



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

Making government work better

Official Audit Report – Issued August 12, 2015

Executive Office of Health and Human Services and Its Departments—Administration of Cell Phones

For the period January 1, 2012 through June 30, 2013





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

Making government work better

August 12, 2015

Marylou Sudders, Secretary
Executive Office of Health and Human Services
One Ashburton Place, 11th Floor
Boston, MA 02108

Dear Secretary Sudders:

I am pleased to provide this performance audit of the Executive Office of Health and Human Services and the 15 departments within its Secretary's jurisdiction. This report details the audit objectives, scope, methodology, findings, and recommendations for the audit period, January 1, 2012 through June 30, 2013. My audit staff discussed the contents of this report with management of the Executive Office of Health and Human Services and its departments, and their comments are reflected in this report.

I would also like to express my appreciation to the Executive Office of Health and Human Services and its departments for the cooperation and assistance provided to my staff during the audit.

Sincerely,

A handwritten signature in blue ink, appearing to read "SMB", written in a cursive style.

Suzanne M. Bump
Auditor of the Commonwealth

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LIST OF ABBREVIATIONS

DDS	Department of Developmental Services
DYS	Department of Youth Services
EOHHS	Executive Office of Health and Human Services
OSC	Office of the State Comptroller
OSD	Operational Services Division

EXECUTIVE SUMMARY

This report describes the results of our audit of the administration of cell phones by the Executive Office of Health and Human Services (EOHHS) and its affiliated departments for the period January 1, 2012 through June 30, 2013. The scope of our work included performing onsite audits at EOHHS, the Department of Youth Services, and Department of Developmental Services and administering a written survey to EOHHS's 13 other departments regarding cell phones used by their staff. For the audit period, EOHHS and its departments administered 2,802 cell phones at a total cost to the Commonwealth of \$2,296,498 (Appendix A).

Below is a summary of our findings and recommendations, with links to each page listed.

Finding 1a Page 7	EOHHS and its departments did not establish formal written policies and procedures for the assignment and use of cell phones provided to employees. Without formal written policies and procedures, EOHHS and its departments cannot be sure that cell phones are assigned only to employees with legitimate business needs, that the most cost-effective service carriers and plans are selected, that cell-phone costs and employee use are effectively managed and monitored, and that employees provided with cell phones are aware of their responsibility for proper use.
Finding 1b Page 9	EOHHS and its departments did not document that they had performed an initial assessment of their cell-phone needs before selecting service plans and did not implement a formal review process to periodically reassess the business need for each phone and/or determine whether service plans should be modified based on the amount of phone use. Therefore, these agencies cannot be certain that phones are assigned only as needed and that employees are not assigned phone plans that are more expensive than their work requires.
Finding 1c Page 11	EOHHS and its departments did not regularly review phone use to ensure that phones were used only for business purposes. They did not use provider reports to view information such as numbers called and call duration. Rather, they examined phone use only if it had exceeded the total shared/pooled minutes of the service plan or if charges had been incurred that were not covered by the plan. Therefore, the Commonwealth cannot identify any excessive personal phone use that takes place during business hours and thus interferes with employees' performance.
Finding 1d Page 13	EOHHS and its departments did not establish specific written criteria for phone eligibility or implement a formal review and approval process supported by documentation of the initial and continued business need for phones. Therefore, these agencies cannot be sure that cell phones assigned to employees are necessary for business purposes or that the benefits of providing the phones outweigh the costs.

Recommendations Page 13	<ol style="list-style-type: none">1. EOHHS should establish formal written policies and procedures for employee use of assigned cell phones. The policies and procedures could include subjects such as appropriate use of assigned cell phones, how the phones' costs and use will be monitored, or charges not covered under selected plans. They could also establish eligibility criteria for state-provided cell phones and require periodic (e.g., quarterly) reevaluations to verify each employee's continued need for a phone. Furthermore, they should require that each employee who is given a phone complete a formal acknowledgement form stating the employee's understanding of, and willingness to comply with, established policies and procedures regarding cell phones.2. EOHHS should perform an assessment of its communication needs and phone use to determine whether plans assigned to employees effectively match the employees' needs. The assessment should also include a determination of whether any costs could be saved by reimbursing employees for conducting authorized state business using employee-owned cell phones in lieu of state-issued phones.3. EOHHS and its agencies should periodically (at least quarterly) monitor employee use of cell phones by reviewing monthly statements to identify inappropriate use, extra service charges, and underused phones.4. EOHHS and its agencies should identify all employees whose phones are not used for one or more months; assess these employees' continued need for their phones; and consider deactivating cell phones that are not needed.5. EOHHS should establish a formal review and approval process that documents the criteria for assigning cell phones to employees and the reason(s) that other forms of communication are not cost-effective.6. EOHHS should use standard or customized reports that are available on each provider's website and can be used as an additional management tool in evaluating cell-phone use for cost savings.
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Post-Audit Action

During our audit, EOHHS developed proposed policies for cell phone and smartphone use, which its chief compliance officer gave us for review, and indicated that it would distribute these policies to all the agencies under its umbrella. Our review of these draft policies indicated that they still did not address several controls, including conducting an initial assessment of cell-phone needs for the purpose of choosing a service provider and plan, or address procedures for determining whether an employee's selected plan is still cost-effective or whether the employee still needs the phone.

In addition, the Commonwealth's Operational Services Division told us that its Contract User Guide ("How to Use the Network Services Statewide Contract") for communication devices would be updated to inform departments that they must use reports to monitor device use.

OVERVIEW OF AUDITED ENTITY

The Executive Office of Health and Human Services (EOHHS) is authorized by Chapter 6A, Section 16, of the Massachusetts General Laws and operates under the supervision and control of the Secretary of Health and Human Services, who is appointed by the Governor and is the Governor's chief policy advisor regarding all health and human-service issues. EOHHS is the Commonwealth's largest agency and, according to Chapter 118E of the General Laws, is "the single state agency responsible for the administration of programs of medical assistance and medical benefits established pursuant to" that chapter. According to its website, the agency's mission is "to improve quality of life for people of Massachusetts by supporting the safety, health and overall well-being of individuals, families and communities." Chapter 62, Section 16, of the General Laws, as amended by Chapter 177, Section 6A, of the Acts of 2001, placed the following agencies and departments under the direction of the Secretary of EOHHS: the Massachusetts Rehabilitation Commission, Department of Developmental Services, Department of Youth Services, Department of Transitional Assistance, Office for Refugees and Immigrants, Massachusetts Commission for the Blind, Department of Veterans' Services, Department of Mental Health, Massachusetts Commission for the Deaf and Hard of Hearing, Executive Office of Elder Affairs, Department of Public Health, Board of Registration in Medicine, Department of Children and Families, Soldiers' Home in Holyoke, and Soldiers' Home in Chelsea.

During the period January 1, 2012 through June 30, 2013, EOHHS and its 15 departments employed 22,522 personnel, who worked in conjunction with local health, welfare, and human-service agencies. To enhance service delivery, EOHHS and its departments assigned 2,802 state-owned cell phones to designated employees (approximately 12% of its workforce) at a total cost of \$2,296,498 during our audit period (Appendix A).

During this period, EOHHS and its departments had service contracts primarily with Verizon Wireless and Sprint Nextel Corporation (Sprint) for cell phones and related service plans for their staff. Each individual who is given a cell phone is also assigned his or her own individual plan for that phone; all the plans together make up the agency's overall account with the provider.

AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Chapter 11, Section 12, of the Massachusetts General Laws, the Office of the State Auditor has conducted a performance audit of certain activities of the Executive Office of Health and Human Services (EOHHS).

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. Did EOHHS and its departments have effective controls to ensure that cell phones issued to its employees were used efficiently?	No; see Findings <u>1a</u> , <u>1b</u> , and <u>1d</u>
2. Did EOHHS and its departments monitor employee use of cell phones adequately to prevent misuse?	No; see Finding <u>1c</u>

In order to achieve our objectives, we performed the following audit procedures:

- We reviewed the Massachusetts Office of the Inspector General’s Advisory to Local Officials, dated May 2005, concerning cell-phone use policies, and obtained and reviewed any policies and procedures EOHHS and its departments had implemented for cell phones.
- We met with officials from the state’s Operational Services Division (OSD), the agency responsible for the procurement of communication-service contracts for the Commonwealth, to obtain an understanding of the statewide contracts awarded for cell phones and their related provisions; obtain and review OSD’s Contract User Guides;¹ and determine service providers’ monitoring tools and reports, such as optimization reports,² available to help departments monitor cell-phone use.

1. Contract User Guides are published by OSD for each statewide contract and are intended to make it easier for users to understand the components of the contract and make informed decisions.

2. These are reports provided by some carriers that summarize subscribers’ cell-phone use. Optimization reports can help employers determine whether each subscriber has the most appropriate plan by identifying users who consistently incur overage charges as well as users who underuse their plans.

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- We reviewed controls that EOHHS and its departments had established to monitor the actual use of each assigned cell phone. For EOHHS, the Department of Youth Services (DYS), and the Department of Developmental Services (DDS), where performance audits were conducted, we used non-statistical sampling for our test of monthly invoices. Specifically, for EOHHS, we tested a non-statistical sample of 20 judgmentally selected monthly invoices out of 90 monthly invoices processed during our audit period; for DYS, we tested a non-statistical sample of 30 judgmentally selected invoices out of 136 monthly invoices processed during our audit period; and for DDS, we tested a non-statistical sample of 69 judgmentally selected monthly invoices out of 312 monthly invoices processed during our audit period. The 119 monthly invoices reviewed represented phone use for January 2012, July 2012, December 2012, and June 2013. We selected these two departments to audit in lieu of a survey review because they had the highest phone costs of the 15 EOHHS departments.
 - We surveyed the remaining 13 EOHHS departments. To complete our surveys, we developed a questionnaire and interviewed department heads responsible for the oversight of cell phones. We asked about each department's rationale for its selection of communication-service providers; the process used to assign cell phones to employees; and the policies and procedures in place regarding the assignment, use, and monitoring of phones to determine whether the monthly service plan and employee use were aligned.
 - We interviewed chief financial officers and accounting managers to obtain an understanding of the controls associated with the selection of plans available from each communication provider and the degree of agency monitoring of phone use.
 - We reviewed EOHHS's and its departments' controls over the monitoring of selected plans to assess their utility and cost-effectiveness.
 - We reviewed EOHHS's and its departments' controls over conducting periodic reassessments of cell phones by interviewing chief financial officers and accounting managers.
 - We reviewed controls over the assignment of cell phones by interviewing chief financial officers and accounting managers to obtain an understanding of the internal controls over assigning phones to employees. We reviewed the process EOHHS and its departments created for the distribution of cell phones. We requested, received, and reviewed a list of employees who were given phones by EOHHS and its departments.
 - We researched other governmental entities to identify best practices, as well as policies and procedures for the assignment, use, and monitoring of cell phones given to employees in the course of their employment. From our research, we identified best practices that EOHHS and its departments could consider implementing to optimize cost-effectiveness and potential cost savings for cell-phone management. In addition, we reviewed recommendations in audit reports issued by other state audit organizations to determine recommended best practices regarding phone management and to gain an understanding of the risks associated with providing phones to employees.

Our assessment of internal controls over the administration of cell phones at EOHHS and its departments was based on the above interviews and document reviews. We assessed the internal

controls related to each of the audit objectives by reviewing the related policies, procedures, laws, and regulations and then interviewing EOHHS's and its departments' officials to gain an understanding of the internal control environment, as well as the actual processes used. Our interviews, along with follow-up questions, led us to make requests for supporting documentation, which we used to assess internal controls.

In addition, we obtained and reviewed copies of communication-service providers' monthly detailed billing statements from EOHHS and its departments. These source documents detail cell-phone use and document payments made by EOHHS and its departments to service providers. Because EOHHS's and its departments' information systems did not contain information on cell-phone use, we used the service providers' monthly billing statements, which detailed cell-phone use. We believe the service-provider data are sufficient and reliable for the purposes of our audit. Whenever sampling was used, we applied a non-statistical sampling methodology, the results of which cannot be projected to the entire population but only apply to the items selected.

We also analyzed payment information from the Commonwealth's Massachusetts Management Accounting and Reporting System regarding payments used to fund EOHHS's and its departments' operations. The electronic data sources used for this analysis constitute the official procurement and accounting records of the Commonwealth, are widely accepted as accurate, and form the basis for the Commonwealth's audited annual financial statements. Accordingly, our audit did not involve a comprehensive assessment of the reliability of source Commonwealth data.

DETAILED AUDIT FINDINGS WITH AUDITEE'S RESPONSE

1. The Executive Office of Health and Human Services and its departments did not establish adequate internal controls over cell phones.

During our audit period, the Executive Office of Health and Human Services (EOHHS) and its departments did not establish formal written policies and procedures governing the assignment and use of cell phones issued to their employees, conduct and document an assessment of their cell-phone needs before choosing service providers and plans, follow a formal process for periodically reassessing their business need for cell phones, or effectively monitor employees' phone use to ensure that plans were cost-effective and that phones were being used for business purposes. These specific issues are detailed in the subsections below.

a. EOHHS and its departments did not establish formal written policies and procedures for cell phones.

We conducted inquiries with EOHHS and its departments to obtain and review the policies and procedures that guided the assignment and use of cell phones provided to employees. We found that EOHHS and its departments had not established formal written policies and procedures for the assignment and use of cell phones provided to employees. Although seven departments had written policies for phones (Appendix B), the policies did not adequately address several key controls, including conducting an initial assessment of cell-phone needs for the purpose of choosing a service provider and plan, or address procedures for determining whether an employee's selected plan is still cost-effective or whether the employee's need for the phone is still justified. In addition, the policies were for new smartphones and did not address phones already issued to existing employees. Without formal written policies and procedures, EOHHS and its departments cannot be sure that cell phones are assigned only to employees with legitimate business needs, that the most cost-effective service carriers and plans are selected, that cell-phone costs and employee use are effectively managed and monitored, and that employees provided with cell phones are aware of their responsibility for proper use.

During our audit, EOHHS acknowledged to us that it could improve its controls in this area. To this end, EOHHS developed proposed policies for smartphone use, which its chief compliance officer gave us for review. While we believe that developing formal written policies is a good first step, our review of these draft policies indicated that, like the aforesaid seven departments' policies, they did

not address several key controls, including conducting an initial assessment of cell-phone needs for the purpose of choosing a service provider and plan, or address procedures for determining whether an employee's selected plan is still cost-effective or whether the employee's need for the phone is still justified.

We did find that the Department of Developmental Services (DDS) used an e-mail system that was intended to document the initial request for a cell phone, the purchase of the phone, the assignment of the employee to a specific plan, and supervisor approval. However, DDS did not establish the necessary controls to ensure that all e-mails supporting agency approvals, assignments, and distributions of phones to employees were retained and available for review. We also found that the Department of Youth Services (DYS) had a smartphone request form that it used to initiate new phone purchases. However, DYS did not establish policies and procedures for its staff's use of phones.

Authoritative Guidance

The Office of the State Comptroller's (OSC's) Internal Control Guide (which applies to all state agencies, including EOHHS and its agencies) states,

Controls are most frequently comprised of policies and procedures. After identifying and assessing risks, managers need to evaluate (and develop, when necessary) methods to minimize these risks. A policy establishes what should be done and serves as the basis for the procedures. Procedures describe specifically how the policy is to be implemented. It is important that an organization establish policies and procedures so that staff knows what is to be done and compliance can be properly evaluated.

Establishing good internal controls over the use of cell phones is essential to ensuring the efficient and proper use of these devices.

Further, sound business practices include formally documenting policies and procedures in writing to communicate them more effectively and ensure that they are consistently followed, especially in the case of staff turnover.

Reasons for Lack of Written Policies and Procedures

EOHHS and its agencies indicated that their controls over cell phones were designed to address their assessed level of risk in this area. Specifically, they stated that the administration of cell phones was considered a low risk. They explained that each agency's Accounting Department monitored

phone use, that they had performed an (unwritten) initial assessment, and that these practices combined to minimize any abuse and unnecessary costs.

b. EOHHS and its departments did not document an initial assessment or periodic follow-up assessments of its cell-phone needs.

EOHHS and its departments did not document that they had performed an initial assessment of their cell-phone needs before selecting service plans for their employees or assessed the feasibility of other, potentially less costly, alternatives besides contracting with communication-service providers, such as reimbursing employees for using their own phones in lieu of state-provided cell phones. In addition, EOHHS and its agencies do not have a formal review process to periodically reassess the business need for each phone and/or determine whether service plans should be modified based on the employees' use of their phones.

Without performing these assessments, EOHHS and its departments cannot be certain that phones are assigned only as needed and that employees are not assigned phone plans that are more expensive than their work requires.

As part of our audit, we reviewed, summarized, and analyzed all cell-phone use by the three agencies we audited for 4 months over our 18-month audit period by examining invoices from communication-service providers, including Verizon Wireless and Sprint, that totaled \$178,684. We then compared the actual use of phones, as detailed on the invoices, to the assigned plans to determine whether use accorded with plan limits. We found problems with \$35,098, or 20%, of these expenses, as detailed below.

- Using the pooled-minutes³ concept, EOHHS, DYS, and DDS used only 54% (624,680 minutes) of the 1,151,820 minutes paid for through the various monthly provider service plans.
- During the four one-month periods reviewed, 138 cell phones out of a total of 862 (16%) were not used. If this indicates that these phones were not needed, the agencies could have terminated their plans and saved as much as \$15,602.

3. A pooled-minute plan provides a specified number of allowable minutes, calculated by multiplying the number of users by the assigned pooled/shared minute plans in place (i.e., 90, 100, 200, 450, 900 minutes, etc.) for each billing period (usually 30 days). In a given billing period, if the department does not exceed its pooled minutes, it is not charged by the communication-service provider for users who have exceeded their assigned minute plan, since the pooling concept balances out the use of minutes.

- During the same four one-month periods, 149 other cell phones had monthly service plans that could have been switched to less-expensive plans, based on use, potentially saving an additional \$19,496.

Authoritative Guidance

OSC's Internal Control Guide indicates that effectiveness and efficiency are the most fundamental management responsibilities and that "because resources are always scarce, management is responsible for making the best use of the resources that are available." To that end, prudent business practices would include conducting and documenting an initial assessment of cell-phone needs as justification of agencies' legitimate business need for phones. Establishing sound internal controls over the assignment and use of cell phones is a good business practice.

Other governmental agencies, such as state departments and universities, have practices relevant to employees' assignment and use of cell phones:

- The State of Washington's Office of the Chief Information Officer, in its "Cellular Device Policy" dated June 26, 2012, requires that state agencies monitor their selected plans to determine whether they are cost-effective, working with cellular contractors as necessary to ensure that state-issued devices have the best plans for the lowest costs. The policy further requires the agencies to optimize the use of state-owned devices and service plans by combining service plans within agencies where possible; using billing statements and reports regularly to identify possible savings; and working with contractors and employees to identify and deactivate or reassign devices that are no longer needed.
- The University of North Texas's Office of Telecommunications requires department heads to review employees' eligibility to use University-owned cell phones and complete a phone request form each year to recertify each employee's eligibility for a phone.
- The City of Scottsdale, Arizona, has developed a wireless tracking system that is used to manage cell phone and BlackBerry justification, billing, and use.
- The Utah Department of Transportation requires (in its "Cell Phones" policy, UDOT 02-26, effective December 18, 2012) that each employee with a clearly identified business need for a state-provided cell phone complete a State-Provided Cell Phone Agreement, which must be reviewed and signed by the employee, his or her supervisor, and the department's executive director. The agreement must be resubmitted for approval at the start of each fiscal year to determine continued eligibility for the phone.

Reasons for Lack of Initial and Periodic Assessments

EOHHS officials stated that the agency's service-plan selection was based mainly on cell-tower coverage and that EOHHS had thus decided on Verizon Wireless because of area coverage and

because it had fewer dropped calls than other service providers. In addition, EOHHS, DDS, and DYS stated that each of their employees was assigned the plan with the lowest number of minutes that was deemed appropriate for that employee, with a goal of adjusting service plans later on based on actual use. However, they were not routinely evaluating cell phone use and adjusting plans to align with actual use.

EOHHS stated that it did not perform reviews itself because its Accounting Department and those of its agencies are charged with reviewing the monthly invoices for appropriateness before payment. However, this monitoring is limited to reviewing cell phones' use for charges not covered by their plans.

c. EOHHS and its departments did not sufficiently monitor employee use of cell phones.

Neither EOHHS nor any of its departments regularly reviewed employee use of cell phones to ensure that phones were used only for business purposes. Departments can use providers' websites to view standard reports of phone use or generate custom reports to determine information such as numbers called and call duration. However, neither EOHHS nor any of its departments, except the Department of Public Health, used these reports. Instead, monitoring was limited to instances where an individual employee exceeded the total shared/pooled minutes of his/her plan or incurred charges that were not covered by the plan.

We conducted inquiries with EOHHS and its departments to determine the monitoring controls in place for reviewing employee use of distributed devices. Our analysis also included evaluating business versus personal use of these phones; we noted a number of instances of potential personal use, such as one employee who sent text messages to Liberia between August 2012 and February 2013 and another employee who averaged more than 1,447 text messages per month, in contrast to other users who averaged approximately 100. This could indicate that the Commonwealth is paying for

Not monitoring cell-phone use can result in unnecessary costs and unproductive use of staff time.

employees' personal use of phones. In addition, without monitoring phone use, the Commonwealth cannot identify any excessive personal phone use that takes place during business hours and thus interferes with employees' performance.

Best Practices

Holding employees accountable only for communication charges that exceed the shared/pooled plan minutes or for charges not specifically covered by the plan does not discourage any inappropriate personal use of cell phones, and it does not allow EOHHS and its agencies to detect underutilization of phones in order to ensure that they have the most cost-effective plans in place. Some other state audit agencies, such as those of the State of Oregon and the Commonwealth of Virginia, have conducted audits on the management of communication devices and recommended that each device recipient be responsible for reviewing his/her monthly billing charges and for identifying, and reimbursing the state agency for, all non-business use and other charges not covered by the plan.

Reasons for Lack of Monitoring

In our discussions with EOHHS, DDS, and DYS officials, we found that they were unaware that phone companies provided standard reports, commonly known as optimization reports, to monitor phone use. We also noted that the Operational Services Division's (OSD's) Contract User Guide "How to Use the Network Services Statewide Contract," in effect from September 14, 2012 to September 30, 2017, did not inform state departments how standard and custom-generated reports could be accessed through communication providers' websites and could assist departments in monitoring use.

Post-Audit Action

OSD officials told us that the "How to Use the Network Services Statewide Contract" Contract User Guide would be updated to inform departments that they must use optimization reports to monitor device use.

d. EOHHS and its departments lacked specific criteria and a review/approval process for assigning cell phones to employees.

EOHHS and its departments did not establish specific written criteria defining the level of responsibility and key business requirements of officials and employees eligible for Commonwealth-provided cell phones. They also did not establish a formal review and approval process supported by documentation of the initial and continued business need for phones. Without these criteria and documentation, EOHHS and its departments cannot be sure that cell phones assigned to employees are necessary for business purposes or that the benefits of providing the phones outweigh the costs.

We conducted inquiries with EOHHS and its departments to obtain and review criteria and justification for cell phones issued to, and used by, its employees. EOHHS officials told us that its agencies' assignment and distribution of cell phones were generally based on informal reviews of each employee's job and whether that employee needed to be contacted after normal work hours, traveled frequently from his/her home office, or traveled to areas where safety was a concern. EOHHS and DDS instituted an e-mail request system to initiate phone procurement. Written assessments and justification for phones were not included in the cell-phone request.

Authoritative Guidance

Prudent business practices include assigning phones on the basis of factors such as cost/benefit analysis, employee responsibilities that necessitate the initial and continued use of the phone, and potential savings resulting from the assignment of the phone that would support the business need and use for the phones. Some examples of possible practices include those outlined previously in this report as practiced by other states and entities.

Reasons for Lack of Criteria and Procedures

EOHHS officials told us that the time and costs associated with assigning additional personnel to perform these functions would outweigh the benefits.

Recommendations

1. EOHHS should establish formal written policies and procedures for employee use of assigned cell phones. The policies and procedures could include subjects such as appropriate use of assigned cell phones, how the phones' costs and use will be monitored, or charges not covered under selected plans. They could also establish eligibility criteria for state-provided cell phones and require periodic (e.g., quarterly) reevaluations to verify each employee's continued need for a phone. Furthermore,

they should require that each employee who is given a phone complete a formal acknowledgement form stating the employee's understanding of, and willingness to comply with, established policies and procedures regarding cell phones.

2. EOHHS should perform an assessment of its communication needs and phone use to determine whether plans assigned to employees effectively match the employees' needs. The assessment should also include a determination of whether any costs could be saved by reimbursing employees for conducting authorized state business using employee-owned cell phones in lieu of state-issued phones.
3. EOHHS and its agencies should periodically (at least quarterly) monitor employee use of cell phones by reviewing monthly statements to identify inappropriate use, extra service charges, and underused phones.
4. EOHHS and its agencies should identify all employees whose phones are not used for one or more months; assess these employees' continued need for their phones; and consider deactivating cell phones that are not needed.
5. EOHHS should establish a formal review and approval process that documents the criteria for assigning cell phones to employees and the reason(s) that other forms of communication are not cost-effective.
6. EOHHS should use standard or customized reports that are available on each provider's website and can be used as an additional management tool in evaluating cell-phone use for cost savings.

Auditee's Response

In written comments on behalf of its departments, EOHHS described the following corrective actions being taken to address each of the six recommendations of our report:

Recommendation 1

EOHHS established a formal written policy in March 2014 to address the issues concerning the appropriate use of cell phones, how excessive costs would be charged back to the employee and how improper usage may result in termination. This form requires the employee to acknowledge their understanding of the policy in writing and will be approved by the Secretariat Chief Information Officer (SCIO) or his designee, where it will then be kept on file.

Recommendation 2

EOHHS will develop documented assessment criteria to determine how to match employees' job responsibilities with the most cost effective plans. The assessment will include a review of employees using personal cell phones. MassIT's Security Policy for Use of Commonwealth Networks through the Use of Active Sync dictates that employees must be aware that any suspect improper activity or loss of cell phone can result in MassIT deleting the employee's phone to its original factory settings, resulting in the loss of all email and contacts. Also, if needed for legal purposes, the phone could be confiscated.

Recommendation 3

EOHHS and its agencies will develop a more formal and scheduled process to perform periodic reviews of cell phone usage by employees and to monitor for any inappropriate activity.

Recommendation 4

As part of the above mentioned review process, EOHHS and its agencies will include the criteria to identify any employees assigned a Commonwealth cell phone whose non-usage exceeds one or more months. We will also justify the ongoing need for the cell phone and deactivate the cell phone if not approved for further use.

Recommendation 5

EOHHS will develop formal Policy/Criteria for the assignment of cell phones to its employees. Overall, EOHHS is moving more towards mobile technology. Other forms of communication deviating from cell phones or tablets has been deemed not operationally efficient enough to justify 24x7 support for technology or for any major health programs protecting the health and welfare of its clients, including children and those at risk.

Recommendation 6

EOHHS will ensure that it works with providers to obtain access to any additional management tools the provider can make available in order to improve its ongoing management and monitoring of cell phone use for cost savings and overall better control.

Auditor's Reply

Based on its responses, we believe that EOHHS and its departments are taking appropriate measures to address our concerns.

APPENDIX A

Summary of Phone Use and Costs by Department for the Period January 1, 2012 through June 30, 2013

	Cost	Phones	Employees (approximately)	Average Monthly Cost per Phone	Percent of Workforce with Phone
Agencies Surveyed					
Department of Public Health	\$ 444,777	484	3,023	\$ 51.05	16%
Department of Mental Health	242,561	321	3,184	41.98	10%
Department of Children and Families	216,661	368	3,309	32.71	11%
Massachusetts Rehabilitation Commission	197,421	236	794	46.47	30%
Department of Developmental Services	142,677	195	2,399	40.65	8%
Department of Veterans' Services	66,287	70*	77	52.61	91%
Massachusetts Commission for the Blind	74,809	95*	156	43.75	61%
Massachusetts Commission for the Deaf and Hard of Hearing	37,179	48	58	43.03	83%
Department of Transitional Assistance	33,836	44	1,508	42.72	3%
Executive Office of Elder Affairs	25,295	23	59	61.10	39%
Soldiers' Home in Chelsea	21,352	30	381	39.54	8%
Board of Registration in Medicine	19,031	20	77	52.86	26%
Soldiers' Home in Holyoke	4,359	4	345	60.54	1%
Office for Refugees and Immigrants	2,732	2	21	75.90	10%
	<u>1,528,977</u>	<u>1,940</u>	<u>15,391</u>	43.79	13%
Agencies Audited					
Department of Developmental Services	327,728	373	4,588	48.81	8%
Department of Youth Services	303,942	317	910	53.27	35%
Executive Office of Health and Human Services	135,851	172	1,633	43.88	11%
	<u>767,521</u>	<u>862</u>	<u>7,131</u>	49.47	12%
Total	<u>\$2,296,498[†]</u>	<u>2,802</u>	<u>22,522</u>	\$ 45.53	12%

* Includes phones issued to department contractors, as well as wireless cards.

† Discrepancies in totals are due to rounding.

APPENDIX B

Summary of Internal Control Deficiencies Regarding Phones by Department January 1, 2012 through June 30, 2013

	Agency has written policies and procedures for phones	Agency conducted and documented an assessment of service providers	Agency conducted and documented an assessment of employee needs	Agency has effective phone monitoring controls	Agency performs periodic needs assessments
Board of Registration in Medicine	No	No	No	No	No
Department of Children and Families	No	No	No	No	No
Department of Elder Affairs	No	No	No	No	No
Department of Mental Health	Yes*	No	No	No	No
Department of Public Health	Yes*	No	No	No	No
Department of Transitional Assistance	No	No	No	No	No
Department of Veterans' Services	No	No	No	No	No
Massachusetts Commission for the Blind	Yes*	No	No	No	No
Massachusetts Commission for the Deaf and Hard of Hearing	Yes*	No	No	No	No
Massachusetts Rehabilitation Commission	Yes*	No	No	No	No
Office for Refugees and Immigrants	No	No	No	No	No
Soldiers' Home in Chelsea	Yes*	No	No	No	No
Soldiers' Home in Holyoke	No	No	No	No	No
Department of Developmental Services	Yes*	No	No	No	No
Department of Youth Services	No	No	No	No	No
Executive Office of Health and Human Services	No	No	No	No	No

* The agency provided us with written cell-phone policies and procedures, but they did not adequately address several key administrative controls, including conducting an initial assessment of cell-phone needs for the purpose of choosing a service provider and plan, procedures for determining whether an employee's selected plan is still cost-effective, or procedures for determining whether the employee's need for the phone is still justified. In addition, the policies were for new smartphones and did not address phones already issued to existing employees.