

Efficiency Evaluation Follow-Up

2nd Follow-Up of the Low-Cost IT
Procurement Efficiency Evaluation

Office of the Legislative
Auditor General

Report to the UTAH LEGISLATURE





**LEGISLATIVE
AUDITOR GENERAL**

**GOVERNMENT
EXCELLENCE**



THE MISSION OF THE LEGISLATIVE AUDITOR GENERAL IS TO

AUDIT · LEAD · ACHIEVE

WE HELP ORGANIZATIONS IMPROVE.

Audit Subcommittee

President J. Stuart Adams, Co-Chair
President of the Senate

Senator Evan J. Vickers
Senate Majority Leader

Senator Luz Escamilla
Senate Minority Leader

Speaker Mike Shultz, Co-Chair
Speaker of the House

Representative Jefferson Moss
House Majority Leader

Representative Angela Romero
House Minority Leader

Audit Staff

Kade R. Minchey, Auditor General, CIA,
CFE

Brian Dean, Deputy Auditor General,
CIA, CFE

Tyson Cabulagan, Senior
Methodologist, CFE

Brent Packer, Audit Supervisor

Office of the Legislative Auditor General

olag.utah.gov





Office of the Legislative Auditor General

Kade R. Minchey, Legislative Auditor General

W315 House Building State Capitol Complex | Salt Lake City, UT 84114 | Phone: 801.538.1033

Audit Subcommittee of the Legislative Management Committee

President J. Stuart Adams, Co-Chair | Speaker Mike Schultz, Co-Chair

Senator Evan J. Vickers | Representative Jefferson Moss

Senator Luz Escamilla | Representative Angela Romero

October 15, 2024

TO: THE UTAH STATE LEGISLATURE

Transmitted herewith is our report:

“2nd Follow-Up of the Low-Cost IT Procurement Efficiency Evaluation” [Report #2024-17].

This report is a follow-up to the efficiency evaluation completed by the Office of the Legislative Fiscal Analyst and the Governor’s Office of Planning and Budget.

We will be happy to meet with appropriate legislative committees, individual legislators, and other state officials to discuss any item contained in the report in order to facilitate the implementation of the recommendations.

Sincerely,

Kade R. Minchey, CIA, CFE

Auditor General

kminchey@le.utah.gov





2nd Follow-Up of the Low-Cost IT Procurement Efficiency Evaluation

The Office of the Legislative Fiscal Analyst and the Governor's Office of Planning and Budget released the report "[Low-Cost IT Procurement Efficiency Evaluation](#)" in October 2022. Our first [follow-up](#) of the evaluation was completed in August 2023. We found that three of the five recommendations from the efficiency evaluation had been fully implemented, with two recommendations remaining in-process. We further found that some of the expected benefits were not yet realized. The current status of the five recommendations from the evaluation can be seen in the following figure.

Figure 1: Three Recommendations from the Efficiency Evaluation Have Been Implemented, While Two Remain in Process. A blue dot indicates the recommendation has been implemented, while a yellow dot indicates the recommendation remains in process.

- Identify which low-cost IT products are "low-risk" and allow agencies to purchase those products directly.
- Streamline and simplify the various exception and approval forms and processes.
- Maintain a small central inventory of IT products at DTS.
- Designate one owner of the full procurement process, from request to deployment.
- Receive all IT products at agencies and image all computers through desktop support.

Source: Auditor generated.

This informal letter report updates the status of recommendations since our last follow-up and reviews the results that have been achieved.

The Division Is Behind Schedule for Completion of the Original Implementation Plan

PC as a Service (PCaaS), a new approach to procurement, was expected to launch as a pilot at the beginning of 2024. An official of the Division of Technology Services (the division) stated that the timeline for the PCaaS pilot has been pushed back to the end of 2024. Because the division tied both remaining



recommendations from the efficiency evaluation to the completion of PCaaS, these remain in process.

The division is currently undergoing software and security changes prior to PCaaS, which a representative of the division stated has taken longer than anticipated. Another reason given for the delay is difficulties encountered by the division as it migrates to a cloud-based platform for receiving IT product orders. The division reports that it still expects PCaaS to be fully implemented statewide in 2025.

While PCaaS is intended to reduce or eliminate the underlying issues that led to the recommendations in the efficiency evaluation, it is still important that the division deliver quality services as it transitions. Two goals of the efficiency evaluation were to shorten procurement times and reduce the statewide stockpile of IT products. Unfortunately, due to the data issues we mentioned, we could not validate the progress of these measures. These issues are discussed in more detail in the following section.

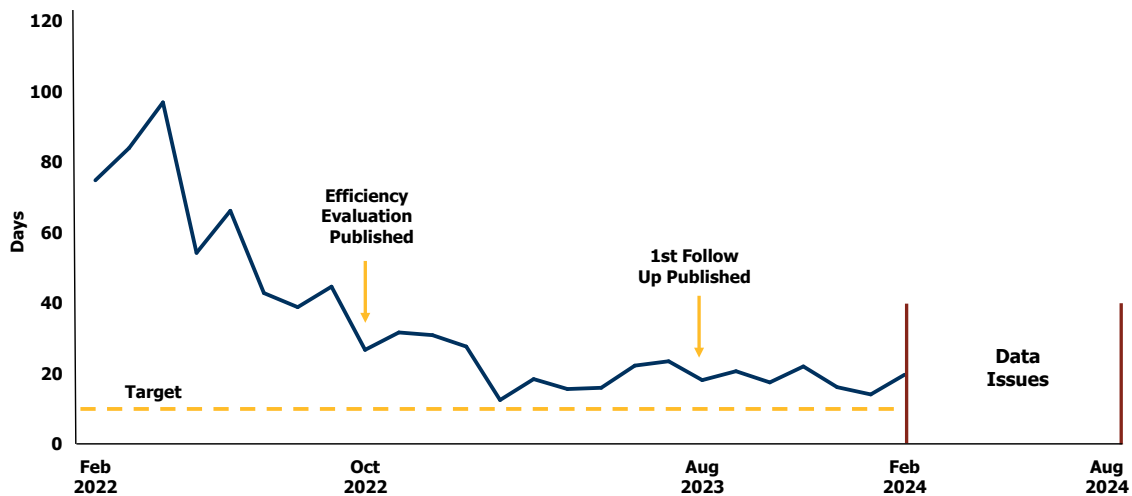
Data Issues Hinder Analysis of Procurement Times and Hardware Counts

The division recently upgraded the software it uses for procurement requests. However, order fulfillment continued to occur using previous software. As a result, division staff manually exported orders and approvals from the new system and imported that dataset into the old system. Based on analysis of data we received, this appears to have created data issues, including data loss. In September of this year, the division stated it launched its second phase for tracking IT procurements in the new cloud-based platform. According to division staff, now order fulfillment will also be tracked in the same system used for taking requests. Division leadership states that using a single software system to track procurement should resolve the data issues we encountered.

According to analysis we performed on data received, in the six months between March and August when the new software was employed, nearly 22 percent of approval timestamps were shown to have occurred before the IT product was requested. Additionally, nearly a fifth of installations were shown to have taken more than one year. In June 2024, there were only two usable records for assessing procurement times. As a result, performance for this time is not visible, as shown in the following figure.



Figure 2: Current Data Issues Prevent the Division from Monitoring and Analyzing Performance. The division should resolve these issues so that it can continue to monitor procurement times. The division states that the new software deployed in September of this year will resolve data issues. Average procurement times have held steady for the last 12 months of visible data, though the division has struggled to meet its goal of less than 10 business days.





management of that process difficult. In addition, the intended impacts of the recommendations cannot be reliably assessed.

The Division Needs Additional Support and Oversight

The recommendations made in the efficiency evaluation were intended to shorten procurement times and reduce the statewide stockpile of IT products. Without up to date and accurate information, the division's performance cannot be assessed. We recommend the division address the data issues so that it can appropriately monitor its services while working toward implementation of PCaaS.

Given the new, extended timeline for completion of PCaaS, we recommend that these follow-ups on the division's low-cost IT procurement process be discontinued. First, we suggest that LFA and GOPB provide additional support to the division to ensure successful implementation of the remaining recommendations. Because the division tied fulfillment of the recommendations to its larger effort to move toward PCaaS for procurement, it could benefit from the expertise and guidance of these offices in carrying out its new initiatives. Then, if the division is still unable to successfully implement the remaining recommendations with the support of LFA and GOPB, the Legislature could consider prioritizing a legislative audit for the end of the 2026 fiscal year. According to a division official, this will allow PCaaS to be implemented fully before the audit. We can then perform a thorough review of the changes and impacts of PCaaS on the procurement process.



Agency Response





State of Utah

SPENCER J. COX
Governor

DEIDRE M. HENDERSON
Lieutenant Governor

Department of Government Operations Executive Director's Office

MARVIN L. DODGE
Executive Director

MARILEE P. RICHINS
Deputy Director

DAVID DYCHES
Deputy Director

October 4, 2024

Kade R. Minchey CIA, DFE, Auditor General
Office of the Legislative Auditor General
Utah State Capitol Complex
Rebecca Lockhart House Building, Suite W315
PO Box 145315
Salt Lake City, UT 84114

Dear Mr. Minchey,

Thank you for the opportunity to respond to the 2nd Follow-up of the Low-Cost IT Procurement Efficiency Evaluation with respect to the Division of Technology Services within the Department of Government Operations. We appreciate the thorough analysis, and the insights provided, which are valuable in guiding our ongoing efforts to enhance our operations.

The follow up evaluation notes some of the excellent progress made by the Division of Technology Services in reducing delivery times between 2022 and 2024. Figure 2 on page 3 of the evaluation shows dramatic improvement in procurement time from approximately 80 days when this effort first began down to where it is now hovering between 15 and 20 days. The team continues to be focused on driving procurement times lower still and specifically below the 10-day target. This is expected to be achieved by rolling out "PC as a Service," which will be a new and much improved process for delivering computers. The rollout of this new process is in the early stages now and is expected to complete towards the end of 2025, as noted in the report.

We concur with the comments in the follow-up evaluation and have outlined below additional details and timelines to demonstrate our agreement.

Sincerely,

A handwritten signature in black ink, reading "Marvin L. Dodge".

Marvin Dodge
Executive Director

Comment 1: The Division Is Behind Schedule for Completion of the Original Implementation Plan

DTS Response: We acknowledge that our implementation plan was changed. As noted in the audit, DTS is determined to improve upon the old, antiquated process for ordering and deploying computer machines to a new modern process referred to as PC as a Service. This new process will involve shipping machines directly to recipients with a base image, and then remotely imaging the machines with the fully specified image. This will remove multiple touches from the process and speed it up substantially. It will also provide better computer inventory and substantially improve computer replenishment and retirement. However, this new process requires the rollout of Microsoft Intune as a necessary prerequisite. This is underway but is taking longer than expected due to some unforeseen challenges and due to a necessary decision to combine the rollout of Intune with another product, Microsoft Entra ID, for security purposes. The rollout of these software products and the new PC as a Service process has begun and will be completed department by department over the next year, with a target completion time at the end of 2025.

Comment 2: Data Issues Hinder Analysis of Procurement Times and Hardware Counts

DTS Response: We recognize the critical nature of data integrity in our operations. When moving from the old ServiceNow software system to the new ServiceNow software system, we acknowledge that there was a brief period of time when it was challenging to get accurate statistics of computer deployment timeliness. This is because computer procurement had moved to the new system while computer receipt and deployment remained on the old system. However, the computer receipt and deployment portions of the process have now been moved to the new ServiceNow system as of September 12. We are again able to get data to track timeliness measures across the entire process. The new system will enhance our data accuracy and facilitate effective analysis of procurement times going into the future.

Comment 3: The Division Needs Additional Support and Oversight

DTS Response: We agree that additional support and oversight will strengthen our Division's effectiveness. We are supportive of further guidance from the EPIC committee or that an additional audit take place in 2026. We have met with the leadership of the EPIC committee within GOPB and have made arrangements for future follow up and discussion on the progress of this effort in the upcoming months.





THE MISSION OF THE LEGISLATIVE AUDITOR GENERAL IS TO

AUDIT · LEAD · ACHIEVE

WE HELP ORGANIZATIONS IMPROVE
