



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

Making government work better

Official Audit Report- Issued September 5, 2013

Department of Environmental Protection

For the period July 1, 2010 through September 30, 2011



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INTRODUCTION AND SUMMARY OF FINDINGS AND RECOMMENDATIONS

The Department of Environmental Protection (DEP) was established by Chapter 21A, Section 7, of the Massachusetts General Laws within the Executive Office of Energy and Environmental Affairs as the state agency responsible for clean air and water; preservation of wetlands and coastal resources; and management, recycling, and cleanup of hazardous materials within the Commonwealth. During fiscal years 2011 and 2012, DEP received state-funded appropriations totaling \$45,552,720 and \$41,993,465, respectively.

In accordance with Chapter 11, Section 12, of the General Laws, the Office of the State Auditor has conducted a performance audit of DEP for the period July 1, 2010 through September 30, 2011. The objective of our audit was to review the adequacy of the internal controls DEP had established over its employees' use of automobiles and communication devices such as cell phones and smartphones¹ to determine whether DEP's policies and procedures in these areas were cost-effective and employee use was being adequately monitored to prevent abuse. We also reviewed DEP's procurement practices for communication devices to determine the practices' efficiency and cost-effectiveness.

Highlight of Audit Findings

We determined that during our audit period, DEP did not:

- Establish formal written policies and procedures governing the assignment and use of communication devices issued to its employees;
- Conduct and document an assessment of its communication-device needs before choosing service plan options or effectively monitor selected plans to ensure their utility and cost-effectiveness;
- Adequately monitor the use or control the cost of communication devices; or
- Assign communication devices to employees based on specific criteria or follow a formal process for periodically reassessing its business need for assigned communication devices.

¹ Devices that support e-mail, text messaging, Internet faxing, Web browsing, and other wireless information services.

Recommendations of the State Auditor²

To achieve the most cost-effective use of its communication devices, DEP should take the following measures:

- Establish formal written policies and procedures for the assignment and use of communication devices provided to each employee. These policies and procedures should address such things as appropriate use of assigned communication devices; how the devices' costs and use will be monitored; and personal use and reimbursement requirements for non-business activities conducted on those devices, as well as charges not covered under selected plans. They should also establish eligibility criteria for receiving a device and periodic reevaluation of each employee's use of, and need for, the device. DEP should also retain signed acknowledgement forms documenting each employee's understanding of, and assent to, policies and procedures related to the use of its communication devices.
- Perform an assessment of its communication needs and use to determine whether carrier plans assigned to employees effectively match the employees' voice and data service needs. DEP should monitor device use by reviewing monthly statements and make service-plan adjustments as necessary to maintain the most cost-effective service plans. It should reassess the need for underused communication devices and identify, and possibly deactivate, devices that are not used.
- Establish a formal review and approval process that documents (1) the criteria for assigning communication devices to employees; (2) the responsibilities of the employee that necessitate the use of a communication device; (3) the reason(s) that other forms of communication are not cost-effective; and (4) the potential savings resulting from the assignment of a communication device.
- Determine whether reports are available from DEP's communication providers that can be used as an additional management tool in evaluating use of communication devices to reduce costs.

Agency Progress

DEP officials told us that the agency has established formal written policies and procedures for its communication devices and will begin monitoring and evaluating all communication-device and phone-plan use.

² Generally accepted government auditing standards require that organizations be free from organizational impairments to independence with respect to the entities they audit. During part of our audit period, a family member of State Auditor Suzanne Bump served as Deputy Commissioner for DEP; therefore, Auditor Bump delegated to the First Deputy Auditor all direction and decision-making authority for audits related to DEP. This disclosure is made for informational purposes only, and this circumstance did not interfere with our ability to perform our audit work and report the results thereof impartially.

OVERVIEW OF AUDITED AGENCY

The Department of Environmental Protection (DEP) was established by Chapter 21A, Section 7, of the Massachusetts General Laws as a subdivision of the Executive Office of Energy and Environmental Affairs. DEP is the guarantor of the people's right, under Article 97 of the Massachusetts Constitution, to "clean air and water" and "the natural scenic, historic, and esthetic qualities of their environment." Its primary mission is to monitor hazardous-emission levels in the air and pollution levels in the water and to ensure safe management and disposal of solid and hazardous wastes, timely cleanup of hazardous-waste sites and spills, and the preservation of wetlands and coastal resources. According to its Web site, DEP "administers state laws and regulations aimed at preventing pollution, protecting natural resources, promoting safe disposal and recycling of wastes, and ensuring timely cleanup of contamination." The United States Environmental Protection Agency administers similar federal laws and regulations, but it delegates much of its enforcement authority in Massachusetts to DEP.

DEP operates from a central office located in Boston and four regional offices located in Springfield, Worcester, Wilmington, and Lakeville, as well as a state laboratory in Lawrence. At the time of our audit, DEP had approximately 860 employees working in conjunction with local communities to protect the environment. During fiscal years 2011 and 2012, DEP received state-funded appropriations totaling \$45,552,720 and \$41,993,465, respectively.

AUDIT SCOPE, OBJECTIVES, 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 Department of Environmental Protection (DEP) for the 15-month period July 1, 2010 through September 30, 2011. The objective of our audit was to review the internal controls DEP had established over its employees' use of its automobiles and communication devices such as cell phones and smartphones to determine whether DEP's policies and procedures in these areas were cost-effective and employee use was adequately monitored to prevent abuse. We also reviewed DEP's procurement practices for communication devices to determine the practices' efficiency and cost-effectiveness. For the 15-month period ended September 30, 2011, DEP administered 168 communication devices (61 cell phones and 107 smartphones) at a total cost of \$155,168. Our audit also included a review of the inventory of vehicles owned (after leases had expired) and leased from the state's Office of Vehicle Management (OVM), vehicle take-home privileges, and associated fuel and repair costs. For the 15-month period ended September 30, 2011, DEP operated 89 automobiles (41 leased and 48 owned) at a cost of \$582,174, broken down as follows: \$354,156, or 61%, for lease payments; \$169,254, or 29%, for fuel; and \$58,764, or 10%, for repairs/maintenance.

We obtained and reviewed copies of the monthly detailed billing statements from DEP's communications providers, Verizon Wireless³ and Sprint Nextel Corporation.⁴ These are the source documents that detail communication-device use and document payments made by DEP to the provider. Since we used the provider's monthly billing statements detailing DEP's communication use, with no reliance placed on any other information system or records for our analysis, we believe the service-provider data is sufficient and reliable for the purposes of our audit. We also obtained and analyzed data received from OVM's Fleet Wave software program for the purpose of obtaining information on the vehicles assigned to DEP. This information was used to verify that all OVM vehicles assigned to DEP were properly recorded and accounted for. We used random non-statistical sampling for our analysis of communication-device and automobile use.

We conducted our 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

³ Founded in 2000 as a joint venture of Verizon Communications and Vodafone.

⁴ Formed in 2005 after a merger of Sprint Corporation and Nextel Corporation.

audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

To achieve our audit objectives, we assessed internal controls at DEP by:

- Conducting interviews with DEP, OVM, and Operational Services Division personnel.
- Reviewing OVM's policies, procedures, and requirements for motor vehicles assigned to state departments, such as DEP.
- Reviewing DEP's policies and procedures governing the procurement, assignment, service plans, and use of communication devices provided to employees.
- Reviewing and assessing DEP's administrative controls over monitoring and documentation of employee use of automobiles and communication devices distributed to employees as well as the records maintained to document their use.
- Reviewing DEP's inventory-control procedures for communication devices.

Additionally, we performed substantive testing of records covering automobile and communication devices by:

- Examining DEP records documenting automobile use for compliance with established OVM policies and procedures.
- Examining DEP records documenting communication-device use.

Based on our audit, we have concluded that, except as reported in the Audit Findings section of this report, for the period July 1, 2010 through September 30, 2011, DEP maintained adequate internal controls and complied with applicable laws, rules, and regulations in the areas tested.

AUDIT FINDINGS

1. INADEQUATE INTERNAL CONTROLS OVER COMMUNICATION DEVICES

During our audit period, the Department of Environmental Protection (DEP) had approximately 860 employees working in conjunction with local communities on environmental issues. To enhance communications, DEP has assigned 168 state-owned communication devices to designated employees (approximately 20% of its workforce): 61 cell phones and 107 smartphones at a cost of \$155,168 for the 15-month period July 1, 2010 through September 30, 2011. Our audit disclosed that DEP had not established adequate controls over communication devices provided to its employees. Specifically, during our audit period, DEP did not establish formal written policies and procedures governing the assignment and use of communication devices issued to its employees, conduct and document an assessment of its communication-device needs before choosing a service provider and plan options, effectively monitor selected plans to ensure their utility and cost-effectiveness, use specific criteria in assigning communication devices to employees, or follow a formal process for periodically determining and reassessing its business need for assigned communication devices. At the time of our audit, DEP's Director of Information Management, who is responsible for controlling and issuing DEP's communication devices, stated that DEP was waiting for guidance from its oversight agency, the Executive Office of Energy and Environmental Affairs (EEA), on developing policies and procedures that would have addressed or averted these internal-control issues. The individual issues we identified during our audit are detailed below.

a. DEP Did Not Establish Formal Written Policies and Procedures Governing the Assignment and Use of Communication Devices Issued to Employees

The Office of the State Comptroller's Internal Control Guide (which applies to all state agencies, including DEP) 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.

Further, good business practices require that policies and procedures be formally documented in writing in order to ensure effective and efficient management and cost

controls over communication devices. Written policies and procedures are consistent, since they are not subject to various employees' recollection or interpretation; they establish accountability for various duties; and they are easier to communicate, update, and enforce than unwritten policies. Prudent business practices also include obtaining and filing an acknowledgement or confirmation from each employee assigned a communication device, confirming the employee's understanding and acceptance of established departmental policies and willingness to adhere to them. However, our audit found that DEP did not establish formal written policies and procedures concerning the assignment and use of communication devices provided to its employees. Without formal written communication-device policies and procedures, DEP cannot be sure that (1) communication devices are being assigned only to employees with legitimate business needs, (2) the most cost-effective service carriers and plans are selected, (3) communication-device costs and employee compliance are being effectively managed and monitored, and (4) employees assigned communication devices are aware of their responsibility for proper use. DEP should establish written policies and procedures that clearly define, at a minimum, which employees are eligible to receive communication devices, how employee needs should be evaluated, what constitutes appropriate use of assigned communication devices, how communication-device costs and use will be monitored, and what responsibility users have for paying for non-business and fee-based services not covered by service plans.

b. DEP Did Not Conduct and Document an Initial Assessment of Its Communication-Device Needs Before Choosing Service Providers and Plans and Did Not Monitor Its Selected Plans to Determine Whether They Were Cost-Effective

During our audit period, DEP had contracts with Verizon Wireless and Sprint Nextel Corporation (Sprint) for the operation of its cell phones and smartphones. The Verizon plan included a variation of six pooled/shared-minute plans (for the 61 cell-phone users) comprising 90-, 100-, 200-, 310-, 450-, and 900- minute plans, and a 400-minute plan (for the 102 smartphone users) that included unlimited mobile-to-mobile use; unlimited off-peak minutes; and unlimited text messaging, e-mail, and Internet use (measured in megabyte use) with a 22% discount deducted from individual monthly billings. The Sprint plan consisted of two separate plans of 450 and 1,500 allowed minutes (for five smartphone users) that included data use and text messaging with a 22% discount deducted from each individual monthly bill. The Sprint plan included pooled/shared minutes, where additional charges

would be incurred when the total pooled minutes for all plans during the period were exhausted. The aforementioned plans were selected through a statewide contract entered into by EEA.

OSC's Internal Control Guide indicates that effectiveness and efficiency are the most common 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 advocate that an initial assessment of an agency's communication-device needs be conducted and documented as justification of its legitimate business need for such devices. Such written justification is a best practice recommended in audit reports on cell-phone use for other governmental entities, such as the State of Maryland and the City of Los Angeles. However, we found that DEP lacked documentation and specific justification to support its communication-device needs. For instance, DEP did not conduct an analysis of the service providers and their plans to identify the most cost-effective solution for DEP's specific business needs. The absence of any documentation of an initial assessment makes it difficult for DEP to justify distributing cell phones and smartphones to employees as a necessary measure for operational effectiveness or to demonstrate the cost-effectiveness of the chosen plans. In addition, without conducting an initial assessment of its communication needs, DEP does not have a basis for evaluating whether the plans and devices it has chosen are effectively meeting those needs. We also determined that DEP did not adequately or consistently review invoices or assess use to determine whether phone plans assigned to DEP users were best suited to their actual use and whether changes in selected plans were necessary. This lack of oversight hinders DEP from identifying any potential cost-saving opportunities that may exist.

As part of our audit, we reviewed, summarized, and analyzed all communication-device use for September 2011⁵ by examining two consolidated invoices, one from Verizon Wireless and one from Sprint, that totaled \$7,777. We then compared the actual use of communication devices, as detailed on the invoices, to the assigned plans to determine whether use accorded with plan limits. Our analysis of this information noted the following:

⁵ Until September 2011, DEP received individual monthly invoices for its 168 communication-device users. This changed in September 2011, when DEP began to receive a consolidated monthly invoice from each service provider for all users. Since DEP did not have consolidated billings throughout our audit period, for the purposes of our audit we limited our analysis of actual use to the September 2011 consolidated billing statements.

- During this period, one employee did not use a DEP-provided smartphone that cost the department \$52 for the month.
- Five employees underused their smartphones,⁶ using 30 minutes or less of conversation and one megabyte or less of data during September 2011. These five smartphones cost the department \$293 for the month.
- Sixteen employees did not use their cell phones (26% of the 61 total cell phones) for the month, though the department had paid \$509 for the phones' use. Nine of the 61 cell-phone users had exceeded their assigned minutes; however, this did not result in any additional costs because the shared/pooled minutes compensated for this use. The remaining 36 cell-phone users used less than their plan allowance of minutes.

The above costs add up to \$854 for the month of September. Moreover, our analysis of the 36 underused cell phones showed that 29 of the 36 (81%) were used for 60 minutes or less, although their plans allowed for 90, 100, 200, 310, 450, or 900 minutes. Of these 29, 23 cell phones showed use of 30 minutes or less. Although we only reviewed invoices for September, if that month's use is typical of use throughout the fiscal year, DEP may be paying more for mobile devices than is necessary. For example, DEP could realize savings by converting 28 of the 29⁷ users who used fewer than 60 minutes in the month to a lower, more cost-effective 90-minute plan to fit their use and by eliminating cell phones with monthly use of 30 minutes or less.⁸

Although our examination was limited to one consolidated billing period, we believe our analysis demonstrates the need for DEP to conduct a comprehensive assessment of its communication-device needs and select plans that closely reflect actual use, with the goal of acquiring the most cost-effective plans.

c. DEP Did Not Adequately Monitor Business Versus Personal Use of Communication Devices

Prudent business practices would include DEP's implementing effective policies and procedures to ensure that assigned communication devices are used appropriately and that all charges that DEP pays for these devices are for approved use. During our audit field

⁶ Our criteria for underuse of communication devices are as follows: 30 minutes or less of actual use for cell phones and smartphones and one megabyte or less of actual of Internet, e-mail, and texting data use. The criteria established for these devices are consistent with criteria used by other state audit organizations in reviews of communication devices.

⁷ The 29th user was already on a 90-minute plan.

⁸ Since the audit did not identify the business needs of little-used phones, the DEP—in its effort to improve department efficiency—will need to evaluate a communication device's business function before deciding to change plans or reduce the number of phones based solely on the audit findings.

work, DEP's Director of Information Management informed us that EEA was in the process of establishing formal written policies over its communication devices, including the personal use of these devices. DEP did provide us with an unofficial, unsigned, undated draft copy of these policies at the completion of our field work; however, the policies were not in place during the audit period.

Further, effective internal controls would include the monitoring of activities to measure performance and assess compliance with established policies and procedures. According to the OSC Internal Control Guide, management's responsibility for monitoring includes "consider[ing] whether internal controls are operating as intended and if they are appropriately modified when conditions change." Even though DEP did not have formal written policies and procedures in place in this area during the audit period, effective monitoring would include, among other things, regularly reviewing employees' use of communication devices to ensure that devices and service plans are only being used for their intended business purposes.

During our audit, we assessed DEP's monitoring activities over its communication devices to ascertain whether DEP was identifying any inappropriate non-business use of these devices. Our assessment found that although DEP reviewed the number of minutes that employees used, it did not distinguish between business use of communication devices and any personal use. Instead, DEP only inquired whether the use exceeded the total shared/pooled minutes of the plan or the plan's data coverage. Thus inappropriate use that did not exceed the plan's coverage was not detected.

Holding DEP 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 these devices, and it does not allow DEP to detect underutilization of communication devices in order to ensure that it has the most cost-effective plans in place. As a result, the Commonwealth may be paying for personal use of these devices by DEP employees. As a best practice, other governmental entities, such as the State of Maryland and the City of Los Angeles, that have conducted similar audits on the management of communication devices require each recipient of a communication device to review his or her monthly billing charges and to identify and account for all non-business use

and other charges not covered by the plan. DEP could consider implementing such a practice as a control procedure.

d. DEP Lacks Specific Criteria for Assigning Communication Devices to Employees and Does Not Have a Review and Approval Process Based on Periodic Reassessments of Business Needs

DEP did not establish specific criteria for assigning communication devices to employees or ensure that a review and approval process was supported by documentation of the initial and continued business need for communication devices. Prudent business practices suggest that such criteria should be based on factors such as cost/benefit analysis, responsibilities of the employee that necessitate the initial and continued use of the device, and potential savings resulting from the assignment of the device that would support the business need and use for the devices. However, DEP's distribution of communication devices was not based on any specific criteria for eligibility but instead, according to DEP's Director of Information Management, was based on e-mails submitted to her by unit supervisors and managers expressing the need for such devices. Moreover, DEP did not retain these e-mails to document the need to distribute communication devices to employees. Without specific criteria defining the level of responsibility and key business requirements of officials and employees eligible for DEP-provided communication devices and documentation that demonstrates that such criteria have been met and approved by management, DEP cannot be sure that communication devices assigned to employees are necessary for business purposes or that the benefits of providing the communication devices outweigh the costs. Furthermore, by not periodically confirming employees' continued business need for the communication devices, DEP may have incurred unnecessary costs.

Recommendation

To achieve the most cost-effective use of its communication devices, DEP should take the following measures:

- Establish formal written policies and procedures over employee use of assigned communication devices. At a minimum, the policies and procedures should address appropriate use of assigned communication devices; how the devices' costs and use will be monitored; and personal use and reimbursement requirements for non-business activities conducted on those devices, as well as charges not covered under selected plans. They should also outline employees' responsibility for payment of personal and outside-plan

charges. The policies and procedures should also establish eligibility criteria for DEP-provided communication devices and require periodic (e.g., quarterly) reevaluations to verify each employee's continued need for a device. Furthermore, the policies and procedures should require that an employee complete a formal acknowledgement form stating the employee's understanding of, and willingness to comply with, established policies and procedures regarding communication devices, and DEP should retain this documentation for its records.

- Perform an assessment of its communication needs and use to determine whether carrier plans assigned to employees effectively match the employees' voice and data service needs. Accordingly, DEP should periodically monitor employee use of communication devices, at least quarterly, by reviewing monthly statements to identify inappropriate use, extra service charges, and underused communication devices. DEP should then work with service providers to determine whether the most cost-effective plan has been selected and make necessary plan adjustments that result in cost savings. Moreover, DEP should identify all communication devices that are not used for one or more months and consider deactivating these devices. DEP should also reassess the justification for cell phones with use of 30 minutes or less of conversation and/or one megabyte or less of data service per month.
- Establish a formal review and approval process that documents (1) the criteria for assigning communication devices to employees; (2) the responsibilities of the employee that necessitate the use of a communication device; (3) the reason(s) that other forms of communication are not cost-effective; and (4) the potential savings resulting from the assignment of a communication device.
- Determine whether optimization reports⁹ are available from DEP's communication providers that can be used as an additional management tool in evaluating use of communication devices to reduce costs.

Auditee's Response

a. DEP Did Not Establish Formal Written Policies and Procedures Governing the Assignment and Use of Communication Devices Issued to Employees

In response to this issue, DEP officials stated:

The Department concurs that there was no formal written policy; however an established internal procedure existed. Phones were limited to a set group of people and could only be procured through one individual who was in direct communication with the Deputy Commissioner for review and final approval. In addition, MassDEP implemented, while the audit was still under way, a Secretariat-wide cell phone code of conduct all employees who have cell phones were required to sign. Communication devices are being managed and monitored on a monthly basis through review of phone bills.

⁹ Optimization reports enable management to identify such issues as unused devices, unneeded features, and high data use and to increase efficiency and reduce costs by assigning provider plans and features appropriate to each device's use.

b. DEP Did Not Conduct and Document an Initial Assessment of Its Communication-Device Needs Before Choosing Service Providers and Plans and Did Not Monitor Its Selected Plans to Determine Whether They Were Cost-Effective

In response to this issue, DEP stated, in part:

The Department does not concur. MassDEP follows and complies with the OSD procurement guidelines and, in this case, used the most cost effective statewide OSD service contract available. We worked with Verizon . . . in spring 2011, to ensure Verizon implemented the most cost effective plan. Accordingly, an analysis was done – copy of which was provided to the auditor. Not only the Verizon plan is competitive with the other vendors (AT&T and Sprint), it has the most cell phone coverage across Massachusetts and the most inexpensive smart phone plan (voice/data) as mandated under the OSD's master agreement (MA) contract.

Smart phones are often used primarily for data and not for calls. Some staff do not get a lot of emails, but are required to be on call and respond quickly when an issue comes up. Some of these phones may also be Emergency Response (ER) phones; there is low usage when there are no ER situations, but high usage when we have an ER event. MassDEP uses a shared pool of minutes; hence, a less use by one employee allows another employee whose job requires them to be on the phone a lot to make those calls without the department incurring extra charges.

In addition, many phones are seasonal, and are only used during field events and/or during the summer season . . . we did an analysis with Verizon and determined that the cost of keeping the cell phones live, with no usage during some months, was less expensive than disconnecting and connecting the cell phones only when needed, due to added fees incurred during the disconnect/connect process.

Overall, by utilizing the lowest calling plan, taking advantage of new rates by Verizon, consolidating calling plans and ensuring Verizon is billing the correct rates, the Department has been able to keep the cost low and accordingly, to save approximately \$2,000/month on communication device charges. Given the high and low use frequencies as discussed above, we believe that changing plans on a monthly basis is not only inefficient but also raises the risk of paying per minute which quickly exceeds any monthly plan amount and that would not be compliance with OSD's negotiated MA. The suggestion that we simply reduce cell phones with a low usage amount shows some misunderstanding of the fact that the 1 – 2 months audited did not reflect the yearly usage and that some cell phones are issued for safety issue and may only get used rarely.

c. DEP Did Not Adequately Monitor Business Versus Personal Use of Communication Devices

In response to this issue, DEP stated:

MassDEP's use of communication devices is governed by EEA policy The policy allows for "reasonable" personal use of cell phones/smart phones. Specifically, it states:

Employees should keep personal telephone calls, in frequency and duration, to a minimum. This includes incoming as well as outgoing telephone calls. Personal calls

should not interfere with an employee's duties or with the duties of others in an EEA agency and should not impact an employee's productivity.

Certain personal phone calls may be allowed by an agency including:

- *Calls to notify or contact family members and/or physician in the case of an emergency;*
- *Calls to notify family members of a scheduling change or travel delay that is a result of government business, including calls to make alternate child care or transportation arrangements;*
- *Brief calls to an employee's residence or family member, and*
- *Brief calls to local businesses (including government agencies, physicians, auto or home repair) that can only be reached during working hours.*

It is not cost effective for us to look at each call to determine whether it was personal use or work related, and since it does not affect our overall cost, such a review would be inefficient. However, MassDEP does look for excessive use and for calls which are additional cost, such as international, excessive off-hour calls, or repetitive patterns. This review is done each month at the same time monthly bills are being examined.

d. DEP Lacks Specific Criteria for Assigning Communication Devices to Employees and Does Not Have a Review and Approval Process Based on Periodic Reassessments of Business Needs

In response to this issue, DEP stated:

MassDEP's assignment of communications devices is driven by the work. A request is made by the manager of the program to the Deputy Commissioner for new recipients of devices. If having the device makes the work more efficient or allows the employee to be in touch with the office while doing necessary field work the request is approved.

Monthly bills are reviewed for evidence of non-use of the devices or of non-business use. MassDEP has adopted the EOEEA policy on Smart phones and telephones, and has made employees aware of their obligations. As MassDEP has realized significant staff loss over the last decade, they have heartily endorsed the use of technology in enhancing the delivery of services to the citizens of the Commonwealth. Further, the Department has combined shared minutes across its programs and has consolidated its use of carriers and centralized bill payment to enhance the value of these services.

Auditor's Reply

a. DEP Did Not Establish Formal Written Policies and Procedures Governing the Assignment and Use of Communication Devices Issued to Employees

Although DEP may have had informal procedures established via e-mail as to how to request communication devices, as stated in our report, it is important to have all policies and procedures documented in writing in order to formally establish the appropriate accountability

for these devices and ensure that the requirements of such policies and procedures are effectively communicated and followed by all employees. Based on its response, DEP has taken some additional measures to ensure the appropriate use of communication devices within the agency, but we again recommend that any policies and procedures that DEP develops be comprehensive and address all of the major aspects of the administration of its communication devices, including clearly defining, at a minimum, which employees are eligible to receive communication devices; how employee needs should be evaluated; what constitutes appropriate use of assigned communication devices; how communication-device costs and use will be monitored; and what responsibility users have for paying for non-business and fee-based services not covered by service plans. The procedures should also include obtaining an acknowledgement or confirmation from each employee assigned a communication device, confirming the employee's understanding and acceptance of established departmental policies and willingness to adhere to them.

b. DEP Did Not Conduct and Document an Initial Assessment of Its Communication-Device Needs Before Choosing Service Providers and Plans and Did Not Monitor Its Selected Plans to Determine Whether They Were Cost-Effective

In its response, DEP asserts that it performed an initial analysis of its communication-device needs. However, DEP could not provide us with any supporting documentation to substantiate its assertion. We also found that DEP did not adequately or consistently review invoices or assess its use of communication devices to determine whether phone plans assigned to DEP employees were best suited to the employees' actual use and whether changes in selected plans were necessary. This lack of oversight hindered DEP from identifying any potential cost-saving opportunities that may exist, some of which we identified during our audit and detailed in this report. As stated in our report, we limited our testing to September 2011, the month DEP began receiving consolidated billing statements. Even though our review was limited to this month, the purpose of our analysis was to show the importance and benefit of periodic monitoring of communication-device use to identify cost-saving opportunities – monitoring that DEP was not doing.

We are not recommending or even suggesting that DEP's communication plans be changed each month; rather, we are recommending that periodic (e.g., quarterly) assessments be

completed to measure and evaluate communication-device use in an effort to identify cost-saving opportunities that may exist.

Finally, although DEP asserts in its response that it has made adjustments to its plans that resulted in \$2,000 in monthly savings, it did not provide us with documentation to substantiate this assertion.

c. DEP Did Not Adequately Monitor Business Versus Personal Use of Communication Devices

During our audit field work, DEP's Director of Information Management informed us that EEA was in the process of establishing formal written policies over its communication devices, including the personal use of these devices. DEP did provide us with an unofficial, unsigned, undated draft copy of these policies at the completion of our field work. The lack of an official, dated, signed copy indicates that the policies were not in effect during our audit period. The EEA phone policy DEP provided in its response shows that EEA, although it allows personal use of phones in certain situations, intends to make sure that any personal use is kept to a minimum and restricted to specific purposes. Therefore, it is important for DEP to monitor the use of its communication devices to ensure compliance with the policy. Having a policy that holds DEP employees accountable only for communication charges that exceed shared pooled plan minutes or only for charges not specifically covered by the plan (such as international calls, excessive off-hour calls, etc.) does not discourage inappropriate personal use of assigned devices as intended by EEA. More importantly, without identifying personal use, DEP cannot determine whether an employee's communication plan could be changed to a less costly lower-minute plan that better reflects the employee's actual business needs while reducing operating costs.

d. DEP Lacks Specific Criteria for Assigning Communication Devices to Employees and Does Not Have a Review and Approval Process Based on Periodic Reassessments of Business Needs

While we do not dispute that communication devices can be a useful tool in the agency's attempt to be more productive with fewer resources, it is essential that the distribution and continued use of these devices be done in an effective and efficient manner to ensure the greatest return on the investment. Also, effectively monitoring the use of these devices, as DEP says that it is now doing, should serve to better ensure that DEP uses its communication devices in the most economical and efficient manner.