IT-related expenditures for the six departments we surveyed grew significantly, from approximately $52 million in FY2011 to about $140 million in FY2014, an increase of almost 170 percent.

Report on Selected Executive Branch Departments' Information Technology Expenditures

Report No. 16-01, March 2016

IT reform must begin with good accounting practices

Definition, categorization, and recording of IT expenditures vary widely throughout state government

The lack of a statewide definition of what constitutes IT goods and services, coupled with inconsistent coding of IT expenditures, makes it extremely difficult if not impossible for the State to assemble an accurate inventory of its IT resources. In addition, without an annual reporting requirement to a central agency, the State is unable to manage its IT resources in the short-term or plan for long-term growth.

The six selected departments' initial reports of IT expenditures were only 44 percent of the final compilation of data. The initial reports totaled $156.4 million while the final reports totaled $359.6 million for the fiscal years 2011–2014, an increase of approximately 130 percent. We also found that the number of object codes used by the departments to categorize IT expenditures varies significantly, ranging from as many as 66 different codes to as few as seven codes. Some codes are simple and straightforward, like the Department of Health's codes for "software," "hardware," and "repairs/maintenance services." Others define IT costs more broadly, using codes for general office supplies, membership dues, and even mileage, travel costs, parking permits, and janitorial services.

IT staffing has flattened out while overall spending continues to increase

Overall, IT-related staffing increased about 13 percent for the fiscal years 2011–2014 but has flattened out in the past two years. After experiencing modest growth from 382 IT-related positions in FY2011 to 418 such positions in FY2012, the number of positions remained steady in FY2013 and FY2014 at 433, while IT-related expenditures for the six departments we surveyed grew significantly over the same time period, from approximately $52 million in FY2011 to about $140 million in FY2014, an increase of almost 170 percent.

A small group of vendors provides IT goods and services to a majority of the departments surveyed

We noted that six of the top ten vendors provided goods and services to a majority of the departments we surveyed. The State's chief information officer (CIO) expressed concern that these vendors offer easily accessible menus for goods and services but may not represent the best value for the State.

Agency response

The Office of Enterprise Technology Services agreed with our recommendations. The State CIO noted that the challenges we faced in collecting executive departments' IT expenditure data are consistent with the difficulties experienced during similar efforts in the past. He also pointed out that a standard taxonomy for use in all IT-related expenditures, regardless of project size and scope, would benefit his IT governance efforts.