Department of Planning and Budget
2002 Fiscal Impact Statement

1. **Bill Number**   HB823

   House of Origin   ☐ Introduced   ☐ Substitute   ☒ Engrossed

   Second House   ☐ In Com mittee   ☐ Substitute   ☐ Enrolled

2. **Patron**   Nixon

3. **Committee**

4. **Title**   Secretary of Technology; security audits, government databases.

5. Summary/Purpose: Requires the Secretary of Technology to develop policies, procedures and standards for conducting audits of government databases and data communications. The Secretary is also required to direct an appropriate entity to oversee, plan, and coordinate the conduct of periodic audits of all executive branch agencies and institutions of higher education regarding security procedures for protecting government databases and data communications. The designated entity may contract with a private firm or firms in completing this task. All government entities subject to such audits are to fully cooperate with the designated entity. This responsibility was originally given to the Governor; this bill repeals those sections and transfers the responsibility to the Secretary of Technology.

6. Fiscal Impact Estimates are Preliminary: Indeterminate. (See Note 8.)

7. Budget amendment necessary: Indeterminate. (See Note 8.)

8. Fiscal implications: This legislation shifts from the Governor, to the Secretary of Technology, existing authority to designate an entity to oversee, plan and coordinate the conduct of periodic data security audits of all executive agencies and institutions of higher education. Since this legislation does not impose any additional obligations, it may not result in an additional fiscal impact.

This legislation would codify current responsibilities. With the establishment of the Secretariat of Technology in 1998, the Governor has held the Technology Secretariat, or an agency within the secretariat, as the entity responsible to plan and coordinate the conduct of such data security audits..

If, under this proposed legislation, the obligation of the designated entity is simply to develop policies, oversee, plan and coordinate the conduct of the audits, there should be minimal fiscal impact. However, if the intent of the legislation further extends to committing the designated entity to be the conductor of the audits, according to the Department of Technology Planning, a fiscal impact will result.

The Department of Technology Planning has provided the following fiscal impact if audits are to be conducted.

House Bill 823 language directs audits to be overseen and conducted but does not specify the audit period or specific components of the audit. Assuming an annual audit a nd an

averageofoneman -weekperaudit,anadequatestaffinglevelsuggestsastaffofthree auditors(includingadirectorwhoalsoservesasanauditor)orequivalentservicesfroma privatefirm.Usinganannualsalarycostof$96,000perauditorincl udingbenefits,and $22,100perpersonfornon -personalservicesyieldsanestimateof$345,300*inthefirst yearand$354,300inthesecondyearforannualdirectauditcosts.Theannualcostto procureauditservicesfromaprivatefirmwouldlikelybe more,butwouldnotrequire additionalstatepositions.

ThefirstyearcosthasbeenadustedbyDPBtoaccountforone -timecostsandareduced numberofeffectivepayperiods.

9. Specificagencyorpoliticalsubdivisionsaffected:SecretariatofTech nologyandallexecutive branchagenciesandinstitutionsofhighereducation.

10. Technicalamendmentnecessary:No.

11. Othercomments:ExistinglanguagecontainedinVirginiaCodeSection2.2 -226B.,canbe interpretedtogranttheSecretarysimil arsuchauthoritytoplan,andcoordinatetheconductof securityaudits.Morespecifically,asubparapraphwithinthissectionoftheCodeallowsthe SecretaryofTechnologytodirecttheformulationandpromulgationofpolicies,standards, specifications,andguidelinesforinformationtechnologyassetsintheCommonwealth. AdditionallanguagegrantstheSecretaryauthoritytodirectastatewideinformationtechnology (IT)planningprocess,andplanforthemanagementanduseofITassets.

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cc:SecretaryofTechnology