



# PROGRAM EVALUATION DIVISION

## NORTH CAROLINA GENERAL ASSEMBLY

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# Improved Management of Mobile Devices and Services Could Save the State At Least \$1–2 Million Annually

## Highlights

In FY 2019–20, North Carolina spent an estimated \$20.3 million on mobile devices and services. This evaluation documents shortcomings related to procurement and management of mobile devices and services including more than 3,000 devices with zero or little usage that incur monthly service charges. Rectifying waste identified by the Program Evaluation Division could result in savings ranging from \$1–2 million per year. Engaging a mobility management company to assist North Carolina's Department of Information Technology could help the State realize these savings, as well as potential additional savings achieved through procurement, dynamic device and plan management, more efficient pooling of shared minutes, and bill review and auditing.

**Background:** The North Carolina Department of Information Technology (DIT) manages statewide contracts for mobile devices and services. Individual state entities select the vendor, equipment, and service plans, and manage their devices and their usage. North Carolina's spending on mobile devices continues to steadily grow, increasing by more than 80% in the last decade. For this reason, procurement and optimization of mobile devices and services are important issues for the State to monitor and proactively manage.

**Agencies and universities are not efficiently managing mobile device costs.** The Program Evaluation Division (PED) identified the following examples of inefficiencies and waste during Fiscal Year 2019–20:

- 2,098 devices had no usage for 12 months or more, costing \$920,000 per year; 56% of these devices had not been used in at least two years. Additionally, 1,347 little-used devices cost the State \$427,000.
- Approximately 17 million voice minutes within pooled plans went unused, at an estimated cost of up to \$740,000.

Taking action on the items identified in this report could save an estimated \$1–2 million annually, depending on how aggressively the State acts.

**Agencies and universities have failed to comply with mobile device laws and policies, contributing to waste and inefficiencies.** State law and the State Budget Manual include provisions to encourage the efficient use of mobile devices and minimize waste. PED found:

- agency and university mobile device policies generally failed to meet State Budget Manual requirements,
- no agency or university satisfied all requirements for keeping a mobile device inventory as outlined in the State Budget Manual, and

- 32% of executive branch agencies reported not maintaining written justifications for each mobile device as required by state law.

**Although DIT has broad authority to manage mobile devices and services, it has not exercised this authority, resulting in limited oversight of mobile device usage and unrealized cost savings.**

Although DIT manages statewide procurement through the statewide cellular services and equipment contract, almost all mobile device management decisions are left to agencies. PED found DIT failed to comply with state law requiring the agency to develop a detailed plan for the standardization and operation of state communications networks and services. In addition, the absence of statewide policies for using personal devices to conduct official state business has resulted in varying levels of adoption, policies, and employee allowance amounts. DIT could improve efficiency by taking a more active role in managing and overseeing the use of mobile devices and services. Several private companies with expertise in achieving cost savings could assist DIT.

**Limitations in DIT's management of cellular services and equipment contracts have hindered evaluation of performance and assurance that the contracts are maximizing value and minimizing costs to the State.**

DIT does not have performance measures in place for its mobile contracts and could not provide any evidence of evaluation of vendor performance. PED determined that North Carolina is not maximizing value through existing contracts in the purchasing of device accessories such as cases and screen protectors. Further, DIT could benefit from the assistance of a mobility management firm capable of analyzing the structure of North Carolina's contracts and plans to ensure they are maximizing value.

**Recommendations.** The General Assembly should direct DIT to:

- conduct an evaluation of existing wireless device and services contracts that would involve retaining a consultant specializing in mobility management;
- develop a business case for improved management and optimization of the State's mobile services, potentially with assistance from a mobility management company, and report to the General Assembly on potential costs and savings;
- create a statewide "bring your own device" policy; and
- submit an annual consolidated report on mobile device usage, thereby providing information in a more systematic and holistic manner and eliminating the need for agency-specific reports.

In addition, the General Assembly should modify state law to:

- require all state agencies to have processes to ensure devices assigned to employees are deactivated at separation;
- require all state agencies to designate an individual responsible for each active mobile device; and
- expand the applicability of these requirements to all state agencies subject to the State Budget Act.