Memorandum

January 17, 2023

TO: Joint Technology Committee

FROM: Vanessa Reilly, Senior Research Analyst, 303-866-4753

SUBJECT: JTC Staff Analysis of JBC-Referred FY 2023-24 Operating Budget Request
Office of Information Technology
R-03 IT Asset Management Audit and Compliance

Summary of Request

The Office of Information Technology (OIT) is requesting $1,114,000 in Reappropriated Funds with 3.0 FTE in FY 2023-24 and $1,093,000 in Reappropriated Funds with 3.0 FTE in FY 2024-25 and ongoing. The request will support the work of OIT's IT asset management team in ensuring all state IT assets are tracked and secure.

The Joint Budget Committee (JBC) referred this OIT operating budget request, along with three others, to the Joint Technology Committee (JTC) pursuant to Joint Rule 45(b), for the committee's review and recommendation as an IT-related operating request.

Request Details

Information Technology Asset Management. The OIT R-03 operating budget request seeks an increase in ongoing funding and FTE to support the Information Technology Asset Management (ITAM) program. According to OIT, the program will help to ensure all state IT assets are tracked and secure, which will reduce asset and software costs, aid in strategic planning for asset refresh, mitigate the risk of unmanaged assets, and optimize use of software. OIT is currently in the process of implementing the ITAM program to oversee the full lifecycle of all state IT assets. The program's main objectives are to:

- reduce asset costs and strategically plan for asset refreshes;
- mitigate the risk of unmanaged assets;
- keep asset inventory accurate and provide mobile scanning;
- normalize all hardware assets to gain IT asset visibility;

- ensure hardware asset compliance;
- improve software reuse;
- reduce software maintenance costs;
- reduce software noncompliance to decrease audit 'true ups' and penalties;
- keep device configurations up to date and compliant;
- recapture/reharvest licenses through a consistent process;
- reduction in time to provision software;
- proactively prepare for audits;
- optimize licenses to reduce overall software spend;
- automate complex licensing models; and
- mitigate license compliance risk.

Under current funding, OIT has been able to devote 4.0 FTE to the ITAM program. According to the department, the industry is 1.0 FTE for every 10,000-15,000 known devices; OIT has 47,467 known devices. OIT indicates that the new staff will perform asset assessments and evaluations, monitor inventory, manage and coordinate warranties, oversee license compliance, document processes, generate reports, and assist with IT asset procurement and contract management. The department claims that because organizations that systematically manage their IT assets can often reduce asset spending, any increase costs for FTE can be easily offset by anticipated cost savings.

Program Information

After ransomware attacks on the Colorado Department of Transportation (CDOT) in 2018, the Office of the State Auditor (OSA) findings identified a need for a centralized IT asset management (ITAM) program, housed in OIT, to be supplemented by agency policies and procedures.

In addition, House Bill 17-1361 directed OSA to contract for a qualified, independent third-party firm to evaluate state agency IT resources. Among other criteria, the independent auditor was charged with evaluating IT infrastructure. The resulting report prompted members of the JTC to sponsor Senate Bill 19-251, which required OIT to assess the feasibility of the recommendation to transfer ownership of IT infrastructure from state agencies to OIT. OIT implementation of the bill led the department to the same conclusion that OSA came to following the attack on CDOT: the need for a centralized ITAM program for which OIT was responsible.

Options for Committee Action

The JTC has three options for committee action when it reviews an operating budget request and makes a recommendation to the JBC. The JTC can:

- recommend the request to the JBC for funding with no concerns;
- recommend the request to the JBC for funding with concerns; or
- not recommend the request for funding.