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February 1, 2017

Performance Audit  
Recommendations and Corrective  
Actions for Audit: 13-7

STATE-ISSUED CELL PHONES

Twenty-Nine Percent of Cell  
Phones Had Limited or No Use  
and Opportunities Exist for  
Savings

Dated: 11/04/2013

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# Overview

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The SAO makes recommendations designed to improve the operations of state government. For our work to produce benefits, auditees or the General Assembly must implement these recommendations, although we cannot require them to do so. Nevertheless, a measure of the quality and persuasiveness of our performance audits is the extent to which these recommendations are accepted and acted upon. The greater the number of recommendations that are implemented, the more benefit will be derived from our audit work.

In 2010, the SAO began to follow-up on the recommendations issued in our performance audits. Experience has shown that it takes time for some recommendations to be implemented. For this reason, we perform our follow-up activities one and three years after the calendar year in which the audit report is issued. Our annual performance reports summarize whether we are meeting our recommendation implementation targets.

<http://auditor.vermont.gov/about-us/strategic-plans-and-performance-reports>

This report addresses the requirements of Act 155 (2012) to post the results of our recommendation follow-up work on our website. The report does not include follow-up on recommendations issued as part of the state's financial statement audit and the federally mandated Single Audit, which are performed by a contractor. However, our current contract for this work requires the contractor to provide the results of its recommendation follow-up.

Audit No., Name	Rec #	Recommendation	Follow-Up Date	Status	Review Comments
<a href="#">13-7 STATE- ISSUED CELL PHONES Twenty-Nine Percent of Cell Phones Had Limited or No Use and Opportunities Exist for Savings</a>	1	We recommend that the Secretary of the Agency of Administration (AOA) and the Commissioner of The Department of Information and Innovation (DII) work collaboratively to develop a policy framework that addresses cell phone management, including: 1) determination of specific business need for cell phones and required supervisory approval, 2) monitoring usage to ensure that service plans match actual need, 3) periodic review of continuing business need, 4) determining frequency and types of cell phones that will be available for upgrades, and 5) monitoring of the accuracy of the billing charges.	2015	Not Implemented	The Department of Buildings and General Services (BGS) reported that it hired GSG, an independent telecom analytics company to perform a review all cell phone usage and business processes during February - June 2014. According to BGS, the GSG report identified significant savings for eliminating no-use and limited-use cell phones but BGS is still working to validate total savings. According to the GSG report, the State could realize approximately \$14,282/month or \$171,384 annualized savings for implementing these recommendations. The GSG report also estimates a total annualized savings of \$504k for negotiating with the carriers for optimal rates based on usage. However, this response does not address our recommendation for developing a policy for cell phone management. According to BGS, the state will be implementing new telecommunications technology in calendar year 2016 in conjunction with a new policy to addresses cell phone management.
			2016	Partially Implemented	AOA provided a draft copy of Bulletin No. 9.5. the state's mobile device policy and procedures which was developed in collaboration with DII, the Attorney General's Office, and BGS Purchasing & Contracting Division. However, we consider this recommendation partially implemented because the draft bulletin has not been issued. Also, the policy does not contain procedures for state-wide monitoring of usage to ensure that service plans match actual need, periodic reviews of continuing business need, or monitoring the accuracy of the billing charges.
	2	We recommend that the Secretary of AOA and the Commissioner of DII work collaboratively to require that agencies and departments adopt and document policies and procedures that address all aspects contained in the State's policy framework	2015	Not Implemented	BGS reported that this recommendation has not been implemented. According BGS, with the implementation of new telecommunications technology in 2016, agencies and departments will be required to adopt relevant policies and procedures.
			2016	Partially Implemented	AOA reported that bulletin 9.5 has been drafted but the issuance of this policy is dependent on the complete roll out of the Outlook 365 for email and cloud document storage/access. The new policy draft requires all agencies, departments, boards, committees, and other entities in the executive branch of government to comply with the state mobile device policy and procedures.
	3	We recommend that the Secretary of AOA and the Commissioner of DII work collaboratively to require agencies and departments to consult with AOA and DII regarding replacement of land lines with cell phones.	2015	Not Implemented	BGS reported that departments will be made aware of landline regulations when a new policy is implemented in 2016.
			2016	Not Implemented	AOA did not provide evidence that it is working with DII to require agencies and departments to consult with the Secretary of AOA and DII regarding replacement of land lines with cell phones. The new draft cell phone policy does not address the replacement of land lines with cell phones.
	4	We recommend that the Commissioner of BGS direct the Purchasing and Contracting Director to negotiate plans with both cell phone providers that offer lower voice minute plans at lower cost.	2015	Partially Implemented	BGS reported that during the review by the contracted audit firm, BGS worked with State cell-providers, Verizon and AT&T to optimize its cell phone plans, eliminate overpriced voice pooling plans and reduce monthly cell phone rates. BGS is in the process of validating some of the Verizon savings at this time. Once the audit is complete, BGS Purchasing will work with State cell-phone providers to establish an annual process to review and optimize service plans based on usage.
			2016	Implemented	BGS reported that the final consultant's report was issued in January 2016 which identified recommendations for efficiencies in plan coverages and reports. For example, out of the \$126K total annual savings identified, the consultant confirmed that BGS realized \$59K total annual savings by implementing some plan changes and terminating zero-use cell phones from both the AT&T and Verizon.

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<a href="#">13-7 STATE- ISSUED CELL PHONES Twenty-Nine Percent of Cell Phones Had Limited or No Use and Opportunities Exist for Savings</a>	5	We recommend that the Commissioner of BGS direct the Purchasing and Contracting Director to specify that optimization services are required in the Verizon contract or contract addendum.	2015	Not Implemented	BGS reported that it plans on working with state cell-phone providers in calendar year 2016 to establish an annual process to review and optimize service plans based on usage.
			2016	Not Implemented	AOA reported that the state currently does not have an addendum to the Verizon contract for optimization services but anticipates an amendment will be issued with both AT&T and Verizon.
	6	We recommend that the Commissioner of DII direct personnel responsible for cell phone management to eliminate no-use and limited-use cell phones to the extent they are not needed for emergency response, the safety of state employees or other important operational rationale.	2015	Not Implemented	BGS reported that it contracted with an audit firm who analyzed the State's no-use cell phones and eliminated no-use cell phones from service. BGS provided copies of emails which showed the no-use cell phones that were eliminated from BGS but did not provide a list for DII.
			2016	Not Implemented	DII reported that a cell phone policy was implemented to cancel all phones returned by separating DII employees. As of February 2016, DII has centralized this process and states they have fully implemented an internal process to ensure cell phones returned by separating employees do not remain active. However, our recommendation was related to eliminating no-use and limited-use cell phones that were identified during our audit. DII did not provide any evidence of corrective actions taken, therefore we conclude this recommendation has not been implemented.
	7	We recommend that the Commissioner of DII direct personnel responsible for cell phone management to work with cell phone providers to periodically analyze cell phone usage patterns to identify whether alternative service plans would better align with user needs.	2015	Partially Implemented	BGS reported that it contracted with an audit firm who analyzed the cell phone usage patterns in conjunction with cell phone plan providers Verizon and AT&T and identified efficiencies that were put into action. Once the audit is complete, BGS Purchasing will work with State cell-phone providers to establish an annual process to review and optimize service plans based on usage.
			2016	Not Implemented	DII reported that an internal analysis of cell phone usage across multiple months was conducted. Through this analysis, DII determined that no changes were required since DII pools minutes from all users within a specific carrier so individual usage patterns average out. We asked DII to provide their analysis but they did not respond to our request. Therefore, we conclude this recommendation is not implemented.
	8	We recommend that the Secretary of the Agency of Natural Resources (ANR) direct personnel responsible for cell phone management to eliminate no-use and limited-use cell phones to the extent they are not needed for emergency response, the safety of state employees or other important operational rationale.	2015	Implemented	ANR has replaced the majority of land lines with cell phones and instituted a policy which requires the divisional director and business office manager's approval when ordering new cell phones. Monthly reports are created and analyzed by ANR's Cell Phone Coordinator noting each cell phone's usage and the percentage of overall usage of pooled minutes. Recommended actions such as suspending or cancelling cell phones with no-use or limited usage are noted on the reports which are forwarded to the department's business office to determine if a change needs to be made to the plan or an employee needs to reimburse ANR for personal charges. The Director of ANR's Management Services Division analyzed land line and cell phone invoices from December 2012 to November 2013, which totaled \$589,043 compared to December 2014-November 2015 which totaled \$538,391, a savings of \$50,652 or 9%.
			No further follow-up is required because the recommendation was implemented.		
	9	We recommend that the Secretary of ANR work with cell phone providers to periodically analyze cell phone usage patterns to identify whether alternative service plans would better align with user needs.	2015	Implemented	Prior to our 2013 cell phone audit, ANR worked with cell phone providers, Verizon and AT&T, when ANR began transitioning from land lines to cell phones. Currently Data lines are added with low minute plans (300 or 400) and voice only lines are set at 100 minutes unless particular circumstances require additional minutes. ANR also worked with Verizon to implement a USA Only option which prevents roaming charges by cell phone users calling from or near the Canadian border with a special international rider added to their phone plan before their business trip. This free service is utilized by all cell phones at ANR's divisions except enforcement.
			No further follow-up is required because the recommendation was implemented.		

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<a href="#">13-7 STATE- ISSUED CELL PHONES Twenty-Nine Percent of Cell Phones Had Limited or No Use and Opportunities Exist for Savings</a>	10	We recommend that the Secretary of the Agency of Transportation (AOT) direct personnel responsible for cell phone management to eliminate no-use and limited-use cell phones to the extent they are not needed for emergency response, the safety of state employees or other important operational rationale.	2015	Implemented	The BGS Director of Purchasing and Contracting provided a list of AOT cell phones with no- use and limited-use that were canceled in September and October of 2014.
			No further follow-up is required because the recommendation was implemented.		
	11	We recommend that the Secretary of AOT work with cell phone providers to periodically analyze cell phone usage patterns to identify whether alternative service plans would better align with user needs.	2015	Not Implemented	AOT could not provide evidence that this recommendation was implemented because AOT has not maintained supporting documentation
			2016	Not Implemented	AOT provided an inventory report that shows how cell phones are tracked and monitored, in addition to documentation of the approval process for obtaining new and replacement cell phones. However, this documentation is not relevant to this recommendation. AOT provided a verbal acknowledgement that six meetings were held with AT&T and Verizon during 2015 and 2016. We requested documentation to support what was discussed at these meetings but AOT did not provide any evidence regarding cost saving opportunities that were discussed with the cell phone providers and implemented in 2015-2016. Therefore, we conclude this recommendation has not been implemented.
	12	We recommend that the Commissioner of the Department for Children and Families (DCF) direct personnel responsible for cell phone management to eliminate no-use and limited-use cell phones to the extent they are not needed for emergency response, the safety of state employees or other important operational rationale.	2015	Implemented	Subsequent to the issuance of our audit report, DCF reviewed it's inventory of cell phones and eliminated those that were not needed. DCF's central finance unit uses a database to track all cell phones. Monthly usage is monitored and emails are sent to the division liasons indicating no-use or limited-use phones. After reviewing the emails, the liasons email an action request form noting which phones are no longer needed and can be cancelled.
					No further follow-up is required because the recommendation was implemented.
	13	We recommend that the Commissioner of DCF work with cell phone providers to periodically analyze cell phone usage patterns to identify whether alternative service plans would better align with user	2015	Implemented	DCF reported that it met with Verizon representatives and learned how to run cell phone usage reports. DCF also worked with Verizon to identify an alternative plan which pooled phone minutes in order to eliminate overage charges.
					No further follow-up is required because the recommendation was implemented.
	14	We recommend that the Commissioner of the Department of Public Safety (DPS) direct personnel responsible for cell phone management to eliminate no-use and limited-use cell phones to the extent they are not needed for emergency response, the safety of state employees or other important operational rationale.	2015	Implemented	DPS reported that most phones that have no use but are needed for emergency purposes are suspended until needed at a \$0 cost. DPS provided monthly usage reports for Verizon and AT&T which showed there are currently 322 cell phones in use at DPS. We compared this to the 393 cell phones in use during our audits and calculated an 18% reduction in the number of cell phones since 2013. We conclude this reduction can be attributed to attrition and the elimination or suspension of no-use cell phone.
					No further follow-up is required because the recommendation was implemented.
	15	We recommend that the Commissioner of DPS work with cell phone providers to periodically analyze cell phone usage patterns to identify whether alternative service plans would better align with user needs.	2015	Implemented	DPS reported an estimated annual savings of \$30,545 (\$23,825 from Verizon and \$6,720 from AT&T) by working with the providers to adjust the plans to match the users usage and ended up cutting the number of shared minutes from 80,000 to 50,000 since only about 40,000 minutes a month were being used.
					No further follow-up is required because the recommendation was implemented.