

Approved 5-6-92
Date

MINUTES OF THE House COMMITTEE ON Computers, Communications & Technology.

The meeting was called to order by George Dean at
Chairperson

12:00 ~~AM~~/p.m. on March 5, 1992 in room 529-S of the Capitol.

All members were present except:

All present

Committee staff present:

Julian Efird, Research
Arden Endsley, Revisor
Diane Duffy, Research
Donna Stadel, Committee Secretary

Conferees appearing before the committee:

Paul Shelby - Office of Judicial Administration
Jean Turner - DISC

Others attending: See attached list.

The meeting was called to order at approximately 12:30 p.m., by Chairman Dean. Arden Endsley reviewed H.B. 3088 concerning acquisition of data processing equipment and services for state agencies.

Paul Shelby, Office of Judicial Administration, discussed their position of H.B. 3088, and suggested amendments (attachment 1).

Jean Turner, DISC, appeared before the committee and presented her suggestions to the bill (attachment 2).

Rep. Pauls moved to amend Page 2, Line 8, changing may to shall. Seconded by Rep Patrick. Motion carried.

Rep. Patrick moved to strike language on Page 4, Line 15, to include Kansas Lottery and also any other appropriate section of the Lottery law. Seconded by Rep. McKechnie. Motion carried.

Rep. McKechnie moved to amend Page 4, Section 6, to take effect and be in force from its publication in the Kansas Registrar, rather than statute book. Seconded by Rep. Patrick. Motion carried.

Rep. McKechnie moved the committee recommend H.B. 3088, as amended, favorably for passage. Seconded by Rep. Patrick. Motion carried.

Diane Duffy from Legislative Research reviewed HCR 5050 urging the Secretary of Administration to complete a needs analysis of the personnel and payroll functions of the Department of Administration.

Rep. Kline moved have the analysis include a recommendation as to what we do with what we have. Seconded by Rep. ROCK, MOTION carried.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Computers, Communications & Technology
room 529-S, Statehouse, at 12:00 ~~a.m.~~/p.m. on March 5, 1992.

Rep. Patrick moved to pass out HCR 5050, as amended. Seconded by Rep. Mead. Motion carried.

Chairman Dean announced the next meeting will be Friday, March 6, at 7:30 a.m.

GUEST LIST

COMMITTEE: House COT

DATE: 3-5-92

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
Rob Hodges	Topeka	Ks Telecom Assn
Cheryl Weber	Topeka	SRS
Bill Burton	"	SRS
Abel Strong	Topeka	Kcc
AJ Smith	Topeka	—
Ray Hauke	Topeka	Dir of Regents
Mary Shivers	Topeka	KDOT
Jim CASTRELL	"	K.D.H.R
Wayne Thomas	"	KDHR
Nancy Echols	"	DoF A, DPS
Bobbi Mariani	"	"
Jean Preece	"	DISC
Wendy Barnes	"	KSBA
W. Barnes	"	KSBA
ML Manning	"	DOB
Mimi Hair	TOP	UNISYS
Auan Foster	Topeka	Legis. Post Audit
Barb Hinton	Topeka	Post Audit
Dave Larson	Topeka	Legislature
JEFF LEWIS	"	Corrections
Jim GREEN	"	KDHE
Pat Higgins	"	DOA
JIM PARKER	TOPEKA	DOFA, DISC
CAREY BROWN	"	DISC
Jerry Sloan	"	OJA

House Computers, Communications and Technology Committee
March 4, 1992

Testimony of Howard Schwartz
Judicial Administrator
Office of Judicial Administration

Mr. Chairman and members of the committee:

I thank you for the opportunity to discuss with you House Bill Number 3088 which deals with the acquisition of data processing systems, services, and modification of existing systems.

In my opinion this bill provides the secretary of administration with undue and inappropriate authority over administrative matters reserved for the Supreme Court. Article 3 of the Kansas Constitution and K.S.A. 20-101 explicitly give the Supreme Court administrative authority over the courts of the state. Data processing is one means by which the Supreme Court can translate its administrative priorities to action.

This bill makes no distinction between internal data processing projects, and those projects which involve a contract with a outside vendor. In effect the secretary of administration would be required to monitor the work of judicial branch data processing employees in direct contradiction to the administrative authority of the Supreme Court.

House CCT
Attachment 1
3-5-92

Further, this bill gives the secretary of administration the authority to end work on a data processing systems development project and to suspend or withhold payments for such work. This could result in either acceptable work products being rejected, based solely on the judgment of the secretary of administration, or in inferior work products being accepted despite the protestations of our technical staff.

While we support the objectives of good project management, we believe that this bill vests too much authority over judicial branch activity with the secretary of administration. I suggest that the bill be amended by striking the reference to K.S.A. 75-3701, which defines "state agency" as including both the legislative and judicial branches, and replacing it with the definition found at K.S.A. 1991 Supp. 77-415 (1), or with language similar to that statute, exempting the legislative and the judicial branches from the bill's provisions.

STATE OF KANSAS

JOAN FINNEY

Governor



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DEPARTMENT OF ADMINISTRATION
Division of Information Systems
and Communications

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Deputy Director
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MEMORANDUM

DATE: Monday, March 2, 1992

TO: Gloria M. Timmer, Director of the Budget

FROM: Jean L. Turner, Director, DISC

RE: Fiscal Note for HB 3088

This memo includes information we will give the House Computer, Communications, and Technology Committee (CCT) at today's hearing.

Commentary & Analysis

Terminology - First, we'd request the bill be amended to use terms consistent with adopted industry standards. The EDP Auditors Foundation (EDPAF) is the internationally recognized standards setting body in this area. EDPAF publishes Control Objectives (April, 1990) to document the standards. Control Objectives standards embrace information systems generally. DISC is adopting selected standards to address information systems planning and development. As resources and interest permit, DISC may adopt more standards from the publication, and audit against them. Using standard terms will help retain consistency and have external validity and meaning to the state's contractors. Rather than requiring needs analyses, we'd suggest requiring each systems development project have a project definition and feasibility study completed and approved prior to commencing system design work.

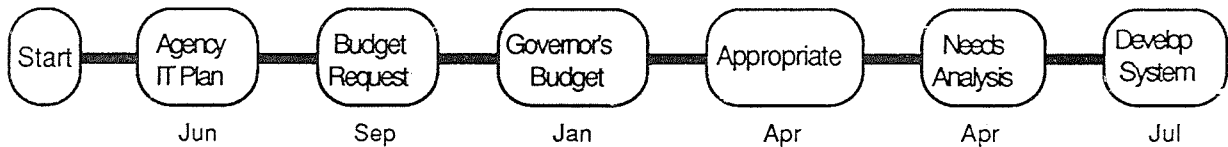
Scope - Section 1(a) - ALL data processing or computer acquisitions are covered, along with those not involving systems development projects. This includes even those that are very small, such as buying repair or replacement parts. We'd suggest amending the bill to provide any systems development acquisition requiring approval of the Secretary of Administration pursuant to K.S.A. 75-4705 et. seq. shall have a project definition and feasibility study completed and approved prior to commencing system design work. DISC has been delegated this approval function, and sets approval practices in published Policy and Procedure Memoranda 3200.01 (a draft of PPM 3200.02, expected to be issued within the next week, is attached as well as the present PPM, 3200.01).

House CCT
Attachment 2
3-5-92

If Section 1(a) is not amended to reduce its scope, there will be heavy financial costs. A conservative estimate would be that the larger agencies like DOT, SRS, and Revenue would probably request at least three positions apiece to address the requirements. DISC can probably handle the paperwork to verify a needs analysis is on file and meets basic standards for non-Regents agencies with existing staff, as long as we just “review & file” along the way to addressing an approval request, or return with form letters for more work. Unfortunately this approach is effectively “going through the motions”. Agencies will quickly recognize it as such even though it’s an improvement on present practices, where project definition and feasibility studies aren’t required. The problem is that though studies are proper and critical for larger projects, applying the approach to all acquisitions weakens the effectiveness and perception of the program. If Regents institutions remain included, or DISC performs any sort of meaningful review, or all acquisitions remain covered, DISC will need more staff.

Timing - There is an interesting interplay between Section 1(a) and Section 1(b) and existing planning, budgeting, and appropriation processes. The bill is silent as to when studies are to be prepared, except to establish a cutoff point by which they must be done (before acquisition).

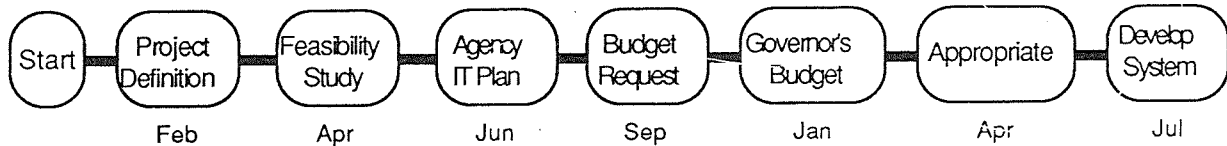
As proposed in the bill:



There’s a chance an acquisition that’s been planned, budgeted, and appropriated may not be defensible once a proper needs analysis is done. In that case, some agencies would quickly prepare new needs analyses for other projects and use the funds as much as possible, treating the money as “manna from heaven”. A devious agency could orchestrate the above to generate funds for an otherwise unpopular project, but one that easily and straightforwardly passes a needs analysis test though it would not be approved when considered against other competing projects. There is also a very real chance an agency could identify a proposed systems development project in their IT plan, and promote the project convincingly enough to sell it through even the appropriations stage. Only when a needs analysis (Feasibility Study in the EDPAF Standards) is appropriately and properly done would it be apparent the project should not be attempted. In such a situation, the Secretary would be in the difficult position of having to abort or stop a project already approved by the Secretary’s boss and by the Legislature.

DISC would suggest Project Definition and Feasibility Study stages (needs analyses) be completed before an agency can include a systems development project in the agency’s Information Technology (IT) Plan, and therefore before it’s included in a budget request, Governor’s budget message or appropriation. The Project Definition and Feasibility Study materials would also then already be available for the review stages that normally follow.

As suggested here:



Coverage - Although Regents institutions are otherwise statutorily exempt as far as specifications review, planning, and budget reviews are concerned, this bill requires ALL their acquisitions must be preceded by an approved needs analysis. The Regents institutions can be expected to oppose their inclusion here.

Added responsibilities - Section 1(d) creates a new responsibility for DISC, activity and performance monitoring. The description is worded so that while it gives DISC authority to stop a project which is out of control contractually, it does not require intimate, detail-level monitoring of ALL projects and acquisitions. The section only provides authority to stop projects where the parties involved in a contract have failed to perform. It does not provide authority to stop a project because technical or management merits clearly make a project untenable and undefensible. It does not provide authority to stop a project where the project is on schedule and within budget, etc. but is developing something that will be prohibitively expensive to operate. The section is an improvement over present arrangements, but may have such limited application that its real impact is extremely small. Further, and most importantly, it does not make DISC responsible for the creation of only "good" systems on the assumption that "DISC can stop projects", as the section only grants "stopping authority" in very limited situations.

Conundrum - Section 1(f)(4) includes planning, analyzing, and consulting services (for data processing purposes) within the list of things for which a needs analysis is required. This may present a problem for agencies who need to hire larger needs analyses done for them. They will have to do a needs analysis to hire someone to do the larger needs analysis. Obviously, the first one will have to be done solely with internal agency resources.

Removable section - Section 4 applies needs analysis requirements to "lease back" arrangements. Such arrangements are almost exclusively financial transactions, with fairly clear-cut payback and return decisions, bearing little resemblance to the types of things considered in a normal systems development needs analysis. The section could be removed without limiting the improvements gained from the rest of the bill. Leaving the section in has little impact on systems development projects as almost no systems development projects involve lease back arrangements.

Fiscal Considerations

Impacts are determined by how the final bill appears:

- Unmodified
- Affecting all acquisitions or only major projects
- Retaining or exempting Board of Regents

Impacts are further affected by the level of reviews performed before needs analyses are approved, and the level of project monitoring performed:

Check-off reviews - the agency submits documentation and DISC reads the material to be sure it contains "the right words" before filing the material and issuing an approval letter saying the needs analysis met the basic standards required. An agency submission would largely consist of a certification over the signature of the agency head saying the agency had performed each of the steps called for in a needs analysis and the result or conclusion reached. No work papers or background would be reviewed or probably even submitted.

Regular reviews - the agency submits documentation and DISC reviews the summary material and the background material, to be sure the methodology used to complete the needs analysis was appropriate, and that the analysis truly considered all appropriate alternatives.

Extensive reviews - DISC personnel interview agency personnel to verify the information described in the needs analysis, review external sources of information such as vendors and comparable agency entities to test the reasonableness of the conclusions reached. Each review probably results in a unique written document accompanied by structured work papers describing how the needs analysis was tested, and whether it qualifies for approval. (This alternative is inappropriate for all but the largest of critical projects, so it is not reflected in the impact figures to follow. It is included here to establish the range of reviews possible)

Check-off monitoring - the agency submits documentation and DISC reads the material to be sure it contains "the right words" before filing the material. An agency submission would largely consist of a certification over the signature of the agency head saying the contract remained on schedule with costs and deliverables being delivered as called for in the contract. No supporting documents would be reviewed or probably even submitted.

Regular monitoring - the agency submits reports of project progress and DISC reviews the material and supporting documents, to be sure the contract progress is as expected, and that costs and deliverables are consistent with expectations.

Extensive reviews - DISC personnel interview agency and vendor personnel on a regular basis during the life of the project to verify the contract is proceeding as originally expected. Each review probably results in a unique written document accompanied by work papers describing how progress has been measured, which steps in the project are completed, which steps remain, and how experience to date indicates the remainder of the project will fare. Each review step would also measure whether implementation costs appear to be as originally expected. (This alternative is inappropriate for all but the largest of critical projects, so it is not reflected in the impact figures to follow. It is included here to establish the range of reviews possible)

Fiscal Impacts

Unmodified bill, all acquisitions included, Regents included, check-off reviews, check-off monitoring - Significant costs at the agency level, as agencies prepare needs analyses and submit them to DISC. DISC needs two added secretarial staff persons and supporting equipment. Total cost to DISC at \$50,000 first year, \$40,000 subsequent years.

Modified bill, all acquisitions included, Regents exempted, check-off reviews, check-off monitoring - Significant costs at the agency level, as agencies prepare needs analyses and submit them to DISC. DISC needs added secretarial staff person and supporting equipment. Total cost to DISC \$25,000 first year, \$20,000 subsequent years.

Modified bill, only major projects included, Regents exempted, check-off reviews, check-off monitoring - DISC needs added secretarial staff person and supporting equipment. Total cost to DISC at \$25,000 first year, \$20,000 subsequent years.

Modified bill, only major projects included, Regents exempted, regular reviews, check-off monitoring - DISC needs added IRM position and secretarial staff person and supporting equipment. Total cost to DISC at \$75,000 first year, \$65,000 subsequent years.

Modified bill, only major projects included, Regents exempted, regular reviews, regular monitoring - DISC costs include:

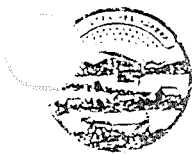
- Three IRM positions at \$45,000/yr apiece
- Secretarial support position at \$20,000/yr
- Equipment for new positions at \$20,000 (first year only)
- Subsistence & per diem at \$68/day average equals \$3,540/yr

Total DISC impact equals \$178,540 first year.

Modified bill, only major projects included, Regents included, regular reviews, regular monitoring - DISC costs include:

- Four IRM positions at \$45,000/yr apiece
- Two Secretarial support positions at \$20,000/yr
- Equipment for new positions at \$30,000 (first year only)
- Subsistence & per diem at \$68/day average equals \$10,608/yr

Total DISC impact equals \$260,608 first year.



DIVISION OF INFORMATION SYSTEMS AND COMMUNICATIONS

DEPT OF ADMINISTRATION

751-S. Landon State Office Building
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Topeka, Kansas 66612-1275
(913) 296-3463

Revision
POLICY
AND
PROCEDURE
MEMORANDUM
3200.01

BIRM

Effective
Date
1-10-86

- 1.0 SUBJECT: Acquisition of Information Systems, Data Processing and Telecommunications Equipment, Programs, Systems, and Contract Services
- 2.0 DISTRIBUTION: All State Agencies
- 3.0 *Russell Getter*
Russell Getter, Director
- 4.0 PURPOSE: To specify requirements and procedures for acquisition of information technology by state agencies.
- 5.0 BACKGROUND: K.S.A. 75-4705, 75-4706 require State agencies to obtain approval from the Director of Division of Information Systems and Communications (DISC) prior to acquiring data processing equipment, programs, systems and contract services.
- 5.1 K.S.A. 75-4709 requires the Secretary of Administration to control the acquisition, retention and use of all telecommunications equipment and services for all divisions, departments and agencies of the state, and to develop and review plans and specifications for telecommunications services throughout the state. Telecommunications services include, but are not limited to, any transmission, emission or reception of signals of any kind containing communication of any nature, by wire, radio, optical or other electromagnetic means, and include all facilities, equipment, supplies and services for such transmissions, emissions or reception. Guidance relating to the type of equipment or services covered is provided in the Glossary section of this PPM.
- 5.2 The statutory authority to approve acquisitions has been delegated to the Deputy Director, Bureau of Information Resource Management (BIRM), Division of Information Systems and Communications (DISC). Questions concerning this PPM can be referred to the Bureau of Information Resource Management, DISC.

- 5.3 PURCHASE AUTHORITY: Under current policy all state agencies are authorized to make small purchases, less than \$2,000.00 purchase or annual lease cost, of information systems and data processing and telecommunications equipment, programs, systems and contract services without prior approval of the Director of the Division of Information Systems and Communications except as outlined below. All purchases of less than \$2,000.00 must be consistent with the Division of Purchases Memorandum 29E applicable to object classification. If required, a copy of the DISC acquisition approval letter (and bid specification approval as appropriate) must accompany all purchase requisitions submitted to the Division of Purchases.
- 5.4 Word processing systems, formerly covered by DISC PPM 100.03, are also subject to approval under this PPM.
- 5.5 There are specific items or services which require the approval of the Director of the Division of Information Systems and Communications even though their purchase price is equal to or less than \$2,000.00. Such items or services are:
- 5.5.1 Purchase of desk top, personal computer system, or word processing system.
 - 5.5.2 Data communications equipment such as modems, multiplexors and other data communications processing or telecommunications terminal equipment.
 - 5.5.3 Acquisitions or changes in telecommunications equipment or services beyond those already approved and installed.
 - 5.5.4 All key system equipment to be used in conjunction with electronic PBX's.
- 5.6 Vouchers for items which can be purchased under \$2,000.00 and do not require the approval of the Director of the Division of Information Systems and Communications must contain the following statement: "This claim voucher is submitted to satisfy an obligation which was incurred in accordance with the provisions of the Division of Information Systems and Communications Policy and Procedure manual filing 3200.00 and does not require DISC approval." The following paragraphs highlight examples of such items.
- 5.6.1 Replacement parts for radio equipment that does not affect the operating frequency of the equipment (antennas, microphones, carrying cases, etc.).
 - 5.6.2 Radio receiving equipment provided the purchase price or the annual lease cost is less than \$500.00.

- 5.6.3 Intercom equipment that does not radiate RF energy or which uses a wiring system that is separate from the telephone or electrical system.
- 5.6.4 Additions or changes of ordinary telephone extensions that do not exceed the capacity of the switch of which it is, or may become a part.
- 5.6.5 Data processing equipment which is not classified as a desk top, personal computer system or word processing system, data processing programs, systems and contract services provided the item cost does not exceed \$2,000.00.
- 5.7 All purchases concerning data processing supplies do not require the approval of the Director of the Division of Information Systems and Communications.
- 5.8 GLOSSARY: Telecommunications equipment and services consist of:
 - 5.8.1 All radio equipment including microwave equipment and service, base stations, mobile or portable units, radio pagers, scanners, antennas and associated cabling, including satellite communications equipment.
 - 5.8.2 All telephone equipment including answering machines, speaker phones, dialers and any other equipment that connects to the telephone system.
 - 5.8.3 All data communications equipment including but not limited to modems, multiplexors, concentrators, Local Area Network (LAN) equipment and or cables and facsimile equipment.
 - 5.8.4 All video communications equipment.
 - 5.8.5 All internal communications equipment such as intercoms and public address systems.
 - 5.8.6 All communications cabling systems.
 - 5.8.7 All voice or data telephone circuits required for communications, alarm monitoring, detection or signaling.

6.0 PROCEDURE:

- 6.1 Acquisition proposals should be prepared in such a fashion as to identify the item(s) from a functional standpoint rather than specific items of hardware, software, or services. Additionally, such proposals should be a part of the formal state information systems plan. This plan in turn will be updated to add one or more future years and to reflect accomplishments, legislative actions, new financial constraints, etc.

- 6.2 In addition to identifying proposed procurement(s) in a formal state information systems plan, it should also be included in the annual budget document which is submitted to the Division of Budget. Budget identification of the items to be procured will be more specific than in the information systems plan because more detailed information is required to accurately estimate costs.
- 6.3 Prior to acquisition, a letter to DISC seeking approval to acquire the desired products should be submitted. This letter should address the following points as briefly as possible:
 - 6.3.1 Detailed description of the product or service to be acquired and the major applications/programs it supports.
 - 6.3.2 Alternatives considered along with reasons for the final selection.
 - 6.3.3 A statement of the benefits of the product or service in measurable terms, and an explanation of how this acquisition fits into your long range plans and supports agency program objectives.
 - 6.3.4 The estimated cost of the product or services to be acquired and a statement of the budget authority, fiscal year, and funding source for the acquisition. Additionally, a concise statement of the impact of the proposed acquisition on other resources including but not limited to support staff, agency data processing equipment, and DISC central resources.
 - 6.3.5 In cases where the acquisition requires special considerations such as sole source vendor, a brief statement should be included to identify the specific need.
- 6.4 Subsequently, DISC will issue acquisition approval or disapproval based upon the following:
 - 6.4.1 The acquisition is capable of fulfilling projected benefits and carries a sound economic justification.
 - 6.4.2 The request is in compliance with the State's technical, operational, and long term strategic goals.
- 6.5 As part of the approval process, agencies should submit bid specifications to DISC for review and approval, in order to obtain maximum volume purchase discounts wherever possible. Such specifications can be submitted to DISC, in draft form, in conjunction with the acquisition request so that the approval can be accomplished in a timely manner.

7.0 CANCELLATION: This P.P.M. cancels P.P.M. 3200.00 dated 9-9-85.

8.0 CONTACT PERSON: Dwayne Sackman, Deputy Director, BIRM, 296-2670 (KANS-A-N 8-561-2670)

PPM
3200.02

Bureau of
Information
Resource
Management

Effective Date
12/01/91

1.0 SUBJECT: Acquiring Information Systems, Data Processing and Telecommunications Equipment, Programs, and Contract Services

2.0 DISTRIBUTION: All State Agencies

3.0 FROM: _____
Jean L. Turner, Director of DISC

4.0 PURPOSE: To specify policy and procedure requirements for acquisition of information and communications technology by state agencies.

5.0 BACKGROUND:

5.1 K.S.A. 75-4705, 75-4706 and 75-4709 require state agencies to obtain approval from the Director of the Division of Information Systems and Communications (DISC) prior to acquiring data processing equipment, programs, systems, contract services and telecommunications equipment and services. **DISC Standard 3405.00** defines the information technologies, telecommunications and information services that are covered under these statutes. These definitions are collectively referred to in this Policy and Procedure Memorandum (PPM) as "information technology and services".

5.2 Since the first publication of this PPM, the economics and technology of computer systems have changed significantly, and what was unique a few years ago is commonplace today. In particular, microcomputers or personal computers are now standard equipment, and their usefulness is widely accepted. To reflect these and other changes, DISC is updating its policies on the acquisition of information technology and services.

5.3 This PPM applies to all acquisitions of information technology and services, regardless of source or funding method. Acquisition of information technology or services via gift, loan, transfer, grant, a vendor, a federal agency, another state agency, an entity from another state or any other means is subject to DISC approval.

5.4 All state agencies, with the exception of institutions under the jurisdiction and control of the State Board of Regents, are required to provide DISC with a formal annual Information Management Plan. By providing DISC with comprehensive and timely information, agencies help ensure that acquisition of information technology and services can be accomplished in an organized and timely manner.

5.5 The statutory authority to approve acquisitions of information technology and services has been delegated to the Deputy Director, Bureau of Information Resource Management (BIRM), within DISC.

6.0 POLICY:

6.1 Acquisitions requiring prior DISC approval:

6.1.1 DISC approval is required for all computers and central processing units (CPU's), regardless of cost. This includes mainframe computers, minicomputers, departmental processors, microcomputers (PC's) and workstations.

6.1.2 Telecommunications equipment or services (see **DISC Standard 3405.00, Section 6.4**):

6.1.2.1 DISC approval is required for (a) any item that is not being acquired from a current statewide contract established by the Division of Purchases and for (b) all items, regardless of acquisition source, if the total acquisition cost is more than \$500.

6.1.2.2 The agency should send its approval request letter to DISC (BIRM) prior to or along with its Telecommunications Service Request (TSR), if applicable. BIRM will ensure that the Bureau of Telecommunications (BOT) reviews the request prior to approval. BOT will thereafter coordinate the provision of equipment and/or services per the approval letter and TSR.

6.1.3 Other information technology and services (see **DISC Standard 3405.00, Sections 6.1 through 6.3**) - This includes (but is not limited to) hardware, software, services and maintenance. DISC approval is required for all items that cost more than \$2,000 each. DISC approval is also required for all items, regardless of individual costs, if the total acquisition cost is more than \$10,000. When an item is acquired by some means other than direct purchase (e.g., lease, rental, etc.), its acquisition cost equals annual cost.

6.2 Acquisitions not requiring DISC approval:

6.2.1 Vouchers for items that do not require approval from DISC must contain the following statement: **"Does not require DISC approval - see DISC PPM 3200.02"**. For example, this statement could be used

when acquiring terminals or printers that cost less than \$2,000 each and where the total acquisition cost is under \$10,000.

6.2.2 Purchases of consumable data processing supplies do not require approval from DISC. Such supplies may or may not be available via statewide contracts.

6.3 Acquisition approval procedure: Prior to acquisition, a person authorized by the agency should submit an approval request letter to DISC. **DISC Guideline 3608.00** provides an outline of the justification requirements that should be addressed in the approval request letter. For example, the letter should include:

6.3.1 Detailed description of the proposed acquisition, and the specific applications/programs it supports.

6.3.2 Alternatives considered, along with reasons for the final selection.

6.3.3 Statement of the benefits of the proposed acquisition, and an explanation of how/where the acquisition fits into the agency's long-range plans and program objectives.

6.3.4 Estimated cost of the proposed acquisition; and a statement explaining the budget authority, fiscal year, funding source and estimated purchase date for the acquisition.

6.3.5 Statement of the impact of the proposed acquisition on other resources; including (but not limited to) support staff, agency data processing equipment and DISC resources.

6.3.6 Cost/benefit analysis of the proposed acquisition and implementation, if the acquisition will exceed \$10,000. Various cost/benefit analysis methods are acceptable.

6.4 If bid specifications with an RFQ or RFP are required:

6.4.1 Acquisition proposals should be prepared so that the information technology and services are identified from a functional standpoint, rather than identifying specific items. Major proposals should be included in the agency's annual Information Management Plan and identified in the agency budget.

6.4.2 All state agencies, with the exception of institutions under the jurisdiction and control of the State Board of Regents, should submit bid specifications to DISC for approval prior to their submission to the Division of Purchases. The BIRM analyst for that agency will review the specifications for compatibility with statewide technology goals and will provide input, review and feedback to the agency. In some cases, the

agency may be required to make and submit revisions to the specifications prior to approval. Such specifications can be submitted to DISC in draft form with the approval request letter so that approval can be accomplished in a timely manner.

6.4.3 Approval constitutes final acquisition approval when the acquisition is processed as a Request for Quotation (RFQ). Approval is an "approval to proceed" only and does not include an approval number when the acquisition is processed as a Request for Proposal (RFP) and/or a negotiating committee is needed.

6.4.4 Final acquisition approval following an "approval to proceed" is contingent upon review of the final RFP and/or the outcome of the negotiations. The agency must submit a follow-up approval request letter to DISC in order to obtain the approval number that is required before the Division of Accounts and Reports will process applicable payments.

6.5 Acquisition approval criteria: DISC will issue acquisition approval or disapproval, based upon the following:

6.5.1 The acquisition complies with the requirements shown in **DISC Guideline 3608.00**.

6.5.2 The acquisition meets the stated requirements and is capable of fulfilling projected benefits.

6.5.3 The acquisition falls within the agency's annual Information Management Plan.

6.5.4 The acquisition carries a sound economic justification.

6.5.5 The acquisition complies with the state's technical, operational and long-range strategic information technology goals.

6.6 Time limit on approvals: Any approved acquisition is to be completed within the fiscal year in which approval is given or by July 31 of the next fiscal year. If the acquisition occurs after that time, the approval request must be resubmitted to DISC for consideration.

7.0 CANCELLATION: This PPM cancels PPM 3200.01 dated 1-10-86 and Bulletin 3013.00 dated 8-1-91.

8.0 CONTACT PERSON: Roberta Giovannini, Deputy Director, Bureau of Information Resource Management, 913-296-3463.