified for the Board under Special Fund program code 24100-
28 2873 in the Department of Administration. The Office of State Budget and
29 Management shall ensure that the transfer directed by this section is carried out.

30 Sec. 4.2. Part 27 of Article 9 of Chapter 143B of the General Statutes, which
31 consists of G.S. 143B-426.1, is recodified as Part 6A of Article 10 of Chapter 143B of
32 the General Statutes, to consist of G.S. 143B-445.1.

33 Sec. 4.3. G.S. 143B-445.1, as redesignated by Section 4.2 of this act, reads as
34 rewritten:

35 "**~~§ 143B-445.1. North Carolina Board of Science and Technology; membership;~~**
36 **~~organization; compensation; staff services.~~ Technology.**

37 (a) The North Carolina Board of Science and Technology consists of the
38 Governor, the Science Advisor to the Governor, and 17 members appointed as follows:
39 the Governor shall appoint one member from the University of North Carolina at
40 Chapel Hill, one member from North Carolina State University at Raleigh, and two
41 members from other components of the University of North Carolina, all nominated by
42 the President of the University of North Carolina; one member from Duke University,
43 nominated by the President of Duke University; one member from a private college or
44 university, other than Duke University, in North Carolina, nominated by the President

1 of the Association of Private Colleges and Universities; one member from the Research
2 Triangle Institute, nominated by the executive committee of the board of that institute;
3 one member from the ~~Microelectronics~~ MCNC (Microelectronics Center of North
4 ~~Carolina, Carolina)~~, nominated by the executive committee of the board of that center;
5 one member from the North Carolina Biotechnology Center, nominated by the
6 executive committee of the board of that center; four members from private industry in
7 North Carolina, at least one of whom shall be a professional engineer registered
8 pursuant to Chapter 89C of the General Statutes or a person who holds at least a
9 bachelors degree in engineering from an accredited college or university; and two
10 members from public agencies in North Carolina. Two members shall be appointed by
11 the General Assembly, one shall be appointed upon the recommendation of the
12 President of the Senate, and one shall be appointed upon the recommendation of the
13 Speaker of the House of Representatives in accordance with G.S. 120-121. The
14 nominating authority for any vacancy on the Board among members appointed by the
15 Governor shall submit to the Governor two nominations for each position to be filled,
16 and the persons so nominated shall represent different disciplines.

17 (b) Members appointed to the Board by the General Assembly shall serve for
18 two-year terms beginning 1 July of odd-numbered years. Vacancies in appointments
19 made by the General Assembly shall be filled in accordance with G.S. 120-122. The
20 two members from public agencies shall serve for terms expiring at the end of the term
21 of the Governor appointing them. The other 13 members appointed to the Board by the
22 Governor shall serve for four-year terms, and until their successors are appointed and
23 qualified. Of those 13 members, six shall serve for terms that expire on 30 June of
24 years that follow by one year those years that are evenly divisible by four, and seven
25 shall serve for terms that expire on 30 June of years that follow by three years those
26 years that are evenly divisible by four. Any appointment to fill a vacancy on the Board
27 created by the resignation, dismissal, death, or disability of a member shall be for the
28 balance of the unexpired term.

29 (c) The Governor shall serve as ~~chairman of the Board. The vice chairman of the~~
30 ~~Board shall be designated by the Governor~~ chair of the Board and shall designate the vice-
31 chair from among the members of the Board. The Science Advisor to the Governor
32 shall serve as executive director of the Board. The Secretary of ~~Administration or his~~
33 ~~designee~~ Commerce or the Secretary's designee shall serve as secretary to the Board.

34 (d) The Governor may remove any member of the Board from office in
35 accordance with the provisions of G.S. 143B-16.

36 (e) Members of the Board who are employees of State agencies or institutions
37 shall receive subsistence and travel allowances authorized by G.S. 138-6. Legislative
38 members of the Board shall receive subsistence and travel allowances authorized by
39 G.S. 120-3.1.

40 (f) A majority of the Board constitutes a quorum for the transaction of business.

41 (g) The Secretary of ~~Administration~~ Commerce shall provide all clerical and other
42 services required by the Board."

43 Sec. 4.4. The General Assembly makes the following findings:

- 1 (1) The Department of Commerce's Business and Industry Development
2 Division (B&I) operates nine regional offices with a staff of 27
3 individuals and annual expenditures of about one million three
4 hundred fifty thousand dollars (\$1,350,000); the Department's Division
5 of Community Assistance (DCA) operates seven regional offices with
6 a staff of 29 individuals and annual expenditures of about one million
7 six hundred thousand dollars (\$1,600,000).
- 8 (2) The assignment of counties to regions is not consistent within B&I and
9 DCA of the Department of Commerce, and the two divisions do not
10 effectively coordinate their work.
- 11 (3) The current mission of the B&I offices is broad in scope and results in
12 wide variations in workloads, priorities, and strategies across regional
13 offices.
- 14 (4) B&I regional office staff are pursuing projects that would be more
15 effectively handled by central office staff.
- 16 (5) Development of resources and community needs, and the emphasis on
17 and quality of strategic planning, vary widely among regions and
18 counties.
- 19 (6) Some regional and community personnel perceive central office staff
20 as keeping new industry prospects to themselves and favoring certain
21 areas for location.
- 22 (7) Dynamic multicounty alliances are neither congruent with regional
23 office boundaries nor consistently addressed by B&I's strategy.
- 24 (8) The flow of information within B&I lacks strategic focus and does not
25 effectively utilize computerized data processing techniques.
- 26 (9) A significant aspect of the regional office operations is obtaining
27 information and services for existing and prospective industrial clients.
28 Currently each office maintains its own file of contact information and
29 deals with each request for information and service from other
30 agencies as an individual case. Many of these requests are repetitive
31 and could be handled by data system links or telephone access
32 messages. Others require personal contact that could be facilitated by
33 designation and publication of the individuals to be contacted.
- 34 (10) A single-source approach to answering questions about permits
35 required for construction and expansion, training resources, potential
36 financing, statutes, workplace regulations, and other subjects would
37 greatly facilitate the ombudsman function. Also, structured
38 interdepartmental techniques for following up and expediting requests
39 for action could both save staff time and improve services to the
40 citizenry.

41 Sec. 4.5. The Department of Commerce shall evaluate the present
42 configuration of regional offices and develop a plan to consolidate the nine regional
43 offices of the Business and Industry Division and the seven regional offices of the
44 Division of Community Assistance into a smaller number of larger regional offices. The

1 Department shall determine the appropriate number of offices and shall define a single
2 set of regional boundaries to carry out the responsibilities. The mission of the newly
3 consolidated regional offices shall be long range community-oriented economic
4 development, and a top priority of the offices shall be services to rural areas. Activities
5 of the Department and the regional offices shall include:

- 6 (1) Implementation of strategies for providing leadership to multicounty
7 economic alliances; such strategies might include exchange of
8 information, joint planning within transportation corridors and
9 aquifers, marketing initiatives, and coordination of services to existing
10 industries.
- 11 (2) Development of an integrated, fully automated data system to support
12 regional office functions, and design and implementation of
13 interdepartmental techniques to follow up on and expedite requests for
14 information and services.
- 15 (3) Consideration of the need for environmental engineering and other
16 technical services; services might include utilizing the staff of
17 regulatory agencies to provide technical assistance, budgeting funds
18 for consultation fees, and technical training of regional staff.

19 Sec. 4.6. The Department of Commerce shall report its findings and present a
20 plan for consolidation to the General Assembly no later than May 1, 1994.

21 Sec. 5. The Part headings contained in this act are for reference only and they
22 in no way limit, define, or prescribe the scope or application of the text of the act.

23 Sec. 6. Sections 3.3, 3.4, 4.4, 4.5, and 4.6 of this act become effective July 1,
24 1993. The remainder of this act is effective upon ratification.