



MEMORANDUM

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TO: Members, Senate Committee on Federal and State Affairs
FROM: Justin Stowe, Interim Legislative Post Auditor
DATE: March 8, 2018
SUBJECT: Neutral Testimony Regarding House Bill 2438

I appreciate the opportunity to provide neutral testimony regarding House Bill 2438, which was introduced by the Legislative Post Audit Committee and would amend K.S.A. 2017 Supp. 75-7209. The bill requires IT projects with a cumulative cost of more than \$5 million to use separate vendors to plan and implement the project.

Background Information

In October 2017, our office released an IT project monitoring audit that evaluated the current status of the Department of Labor's Online System for Claims Administration and Research (OSCAR) project. The purpose of that project is to modernize the state's workers' compensation system. In that report, we noted that the department split the OSCAR project into two distinct sub-projects: one to plan the project and one to build it.

We think the department's decision to keep its planning and building efforts separate has been a positive factor in the management of the project. During the planning phase, the department worked with a contractor to identify the new system's requirements. The department then selected a different company to build the system based on the requirements identified during planning. The project has remained on schedule and on budget since we began evaluating it in April 2017.

Provisions of House Bill 2438

Based on the results of our October 2017 audit, the Legislative Post Audit Committee introduced HB 2438 to require all large state IT projects (those with a cumulative cost of more than \$5 million) to use separate vendors to plan and implement the project.

HB 2438 also allows the chief information technology officer of each branch to waive this requirement for IT projects within his or her respective branch, through written permission. This provision is intended to help give agencies some flexibility for projects that may have very few vendors qualified to plan or build the system.