

STATE CONTROLLER POLICY

INFORMATION TECHNOLOGY CONTRACTS

1) Definitions

a) Information Technology. CRS §24-37.5-102 defines Information Technology (IT) as information technology and computer-based equipment and related services designed for the storage, manipulation, and retrieval of data by electronic or mechanical means, or both. The term includes but is not limited to:

- i. Central processing units, servers for all functions, network routers, personal computers, laptop computers, hand-held processors, and all related peripheral devices configurable to such equipment, such as data storage devices, document scanners, data entry equipment, specialized end-user terminal equipment, and equipment and systems supporting communications networks;
- ii. All related services, including feasibility studies, systems design, software development, system testing, external off-site storage, and network services, whether provided by State employees or by others;
- iii. The systems, programs, routines, and processes used to employ and control the capabilities of data processing hardware, including operating systems, compilers, assemblers, utilities, library routines, maintenance routines, applications, application testing capabilities, storage system software, hand-held device operating systems, and computer networking programs; and
- iv. The application of electronic information processing hardware, software, or telecommunications to support State government business processes.

b) Major Information Technology Project – Any IT project with a total value of \$500,000 or more.

2) Approval-GOIT. IT contracts require approval by the Governor's Office of Information Technology (GOIT) as follows:

a) Staff Augmentation Price Agreements. All IT staff augmentation services purchased under IT staff augmentation price agreements no matter what the dollar amount; and

b) Contracts over \$10,000. All IT contracts other than IT staff augmentation price agreements over \$10,000.

3) Approval Process-GOIT and OSC

a) Major Information Technology Projects. All major IT projects shall be certified by the GOIT prior to approval of encumbrance of funds by the Office of the State Controller (OSC). See Flow Chart on next page.

b) Pre-approval. IT contracts shall be pre-approved by the GOIT and OSC before being sent to the vendor.

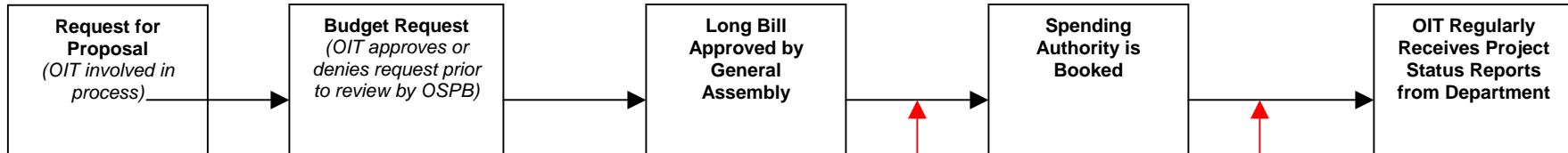
4) Final approval. GOIT's approval shall be obtained for all IT contracts before being sent to the OSC for approval per the OSC Policy entitled "*Routing of Contracts*".

5) Exemptions. The Legislative Department, Judicial Department, Department of Law, Department of State, Department of the Treasury, and State-supported Institutions of Higher Education are exempt from the requirements of this Policy under CRS §24-37.5-102(5).

David J. McDermott, CPA
State Controller

STATE CONTROLLER POLICY

FLOW CHART Disbursement of Funds for Major IT Projects



Summary of Process:

1. OIT will send an "Intent to Certify" letter for a major IT project funded through the capital budget after the Long Bill has been approved by the General Assembly but before spending authority is booked.
2. The State Controller will only sign a major IT project contract after OIT has provided notification that the contract has been approved and that the project has been certified. Upon signature, the spending authority is encumbered by the department specifically for the contract.
3. OIT will regularly assess whether a project should be certified. However, OIT will not notify the State Controller each time a project has been re-certified; OIT will only notify the State Controller when a project's certification has been revoked, at which point funds for a capital project should be restricted until further notice. For projects funded through the operating budget, the State Controller should request that the department internally restrict their funds for the de-certified project until further notice.

"Intent to Certify" Letter Provided to State Controller by OIT – **CAPITAL REQUESTS ONLY**

Contract Approval Notification & Certification Letter Provided to State Controller by OIT for **ALL MAJOR IT PROJECTS**.
Contract signed by State Controller & funds are encumbered.

Contract Terms & Conditions: (1) project status reports quarterly or after major milestones; and (2) restriction of funds if major problems occur.

OIT will only notify the State Controller if a project has been de-certified. At this point, if the project is funded with capital dollars, the State Controller will restrict funds. If the project is funded with operating dollars, the State Controller will request internal restriction of funds by the department.