

Department of Planning and Budget 2002 Fiscal Impact Statement

1. Bill Number HB823

House of Origin ☐ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☒ Enrolled

2. Patron Nixon

3. Committee: Passed both houses

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. 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.

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. Therefore, there should not be any additional fiscal impact associated with the planning and coordinating of the audits. However, if the intent of the legislation also commits the designated entity to conduct the audits or contract for the audits, according to the Department of Technology Planning (DTP), a fiscal impact will result.

DTP 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 and an average of one man-week per audit, an adequate staffing level suggests a staff of three auditors (including a director who also serves as an auditor) or equivalent services from a private firm. Using an annual salary cost of \$96,000 per auditor including benefits, and \$22,100 per person for non-personal services yields an estimate of \$345,300* in the first year and \$354,300 in the second year for annual direct audit costs. The annual cost to procure audit services from a private firm would likely be more, but would not require additional state positions.

**The first year cost has been adjusted by DPB to account for one-time costs and a reduced number of effective pay periods.*

9. Specific agency or political subdivisions affected: Secretariat of Technology and all executive branch agencies and institutions of higher education.

10. Technical amendment necessary: No.

11. Other comments: Existing language contained in Virginia Code Section 2.2-226B., can be interpreted to grant the Secretary similar such authority to plan, and coordinate the conduct of security audits. More specifically, a subparagraph within this section of the Code allows the Secretary of Technology to direct the formulation and promulgation of policies, standards, specifications, and guidelines for information technology assets in the Commonwealth. Additionally, language grants the Secretary authority to direct a statewide information technology (IT) planning process, and plan for the management and use of IT assets.

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cc: Secretary of Technology