



Commonwealth of Massachusetts
Office of the State Auditor
Suzanne M. Bump

Making government work better

Official Audit Report – Issued June 18, 2018

Department of Telecommunications and Cable

For the period July 1, 2015 through December 31, 2017





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Making government work better

June 18, 2018

Ms. Karen Charles Peterson, Commissioner
Department of Telecommunications and Cable
1000 Washington Street, Suite 820
Boston, MA 02118-6500

Dear Ms. Charles Peterson:

I am pleased to provide this performance audit of the Department of Telecommunications and Cable. This report details the audit objectives, scope, methodology, finding, and recommendation for the audit period, July 1, 2015 through December 31, 2017. My audit staff discussed the contents of this report with management of the agency, whose comments are reflected in this report.

I would also like to express my appreciation to the Department of Telecommunications and Cable for the cooperation and assistance provided to my staff during the audit.

Sincerely,

A handwritten signature in blue ink, appearing to read "SMBump".

Suzanne M. Bump
Auditor of the Commonwealth

cc: Jay Ash, Secretary, Executive Office of Housing and Economic Development
John C. Chapman, Undersecretary, Office of Consumer Affairs and Business Regulation

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EXECUTIVE SUMMARY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor has conducted a performance audit of the Department of Telecommunications and Cable (DTC) for the period July 1, 2015 through December 31, 2017. In this performance audit, we examined certain aspects of DTC's administration of its consumer complaint process and determined whether all DTC staff members involved in the administration of consumer complaints attended mandatory information security training as required by the state's Executive Order 504.

Below is a summary of our finding and recommendation, with links to each page listed.

Finding 1 Page 8	Some DTC staff members did not receive required training on personal information.
Recommendation Page 8	DTC should amend its policies and procedures to ensure that all employees, including student interns, receive the training required by Executive Order 504.

OVERVIEW OF AUDITED ENTITY

The Department of Telecommunications and Cable (DTC) within the Office of Consumer Affairs and Business Regulation (OCABR), which is part of the Executive Office of Housing and Economic Development, was established under Section 1 of Chapter 25C of the Massachusetts General Laws and operates under the direction of a commissioner, who is appointed by the Governor.

According to its fiscal year 2017 annual report, DTC is responsible for regulating the telecommunications and cable industries in Massachusetts, overseeing industry compliance with laws and regulations, ensuring that the industries offer high-quality services at reasonable rates, working with telephone and cable providers to maintain and enforce consumer protections, and providing expert input to the Commonwealth. This report also states,

The telecommunications industry over which the Department has jurisdiction is made up of common carriers, including local exchange carriers, [long-distance] carriers, operator service providers, payphone companies, and cable companies. As of [fiscal year] 2017, more than 300 telecommunications carriers were registered with the Department and reported nearly \$1.14 billion in intrastate telecommunications revenues for calendar year 2015. . . .

The cable industry in Massachusetts is comprised of 9 cable television providers serving over 2.19 million cable video subscribers in 308 of the Commonwealth's 351 cities and towns. . . . Cable providers reported more than \$2.7 billion in intrastate cable revenues in calendar year 2015.

The state appropriation for the operation and administration of DTC is reimbursed using funds generated by assessments made against each telecommunications and cable provider's intrastate operating revenue generated by the sale of cable television and telephone services in Massachusetts. DTC's state-appropriated budgets were \$3,051,062 and \$2,933,926 for fiscal years 2016 and 2017, respectively. DTC is located at 1000 Washington Street in Boston and consists of four divisions: the Administrative Division, the Competition Division, the Legal Division, and the Consumer Division. As of December 31, 2017, DTC had 21 full-time employees.

Administrative Division

The Administrative Division provides administrative support to DTC for purchasing, accounts receivable and payable, human resources, budget preparation and management, information technology, and administration. The division is also DTC's liaison with OCABR, including OCABR's Budget and Human Resources Divisions.

Competition Division

The Competition Division provides technical support to the commissioner of DTC for the regulation of the telecommunications and cable industries in Massachusetts.

Legal Division

According to DTC's fiscal year 2017 annual report, "The Legal Division staff serves as the chief legal advisor to the Commissioner and provides legal support to all Divisions of the Department." The Legal Division is also DTC's primary liaison with the Legislature, particularly the Joint Committee on Telecommunications, Utilities and Energy. The Legal Division's primary duty is presiding over adjudicatory proceedings conducted under Chapter 30A of the General Laws (the Massachusetts Administrative Procedures Act) and DTC's procedural regulations (Section 1.00 of Title 220 of the Code of Massachusetts Regulations *et seq.*).

Consumer Division

The Consumer Division manages telecommunications and cable complaints for DTC. It is responsible for enforcing and monitoring compliance with Massachusetts laws, DTC regulations, and policies protecting consumers of telecommunications and cable services. In addition, the Consumer Division accepts consumer complaints for unregulated communication services, including Internet, wireless, and satellite service, to facilitate resolutions between consumers and providers.

Consumer Division Complaint Process

Consumer inquiries and complaints are received by the Consumer Division in person or via email, fax, telephone, mail, or Web form submission. The division evaluates these communications to determine the appropriate course of action (either to provide information or to open an investigation). If it is determined that an investigation should be conducted, the complaint is recorded in DTC's consumer contact database. A DTC employee then prepares an email that includes a summary of the complaint, which is sent to the service provider. Consumer Division actions are also communicated to the consumers to advise them when their cases have been submitted to providers for research. If a provider's response is not received within 15 business days, the DTC employee sends a follow-up email requesting a status. Once the provider representative has responded to DTC, the DTC employee updates the file and contacts the consumer to review the response and confirm any billing adjustments or refunds. The DTC employee also assesses the consumer's satisfaction with the outcome. If the consumer

is not satisfied with the outcome, under certain circumstances s/he may request an informal hearing with the Consumer Division or a formal adjudication that would be conducted by a hearing officer from the DTC Legal Division.

Consumer Contact Database

In June 2015, DTC migrated its consumer contact database to a new cloud-based product to better track, assess, and manage consumer complaint data and statistics. This product includes all aspects of information technology management of the infrastructure, including hardware, software, data security, data storage, and service management processes. With it, DTC can store and track consumer contact data, integrate services with other applications (e.g., Microsoft Outlook), perform its own reporting and analytics, and easily and securely add more users if needed.

AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor has conducted a performance audit of certain activities of the Department of Telecommunications and Cable (DTC) for the period July 1, 2015 through December 31, 2017.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Below is a list of our audit objectives, indicating each question we intended our audit to answer; the conclusion we reached regarding each objective; and, if applicable, where each objective is discussed in the audit findings.

Objective	Conclusion
1. Does DTC properly administer its consumer complaint process?	Yes
2. Does DTC ensure that all staff members involved in the administration of consumer complaints attend mandatory information security training as required by the state's Executive Order 504?	No; see Finding 1

To achieve our objectives, we gained an understanding of the internal controls we deemed significant to our audit objectives by reviewing applicable laws, rules, regulations, policies, procedures, and reports, as well as performing interviews and observations. We evaluated the design and effectiveness of controls over the administration of consumer complaints and information security training regarding personal information, and we assessed whether the controls operated as intended during the audit period.

In addition, we performed the following procedures to obtain sufficient, appropriate audit evidence to address our audit objectives.

Consumer Complaints

We sampled and examined consumer complaint investigation case files to verify the existence and completeness of DTC's list of all investigations opened or closed during the audit period by verifying the

case number, case origin (e.g., phone call, email, or in-person visit), correspondence type (e.g., investigation), open date, close date, primary service issue (e.g., quality of service, account collections, or service termination), and status. The population consisted of 5,669 cases, which included all cases from the audit period that were opened, closed, or still pending as of December 31, 2017. From this population, we selected a nonstatistical judgmental sample of 90 consumer complaint investigation cases, all of which took more than 30 calendar days to complete, to determine the amount and percentage of time attributed to administrative processing from the initiation of the case to its closure by DTC. This sample selection represented the six primary service issues that accounted for 92% of all cases that took more than 30 calendar days to complete: quality of service; billing; issues with the federal Lifeline Program, which provides a discount on phone services for qualifying low-income people; account collections and service termination; rates, taxes, and fees; and wireless phone billing.

Information Security Training

We tested all consumer contact database users with access to the personal information in the database who were subject to mandatory information security training during the audit period to determine whether they had completed the required training. We assessed the reliability of the user list by requesting a confirmation of information security training for all users from the Human Resources Department of the Office of Consumer Affairs and Business Regulation, DTC's oversight organization. The information security training status of all users was provided. Accordingly, we deemed the data to be sufficiently reliable for the purposes of our audit.

Consumer Contact Database

We obtained information from DTC's consumer contact database, which contains a list of all consumer contacts recorded by DTC personnel. We conducted information security testing by using questionnaires, conducting interviews, reviewing supporting documentation, and performing observations to determine the reliability of the information obtained from the database. For our audit period, we traced a sample of 30 consumer contacts with the correspondence type "investigation" to electronic files containing case details and, where applicable, source documents (e.g., emails or document images). We determined that the information was sufficiently reliable for the purpose of audit testing.

Whenever sampling was used, we applied a nonstatistical approach, and as result, we were not able to project our results to the entire populations.

DETAILED AUDIT FINDINGS WITH AUDITEE'S RESPONSE

1. Some Department of Telecommunications and Cable staff members did not receive required training on personal information.

We identified 11 people who were assigned to the Department of Telecommunications and Cable's (DTC's) Consumer Division and had access to personal information but had not received the required information security training. These 11 staff members were student interns, and as part of their responsibilities, they had access to personal information in DTC's consumer contact database. Effective information security training programs ensure that employees understand the responsibilities of securing and maintaining the confidentiality of personal information and what must be done to limit, if possible, further exposure if a breach of confidentiality is identified. Information security training programs are a critical first step in safeguarding personal information. Because DTC does not ensure that everyone who has access to this information receives the proper training, there is a higher-than-acceptable risk that the information may be misused.

Authoritative Guidance

According to Section 6 of the state's Executive Order 504, all state employees must attend mandatory information security training that provides guidance regarding how to identify, maintain, and safeguard records and data that contain personal information:

All agency heads, managers, supervisors, and employees (including contract employees) shall attend mandatory information security training. . . . Such training shall be part of the standardized orientation provided at the time they commence work. Such training shall include, without limitation, guidance to employees regarding how to identify, maintain and safeguard records and data that contain personal information.

Reasons for Noncompliance

Although DTC does have policies and procedures requiring all regular employees to receive the training required by Executive Order 504, the policies and procedures do not require student interns to have the same training.

Recommendation

DTC should amend its policies and procedures to ensure that all employees, including student interns, receive the training required by Executive Order 504.

Auditee's Response

The DTC recognizes the importance of protecting personal information and ensuring that all staff receive appropriate training to safeguard such information. We wish to note that prior to the commencement of this audit, DTC began to ensure that all student interns received Executive Order ("EO") 504 training in two ways. First beginning in July 2017, DTC began to require student interns to have access to this system in order to certify their completion of the mandatory EO 504 training. Second, EO 504 awareness and instruction is included as part of the Consumer Division's extensive training program that all new interns and Division staff are required to complete prior to performing any job related duties.

The DTC's Consumer Division complaint process does not necessitate or involve the collection of any personal information nor does the Division make it a practice to obtain or maintain personal information as it is defined in M.G.L. c. 93H §1, which includes social security numbers, driver's license numbers, state-issued identification card numbers or any type of financial account information.

Auditor's Reply

Although we found that, during our audit period, 11 DTC student interns had not received the mandatory information security training, DTC's response indicates that it is taking measures to address our concerns in this area.