



# Legislative Post Audit Performance Audit Report Highlights

## Information Technology Consolidation: Evaluating Whether Consolidating Executive Branch IT Services is Feasible and How Much It Might Save

July 2019 • R-19-006

**ANSWER:** *The Office of Information Technology Services has already started to consolidate IT services for cabinet agencies. OITS' plan may increase annual IT costs by between about \$2.6 and \$38.4 million because it will include updating the state's very old IT infrastructure.*

### Background Information

This audit answers two questions:

1. To what extent can executive branch IT services be consolidated, and what types of challenges would have to be addressed?
2. What resources would be required to consolidate executive branch IT services, how would they be paid for, and how much would consolidation save the state?

Executive branch agencies use a variety of IT services, such as software application development, data center, email, mainframe, network, and IT security services.

IT consolidation refers to the extent to which IT services are managed or provided by a single statewide entity rather than individual agencies.

Consolidation may include outsourcing IT services to third-party vendors. In 2016, Alvarez & Marsal recommended that the state consolidate executive branch IT services.

### Kansas' Current IT Consolidation Plan

- The Office of Information Technology Services (OITS) has been consolidating IT services for cabinet-level executive branch agencies since 2011. (p. 1)
- As **Figure 1-1** shows, OITS' current plan will have OITS manage or directly provide statewide IT services, such as data center and IT security services.
- OITS' plan does not include non-cabinet agencies and institutions such as the Kansas Corporation Commission, the Secretary of State's Office, or the University of Kansas. (p. 2)

**Figure 1-1**  
OITS' partially implemented consolidation plan provides IT services to cabinet agencies with OITS staff and third-party vendors.

IT Service	Agencies Required to Use New Service Model (a)	Status of Transition to New Service Model	How Service Will Be Provided
<b>Application Development and Support</b>	This service is not being consolidated.	N/A	Agencies will continue to develop and support their own applications.
<b>Data Center Services (b)</b>	Cabinet-level executive branch agencies	Ongoing	Third-party vendor
<b>Desktop Computer Procurement</b>		Completed	Third-party vendor
<b>Email Services</b>		Completed	Third-party vendor
<b>Mainframe Services</b>		Completed	Third-party vendor
<b>Network Services (c)</b>		In Planning	Third-party vendor
<b>Security Services</b>		Ongoing	OITS staff
<b>Service Desk</b>		Ongoing	OITS staff

(a) Other agencies, such as non-cabinet executive branch agencies or elected officials' agencies, may choose to opt in to these service models at their discretion.

(b) Under K.S.A. 75-4705, OITS must perform central data processing for all non-Kansas-Board-of-Regents entities (with exceptions approved by the executive branch chief information technology officer). State agencies must therefore generally use OITS' data processing services, but not because of IT consolidation.

(c) Under K.S.A. 75-4709, state agencies must use telecommunication services OITS coordinates. Changes to network services will therefore likely affect non-cabinet agencies, but IT consolidation is not specifically compelling them to use new services.

Source: LPA summary based on review of OITS' documentation and interviews with OITS officials.

### **Cost of OITS' Current IT Consolidation Plan**

- OITS' plan will likely increase agencies' costs mostly because the state needs to replace outdated IT infrastructure regardless of OITS' plan. (p. 3)
- According to OITS' former IT consultants, as of December 2015 more than 70% of the state's IT infrastructure was beyond the end of its useful life and the state had deferred millions of dollars in IT costs.
- We estimate OITS' consolidation plan may increase cabinet agencies' costs by between about \$2.6 million and \$38.4 million annually, depending on how many IT staff are eliminated. OITS staff told us agencies have already eliminated some IT staff, so the state may have already experienced some of the staffing-related savings included in our estimates. (p. 4)
- We could not definitively determine how much OITS' plan will cost the state because no one comprehensively tracks the state's IT expenditures. (p. 6)

### **Benefits and Challenges of OITS' Current IT Consolidation Plan**

- OITS' plan will modernize Kansas' outdated IT infrastructure and may help the state monitor IT spending and reduce the need for qualified IT staff. (p. 7)
- Officials we surveyed had concerns about the responsiveness, cost, and quality of some of OITS' consolidated services, as well as OITS' ability to successfully oversee consolidation. (pp. 7 and 9)
- Officials told us OITS has made rapid changes without fully assessing their impacts, launched new projects before completing ongoing ones, and that OITS does not communicate well.

### **IT Consolidation in Other States**

- OITS' plan aligns with a national trend toward greater IT centralization. Indiana, Nebraska, North Dakota, and Utah reported experiencing consolidation-related challenges like those Kansas officials described, especially agency resistance and the culture change consolidation requires. (pp. 9 and 12)

## **SUMMARY OF RECOMMENDATIONS**

We made no recommendations.

## **AGENCY RESPONSE**

OITS officials generally agreed with our findings and conclusions (p. 15). However, they noted we did not explicitly reference their agency desktop support plans and questioned the methodology we used to estimate the cost of OITS' consolidation plan. We carefully reviewed the information OITS provided but did not change our findings or conclusions.

### **HOW DO I REQUEST AN AUDIT?**

By law, individual legislators, legislative committees, or the Governor may request an audit, but any audit work conducted by the division must be directed by the Legislative Post Audit Committee. Any legislator who would like to request an audit should contact the division directly at (785) 296-3792.

### **Legislative Division of Post Audit**

800 SW Jackson Street  
Suite 1200  
Topeka, Kansas 66612  
Telephone (785) 296-3792  
Website: <http://www.kslpa.org/>

Justin Stowe  
Legislative Post Auditor

For more information on this audit  
report, please contact:

Andy Brienzo  
[Andy.Brienzo@lpa.ks.gov](mailto:Andy.Brienzo@lpa.ks.gov)