

Recommendations

Recommendation 1. The General Assembly should direct the Department of Information Technology to evaluate its procurement of cellular telephone service and equipment.

As Finding 3 discusses, the State could save money by improving how it procures mobile device accessories. In addition, rather than continuing to extend the State's cellular equipment and services contracts, DIT should review the existing contracts to determine whether they are structured to maximize value. DIT has already extended its 2011 contracts with wireless carriers through the end of May 2022.

The General Assembly should require DIT to

- have a third party with expertise in mobility management review current contract and usage information by November 2021 to inform a future procurement strategy. This review should include analysis of the structure of existing pricing plans and determine whether they are optimally structured for the State's usage or if there is a more cost-effective procurement strategy the State should pursue before its current contracts expire. For example, such a review should consider revising the sharing of minutes in pooled plans versus instituting pooled plans that are primarily structured to share data.
- establish a contract for device accessories that ensures the State leverages its buying power to consistently receive discounts on mobile device accessories. The State has not been receiving a discount on many common accessory purchases through Verizon. The National Association of State Procurement Officials' ValuePoint is a cooperative group purchasing program that has established a standalone contract for device accessories, and DIT could choose to participate in this contract or pursue its own procurement process.

DIT should submit a report to the Joint Legislative Oversight Committee on Information Technology by February 1, 2022. This report should include a brief summary of findings of the third-party review and a description of how DIT intends to proceed when existing contracts expire.

Recommendation 2. The General Assembly should direct DIT to consider a business case for centralized management and optimization of the State's mobile services.

As Finding 1 discusses, the State could be saving millions of dollars each year through improved optimization and management of mobile services. The Program Evaluation Division (PED) identified waste resulting from agencies maintaining 2,098 devices with no usage for a year and 1,347 little-used devices, as well as almost 17 million unused pooled minutes. Achieving these savings will require more active management and optimization, which could be done by a mobility management company or internally by DIT.

The General Assembly should require DIT to develop a process to solicit and receive detailed proposals from multiple parties providing mobility management services, including plan optimization, pool optimization, and bill review/audit, by November 1, 2021. As part of this process, DIT should

be required to share utilization information and contract pricing information with potential mobility management providers so that they can estimate cost savings to the State. DIT should be directed to simultaneously consider the feasibility and estimated cost and savings of developing these mobility management services internally.

DIT should be required to submit a progress report on optimizing the State's use of mobile services to the Joint Legislative Oversight Committee on Information Technology by February 1, 2022. This report should include

- an update on progress,
- a projection of potential savings and costs resulting from having a managed mobility services company provide optimization services,
- a projection of potential savings and costs resulting from DIT providing these services internally,
- a recommendation on how to proceed, and
- copies of any proposals received from mobility management providers.

The required actions and corresponding progress report resulting from this recommendation will provide the General Assembly with information to consider in determining how it wishes to proceed. Should the General Assembly wish to proceed, it should explicitly direct DIT to centrally manage wireless service plan selection and pooling to best match usage with services. Agencies could still retain the autonomy to order devices and determine the types of plans they need, but DIT would have the ability to modify plan selection to optimize the State's spending on mobile services.

Recommendation 3. The General Assembly should direct DIT to establish a “bring your own device” policy.

As Finding 3 discusses, the General Assembly directed the State Chief Information Officer (CIO) to develop a policy for implementing a “bring your own device” policy for the State in 2013, but the State CIO never adopted a policy. The General Assembly should require DIT to develop a policy and provide a copy to all principal state departments and to the Joint Legislative Oversight Committee on Information Technology by February 1, 2022.

Recommendation 4. The General Assembly should modify current law to direct DIT to collect additional information and to report annually on mobile device usage, thereby eliminating agency-by-agency reports.

As Finding 2 discusses, each executive branch agency is currently required to report annually on new mobile devices purchased, total number of mobile devices, number of each type of device, and costs. The utility of current reporting requirements are limited by low rates of reporting and a lack of data on utilization. A more efficient approach would be to have DIT compile information across state agencies to facilitate comparisons and the identification of additional areas of savings.

The General Assembly should modify current reporting requirements in state law and require DIT to prepare a consolidated report annually of

information statewide for each agency using mobile device data available through carriers. The report should include

- total amounts spent by each state agency on mobile devices and services and the amounts and percentage change from the previous year;
- number of devices issued by each agency as of the end of the fiscal year and the number and percentage change from the previous year;
- number of unused and little-used devices by agency and the cost of such devices (in doing so, DIT should establish definitions for unused and little-used devices);
- general trends in device usage by state agencies; and
- any additional information DIT deems necessary to increase the efficiency of mobile device usage.

The report should be submitted to the Chairs of the House of Representatives Committee on Appropriations, the Chairs of the Senate Committee on Appropriations, the Joint Legislative Oversight Committee on Information Technology, the Fiscal Research Division, and the Office of State Budget and Management beginning September 1, 2022 and annually thereafter.

Recommendation 5. The General Assembly should modify existing requirements for state agencies to efficiently use mobile devices.

The requirements found in N.C. Gen. Stat. § 143-162.5 should be modified to include the following:

- a requirement that all state agencies have processes to ensure that devices assigned to employees are deactivated at separation;
- a requirement that all state agencies ensure that all active devices have an assigned individual who is responsible for that device (in the case of shared devices, a primary user, supervisor, or IT staff person could be assigned primary responsibility); and
- expanded applicability of these requirements to all state agencies subject to the State Budget Act.

Recommendation 6. The General Assembly should direct the Office of State Budget and Management (OSBM) to establish maximum allowance amounts for agencies/institutions that permit or require employees to use their personal mobile devices for state business.

As discussed in Finding 4, some entities are setting mobile device allowance amounts at rates that exceed what it would cost to provide a state-owned mobile device to the employee. To ensure efficiency in state expenditures on mobile device allowances, OSBM should establish maximum amounts in the State Budget Manual and update these amounts as necessary. OSBM should include separate amounts for basic phone use (voice only); smartphone use (voice, data, and text); or data-only devices. In setting the amounts, OSBM should ensure that allowance amounts are not greater than the cost of purchasing these services through state contracts. OSBM should

begin including these amounts in the State Budget Manual by January 31, 2022.

Recommendation 7. The General Assembly should direct the Office of the State Controller to work with DIT to revise expenditure accounts within the Chart of Accounts to capture spending more precisely on mobile devices and services.

As discussed in the Background, current expenditure data in the State's financial management system do not adequately capture spending on mobile devices and services for management purposes. There is an expenditure account for nontaxable employee cell phone reimbursement, but many agencies are paying taxable reimbursements. In addition, there is an account for cellular phone services, but it is unclear what account should be used for cellular devices that are not phones (e.g., tablets, broadband modems, fleet telematics devices). Having more explicitly defined expenditure accounts related to mobile devices and services will help the State better track these expenditures. The Office of State Controller should work with the Department of Information Technology to better define and track these expenditures within the Chart of Accounts by February 1, 2022.

Agency Response

A draft of this report was submitted to the Department of Information Technology and the Office of State Budget and Management for review and response.

Program Evaluation Division Contact and Acknowledgments

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