

Legislative Analysis



INFORMATION TECHNOLOGY COST ACCOUNTING AND AUDITOR GENERAL INFORMATION TECHNOLOGY AUDITS

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House Bill 5494 as introduced
Sponsor: Rep. Annette Glenn

House Bill 5495 as introduced
Sponsor: Rep. Terry J. Sabo

Committee: Appropriations
Complete to 2-24-20

SUMMARY:

House Bill 5494 would add section 261e to the Management and Budget Act to require the Department of Technology, Management, and Budget (DTMB) to do all of the following for each information technology (IT) system development vendor contract or maintenance project exceeding \$250,000:

- Establish and document a process for accounting for and monitoring project costs, including cost overruns, change orders, and projects that exceed one fiscal year, that aligns with industry best practices
- Communicate process and defined roles to involved parties
- Ensure that spending is accurately tracked and accounted for, including total project costs and spending for contractors, state employees, hardware, software, and maintenance
- Ensure that the legislature is informed of changes to the scope or budget of a project as required by law
- Ensure that appropriations specific to system-related contracts or projects are only spent on the development and maintenance of that system

Proposed MCL 18.1261e

House Bill 5495 would add section 261f to the Management and Budget Act to require the Auditor General to validate DTMB's compliance with select processes and best practices standards when auditing or investigating an IT system development vendor contract or maintenance project exceeding \$250,000 and require, when appropriate and applicable, the Auditor General to use the audit criteria proposed in HB 5494.

House Bill 5495 is tie-barred to HB 5494, which means that HB 5495 cannot take effect unless HB 5494 is also enacted.

Proposed MCL 18.1261f

FISCAL IMPACT:

House Bill 5494 would have no fiscal impact on the state or local units of government.

House Bill 5495 would have no discernible fiscal impact on the Auditor General. The provisions of the bill would include compliance measures validate and audit criteria to address for any audit or investigation of an information technology system development vendor contract or maintenance project exceeding \$250,000. The bill would not require the Auditor General to conduct an audit; any audit conducted under the provisions of the bill would continue to be permissive.

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