



# Legislative Audit

Office of Information Technology Services  
Accountability Report

February 6, 2023

## Purpose of the Report

- Our objective was to conduct a management review in compliance with Idaho Code Section 67-702, for the Office of Information Technology Services (Office) for fiscal years ending June 30, 2019, 2020, and 2021. Our review covered:
  - General administrative procedures and accounting controls to determine that activities are properly recorded and reported
  - Analysis of revenues and expenditures associated with the operations and management of services provided to other State agencies as described in title 67 chapters 8 and 35



# General Administrative Procedures and Controls

- We reviewed revenue and billing procedures related to:
  - Annual billings to agencies for security, website and database hosting, IT support, firewall infrastructure support, certain licenses such as Adobe, etc.
  - Monthly billings to agencies that include telephone and network access services
  - On-Demand billings to agencies for computing hardware and configuration services as requested by agencies
- We identified two findings related to this review to better ensure that agencies are billed appropriately and those billings relate to the cost of providing that service



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## Findings

- **Finding 1 – The Office of Information Technology Services (Office) does not perform a lookback review of the annual interagency billings**
  - The annual interagency billings are based on the appropriation to the Office rather than on actual expenditures incurred to provide the services
  - No retrospective lookback is completed to identify needed adjustments
- **Finding 2 – The Office calculated annual charges based on inconsistent agency full-time position (FTP) counts**
  - The Office uses FTP counts in a weighted calculation to determine the allocation of the appropriation amounts for each agency in the annual billings
  - We noted inconsistencies in the source and accuracy of FTP counts used to allocate costs included in these billings



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# Consolidation Analysis

- We also performed substantive data analytics on the Office's receipts and expenditures and corresponding costs at converted agencies to evaluate how well the Office met internal goals, as described in the Office's *IT Modernization: Strategic Overview*, including savings realized through:
  - consolidating infrastructure
  - reductions in workforce
  - reduced software costs by establishing standardized solutions and statewide licensing



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## Analysis

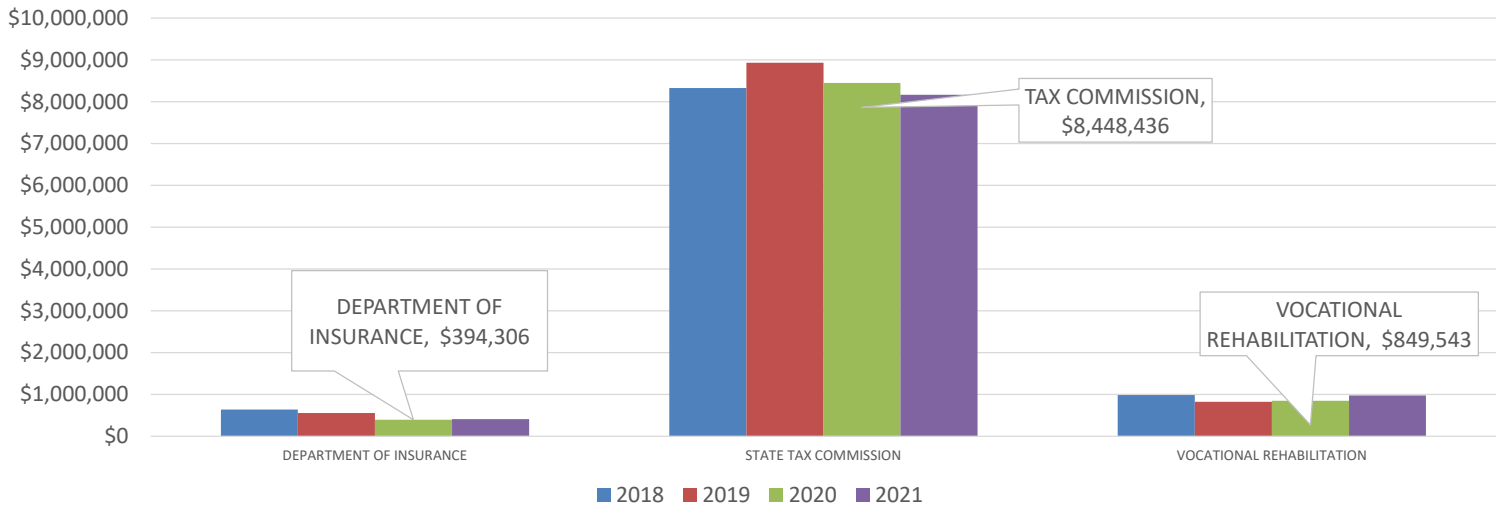
- We separated our review into three areas:
  - Comparison of payroll and operating costs related to Information Technology for a sample of consolidated entities in Phase I and Phase II
  - Comparison of full time positions (FTP) through consolidation for the sampled agencies in Phase I and Phase II
  - Comparison of pay rates for IT positions that were transitioned from the agency to the Office during consolidation



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# IT Personnel and Operating Cost Analysis

Phase I Implementation 2020



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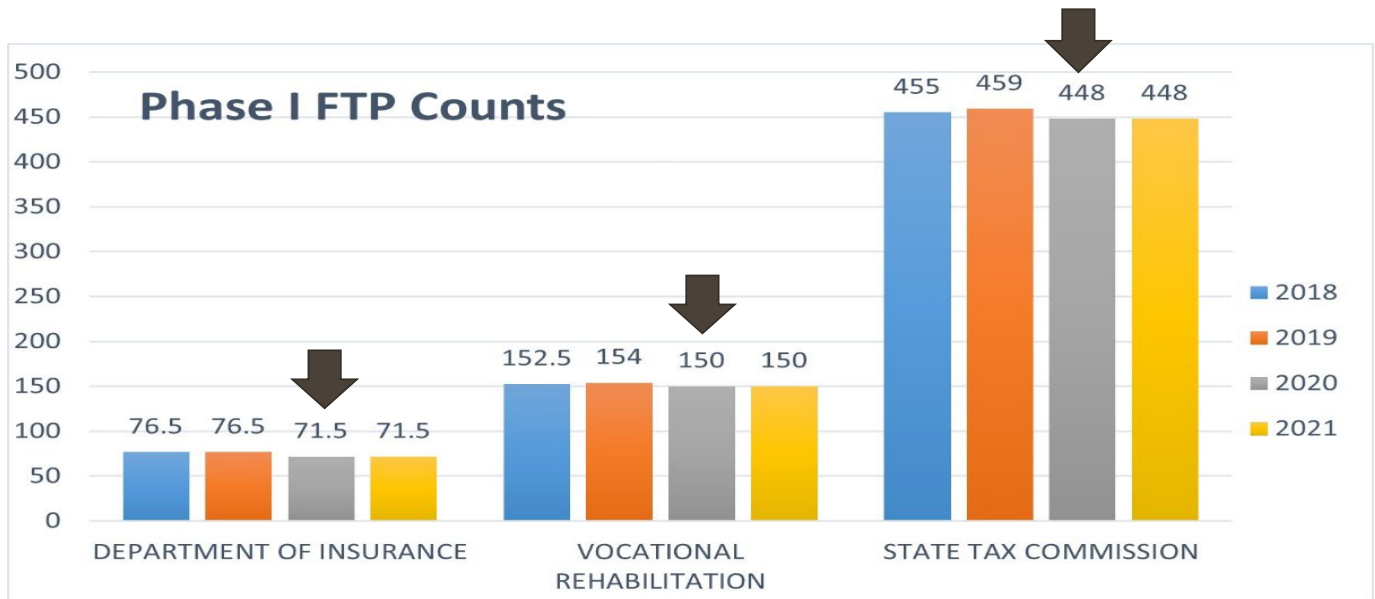
## Effect of Consolidation on Phase I IT Personnel and Operating Costs

- Department of Insurance
  - A decrease of 29% in FY 2020
  - A slight increase of 3% in FY 2021
  - Decrease mainly from salary savings for IT positions transferred to the Office
- State Tax Commission
  - A decrease of 5% in FY 2020
  - A decrease of 3% in FY 2021
- Division of Vocational Rehabilitation
  - An increase of 3% in FY 2020
  - An increase of 15% in FY 2021
  - FY 2021 increase was mainly due to the purchase of computer equipment and supplies that would not happen every year



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# Comparison of FTP through Consolidation



Black arrow indicates year of consolidation

\*this includes all FTP so reduction in IT Positions might still result in an overall increase if other FTP were added

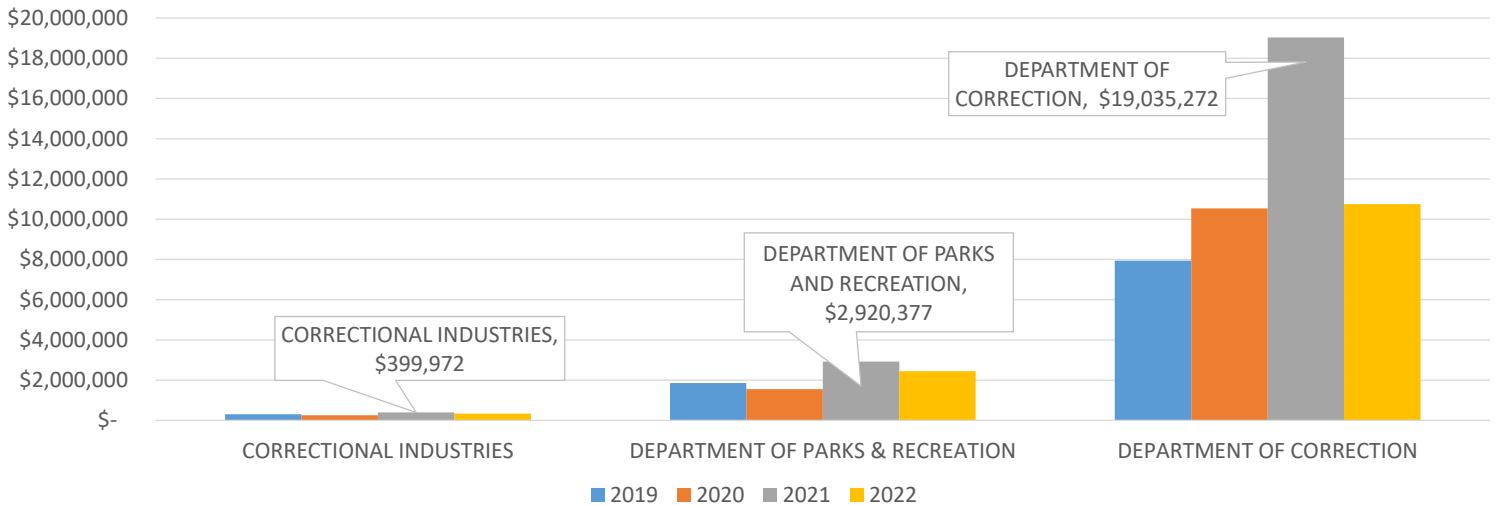
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## Overall Phase I Reductions in FTP

- Phase I overall IT staffing changes for all 8 agencies consolidated:
  - 51 IT positions removed at the agencies
  - 32 IT positions added to the Office
  - Total reduction in Phase I of 19 IT positions
- Phase I sample agencies
  - The Department of Insurance had a reduction of 5 IT Positions
  - The State Tax Commission had a reduction of 17 IT positions and retained 30 IT positions providing specific services related to GenTax and meeting federal requirements
  - The Division of Vocational Rehabilitation had a reduction of 5 IT Positions

# IT Personnel and Operating Cost Analysis

Phase II Implementation 2021



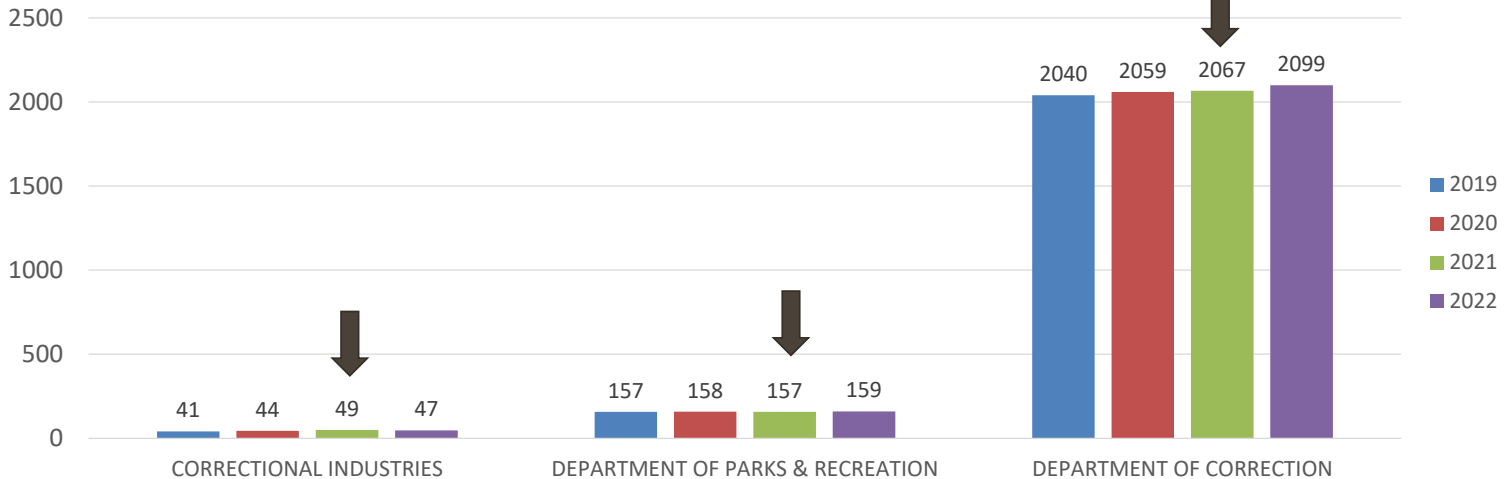
## Effect of Consolidation on Phase II IT Personnel and Operating Costs

- **Correctional Industries**
  - An increase of 52% in FY 2021
  - A decrease of 14% in FY 2022
  - Overall an increase of 31% (\$81,706) in FY 2022 over pre-consolidation costs (FY 2020)
  - Half of the initial increase was related to a specific software vendor for managed services that was subsequently reduced in FY 2022
- **Department of Parks and Recreation**
  - An increase of 87% in FY 2021
  - A decrease of 16% in FY 2022
  - Overall an increase of 57% (\$891,415) in FY 2022 over the pre-consolidation costs (FY 2020)
  - A contract with Aspira for a campground reservation system was the main contributor to the increase and was reduced in year two from consolidation along with Office fees billed
- **Department of Correction**
  - An increase of 81% in FY 2021
  - A significant decrease of 43% in FY 2022
  - Overall an increase of 2% (\$217,880) in FY 2022 over the pre-consolidated costs (FY 2020)
  - The Department was in phase 3 of implementing an offender management system and a broadband project that accounted for an \$8.5 million increase in the year of implementation



# Comparison of FTP through Consolidation

## Phase II FTP Counts



Black arrow indicates year of implementation

\*this includes all FTP so reduction in IT Positions might still result in an overall increase if other FTP were added

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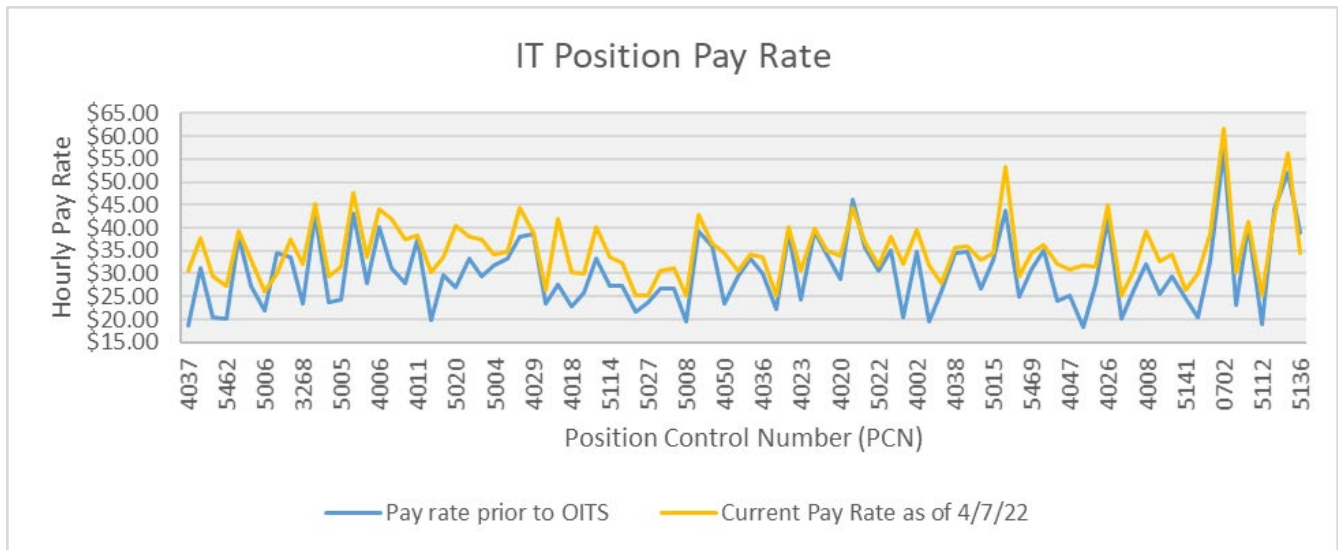
## Overall Phase II Reductions in FTP

- Phase II overall IT staffing changes for all 9 agencies consolidated:
  - 68 IT positions removed at the agencies
  - 66 IT positions added to the Office
  - Total reduction in Phase II was 2 IT position
- Phase II sample agencies
  - Correctional Industries only had 1 FTP for IT staffing prior to consolidation and continues to retain that position
  - The Department of Parks and Recreation had a reduction of 6 FTP specific to IT positions in FY 2021
  - The Department of Corrections had a reduction of 19 FTP in IT functions out of a total of 34 FTP prior to consolidation, the Department still maintains several specialized applications and an external website and an intranet with the remaining 15 FTP (13 filled)



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# Analysis of Position Pay Rates



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# Analysis of Pay Rates

- Prior to consolidation, IT staff pay rates, in agencies, were \$18.48 to \$56.95 per hour
- Current pay rates within the Office for IT staff range from \$25.10 to \$61.59 per hour
- The lowest pay rate increased by 8%, the highest pay rate increased by 36%, and the average pay rate increased by 15%
- This adjustment was a conscious decision to reduce turnover and ensure that current IT staff pay rates are competitive with positions in the private sector



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# Conclusions

- Our substantive analytics did not identify significant cost savings or cost increases to the State for the consolidated IT services at the agencies included in our review
- We noted a reduction in IT FTP for Phase I (approximately 20), but did not note a noticeable reduction in workforce for Phase II consolidations and we noted an increase in the average IT wage of approximately 15%
- Additional analysis would be needed to evaluate the long-term savings generated from standardized solutions and statewide licensing
- It may also be worthwhile to complete surveys of consolidated agencies to identify areas for improvement in customer satisfaction and service



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# Questions

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