

# STATE AUDITOR DOUG HOFFER

## PRESS RELEASE

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## **Auditor says oversight of State cell phones is deficient, resulting in under-utilization and opportunities for savings**

MONTPELIER, VT – A new report from the State Auditor’s Office finds problems with the State’s purchasing and oversight of cell-phone services. State Auditor Doug Hoffer said, “The State’s current system is decentralized and does not have consistent policies and procedures to ensure that resources are optimized. As a result, we found potential savings of almost \$300,000.”

The report notes that the Department of Buildings and General Services contracts with cell phone providers on behalf of all State agencies. However, decisions related to cell phone purchases and management of their use are handled by individual State entities, meaning there is no central responsibility to track utilization and total spending. The objectives of the audit were to determine 1) whether State-issued cell phones are underutilized and 2) if State agencies and departments could reduce their costs for State-issued cell phones.

In 2012, charges for 3,080 state-issued cell phones totaled \$1,646,995. After reviewing phone records, the audit team found that “9% of state-issued cell phones were not used at all and 20% had limited use.”<sup>1</sup> These little used phones cost the State about \$272,000.

Many State entities manage voice minutes via cell phone pools to avoid overage charges for exceeding monthly voice minute allowances. The pools enable sharing of voice minutes among all cell phones within a pool. The State had 115 cell phone pools in 2012, and these pools purchased a total of approximately 11 million voice minutes. The audit team found that over 5.1 million minutes went unused (47% of the total).

In addition, of the 2,899 cell phones with bundled voice and data service plans, 42% used no data or less than 25,000 KB of data per month. This suggests opportunities for additional savings by switching to lower cost monthly service plans that more closely reflect actual usage (i.e., voice only). Hoffer stated that “The extent of under-utilization of the services purchased represents lax oversight and a significant waste of taxpayer money.”

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<sup>1</sup> Limited use was defined as averaging less than 100 voice minutes and less than 25,000 kilobytes of data per month. This equates to five minutes of phone calls, two emails with attachments and less than two websites viewed per business day. For context, the most prevalent service plan purchased by the State is for 400 voice minutes with unlimited data usage.

The Department of Information and Innovation has a statewide policy for security of mobile devices and the Department of Human Resources has a statewide policy addressing personal use of state-owned wireless communication devices. However, the State lacks a statewide policy that addresses other aspects of cell phone management, such as determination of criteria for business need, periodic review of usage levels, and consideration of continued business need.

Responsibility for most of the decision making relative to cell phones resides at State agencies and departments. Based on the responses of 42 out of 45 surveyed State entities, less than half have policies or procedures for managing cell phones; only 19% had written criteria to guide decisions regarding who should be assigned a cell phone; and about 10% had written policies addressing monitoring cell phone costs. Without consistent cell phone management practices and continuous monitoring of cell phone use, the State risks paying for cell phones and services that are not needed.

We made various recommendations to the Secretary of the Agency of Administration and the commissioners of the Department of Information and Innovation and the Department of Buildings and General Services. Among others, these recommendations included: 1) developing statewide guidelines addressing aspects of cell phone management and 2) requiring State agencies and departments to document their policies and procedures related to cell phone management.

We are pleased to report that the Secretary of Administration agrees with our recommendations. Secretary of Administration Jeb Spaulding added, “We have been looking forward to the Auditor’s report and plan to use it as a springboard to establish a comprehensive statewide framework governing the purchase, acceptable usage, and management of not only cellular devices...but also statewide land use as well.”<sup>2</sup>

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<sup>2</sup> November 1, 2013 e-mail from Secretary of Administration Jeb Spaulding. .