

DATA PROCESSING BY NEVADA STATE GOVERNMENT



Bulletin No. 81-13

LEGISLATIVE COMMISSION
OF THE
LEGISLATIVE COUNSEL BUREAU
STATE OF NEVADA

October 1980

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Assembly Concurrent Resolution No. 21—Assemblymen May, Cavnar,
Harmon, FitzPatrick, Price and Barengo

FILE NUMBER..122..

ASSEMBLY CONCURRENT RESOLUTION—Directing the legislative commission to study data processing by the state government.

WHEREAS, Data processing is of the utmost importance in conducting state business; and

WHEREAS, Reviewing the ability of state government to perform its functions is a proper responsibility of the legislature; and

WHEREAS, The legislature has not undertaken a study of data processing by the state government in Nevada; and

WHEREAS, A legislative audit reviewing data processing by the state government concluded that a study is particularly needed; now, therefore, be it

Resolved by the Assembly of the State of Nevada, the Senate concurring, That the legislative commission study data processing by the state government in Nevada with primary emphasis in the following areas:

1. The physical security of facilities in which data processing is performed;

2. The ability through backup information and recovery plans to duplicate data and enable a disrupted system for data processing to function again;

3. The security measures necessary to prevent unauthorized access to data; and

4. The administration, performance and structure of the function of data processing; and be it further

Resolved, That the legislative commission submit a report of its findings and recommendations to the 61st session of the Nevada legislature.

REPORT OF THE LEGISLATIVE COMMISSION

TO THE MEMBERS OF THE 61st SESSION OF THE NEVADA LEGISLATURE:

Assembly Concurrent Resolution No. 21 of the 60th session of the legislature directed the legislative commission to study data processing by the state government.

In response to the mandate of the resolution and subsequent to adjournment of the 1979 session, the legislative commission determined that it would conduct its study through a subcommittee.

Appointed to serve on the subcommittee were:

Harley L. Harmon, Chairman
Assemblyman from Clark County

Peggy Cavnar
Assemblyman from Clark County

James J. Banner, Vice-Chairman
Assemblyman from Clark County

Donald R. Mello
Assemblyman from Washoe County

Roger Bremner
Assemblyman from Clark County

In this report, the subcommittee has attempted to present its findings and recommendations briefly and concisely. A large amount of data was gathered during the course of the study, however, only that data which bears directly upon the recommendations is included. All supporting documentation is on file with the legislative counsel bureau and is available to any legislator. The subcommittee was assisted in its study by a number of people, including members of the data processing commission, data processing users and a technical consultant to the subcommittee.

This report is transmitted to the members of the 1981 legislature for their consideration and appropriate action.

Respectfully submitted,

Legislative Commission
Legislative Counsel Bureau
State of Nevada

Carson City, Nevada
October 1980

SUMMARY OF RECOMMENDATIONS

This summary represents the major conclusions reached by the subcommittee.

The subcommittee recommends that:

1. Chapter 242 of the Nevada Revised Statutes (NRS) be amended to combine the computer facility and the central data processing division as one division under the department of general services. (BDR 19-7)

2. Chapter 242 of NRS and relevant sections be amended to change the function of the data processing commission from a policy making body to that of advisory. (BDR 19-7)

3. The newly reorganized division provide for a planning function that would consider and make recommendations to the administrator with regard to long-range planning of equipment purchases and technological improvements.

4. A 5 year plan be developed by the central data processing division which would project the need and utilization of data processing equipment. This plan is to be presented to the 1981 session of the legislature.

5. The division segregate the responsibilities of operations, programming, and data control to maximize security organizationally, with all three functions reporting directly to the division administrator.

6. The division provide functionally for the ongoing evaluation of the continued need, and efficiency of current data processing applications.

7. The division provide functionally for the evaluation of need and cost justification of all requests for data processing applications.

8. The division conduct reviews on a sample basis to compare the results of implementing systems to the initial justification. The results of such reviews will be made available to the legislature upon request.

9. Peer reviews be conducted by the central data processing division, the state controller, the department of transportation, and the department of motor vehicles. Such reviews will address the continued need and efficiency of data processing applications.

10. A backup and recovery plan be developed which will include:

- (a) Equipment;
- (b) Programs;
- (c) Personnel;
- (d) Operations manuals;
- (e) Data; and
- (f) Facilities.

11. The backup and recovery plan address priorities of data to be processed.

12. Consideration be given for the distribution of various priority programs to various sources of backup.

13. The backup plan, along with the costs, be presented to the 1981 legislature.

14. After the consolidation of the central data processing division and the computer facility:

- (a) Keep at least two people on each shift at the facility.
- (b) Restrict uncontrolled access to the tape vault from operators.

15. Management continue to monitor the area of data security and implement safeguards when practicable.

REPORT OF THE LEGISLATIVE COMMISSION'S
SUBCOMMITTEE ON DATA PROCESSING BY
NEVADA STATE GOVERNMENT

I. INTRODUCTION

Assembly Concurrent Resolution No. 21 of the 1979 session of the legislature directed the legislative commission to study data processing by the state government. Specifically, the resolution directed study of four areas:

1. Physical security of data processing facilities.
2. Backup and recovery of data processing information and systems.
3. Security over unauthorized access to data.
4. Administration, performance and structure of data processing.

The subcommittee held five meetings, all of which were in Carson City. The first meeting was primarily held to establish formal goals and objectives of the subcommittee and to hear expert testimony by a data processing consultant to the subcommittee. As a result of that meeting, the following goals and objectives were established:

1. Determine if the state has taken satisfactory measures to assure the physical security of the following:
 - (a) Personnel;
 - (b) Physical plant; and
 - (c) Confidential data.
2. Determine if satisfactory standards, procedures and plans exist to provide for complete backup and recovery of data processing operations.
3. Determine if the organizational structure of data processing operations in state government is conducive to:
 - (a) Economy;
 - (b) Efficiency; and
 - (c) Operational effectiveness.

Subsequent meetings were devoted to hearing testimony from members of the data processing commission, data processing management and users of data processing services in state government.

II. BACKGROUND

Chapter 365, Statutes of Nevada 1965, created the central data processing division within the department of administration. Chapter 727, Statutes of Nevada 1973, transferred the division to the department of general services.

The data processing commission, which is responsible for the management of the computer facility was created by chapter 535, Statutes of Nevada 1967. Subsequent to creation, a computer facility was constructed in the capitol complex in Carson City, Nevada.

The data processing commission is composed of agency heads whose agencies are direct users of the computer facility, and the director of the department of administration. The chairman, which is provided by statute, is the state controller.

MEMBERS OF THE DATA PROCESSING COMMISSION

State Controller
 Director, Department of Administration
 Director, Department of Motor Vehicles
 Director, Department of Transportation
 Director, Employment Security Department
 Chairman, Nevada Industrial Commission
 Director, Legislative Counsel Bureau

There has been a constant growth in the use and cost of data processing since the creation of the central data processing division and the data processing commission (computer facility). In the past five years, these costs have increased approximately 137 percent. If this rate of growth is allowed to go unchecked or uncontrolled, the state will be paying data processing costs in excess of \$49,000,000 for the biennium ending in 1985. The cost of data processing for state government for the biennium ended June 30, 1979, was approximately \$20,550,000. The following table illustrates these approximated costs.

Hardware	\$ 4,459,000	25.2%
Communications (Hardware)	2,460,000	13.9
Personnel	7,485,000	42.3
Consultants	88,000	.5
Software	336,000	1.9
Other	<u>2,867,000</u>	<u>16.2</u>
Subtotal	17,695,000	<u>100.0%</u>
University Costs	<u>2,855,000</u>	
Total	<u>\$20,550,000</u>	

The following table illustrates the users of the computer facility for the fiscal year ended June 30, 1979, and the billings to those users.

Department of Transportation	\$ 304,898	16.8%
Central Data Processing	551,965	30.3
Department of Motor Vehicles	370,207	20.4
Office of the Controller	113,243	6.2
Legislative Counsel Bureau	151,441	8.3
Nevada Industrial Commission	327,095	18.0
Employment Security Department	59	--
Totals	<u>\$1,818,908</u>	<u>100.0%</u>

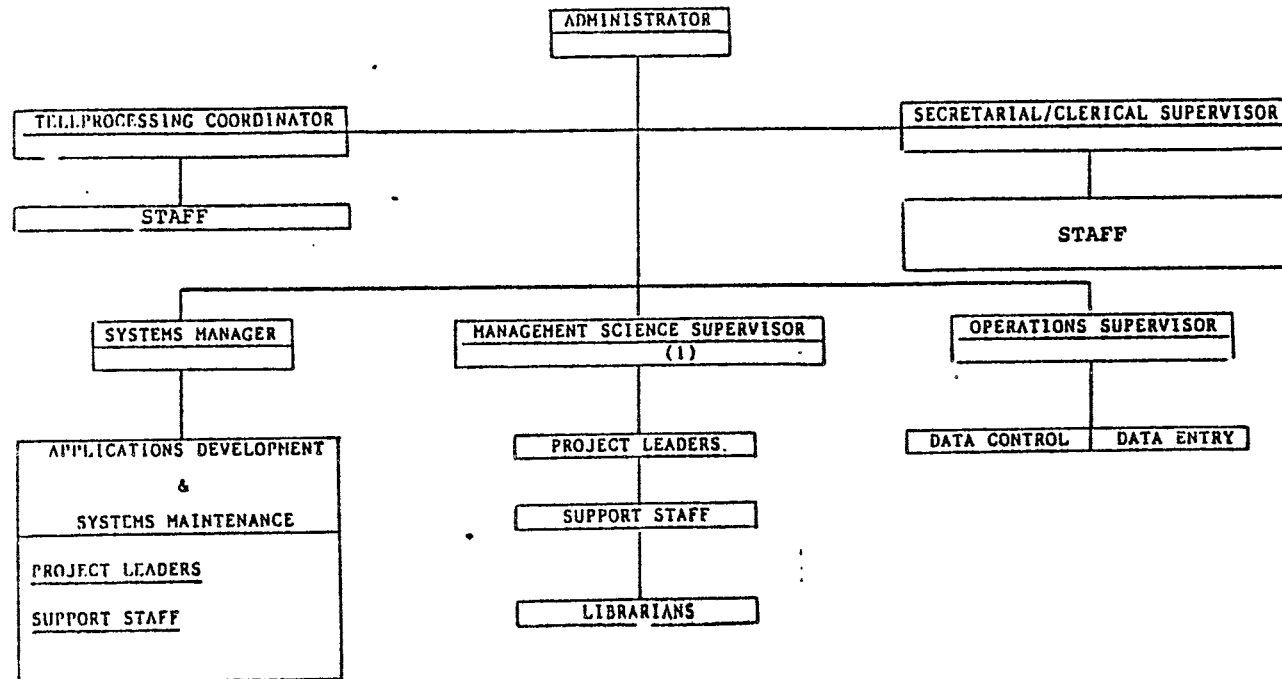
The following table, furnished by the central data processing division, illustrates their users for the fiscal year ended June 30, 1979, and the billings to those users.

General Services Phone and Mail	\$ 42,793	2.03%
Alcohol and Drug Abuse	8,933	.42
Services to the Blind	6,383	.30
Budget Division	26,044	1.23
Carson County Assessor	24,967	1.18
Carson City Clerk	4,931	.23
Carson City Water and Sewer	18,296	.87
Carson City Finance	13,771	.65
Carson City Planner	23	--
Churchill County	9,292	.44
Colorado River Resources	1,991	.09
Controllers Office	17,563	.83
Crime Commission	171,072	8.11
Health Planning	49,043	2.33
Carson City Public Works Board	180	.01
Douglas County	167	.01
Department of Energy	16,847	.80
Emergency Medical	7,855	.37
Education Department	5,310	.25
Environmental Protection	29,834	1.41
Employment Security Department	4,325	.21
Department of Wildlife	63,088	2.99
FMIRS	333	.02
Gaming Control	74,159	3.52
Geological Survey	3,680	.17
Governor's Committee	81	--
Elko County	99	--
Health Division	72,829	3.46
Department of Transportation	19,621	.93
Historic Preservation & Archeology	699	.03
Housing Division	19,675	.93
Education-Personnel	237	.01

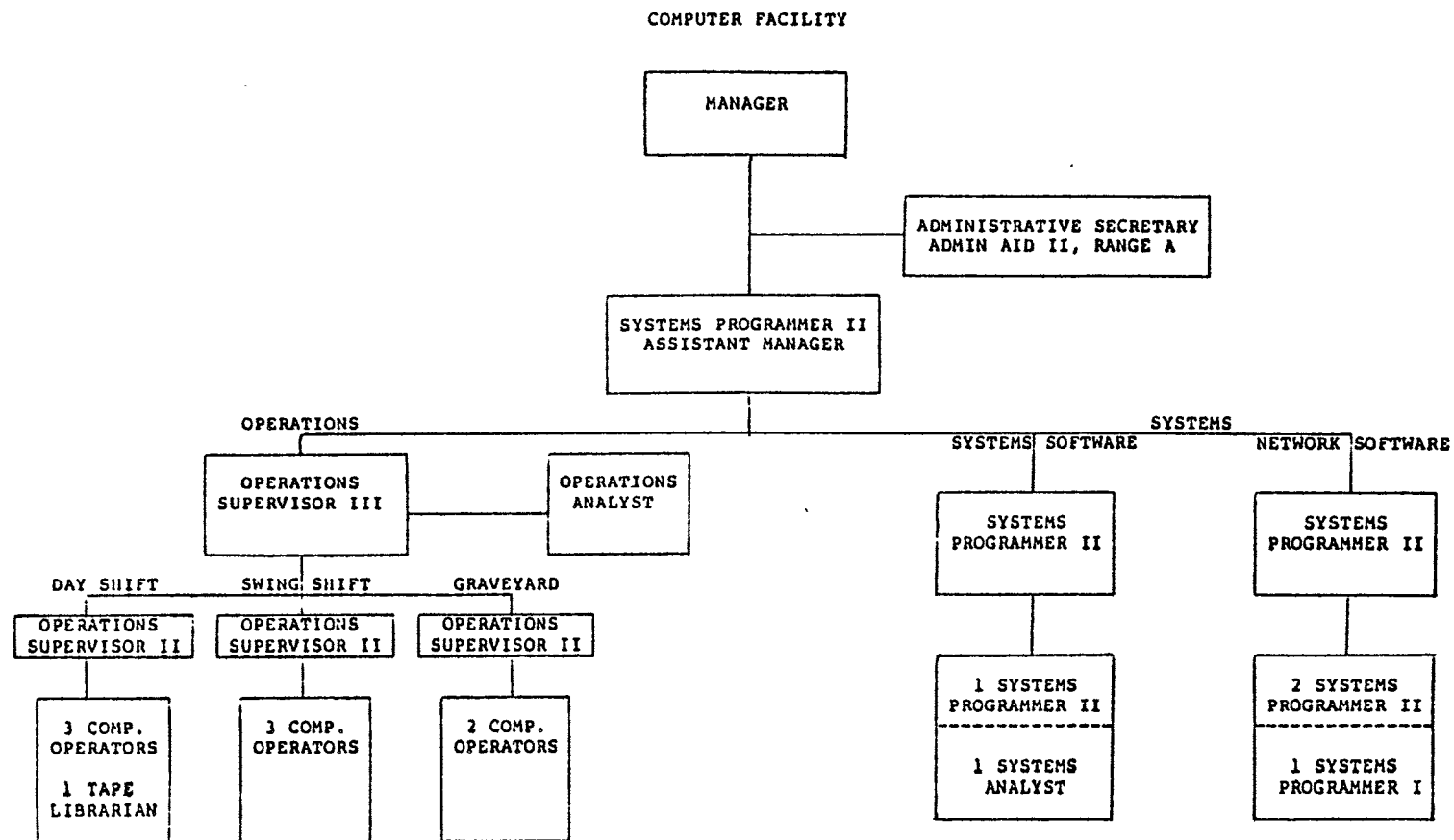
Sparks Police Department	\$ 2,148	.10%
State Library	8,297	.39
Highway Patrol	951	.05
Insurance Division	21,950	1.04
Motor Pool	16,007	.76
LCB-Fiscal Analyst	12,444	.59
Legislative Counsel Bureau	18,233	.86
Incline Village	18,328	.87
Nursing	368	.02
Parks	7,612	.36
Pershing County	9,289	.44
State of Nevada Employees Association	4,605	.22
Personnel Division	234,103	11.12
Prison Department	16,461	.78
Public Service Commission	3,891	.18
Public Works Board	1,513	.07
Purchasing Division	132,745	6.29
Real Estate Division	6,128	.29
Retirement Board	104,005	4.95
Secretary of State	30,635	1.45
City of Reno Police Department	5,478	.26
Truckee-Carson Irrigation District	3,785	.18
Soil Conservation	2,380	.11
State Planning	406	.02
Washoe County	2,453	.12
State Lands Division	2,604	.12
Nevada Professional	1,948	.09
Automated Publications	569	.03
Data Entry Service	7,013	.33
Record Management Services	259	.01
Department of Taxation	228,848	10.87
Highway Safety	504	.02
Vocational Rehabilitation Division	75,375	3.57
Water Planning	1,441	.07
Water Resources	461	.02
Western Nevada Community College	1,289	.06
United Way	394	.02
Welfare Division	397,129	18.84
Youth Services	11,806	.56
Rural Clinics	500	.02
Bureau of Reclamation	15	--
State Treasurer	385	.02
Total	<u>\$2,108,876</u>	<u>100.00%</u>

The following organizational charts give the general functions within the central data processing division and the computer facility.

Department of General Services
CENTRAL DATA PROCESSING DIVISION



(1) Acts for the Administrator in his absence.



Note: (1) Operations Supervisor II (Graveyard) works Tuesday-Saturday
 (2) Operations Supervisor III also supervises office staff.

III. ORGANIZATIONAL STRUCTURE

Under the current organizational structure, the responsibility for data processing services is fractionated between the central data processing division and the data processing commission (computer facility). The central data processing division is primarily responsible for providing the design and programming for user agencies which must use their services. Currently, all state agencies must use the services of central data processing, except for those that are direct users of the computer facility. Those seven users of the computer facility, listed on page 3, all have their own computer programmers and generally do not use the services of the central data processing division.

The agencies that utilize the services of central data processing for programming must also go to central data processing for their processing needs. Central data processing in turn will purchase the services of the computer facility for these processing needs, which in essence creates a middleman.

The data processing commission, which is the managing body for the computer facility, is composed primarily of direct users of the computer facility. Consequently, there is no one person responsible for providing data processing services to state agencies. It was also noted that the data processing commission only met once during 1979. This leads to potentially untimely resolution or postponement of important matters. In addition, this leads to the lack of clear accountability of the computer facility and for the effective operation of the computer facility.

The data processing commission is responsible for the nonproliferation of computer equipment in the state. However, testimony presented to the subcommittee indicated that the commission had never turned down a request for computers from any member of the data processing commission until April of 1980.

The data processing commission has failed to take the necessary steps to provide for backup and recovery should the computer facility be destroyed by fire, flood, or some other type of disaster. This will be discussed in section IV.

The data processing commission has not developed a plan for long-range growth of equipment or data processing needs for state government. Such a plan is necessary for the effective management of data processing and would also be extremely beneficial for the legislature during the budget process.

At the second subcommittee meeting the subcommittee requested the administrator of the central data processing division to

review seven agencies that use their services. The review was to determine if all data processing applications were still needed. At the third meeting of the subcommittee the administrator reported back. His report indicated that approximately \$10,000 a year could be saved by eliminating unnecessary reports, reducing frequency of reports or by using improved data processing techniques. His review took approximately 40 hours.

Currently, no structure exists for the ongoing evaluation and cost justification of data processing applications as described in the preceding paragraph. In addition, no structure exists for the cost justification of requests for new programs, or follow-up of implemented programs to determine if they achieve the desired results that the initial cost justification proposed.

The subcommittee noted that the computer facility provides services to state agencies the same as the department of general services provides services for computer programming, purchasing, motor pool, mail, buildings and grounds, printing, and records management. In addition, both agencies employ the same type of technical computer personnel. Consequently, the subcommittee feels that a consolidation of the two agencies would be beneficial to the State of Nevada. The subcommittee also believes that the structure already exists for providing services to agencies of Nevada state government, that being the department of general services. The subcommittee further believes that the consolidation of these two agencies under the department of general services would result in the following benefits:

1. Cost savings resulting from economy of scale.
2. Better coordination.
3. Elimination of duplicated functions.
4. An individual responsible for data processing.
5. Better planning.
6. Better communications.
7. Improved security.
8. Cost savings resulting from establishment of functions for planning, review, and cost justification.

Therefore, the subcommittee recommends that:

1. Chapter 242 of NRS be amended to combine the computer facility and central data processing as one division under the department of general services. (BDR 19-7)
2. Chapter 242 of NRS and relevant sections be amended to change the function of the data processing commission from a policymaking body to that of advisory. (BDR 19-7)

3. The newly reorganized division provide for a planning function that would consider and make recommendations to the administrator with regard to long-range planning of equipment purchases and technological improvements.

4. A 5-year plan be developed by the central data processing division which would project the need and utilization of data processing equipment. This plan is to be presented to the 1981 legislature.

5. The division segregate the responsibilities of operations, programming and data control to maximize security organizationally, with all three functions reporting directly to the division administrator.

6. The division provide functionally for the ongoing evaluation of the continued need, and efficiency of current data processing applications.

7. The division provide functionally for the evaluation of need and cost justification of all requests for data processing applications.

8. The division conduct reviews on a sample basis to compare the results of implementing systems to the initial justification. The results of such reviews will be made available to the legislature upon request.

9. Peer reviews be conducted by central data processing, the state controller, the department of transportation, and the department of motor vehicles. Such reviews will address the continued need and efficiency of data processing applications.

IV. BACKUP AND RECOVERY

The subcommittee heard testimony which stated that a backup and recovery plan does not exist for the computer facility. Should a major catastrophe occur, such as fire or flood, the state may be unable to effectively operate its financial affairs and obligations for as long as 30 days. This would include the payment of payroll checks, welfare checks, retirement checks, or vendor checks. The nonperformance of any of these financial transactions could have a devastating legal, as well as social effect upon the state.

The computer facility had a reciprocal agreement with the State of Utah for backup and recovery. This plan later fell through and nothing was subsequently done to develop a new plan.

The subcommittee also noted that little consideration had been given to backup and recovery of equipment when the employment security department purchased a new computer in 1979. Subsequent to that purchase, the computer facility purchased a new IBM 370-168 computer. Again, there was little consideration given to backup and recovery.

Computer equipment is only one aspect of backup and recovery. There must also be a place to house the equipment. Testimony was heard that such housing is difficult to find. If this is the case, it becomes even more critical that arrangements be made for adequate facilities, or arrangements be made with other state agencies with computers, other states, local governments, the university system or private vendors.

Not all computer applications must be backed up, however, it is important that the critical programs be identified and priorities set. After this is achieved, arrangements for backup can be more effectively made.

Therefore, the subcommittee recommends that:

1. A backup and recovery plan be developed which would include:

- (a) Equipment;
- (b) Facilities;
- (c) Programs;
- (d) Personnel;
- (e) Operations manuals; and
- (f) Data.

2. The backup and recovery plan address priorities of data to be processed.

3. Consideration be given for the distribution of various priority programs to various sources of backup.

4. The backup plan, along with the costs, be presented to the 1981 legislature.

V. PHYSICAL SECURITY

The subcommittee reviewed the 1976 legislative audit report on the computer facility. In that report many deficiencies were noted with regard to physical security. Among these were:

- 1. Visibility of computer equipment from outside of facility.
- 2. Inadequate storage of data tapes.
- 3. Combustible materials in computer room.
- 4. Only one person on duty on weekends at facility.
- 5. Easy access to computer room by nonfacility employees.
- 6. Easy access to tape vault by operators.

However, since that report was issued the computer facility has:

- 1. Added television monitors.
- 2. Blocked the visibility of the equipment from outside the facility.
- 3. Purchased new tape storage equipment.

4. Combustible materials have not been kept in the storage area since the employment security department has removed their tapes from the storage room.

5. Security over access to the computer room has been tightened.

However, there remains only one person on duty at the computer facility during weekends. Also, the computer operators still have uncontrolled access to the computer tapes. With the consolidation of central data processing and the computer facility, these two deficiencies should be easily eliminated due to the increased staff size.

Therefore, the subcommittee recommends that after the consolidation of the central data processing division and the computer facility:

1. Keep at least two staff members on each shift at the computer facility.

2. Restrict access to the tape vault from the computer operators.

VI. DATA SECURITY

Computer data is an area which is very vulnerable to "white collar crime". Some of the potential problems are:

1. Improper use of confidential data.
2. Sale of computer lists.
3. Use of computer time.
4. Unauthorized changes to data.

No serious problems have surfaced in Nevada government to date relating to data security, however, the potential does exist.

Therefore, the subcommittee recommends that:

Management continue to monitor the area of data security and implement safeguards when practicable.

SUGGESTED LEGISLATION

SUMMARY--Provides for reorganization of central data processing division, data processing commission and computer facility.
(BDR 19-7)

Fiscal Note: Effect on Local Government: No.
Effect on the State or on Industrial Insurance: No.

AN ACT relating to data processing; redesignating and providing for the reorganization of the central data processing division of the department of general services, data processing commission and computer facility; placing the computer facility under the administration of the data processing division; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND
ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Chapter 242 of NRS is hereby amended by adding thereto a new section which shall read as follows:

"Division" means the data processing division of the department of general services.

Sec. 2. NRS 242.020 is hereby amended to read as follows:

242.020 1. The legislature hereby determines and declares that the creation of the data processing division is necessary for the coordinated, orderly and economical processing of data in state government, to insure economical use of equipment and to prevent the unnecessary proliferation of equipment and personnel among the various state agencies.

2. The purposes of the division are:

[1. To provide data processing service] (a) To perform data processing for state agencies.

[2.] (b) To provide technical advice but not administrative control of data processing within the several state agencies, county agencies and the governing bodies and agencies of incorporated cities and towns.

Sec. 3. NRS 242.030 is hereby amended to read as follows:

242.030 1. [The provisions of NRS 242.010 to 242.060, inclusive, do not apply to the department of transportation, the department of motor vehicles, the state controller, the University of Nevada System, the legislative counsel bureau, the Nevada industrial commission and the employment security department, but subject to the provisions of NRS 242.010 to 242.060, inclusive, those departments, officers and agencies may utilize the services of the division.

2.] The division shall provide state agencies and elected state officers with all of their required design of systems, programming and [automatic data processing equipment services.

3.] use of equipment for data processing, and all agencies and officers must use those services and equipment, except as provided in subsection 2.

2. The following agencies may negotiate with the division for its services or the use of its equipment, subject to the provisions of this chapter, and the division shall provide such services and the use of such equipment as may be mutually agreed:

- (a) Court administrator;
- (b) Department of motor vehicles;
- (c) Department of transportation;
- (d) Employment security department;
- (e) Legislative counsel bureau;
- (f) Nevada industrial commission;
- (g) State controller; and
- (h) University of Nevada System.

3. Any state agency or elected state officer specified in sub-section 2 which uses the equipment of the computer facility and desires to withdraw substantially from that use must:

(a) If the legislature is in regular or special session, obtain the approval of the legislature by concurrent resolution.

(b) If the legislature is not in regular or special session, apply to the commission and obtain the approval of the interim finance committee. The commission shall, within 45 days after receipt of the application, forward the application together with its recommendation for approval or denial to the interim finance committee. The interim finance committee has 45 days after the application and recommendation are submitted to its secretary within which to approve or deny the application. Any application which is not denied by the committee within the 45-day period is approved.

4. If the demand for services [is in excess of] or use of equipment exceeds the capability of the division to provide [services,]

them, the division may contract with other agencies or independent contractors to furnish the required services or use of equipment and is responsible for the administration of the contracts.

Sec. 4. NRS 242.050 is hereby amended to read as follows:

242.050 Subject to the approval of the director of the department of general services, the chief of the division shall adopt regulations necessary for the administration of [NRS 242.010 to 242.060, inclusive. Such regulations] this chapter, including:

1. The policy for data processing of the state agencies and elected state officers which use the division's services or equipment as that policy relates, but is not limited, to such items as standards for systems and programming and the selection, location and use of data processing equipment, in order that the data processing needs of state agencies and officers may be met at the least cost to the state;

2. The division's procedures in performing data processing, which may include provision for the performance, by any agency which uses the services or equipment of the division, of preliminary [input] procedures, such as data recording and verification, within [such] the agency [.] ;

3. The effective administration and use of the computer facility, including security to prevent unauthorized access to data and plans for the recovery of systems and applications after they have been disrupted; and

4. Specifications and standards for the employment of all personnel of the division.

Sec. 5. NRS 242.060 is hereby amended to read as follows:

242.060 1. The [central] data processing fund is hereby created as an intragovernmental service fund. Money from the fund must be paid out on claims as other claims against the state are paid. The claims must be made in accordance with budget allotments and are subject to preaudit examination and approval.

2. All operating, maintenance, rental, repair and replacement costs of equipment and all salaries of personnel assigned to the division , except such costs and salaries as are payable by the computer facility, must be paid from the fund.

3. Each agency using the services of the division , except the services or use of the equipment of the computer facility, shall pay a fee for that use, which must be set by the chief of the division in such amount as to reimburse the division for the entire cost of providing those services, including overhead. Each using agency shall budget for those services. All fees, proceeds from the sale of equipment, and other money received by the division , except fees, proceeds and money received by the computer facility, must be deposited with the state treasurer for credit to the fund.

Sec. 6. NRS 242.100 is hereby amended to read as follows:

242.100 As used in [NRS 242.100 to 242.370, inclusive,] this chapter, unless the context otherwise requires, the words and terms defined in NRS 242.120 to [242.170,] 242.160, inclusive, and section 1 of this act, have the meanings ascribed to them in [such] those sections.

Sec. 7. NRS 242.120 is hereby amended to read as follows:

242.120 "Commission" means the advisory commission on data processing . [commission.]

Sec. 8. NRS 242.140 is hereby amended to read as follows:

242.140 "Equipment" means any machine or device designed for the automatic handling of coded information, including but not limited to recording, storage , transmission and retrieval.

Sec. 9. NRS 242.190 is hereby amended to read as follows:

242.190 1. There is hereby created [a] an advisory commission on data processing [commission] whose members [consist of:

- (a) The state controller, who shall act as chairman;
- (b) The director of the department of motor vehicles;
- (c)] are:

(a) The director of the department of administration [;] , who shall act as chairman;

(b) Each of the following heads of agencies, or his designated representative, if that agency uses the equipment of the computer facility:

(1) The state controller;

(2) The director of the department of motor vehicles;

[(d) The]

(3) The director of the department of transportation;

[(e) If the employment security department has services furnished by the computer facility, the]

(4) The executive director of the employment security department;

[(f) If the Nevada industrial commission has services furnished by the computer facility, the]

(5) The chairman of the Nevada industrial commission;

[(g) If the legislative counsel bureau has services furnished by the computer facility, the]

(6) The director of the legislative counsel bureau ; [or his designated representative;] and

[(h) If the court system has services furnished by the computer facility, the]

(7) The court administrator [or his designated representative.] ; and

(c) Two members appointed by the majority floor leader of the senate from the membership of the senate standing committee on finance during the immediately preceding session of the legislature, and two members appointed by the speaker of the assembly

from the membership of the assembly standing committee on ways and means during that session, one member each from the majority and minority parties, respectively.

2. The commission shall meet as often as necessary but at least once every 3 months. Members of the commission serve without additional compensation, but are entitled to subsistence allowances and travel expenses pursuant to the provisions of NRS 281.-160 while engaged in the performance of official duties.

Sec. 10. NRS 242.200 is hereby amended to read as follows:

242.200 The commission shall [:

1. Determine the data processing policy of the state as it relates, but is not limited, to such items as the location and selection of data processing equipment, utilization of such equipment, and service procedures.

2. Prescribe rules and regulations for the] advise the division regarding:

1. The policy for data processing of the state agencies and elected state officers which use the division's services or equipment as that policy relates, but is not limited, to such items as standards for systems and programming and the selection, location and use of data processing equipment in order that the data processing needs of state agencies and officers may be met at the least cost to the state;

2. The division's procedures in performing data processing;
3. The effective administration and use of the computer facility [.

3. Establish personnel practices and procedures and prescribe employment specifications] , including security to prevent unauthorized access to data and plans for the recovery of systems and applications after they have been disrupted; and

4. Specifications and standards for the employment of all personnel of the computer facility.

[4. Insure the most effective use of the computer facility.]

Sec. 11. NRS 242.230 is hereby amended to read as follows:

242.230 1. All [state-owned or state-leased] equipment of an [executive office, department, commission or agency shall] agency or elected state officer which is owned or leased by the state must be under the managerial control of the [commission, but the commission may, by regulation, permit a using agency to operate data processing equipment on its premises.] division, except the equipment of the agencies and officers specified in subsection 2 of NRS 242.030.

2. The division may permit an agency which is required to use such equipment to operate it on the agency's premises.

Sec. 12. NRS 242.240 is hereby amended to read as follows:

242.240 [The commission shall appoint a manager for the computer facility. The manager shall, subject to administrative

supervision by the commission, direct and supervise all the administrative and technical activities of the computer facility.]
The manager of the computer facility is in the classified service and, subject to supervision by the chief of the division, shall direct and supervise all the administrative and technical activities of the computer facility.

Sec. 13. NRS 242.260 is hereby amended to read as follows:

242.260 [The software support section, a group of operating systems programmers, shall be selected by the commission. The software support section shall:] The chief of the division shall select a group of systems analysts and programmers to be responsible for the operating systems of the equipment at the computer facility. They shall:

1. Provide technical support to [using] agencies which use the facility's equipment as may be directed by the [commission.] manager of the computer facility.

2. Perform any other duties prescribed by the [commission.] manager.

Sec. 14. NRS 242.270 is hereby amended to read as follows:

242.270 1. [Any using agency shall adhere to the various regulations, standards, practices, policies and conventions prescribed by the commission. The commission is not responsible for the application or program design, development or implementation of any using agency.]

2. The commission] The division is responsible for the applications of data processing, for designing systems and placing them in operation, and for the writing, testing and performance of programs, for the state agencies and elected state officers which are required to use its services. The division is also responsible for those applications which it furnishes to state agencies and officers after negotiation.

2. The division shall review and approve [all proposed data processing applications] , pursuant to standards for justifying cost, any application of data processing having an estimated developmental cost of \$50,000 or more [.] which is proposed by any agency or officer that is required to use the division's services or equipment for that application. No [using] agency [shall] or officer may commence development work on any such [applications] application until approval and authorization have been obtained from the [commission.] division.

Sec. 15. NRS 242.280 is hereby amended to read as follows:

242.280 1. Any state agency or elected state officer which uses the equipment of the computer facility shall adhere to the regulations, standards, practices, policies and conventions for the computer facility prescribed by the division.

2. The [commission] computer facility shall provide services to each [using] agency uniformly with respect to degree of service, priority of service, availability of service and cost of service.

Sec. 16. NRS 242.290 is hereby amended to read as follows:

242.290 1. Except as provided in subsection 3, the amount receivable from any [using] agency availing itself of the services of the computer facility [shall] must be determined by the [manager] chief of the division in each case and [shall] include:

(a) The monthly expense, including depreciation, of operating and maintaining the computer facility, distributed among the [using] agencies in proportion to the services performed for [any using] each agency.

(b) [After July 1, 1971, a] A service charge in an amount determined by distributing the monthly installment for the construction costs of the computer facility among the [using] agencies in proportion to the services performed for [any using] each agency.

2. The [manager] chief shall prepare and submit monthly to the [using] agencies for which services of the computer facility have been performed an itemized statement of the amount receivable from each [using] agency.

3. The [commission] chief may authorize, if in [its] his judgment the circumstances warrant, a fixed cost billing, including a factor for depreciation, for services rendered to [a using] an agency.

Sec. 17. NRS 242.300 is hereby amended to read as follows:

242.300 1. There is hereby created the computer facility operating fund as an intragovernmental service fund in the sum of \$200,000 for the use of the [manager] chief of the division to operate and maintain the computer facility.

2. Upon closing the books for each fiscal year, to the extent that the fund balance exceeds \$200,000, the excess portion reverts to the state general fund and the state highway fund in the same ratio to each other as that in which the appropriations were made.

Sec. 18. NRS 242.310 is hereby amended to read as follows:

242.310 All claims made pursuant to NRS [242.100 to 242.370,] 242.190 to 242.360, inclusive, [shall,] must, when approved by the [commission or its designee,] division, be audited and paid as other claims against the state are paid. ,

Sec. 19. NRS 242.320 is hereby amended to read as follows:

242.320 Upon the receipt of a statement submitted pursuant to subsection 2 of NRS 242.290, each [using] agency shall authorize the state controller by transfer or warrant to draw money from the [using] agency's account in the amount of the statement for transfer to or placement in the computer facility operating fund.

Sec. 20. NRS 242.350 is hereby amended to read as follows:

242.350 1. [Commencing July 1, 1973, and continuing until] Until the construction costs of \$535,600 for the computer facility in Carson City, Nevada, have been paid, the [commission] chief of

the division shall pay annually from the computer facility operating fund to the state treasurer for deposit in the state general fund [in the state treasury] 2 percent of the facility's original acquisition cost.

2. For any subsequent capital additions to the computer facility, the [commission] chief shall pay annually from that fund to the state treasurer for deposit in the state general fund [in the state treasury] 2 percent of the original cost of such capital additions, until [such] this cost has been fully paid.

Sec. 21. NRS 242.360 is hereby amended to read as follows:

242.360 1. The [commission] chief of the division shall repay in annual installments from the computer facility operating fund to the state treasurer for deposit in the state general fund the cost of acquiring a computer and an attached processor and associated equipment at the computer facility.

2. Each installment [shall] must be equal to the annual depreciation charge for:

(a) The computer at the computer facility, and the charge [shall] must be not less than \$159,120.

(b) The attached processor and associated equipment at the computer facility, and the charge [shall] must be not less than \$25,776.

3. The depreciation charge [shall] must be calculated using the original cost of the computer or the attached processor and asso-

ciated equipment less any prior payments to the state general fund or the former computer acquisition sinking fund.

Sec. 22. NRS 232.170 is hereby amended to read as follows:

232.170 1. The department of general services is hereby created.

2. The department consists of a director and the following divisions:

- (a) Buildings and grounds division.
- (b) [Central data] Data processing division.
- (c) Purchasing division.
- (d) State printing and records division.

3. The director may establish a motor pool division or may assign the functions of the state motor pool to one of the other divisions of the department.

Sec. 23. NRS 242.010, 242.040, 242.130, 242.150 to 242.180, inclusive, 242.250 and 242.370 are hereby repealed.

Sec. 24. Any state agency or elected state officer who was required to use the equipment of the computer facility on June 30, 1981, must comply with the provisions of subsection 3 of section 3 of this act before substantially withdrawing from that use.