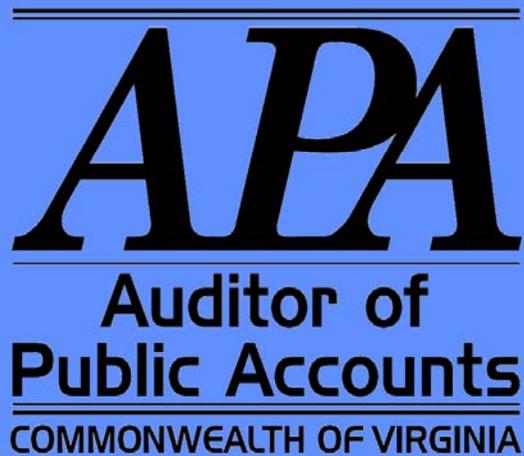


COMMONWEALTH CELL PHONE STUDY

JULY 2010



EXECUTIVE SUMMARY

The Commonwealth of Virginia spends over \$6 million on over 11,000 wireless telecommunication devices annually. However, the Commonwealth does not have up to date and comprehensive statewide policies, procedures, and guidance over the management and usage of these telecommunication devices. With improved management and oversight, the Commonwealth has the potential to save hundreds of thousands of dollars in wireless expenses.

The Commonwealth lacks tools to analyze telecommunication usage and costs effectively. We found several areas where phone use and associated charges did not appear consistent with efficient business use and where improved practices could result in cost savings. These areas are below.

- Phones with no usage for the entire month
- Phones that went over their allotted plan minutes or have excessive roaming charges
- Phones with high cost plans

Northrop Grumman assumed responsibility for providing and maintaining statewide contracts with wireless telecommunication vendors under the partnership the Commonwealth has with Northrop Grumman. In 2008, it was determined that Northrop Grumman's pricing for new cellular contracts was higher than the existing state contracts, so VITA took back the responsibility to solicit new cellular contracts that Northrop Grumman would utilize in providing telecommunication services. VITA and Northrop Grumman are in the process of transitioning all state agencies from the old statewide cellular contracts to the new statewide cellular contracts. However, VITA has no strategic plan or documented policies or procedures to complete the transition or to ensure Northrop Grumman is fulfilling this responsibility.

We recommend the following:

- VITA and the Department of Accounts should work together to update, enhance, and expand the current statewide guidelines for cellular telephones so they address all telecommunication devices. The guidelines should address areas of assigning, evaluating need, safeguarding, monitoring, and using telecommunication devices.
- VITA should develop and document a strategic plan for centralizing telecommunication management and develop a performance plan to ensure that Northrop Grumman fulfills its telecommunication responsibilities.
- VITA should research and develop effective tools that agencies can use to evaluate usage and costs and make informed decisions.
- Agencies need to determine the most cost effective telecommunication plan combinations for the agency as a whole and the users individually. VITA should provide guidance to agencies to assist with identifying cost effective solutions.

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INTRODUCTION

Objectives

The office of the Auditor of Public Accounts (Office) conducted a review of the Commonwealth of Virginia's cell phones and other telecommunication devices. The objectives of this review are as follows.

- Determine whether the Commonwealth's processes for selecting the most cost beneficial telecommunication plan and assigning employee cell phones and other telecommunication devices are efficient and effective while meeting both the agency and personnel's needs.
- Determine whether the Commonwealth has sufficient plans to meet the most common telecommunication needs of the agencies' personnel.
- Determine whether agencies have effective processes to monitor assignment and usage of telecommunication devices and minimize costs without compromising need.

Scope and Methodology

Our audit reviews the management and oversight of cellular telephones and related telecommunication devices at three agencies in the Commonwealth. We reviewed usage and costs, policies and procedures, and the processes over telecommunication management for three agencies that are on statewide telecommunication contracts that receive wireless charges from the Virginia Information Technologies Agency (VITA). Those agencies are the Departments of Transportation, State Police, and Corrections. We selected these agencies due to their size and volume of telecommunication device usage. In addition, we know that issues exist at other smaller agencies due to problems noted surrounding telecommunication devices during our regular financial and compliance audits. We conducted meetings with each of the three agencies to gain an understanding of how they manage their wireless usage and costs.

We also met with VITA representatives to gain an understanding of how they manage the wireless procurement process. We reviewed relevant policies and procedures and cost information for all wireless charges from VITA's billing system from July through December 2009. We were unable to determine the total dollar value the Commonwealth spends on cellular telephones because not all agencies use VITA to procure their wireless services, and agencies do not consistently record cost information in the Commonwealth's accounting system. We also performed analytics on the cost data to assist in our findings.

Background

Many Commonwealth agencies provide their employees with various telecommunication devices to use while on the job. The devices agencies use include standard cellular telephones, pagers, radios, and various smart phones such as BlackBerry phones. Just like the private sector, the Commonwealth's reliance on such devices has increased over the last decade. Employees rely on

these various forms of telecommunication to perform daily functions, including being on call 24 hours a day, supporting public safety functions, or providing easier accessibility during travel.

In 2009, VITA's Supply Chain Management division awarded new statewide cellular contracts to replace the prior statewide cellular agreements. During our review period of July through December 2009, there were five statewide contracts with the following wireless vendors.

- AT&T
- nTelos
- Sprint/Nextel
- U.S. Cellular
- Verizon

The Commonwealth issued the solicitation for the new statewide contracts in 2008. All of the contracts will expire in June 2011. Multiple vendor contracts allow agencies to choose a vendor that provides the best service reliability for a specific geographical area. For example, coverage in Southwest Virginia can be sporadic due to the mountainous terrain, or one carrier may provide more reliable service than another one does. Since coverage flexibility can be critical, agencies need to have a variety of carrier options on statewide contract.

Agencies that receive service agreement waivers procure their wireless service on their own and deal directly with the vendor. The goal of using statewide contracts is to provide economies of scale for the Commonwealth, resulting in overall reduced costs. Agencies or individual phones not currently on statewide contract will need to transition as their existing service agreement waivers expire.

VITA included centralization of the telecommunication process as part of the Public/Private Partnership with Northrop Grumman. Under the Partnership, Northrop Grumman is responsible for providing service management and contracts for wireless services including cell phones, smart phones, and pagers. However, based on Northrop Grumman's proposed high contract costs, VITA made the decision to solicit and contract for these services instead of Northrop Grumman. Northrop Grumman still retains the responsibility to manage the service, including the ordering processes and overall service management.

In order to maintain oversight and management of the contracts, VITA charges a service rate of 13.81 percent which JLARC approved effective July 1, 2009. The pricing on VITA's bills include the service rate in the plan prices. Therefore, when an agency receives the vendor bill, they do not see the service rate itemized as it is already included in the price.

Agency Review

To assist our study, we met with VITA representatives to review their oversight and management of telecommunication devices. We also met with representatives from Transportation, State Police, and Corrections to review wireless communication management. These three agencies

collectively represent 35 percent of the total wireless charges billed through VITA from July, 2009 thru December, 2009. The chart below provides further information.

Agency	Average Number of Cell Phones (billed each month during July 2009 thru December 2009)	Total Charges
VDOT	2,336	\$ 588,331
Corrections	1,210	273,121
State Police	919	233,676
All Other	6,925	2,041,096
Total Average:	11,434	\$ 3,136,224

Source: VITA billing information July 2009 through December 2009

For a listing of all agencies that make up the total charges, see Appendix A.

PROCUREMENT AND BILLING ISSUES

Agencies on statewide contract use the Telecommunication Service Request (TSR) process that Northrop Grumman manages and performs to procure telecommunication devices. To procure a new device, an agency must fill out a TSR form. This form documents agency information such as agency code, address, and the agency telecommunications coordinator. It also notes things such as the specific vendor, voice and/or data plan, and the device. Northrop Grumman submits the order directly to the vendor, and once the vendor processes the order, the suppliers send the device to the agency. Once the agency receives the device, they will begin to incur charges.

Each month VITA receives the vendor bills and compiles the information to send to agencies. During our review, we found that not all vendors provide billing data on electronic media, and some vendors' bills are in a format that VITA cannot easily work with. Vendors do not provide billing information to VITA in a standard format because there is no contractual requirement for the vendors to do this. The contract states that the vendor should provide detailed billing information in electronic format, if available. However, VITA cannot force the vendors to send them billing information in electronic formats because it was a preferred item in the RFP process, not a requirement while VITA was procuring the statewide telecommunication contracts.

Since VITA receives vendor billing information in different formats, it is difficult for them to provide agencies with monthly bills in a standard format that provides sufficient information to review usage and costs. The monthly bills VITA sends to agencies do not include specific voice and data plan information for each device, making it difficult for the agencies to assess whether or not the monthly charges are correct. When the statewide contracts are up for renewal, we recommend that VITA include language in the contracts that mandates vendors send billing information electronically and in a standard format. This should enable VITA to easily combine bills from different vendors and provide agencies with sufficient billing information so they can perform thorough reviews of usage and costs.

During our review, we also found that agencies are receiving monthly bills with errors. The billing errors are primarily in one area: phones in pool plans. Transportation reviews their monthly bill to ensure that all charges are correct and has found errors for several months on pooled phones. Transportation received inappropriate overage charges on its bills for four of the six months we reviewed. For the month of October, Transportation’s Central Office received \$1,041 in overage charges, the highest of any month. Transportation averaged 123 phones assigned to the Verizon Nationwide 350 Pool Plan. This plan gives each user 350 minutes and any unused minutes revert back to the pool for other users to share if they happen to go over their allotment of minutes. The chart below shows the phones on the pool plans at Transportation Central Office have unused minutes available but were charged for airtime overages. These airtime charges are incorrect; therefore, VITA should identify these incorrect billing charges and not pass them onto Transportation. Transportation is aware of these charges as a result of their monthly review process and is working with VITA to receive credits on their future bills. See the chart below for a breakdown of the minutes and charges over the six-month period.

Transportation Central Office Monthly Bill	Number of Phones	Total Minutes Used	Total Minutes Available (No. of users x 350 minutes)	Unused Minutes	Total Airtime Overage Charges
September	123	25,073	43,050	17,977	\$ 475
October	122	30,883	42,700	11,817	\$ 1,041
November	123	26,350	43,050	16,700	\$ 436
December	124	33,693	43,400	9,707	\$ 579

Source: July through December 2009 billing data

Due to lack of automation, VITA could not always review in sufficient detail the billing information before compiling it and sending it to the agencies. However, as the contract administrator and manager, VITA has a responsibility to ensure that the vendors are properly billing the agencies for the services provided. Agency employees cannot interact directly with the vendor, because of the construction of the vendor contracts. All communications must occur between the vendor and designated individuals at VITA. In addition, the contracts provide opportunities for settling disputed charges. The contract allows the Commonwealth to pay the undisputed charges and then provides a certain period in which the disputed charges must be resolved. VITA should perform a more thorough review of the vendor billing information to ensure billing charges are correct. We recommend VITA enhance their vendor billing review process to ensure that charges sent to agencies are accurate.

We also found problems in the procurement and account set-up process that resulted in billing errors. State Police transitioned their cellular telephones to statewide contract in September 2009. State Police assigned all their phones to the Verizon Nationwide 350 Pool Plan. This Plan combines the minutes from all of the phones for sharing. However, unless Northrop Grumman establishes a sub-account to pool the phones, the phones become part of a statewide pool, sharing minutes with other agencies. This sub-account will specify all the phones that are sharing minutes, in this case all State Police phones. In managing the order process, Northrop Grumman should

communicate this information to the vendor since the agencies cannot work directly with the vendors. Northrop Grumman did not advise State Police of this requirement nor did they ensure that the vendor created a sub-account. This forced State Police to share minutes with other agencies causing the overage charges.

Our analysis shows that if State Police had been on its own sub-account, they would not have had overage charges because they had unused minutes available for the phones in November and December. See the chart below for a breakdown of their minutes and charges:

State Police Monthly Bill	Number of Phones	Total Minutes Used	Total Minutes Available @ # of users x 350 minutes	Unused Minutes	Total Airtime Overage Charges
November	884	160,940	309,400	148,460	\$ 819
December	879	302,290	307,650	5,360	\$ 4,812

Source: July through December 2009 billing data

VITA should ensure that Northrop Grumman establishes agency accounts and plans with the vendors in the most cost effective way.

Recommendation 1: Enhance the format of wireless bills, proactively remove inaccurate charges from agency bills, and ensure proper account set-up

To enhance their evaluation of usage and costs, VITA should provide wireless bills in a format that agencies can easily manipulate. The bills should be in electronic format and include sufficient information so agencies can easily perform analysis. When the statewide contracts are up for renewal, VITA should include language in the new contracts that mandates vendors send billing information electronically and in a standard format.

VITA should perform a more thorough review of the vendor billing information to ensure billing charges are correct. Based on this review, VITA should remove inappropriate billing charges from agency bills, such as overage charges for phones on pool plans. As the contract administrator and manager, VITA has a responsibility to ensure that the vendors are properly billing for the services provided.

VITA should ensure that Northrop Grumman and agency telecommunication coordinators properly establish agency accounts and plans with the vendors in the most cost effective way.

MANAGEMENT CENTRALIZATION AND TRANSITION OF RESPONSIBILITY

VITA has no strategic plan or documented policies and procedures to complete the transition of telecommunication devices and services to the new statewide contracts. Northrop Grumman assumed responsibility for providing and maintaining statewide contracts with wireless telecommunication vendors as part of the Commonwealth's partnership with Northrop Grumman.

However in 2008, the Commonwealth determined that Northrop Grumman’s pricing for new cellular contracts was higher than the existing state contracts, so VITA assumed the responsibility to solicit new cellular contracts that Northrop Grumman would use in providing telecommunication services. VITA and Northrop Grumman are in the process of transitioning all state agencies from the old statewide cellular contracts to the new statewide cellular contracts. However, VITA has no strategic plan or documented policies or procedures to complete the transition or to ensure Northrop Grumman is fulfilling this responsibility.

In addition, the reason behind centralizing devices is the claim that doing so would save the Commonwealth money. However, there are no cost/benefit analyses to support this claim or to define anticipated efficiencies and cost savings. The Commonwealth may potentially gain economies of scale savings but there is no quantification to support this claim.

VITA and Northrop Grumman already manage telecommunication services for many agencies in the Commonwealth. See Appendix A for the list of agencies VITA and Northrop Grumman currently serve. However, there are agencies and devices that have not transitioned to the new statewide contracts. VITA could not provide a listing of agencies that have not transitioned and, subsequently, does not know when these agencies will be ready for transition. VITA needs to determine what agencies and devices have not transitioned to the statewide contracts and establish transition dates based on the expiration of their current telecommunication contracts. VITA should monitor these agencies and devices to ensure that they transition at the proper time. Otherwise, the agencies could renew non-state contracts for telecommunication services at higher costs. VITA should also develop expectations for the services and service level that they will provide agencies in the procurement and management of telecommunication services and devices. By establishing these expectations, VITA can pass the expectations on to Northrop Grumman. These areas should be part of the transition plan and will help agencies transition smoothly onto the new statewide contracts

Recommendation 2: Develop and document a telecommunication centralization and transition plan

VITA should develop and document a strategic plan for centralizing telecommunication management and develop a performance plan for Northrop Grumman. The plan should identify key milestones, agencies to transfer, when those agencies will roll onto the new statewide contracts, and roles and responsibilities between agencies, Northrop Grumman, and VITA.

The plan should include performance measures to gauge their progress and solicit feedback from agencies. VITA should evaluate progress on an agency basis rather than at the end of the Commonwealth’s full transition. Evaluation throughout the process will assist VITA in determining whether the Commonwealth is gaining efficiencies and if agencies are content with their service.

STATEWIDE GUIDELINES

The Commonwealth needs to improve and expand the current statewide guidelines for issuing cell phones and other telecommunication devices. The Commonwealth Accounting Policies and Procedures (CAPP) Manual has a brief section, “Cellular Telephone Policy.” This policy is brief and existed before cell phones and other telecommunication devices became prevalent throughout the

Commonwealth. The Department of Accounts and VITA should work together to enhance the statewide guidelines to help agencies address internal controls and monitor usage and costs.

Creating the guidelines should be a collaborative effort between the Department of Accounts and VITA. Each of these agencies has separate responsibilities in the Commonwealth but each responsibility relates to information to create comprehensive statewide guidelines. The Department of Accounts is responsible for creating and maintaining accounting standards and guidelines, while VITA is responsible for creating information technology standards and guidelines for the Commonwealth. Creating comprehensive guidelines will require both of these agencies to work together based on their responsibilities within the Commonwealth.

Statewide guidelines should establish minimum expectations and allow agencies to create their own policies based on the guidelines. The guidelines should address the following areas:

- assigning
- evaluating need
- safeguarding
- monitoring
- using telecommunication devices.

The guidelines should include an acceptable use agreement template that clearly defines an employee's responsibility when they receive and use a telecommunication device. Additionally, statewide guidelines should require some form of State identification on a device in case it is lost or stolen. If a device is no longer in service it may contain sensitive information; therefore, agencies and VITA should develop procedures to wipe the device clean of all sensitive information prior to disposing of the device.

Recommendation 3: VITA and the Department of Accounts should update, enhance, and expand statewide guidelines for telecommunication devices

VITA and the Department of Accounts should work together to update, enhance, and expand statewide guidelines for cellular telephones so they address all telecommunication devices. The guidelines should address areas of assigning, evaluating need, safeguarding, monitoring, and using telecommunication devices. The guidelines should include an acceptable use agreement template that clearly defines an employee's responsibility when they receive and use a telecommunication device. Additionally, statewide guidelines should require some form of State identification on a device in case it is lost or stolen and procedures to wipe the device clean of all sensitive information when it is no longer in use.

The statewide guidelines should serve as the basis for agency policies. The agency specific policies would be at least as stringent as the statewide guidelines while not conflicting with them. The guidelines should address areas to help improve internal controls and improve monitoring and oversight for costs and usage that ultimately lead to reduced expenses.

USAGE EVALUATION AND COST ANALYSIS

The Commonwealth lacks tools to analyze telecommunication usage and costs effectively. In an effort to provide the agencies with an evaluation and review tool, VITA has an online Web Cellular Tool available on its website. This tool provides summary data on usage and costs by cell phone number. Each agency’s telecommunication coordinator has access to use this tool to identify potential savings by cell phone number. The tool includes the following information:

- Phone number
- Agency number
- Actual plan
- Current plan minutes
- Average monthly cost
- Recommended plan
- Savings

The Web Cellular Tool offers some analytical functionality, but the tool has limitations and inaccuracies, which could lead to inappropriate decisions over service options. The Tool includes billing errors that skew the data and provide an inaccurate picture of actual costs.

An example of a billing error might be an inappropriate overage charge for which an agency is to receive a credit, but the tool does not reflect the credit. When an agency receives a credit, VITA should update the billing information in the Web Cellular Tool to represent correct billing charges. In addition, the tool does not always make sound recommendations.

For example, one phone number is currently on the Verizon Nationwide 350 Pool Plan at a cost of \$34 per month. In December 2009, the phone had 488 minutes of usage and the Web Cellular Tool recommends the phone switch to the Commonwealth of Virginia 200 minute plan at \$19.36 per month. The 200 minute plan charges 16 cents for each additional minute resulting in 288 minutes at 16 cents equaling \$46.08, plus the base monthly cost of \$19.36. The recommended plan actually costs more than the current pooled plan the phone is on by over \$31. Usage will vary on a monthly basis; however, if usage remains fairly consistent, switching to the recommended plan will cost an additional \$300 per year. In addition, a pooled plan will link a phone in a pool to other pool phones, which results in cost savings.

See the chart below for a breakdown of costs. Until VITA enhances the Web Cellular Tool to fix logic problems as described above, the potential savings and recommended plans are misleading and could result in unnecessary increases in costs.

December 2009 Charges	Actual Plan (Verizon Nationwide 350 Pool Plan)	Recommended Plan (Commonwealth of Virginia 200)	Cost Difference
Monthly Cost:	\$34.00	\$19.36	\$(14.64)
Additional Minutes Charge:	-	46.08	46.08
Total:	\$34.00	\$65.44	\$ 31.44

Source: VITA Web Cellular Tool

Additionally, there are no other tools or guidance available to assist agencies in determining the best plan and options when establishing telecommunication services. When agencies select a plan, they may be overwhelmed due to the number of contract options available. The chart below shows the statewide contracts and the number of voice and data plan options available.

Statewide Contract Vendor	Voice and Data Options
Verizon	25
AT&T	19
nTelos	13
Sprint/Nextel	12
Total:	69

Source: Statewide Contracts on VITA's website.

As the chart shows, there are 69 voice and data options available on the statewide contracts. As mentioned earlier, there are multiple vendors on statewide contracts so agencies can choose the vendor that provides the best service reliability in different regions of the state. Each contract has different voice and data options as well. The options include pay as you go and local plans that provide coverage in the Commonwealth, these are lower cost plans for users who need only in-state service. There are also nationwide standalone and nationwide pooled plans that do not charge for roaming. Some of the data and add-on features include Blackberry service, text messaging, push to talk, and smart phone tethering. The statewide contracts and options within those contracts provide agencies with enough variety to meet their telecommunication needs.

During our review of statewide cell phone data, we found a varying number of plans per agency. We reviewed statewide data to identify use patterns to determine whether the state is using cell phones efficiently. The statewide data includes all state agencies that use VITA for their telecommunication service. The data is from July through December, 2009. We found several areas where phone use and associated charges did not appear consistent with efficient business use and where improved practices could result in cost savings. The areas are below.

- Phones with no usage for the entire month
- Phones that went over their allotted plan minutes or have excessive roaming charges
- Phones with high cost plans

The Commonwealth averaged 4,514 phones with 0 minutes per month totaling over \$962,487 in the six months reviewed, while averaging \$160,414 per month. A phone with 0 minutes is not necessarily wasteful because the agency may use the phone for emergencies. However, state agencies should periodically review employee cell phone usage to determine if there is a continuing need for the employee to have the cell phone. As part of the review, agencies should eliminate phones for employees whose use does not justify having a phone. Eliminating unnecessary phones will result in direct cost savings for agencies.

Phones with overages cost the Commonwealth over \$445,932 from July through December, 2009. Each month the Commonwealth spent approximately \$74,322 in overage

charges. Overage charges include charges for airtime, roaming, and directory assistance. However, charges for airtime represent the majority of these overages. This stems from employees not being in the correct plan for their usage needs. We also found that a relatively small percentage of users create the overage charges; on average, 19 percent of the phones caused all the overages. Agencies should review the usage data and adjust plans where necessary to reduce costs.

The other area that represents inefficient usage is phones with high cost plans. We considered a high cost plan to be \$100 and above. There are six plans costing \$100 and above on the current wireless contracts, with some high cost plans as much as \$255 per month. On average there are 229 phones per month on these high cost plans, and we found these phones cost the Commonwealth over \$174,209. Many of these high cost plans represent unlimited usage or allow for 3,000 minutes per month. We reviewed the usage to determine if these high cost phones are using all of the minutes in the plan. We found that approximately 70 percent of phones are not fully using their plan. Assigning these phones to a lower cost plan that more accurately reflects actual usage can result in cost savings for the agencies.

Recommendation 4: Enhance usage evaluation tools and perform periodic usage analysis

VITA should research and develop tools that agencies can use to evaluate usage and costs. These tools need to give agencies the ability to perform analysis and make informed decisions. VITA can start by enhancing the Web Cellular Tool.

Agencies and VITA need to perform analysis similar to our analysis and determine the most cost effective plan combinations for the agency as a whole and the users individually. Our analysis shows that some phones are not on the most efficient plans. Periodically reviewing usage and assigning phones to plans that more accurately reflect their usage can result in cost savings for the agencies.

AGENCY RESPONSIBILITIES:

Agencies lack the guidelines and tools necessary to develop internal policies and effectively monitor usage and costs. Creating guidelines and enhancing existing methods to monitor usage and costs will allow agencies to more proactively manage their telecommunication devices.

Based on guidelines that Department of Accounts and VITA develop, agencies should develop internal policies on how they will assign, use, and monitor usage of cellular phones and other telecommunication devices. Currently there are no statewide guidelines for agencies to use and create their own agency specific policies.

In addition, once agencies are able to receive data in a useable format, they should monitor the detailed usage of devices. They should review usage to ensure that phones are on the correct plan and fully utilized and seek out cost-saving measures such as pooling phones. Agencies should also use a full year's worth of data to analyze cyclical variations in usage. For example, usage might be higher during the General Assembly session, but less during the summer and holidays. Using a

full year of data will allow agencies to maximize their review and assign a phone to the most efficient plan. Increasing support in these areas will allow agencies the opportunity to evaluate and implement improvements to make their agency's use of telecommunication devices more effective.

Recommendation 5: Agencies should develop policies and review detailed usage

We realize that statewide guidelines do not currently exist and the usage data available does not allow for effective reviews. However, once VITA and Department of Accounts implement guidelines and VITA provides detailed electronic usage data, agencies should create policies and begin to execute meaningful usage reviews. These items may take time to implement so until they are complete, agencies should evaluate their current guidelines over the use and management of telecommunication devices and seek ways to improve those areas within their control.

Upon implementation of statewide guidance, agencies should re-evaluate their policies and determine whether they include best practices in telecommunication management and oversight. When agencies have questions, they should seek guidance from VITA and Department of Accounts.



Commonwealth of Virginia

Walter J. Kucharski, Auditor

Auditor of Public Accounts
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July 13, 2010

The Honorable Robert F. McDonnell
Governor of Virginia

The Honorable Charles J. Colgan
Chairman, Joint Legislative Audit
and Review Commission

We have audited telecommunication management and oversight within the Commonwealth, and specifically at three agencies – State Police, Corrections, and Transportation – and are pleased to submit our report entitled **Commonwealth Cell Phone Study**. 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.

Audit Scope and Methodology

Our audit included Virginia Information Technologies Agency's (VITA) efforts to centralize the procurement of telecommunication devices for the Commonwealth agencies. We interviewed multiple representatives from VITA, Virginia Departments of Transportation, Corrections, and State Police whose responsibilities include the management and oversight of these devices. In addition, we reviewed memos, reports, web sites, billing data, and other resources with our primary focus on billing data for the period July through December 2009.

Exit Conference and Report Distribution

We discussed this report with VITA's management on July 13, 2010. VITA's response has been included at the end of this report. We did not audit the response and, accordingly, we express no opinion on it.

This report is intended for the information and use of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

AUDITOR OF PUBLIC ACCOUNTS

DBC/alh

APPENDIX A

Commonwealth State Agency Listing
 Cellular and BlackBerry Phones and Billed Amounts
 Agencies Billed Through VITA
 for July through December 2009

Agency Name	Average Phones Per Month	Average Monthly Expense	Total Charges
ACCOUNTS, DEPARTMENT OF	2	\$ 104	\$ 627
AGING, DEPARTMENT FOR THE	7	180	1,081
AGRICULTURE & CONSUMER SERVICES, DEPARTMENT OF	289	16,994	101,964
ALCOHOL SAFETY ACTION PROGRAM, COMMISSION ON THE VIRGINIA	1	57	341
ALCOHOLIC BEVERAGE CONTROL, DEPARTMENT OF	210	12,075	72,448
ATTORNEY GENERAL, OFFICE OF THE	53	2,244	13,462
AUDITOR OF PUBLIC ACCOUNTS	1	10	58
AUGUSTA CORRECTIONAL CENTER	1	33	200
AVIATION, DEPARTMENT OF	10	407	2,444
BEHAVIORAL HEALTH AND DEVELOPMENTAL SERVICES, DEPARTMENT OF	96	4,672	28,030
BLIND AND VISION IMPAIRED, DEPARTMENT FOR	2	79	471
BLUE RIDGE COMMUNITY COLLEGE	3	148	888
BOARD OF ACCOUNTANCY	1	79	474
BUSINESS ASSISTANCE, DEPARTMENT OF	25	1,697	10,183
CENTRAL STATE HOSPITAL	33	808	4,847
CENTRAL VIRGINIA COMMUNITY COLLEGE	13	878	5,266
CENTRAL VIRGINIA TRAINING CENTER	40	1,196	7,176
CHRISTOPHER NEWPORT UNIVERSITY	4	331	1,986
COMMONWEALTH'S ATTORNEY'S SERVICE COUNCIL	3	167	1,000
COMPENSATION BOARD, STATE	3	159	953
CONSERVATION & RECREATION, DEPARTMENT OF	202	9,152	54,913
STATE CORPORATION COMMISSION	111	5,620	33,718
CORRECTIONAL EDUCATION, DEPARTMENT OF	19	1,202	7,211
CORRECTIONAL ENTERPRISES, VIRGINIA	33	2,027	12,163
CORRECTIONS DIVISION OF INSTITUTIONS, DEPARTMENT OF	2	93	559
COMMUNITY CORRECTIONS, DIVISION OF	4	176	1,058
CORRECTIONS, DEPARTMENT OF	1,210	45,520	273,121
CRIMINAL JUSTICE SERVICES, DEPARTMENT OF	25	1,367	8,200
DABNEY S. LANCASTER COMMUNITY COLLEGE	1	23	140
DANVILLE COMMUNITY COLLEGE	6	342	2,051
DEAF AND HARD OF HEARING, DEPARTMENT OF	5	570	3,419
DEEP MEADOW CORRECTIONAL CENTER	3	32	193
ENVIRONMENTAL QUALITY, DEPARTMENT OF	68	1,798	10,786
RAIL AND PUBLIC TRANSPORTATION, DEPARTMENT OF	27	2,301	13,807

Agency Name	Average Phones Per Month	Average Monthly Expense	Total Charges
EASTERN SHORE COMMUNITY COLLEGE	3	\$ 176	\$ 1,054
EASTERN STATE HOSPITAL	24	704	4,223
EDUCATION, DEPARTMENT OF	21	1,645	9,870
ELECTIONS, STATE BOARD OF	8	514	3,084
EMERGENCY MANAGEMENT, DEPARTMENT OF	16	532	3,191
EMPLOYMENT COMMISSION, VIRGINIA	53	3,567	21,403
FIRE PROGRAMS, DEPARTMENT OF	19	467	2,803
FORENSIC SCIENCE, DEPARTMENT OF	30	1,001	6,007
FORESTRY, DEPARTMENT OF	125	3,229	19,373
FRONTIER CULTURE MUSEUM OF VIRGINIA	4	480	2,883
GAME AND INLAND FISHERIES, DEPARTMENT OF	170	5,388	32,331
GENERAL SERVICES, DEPARTMENT OF	67	3,345	20,069
GEORGE MASON UNIVERSITY	27	1,989	11,934
GOVERNOR'S OFFICE	5	366	2,193
GOVERNOR'S OFFICE FOR SUBSTANCE ABUSE PREVENTION	1	19	116
GREENSVILLE CORRECTIONAL CENTER	1	6	39
HAYNESVILLE CORRECTIONAL CENTER	1	29	171
HEALTH PROFESSIONS, DEPARTMENT OF	6	151	908
HEALTH, DEPARTMENT OF	851	37,054	222,325
HIRAM W. DAVIS MEDICAL CENTER	12	347	2,081
HISTORIC RESOURCES, DEPARTMENT OF	3	348	2,090
HOUSING AND COMM. DEVELOPMENT, DEPARTMENT OF	56	3,054	18,324
HUMAN RESOURCE MANAGEMENT, DEPARTMENT OF	29	1,507	9,042
INDIGENT DEFENSE COMMISSION	27	843	5,056
J. SARGEANT REYNOLDS COMMUNITY COLLEGE	20	933	5,598
JAMES MADISON UNIVERSITY	58	1,781	10,687
JAMESTOWN-YORKTOWN FOUNDATION	56	1,473	8,837
JOHN TYLER COMMUNITY COLLEGE	54	2,214	13,282
JUDICIAL INQUIRY AND REVIEW COMMISSION	1	20	121
JUVENILE JUSTICE, DEPARTMENT OF	294	8,355	50,132
LABOR AND INDUSTRY, DEPARTMENT OF	9	122	734
LIBRARY AND ARCHIVES, VIRGINIA STATE	1	21	129
LONGWOOD UNIVERSITY	81	3,451	20,704
LORD FAIRFAX COMMUNITY COLLEGE	33	2,364	14,186
LOTTERY DEPARTMENT, STATE	2	38	226
MARINE RESOURCES COMMISSION	80	3,829	22,974
MARY WASHINGTON, UNIVERSITY OF	28	1,379	8,271
MEDICAL ASSISTANCE SERVICES, DEPARTMENT OF	52	2,746	16,474
MILITARY AFFAIRS, DEPARTMENT OF	11	287	1,722
MINES, MINERALS, AND ENERGY, DEPARTMENT OF	45	1,772	10,635
MINORITY BUSINESS ENTERPRISES, DEPARTMENT OF	15	1,149	6,893
MOTOR VEHICLES, DEPARTMENT OF	302	11,916	71,495

Agency Name	Average Phones Per Month	Average Monthly Expense	Total Charges
MOUNTAIN EMPIRE COMMUNITY COLLEGE	23	\$ 1,137	\$ 6,824
MUSEUM OF FINE ARTS, VIRGINIA	8	395	2,371
NEW COLLEGE INSTITUTE	3	267	1,602
NEW RIVER COMMUNITY COLLEGE	30	1,438	8,630
NORFOLK STATE UNIVERSITY	9	866	5,199
NORTHERN VIRGINIA COMMUNITY COLLEGE	277	16,432	98,591
NORTHERN VIRGINIA MENTAL HEALTH INSTITUTION	14	614	3,686
NORTHERN VIRGINIA TRAINING CENTER	44	2,006	12,034
OLD DOMINION UNIVERSITY, HUGHES HALL	223	11,437	68,621
PAROLE BOARD, VIRGINIA	2	95	568
PATRICK HENRY COMMUNITY COLLEGE	32	1,753	10,521
PAUL D. CAMP COMMUNITY COLLEGE	23	1,148	6,887
PEOPLE WITH DISABILITIES, VIRGINIA BOARD FOR	2	100	602
PIEDMONT GERIATRIC HOSPITAL	34	1,461	8,768
PIEDMONT VIRGINIA COMMUNITY COLLEGE	2	44	266
PROFESSIONAL & OCCUPATIONAL REGULATION, DEPARTMENT OF	46	2,017	12,103
PROTECTION & ADVOCACY, VIRGINIA OFFICE OF	1	33	196
RACING COMMISSION	5	519	3,115
RADFORD UNIVERSITY	15	873	5,237
REHABILITATIVE SERVICES, DEPARTMENT OF	96	5,697	34,185
RICHARD BLAND COLLEGE	18	581	3,487
SCIENCE MUSEUM OF VIRGINIA	8	561	3,366
SECRETARY OF THE COMMONWEALTH	3	255	1,533
SENATE CLERKS OFFICE	22	1,784	10,704
SITTER & BARFOOT VETS CARE CENTER	10	933	5,601
SOCIAL SERVICES, DEPARTMENT OF	368	17,454	104,723
SOUTHEASTERN VIRGINIA TRAINING CENTER	34	866	5,196
SOUTHERN VIRGINIA HIGHER EDUCATION CENTER	5	562	3,371
SOUTHERN VIRGINIA MENTAL HEALTH INSTITUTE	14	282	1,693
SOUTHSIDE VA TRAINING CENTER	138	4,503	27,020
SOUTHSIDE VIRGINIA COMMUNITY COLLEGE	17	752	4,512
SOUTHWEST VIRGINIA COMMUNITY COLLEGE	29	1,173	7,041
SOUTHWEST VIRGINIA HIGHER EDUCATION CENTER	6	584	3,507
SOUTHWESTERN VIRGINIA TRAINING CENTER	6	101	607
SOUTHWESTERN VIRGINIA MENTAL HEALTH INSTITUTE	13	332	1,992
STATE POLICE, VIRGINIA	919	38,946	233,676
SUPREME COURT OF VIRGINIA	45	3,205	19,230
TAXATION, DEPARTMENT OF	45	2,757	16,540
THOMAS NELSON COMMUNITY COLLEGE	61	4,026	24,156
TIDEWATER COMMUNITY COLLEGE	75	4,902	29,412
TOBACCO COMMISSION	2	164	982
TRANSPORTATION, DEPARTMENT OF	2,336	98,055	588,331

Agency Name	Average Phones Per Month	Average Monthly Expense	Total Charges
TREASURY, DEPARTMENT OF THE	3	\$ 185	\$ 1,110
VETERAN SERVICES, DEPARTMENT OF	21	2,106	12,637
VIRGINIA COMMONWEALTH UNIVERSITY	419	27,703	166,221
VIRGINIA ENTERPRISE APPLICATION PROGRAM	1	64	386
VIRGINIA INFORMATION TECHNOLOGIES AGENCY	125	8,771	52,623
VIRGINIA OUTDOORS FOUNDATION	4	188	1,125
VIRGINIA POLYTECHNIC INSTITUTE & STATE UNIVERSITY	362	13,396	80,376
VIRGINIA WORKERS COMPENSATION COMMISSION	70	7,170	43,019
VIRGINIA COMMUNITY COLLEGE SYSTEM	43	3,371	20,229
VIRGINIA HIGHLANDS COMMUNITY COLLEGE	2	67	401
VIRGINIA STATE UNIVERSITY	33	2,347	14,080
VIRGINIA WESTERN COMMUNITY COLLEGE	10	395	2,365
WESTERN STATE HOSPITAL	24	436	2,618
WILLIAM AND MARY, COLLEGE OF	12	625	3,746
WOODROW WILSON REHABILITATION CENTER	16	773	4,636
WYTHEVILLE COMMUNITY COLLEGE	25	843	5,058
Total:	11,447	\$522,702	\$3,122,417

Source: VITA's billing information July through December 2009



COMMONWEALTH of VIRGINIA

Samuel A. Nixon, Jr.
CIO of the Commonwealth
E-mail: cio@vita.virginia.gov

Virginia Information Technologies Agency

11751 Meadowville Lane
Chester, Virginia 23836-6315
(804) 416-6100

TDD VOICE -TEL. NO.
711

July 19, 2010

The Auditor of Public Accounts
P. O. Box 1295
Richmond, Virginia 23218

Dear Sir:

We are providing this letter in connection with your Commonwealth Cell Phone Study as of July 13, 2010. We confirm that we are responsible for the Virginia Information Technologies Agency (VITA) approval and oversight of the development, management and operations of state cellular telecommunication services. We are also responsible for all representations made within this letter made in relation to VITA and its telecommunications programs. We confirm to the best of our knowledge and belief, as of July 13, 2010, the following representations made to you during your review.

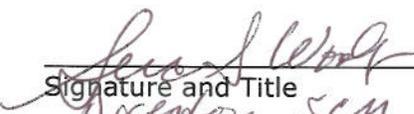
1. We made available to you all information pertaining to telecommunication contracts, policies and procedures.
2. We reported all information to you relating to telecommunication billing data and usage.
3. We provided to you all information relating to telecommunication tools that agencies can use for their devices and the processes for monitoring those devices.
4. We have no knowledge of any allegations of fraud or suspected fraud affecting VITA received in communications from employees, former employees, analysts, regulators, or others. We have no knowledge of any fraud or suspected fraud affecting VITA involving management or employees.

Sincerely,



 Signature and Title CIO

Signature and Title



 Signature and Title Director, SCM

Signature and Title

VIRGINIA INFORMATION TECHNOLOGIES AGENCY

RESPONSIBLE OFFICIALS

As of July 13, 2010

Secretary of Technology

James D. Duffey, Jr.

Chief Information Officer and VITA Director

Samuel Nixon

Supply Chain Management Director

Susan Woolley