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House Bill 5494 (Substitute S-1)
House Bill 5495 (as passed by the House)
Sponsor: Representative Annette Glenn (H.B. 5494)
Representative Terry J. Sabo (H.B. 5495)
House Committee: Appropriations
Senate Committee: Appropriations

Date Completed: 9-1-20

CONTENT

House Bill 5494 (S-1) would amend the Management and Budget Act to require the Department of Technology, Management, and Budget (DTMB), by October 1, 2021, to establish and document a process for accounting for and monitoring project costs for each information technology (IT) system development vendor contract or maintenance project over \$250,000.

House Bill 5495 would amend the Management and Budget Act to specify that when the Auditor General selected an IT system development vendor contract or maintenance project for audit, it also would have to validate the DTMB's compliance with the processes and best practices prescribed under House Bill 5494 (S-1).

House Bill 5494 (S-1)

The bill would amend the Act to require the DTMB, by October 1, 2021, to establish and document an accounting and monitoring process of project costs for any IT system development vendor contract or maintenance project exceeding \$250,000. The process would have to align with industry best practices. The process would have to include the identification and monitoring of cost overruns and change orders and accounting for projects that exceeded one fiscal year.

By that date, the DTMB also would have to do all of the following for each IT system development contract or maintenance project exceeding \$250,000:

- Communicate process and defined roles to involved parties.
- Ensure that spending was accurately tracked and accounted for, including costs for contractors, State employees, hardware, software, and maintenance.
- Require each State agency to provide and report additional technology spending outside of the information technology fund is accurately tracked and accounted for, including costs for contractors, State employees, hardware, software, and maintenance.
- Ensure that appropriations specific to system-related contracts or projects were spent only on the development and maintenance of that system.

House Bill 5495

The bill would require the Auditor General to validate the DTMB's compliance with certain best practices and select processes when it selected an IT system development vendor contract or

maintenance project that exceeded \$250,000 for audit or investigation. The Auditor General would have to use the audit criteria in proposed Section 261e (House Bill 5494 (S-1)) of the Management and Budget Act when applicable.

House Bill 5495 is tie-barred to House Bill 5494.

Proposed MCL 18.1261e (H.B. 5494)

Proposed MCL 18.1261f (H.B. 5495)

FISCAL IMPACT

The bills would not have a significant fiscal impact on State or local government.

Fiscal Analyst: Elizabeth Raczkowski

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.