



# Sound Transit Internal Audit Report - No. 2013-7

## Wireless Device Management Program

Report Date: November 21, 2013

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### Audit Timeline

Audit Entrance Meeting	09/04/2013
Audit Exit Meeting	10/23/2013
Draft report Issued	11/21/2013
Management Technical Review	N/A
Management Response Received	12/24/2013
Final Report Issued	12/30/2013

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## Background

In August 2012, Sound Transit Policy addressing the acquisition and use of mobile devices was revised. Prior to this update, users were allowed to self-report personal use of agency-supplied mobile devices. The revised policy prohibits personal use of agency-supplied mobile devices and provides an option for a monthly stipend to eligible employees for business use of personal mobile devices (often referred to as a Bring Your Own Device (BYOD) policy).

Internal Audit first reported on the status of an audit of the Wireless Device Management program in late 2012. We noted that the Information Technology (IT) Division was still in the process of developing this program and the agency was undergoing changes to device standards, service providers and billing and payment procedures. IT has since established new procedures to address the revised policy and continue to explore new devices and service providers to better serve the agency.

For the current year, through September, the agency spent approximately \$260,000 for wireless service with four service providers. This included approximately \$25,000 in equipment costs. As of August, the agency had approximately 400 active cell phones and 65 wireless access devices used by agency staff and contractors. The agency also had 83 wireless access devices used on ST Express buses and Sounder trains. Additionally, about 130 employees currently receive the \$55 monthly cell phone stipend.

## Audit Approach & Methodology

Internal Audit approached the Wireless Device Management Program Audit by meeting with the IT Division to discuss audit scope, objectives, audit timing and obtain a general knowledge about current practices and internal controls over the Wireless Device Management Program. Based on analysis of the data gathered and discussions with management, the following objectives were developed.

To determine whether:

1. Internal controls were adequate to ensure accountability over wireless devices and cost management.
2. Wireless device usage was appropriate and in accordance with policy.

During the fieldwork phase of the audit, all collected information was examined. We obtained process and procedure documentation, wireless device billing and cellular phone usage data for the audit period. The documentation was analyzed, verification testing was completed and exceptions identified. All information collected was used to formulate conclusions and recommendations.

Our final phase was reporting. All information was summarized and organized. Preliminary results were communicated with the IT Division at an exit meeting where findings were clarified, and conclusions and recommendations were presented. The report was provided to appropriate Sound Transit personnel for review and comment. The report was revised to include management responses.

The Internal Audit Division conducted this audit in accordance with generally accepted government auditing standards. These standards require that the audit is adequately planned, performed, and supervised and that sufficient, appropriate evidence is obtained by applying review procedures which assess whether a reasonable basis for the findings and conclusions were contained herein.

## Summary of Results

Internal Audit performed procedures to address each objective. Following is a summary of the test results:

	<b>Objective</b>	<b>Summary of Results</b>
<b>One</b>	To determine whether internal controls were adequate to ensure accountability over wireless devices and cost management.	The internal controls over the Wireless Device program should be improved to ensure accountability of devices, compliance with policy and ensure that Sound Transit is getting the best value. See Finding One for details and recommendations.
<b>Two</b>	To determine whether wireless device usage was appropriate and in accordance with policy.	Wireless device usage should be monitored to ensure compliance with agency policy. See Finding One for details and recommendations.

**Finding 1: Internal control over the Wireless Device Program needs improvement.**

- Condition:**
1. There was no evidence of a monthly audit of the agency wireless bills for correct equipment, service charges and service types, as required by policy.
  2. Wireless device and stipend Agreement and Acceptable Use Statements were not authorized by the appropriate level of management, as required by policy.
  3. At the time of the audit, there was not a current list of wireless device users maintained by IT.
  4. The current level of device usage monitoring did not effectively identify and escalate policy violations, including personal use and additional charges.
  5. Reconciliations were not completed as described in the procedure documents.
  6. Wireless device request forms were not maintained in accordance with record retention requirements. These forms contain the business justification, specify terms agreed to by the employee, the types of devices requested, and are reviewed and signed by Department Directors.
  7. The annual stipend amount was not reviewed and approved by December 31, 2012 for 2013, as required by the policy.

**Criteria:** Sound Transit Supplied Mobile Device Policy (#16)  
Mobile Device Stipend Policy (#16A)

**Cause:** The policy and procedures were not executed as designed. In addition, monitoring activities were not adequate to ensure noncompliance.

**Effect:** Wireless devices were not properly accounted for, and unnecessary costs were incurred.

## Recommendations:

### The Information Technology Division should consider the following:

1. Comply with related policy requirements and documented procedures:
  - a. Verify that Request and Justification forms and Agreement and Acceptable Use Statements are complete and properly approved, prior to issuance of a wireless device or payment of stipend.
  - b. Perform and document the reconciliations as required.
  - c. Maintain sufficient documentation to support requests, justification and approvals for wireless device purchases and stipends.
  - d. Review and revise, as necessary, the stipend amount annually, by December 31, as required by Policy 16A, section 7.
2. Enhance monitoring by:
  - a. Establishing a procedure for reviewing wireless device billings on a periodic basis to ensure billings are correct, usage plans are appropriate and actual usage is for business purposes only.
  - b. Requiring a periodic review of the business justification for wireless device or stipend needs, including contractors, and document the requirement in policy and procedure documents.
  - c. Establishing a process for managing and accounting for returned and unused wireless devices.
  - d. Revising the policy and procedure documents to include and specifically address other mobile wireless devices, in addition to cell phones.
  - e. Maintaining a current list of wireless device and stipend recipients, and perform periodic reconciliations to ensure assignments are appropriate.
3. Research and resolve the policy exceptions identified by Internal Audit, including the following:
  - a. Individuals with multiple devices.
  - b. Individuals with a cellular device and also receiving a stipend.
  - c. Billings for employees and contractors that are no longer with Sound Transit.
  - d. Individuals with apparently unusual or significant non-business phone usage.

## Management Response:

Audit Recommendations	Management Responses	
<b>1. Comply with related policy requirements and documented procedures</b>	<b>Generally IT agrees with this recommendation. The following steps will be put into place.</b>	<b>Complete by:</b>
a. Verify that Request and Justification forms and Agreement and Acceptable Use Statements are complete and properly approved, prior to issuance of a wireless device or payment of stipend.	There is a discrepancy between policy and forms as to who is the authorized approver. Validation of policy and corrected forms need to occur.	Mar. 31, 2014
b. Perform and document the reconciliations as required.	Reconciliation and documentation will occur beginning with 1Q2014 reconciliation.	Mar. 31, 2014
c. Maintain sufficient documentation to support requests, justification and approvals for wireless device purchases and stipends.	The Executive Director is responsible for approval and justification of cellular devices. IT will maintain the approved forms with the Executive Director's signature.	Mar. 31, 2013
d. Review and revise, as necessary, the stipend amount annually, by December 31, as required by Policy 16A, section 7.	This will be completed.	Jan. 15, 2014
<b>2. Review wireless device billing periodically.</b>	<b>Generally IT agrees with this recommendation. The following steps will be put into place.</b>	<b>Complete by:</b>
a. Establishing a procedure for reviewing wireless device billings on a periodic basis to ensure billings are correct, usage plans are appropriate and actual usage is for business purposes only.	Billing reviews have been established quarterly. Controls established that will be the standard of review: <ol style="list-style-type: none"> <li>1. Phone service suspension after 60 days of non-use.</li> <li>2. Review bills for anomalies including international dialing, excessive # of calls/texts to one number, appropriate plan review to assure no material financial impacts from excessive high/low use.</li> </ol>	Completed
b. Requiring a periodic review of the business justification for wireless device or stipend needs, including contractors, and document the requirement in policy and procedure documents.	IT does not require re-justification from Executive Directors. Refer to 1C. IT will maintain the approved forms with the Executive Director's signature.	Mar. 31, 2014
c. Establishing a process for managing and accounting for returned and unused wireless devices.	IT will maintain an inventory of current models of phones that are able to be redeployed. Any returned or unused devices meeting the criteria of current model may be redeployed. Any devices that are no longer considered current model will be returned to vendor for credit.	No further action required
d. Revising the policy and procedure documents to include and specifically address other mobile wireless devices, in addition to cell phones.	Refer to 1a. Other mobile device clauses will be added to policy and forms during policy and form review.	Mar. 31, 2014
e. Maintaining a current list of wireless device and stipend recipients, and perform periodic reconciliations to ensure assignments are appropriate.	This step will be conducted quarterly beginning with 1Q2014 reconciliation.	Mar. 31, 2014

<b>3. Research and resolve the policy exceptions identified by Internal Audit, including the following:</b>	<b>Generally IT agrees with this recommendation. The following steps will be put into place.</b>	<b>Complete by:</b>
a. Individuals with multiple devices.	This is a practice that will continue per the business need, if appropriate approvals are in place for each device.	No further action required
b. Individuals with a cellular device and also receiving a stipend.	Refer to 2e.	Mar. 31, 2014
c. Billings for employees and contractors that are no longer with Sound Transit.	The responsibility to properly exit an employee and inform IT of personnel changes lies with the Department Manager and HR. A modification to the existing workflow will include routing employee lists to HR and Operations as part of our quarterly reconciliation.	Mar. 31, 2014
d. Individuals with apparently unusual or significant non-business phone usage	Refer to 2.a.	Completed