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AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

April 19, 2005

The Honorable Robert Blendu, Chair
Joint Legislative Audit Committee

The Honorable Laura Knaperek, Vice Chair
Joint Legislative Audit Committee

Dear Senator Blendu and Representative Knaperek:

Our Office has recently completed a 24-month followup of the Government Information Technology Agency—Statewide Technology Contracting Issues regarding the implementation status of the 9 audit recommendations presented in the performance audit report released in January 2003 (Auditor General Report No. 03-01). As the attached grid indicates:

- 6 recommendations have been implemented;
- 1 recommendation is in the process of being implemented;
- 1 recommendation is no longer applicable; and
- 1 recommendation requiring legislative action, has not been implemented.

Unless otherwise directed by the Joint Legislative Audit Committee, this report concludes our follow-up work on the agency's efforts to implement the recommendations resulting from the January 2003 performance audit report.

Sincerely,

Debbie Davenport
Auditor General

DD:jw
Attachment

cc: Chris Cummiskey, Director
Government Information Technology Agency

Betsey Bayless, Director
Department of Administration

GOVERNMENT INFORMATION TECHNOLOGY AGENCY
State-wide Technology Contracting Issues
24-Month Follow-Up Report To
Auditor General Report No. 03-01

FINDING I: Changes needed to ensure state-wide information technology contracts benefit the State

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. The State Procurement Office should investigate renegotiating the Computer Associates contract to increase the mainframe growth allowance for the 2 years added onto the contract and to obtain a better product mix.	Implemented at 12 months	
2. GITA should work with stakeholders to develop a strategy for replacing the Computer Associates software in case it should become beneficial to do so.	Implemented at 12 months	
3. GITA should limit its role in state-wide information technology procurements solely to an advisory capacity.	Implemented at 18 months	

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FINDING I: Changes needed to ensure state-wide information technology contracts benefit the State (Cont'd)

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
<p>4. GITA should develop policies and procedures guiding its involvement in state-wide information technology contract development. If GITA identifies a need for a state-wide information technology contract that commits the State to over \$1 million, GITA should also develop a written justification which, at a minimum, includes the following items:</p> <ul style="list-style-type: none"> • Independent assessment of the need for the technology, • Input and feedback from the impacted agencies, • Cost-benefit analysis, • Plan for funding the contract, • Plan for administering the contract, and • Exit strategy or plan for replacing the technology. 	<p>Implemented at 18 months</p>	

GOVERNMENT INFORMATION TECHNOLOGY AGENCY

State-wide Technology Contracting Issues

24-Month Follow-Up Report To

Auditor General Report No. 03-01

FINDING I: Changes needed to ensure state-wide information technology contracts benefit the State (Concl'd)

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
5. The Legislature should consider broadening ITAC statutes to include the mandatory review and approval of the written justification for state-wide information technology contracts that financially commit the State to over \$1 million to ensure they are in the State's best interest.	Not Implemented	Both the Senate and House analysts indicated that this recommendation has not been brought before the Legislature.
6. The Legislature should consider requiring that the JLBC also review the written justification for state-wide information technology contracts that financially commit the State to over \$1 million to assess the funding feasibility plans.	No longer applicable ¹	
7. The State Procurement Office should develop policies and procedures detailing how state-wide information technology contracts should be handled, including ensuring that affected stakeholders are involved in the procurement process, proper analyses have been conducted, and that ITAC and JLBC have reviewed any contract justifications.	Implementation in process	

¹ Although this recommendation has not been brought before the Legislature, GITA developed an internal policy requiring that it provide JLBC with its written justifications for state-wide information technology contracts that financially commit the State to over \$1 million.

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FINDING II: Policy needed to help ensure GITA's independence in reviewing and approving agency technology projects

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. To help ensure that it remains objective when reviewing and approving agency technology projects, GITA should develop a written policy that requires it to recommend, or offer, more than one vendor or product whenever possible, as it formulates conditions for project approval. If alternative vendors or products are not available, GITA should state that fact in the memo sent to the agency indicating the project review's outcome.	Implemented at 6 months	

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FINDING III: STLA account should be allowed to repeal

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. The STLA account should be allowed to repeal on June 30, 2003, as scheduled, because it is not necessary and has not been used.	Implemented at 6 months	