OFFICE OF THE CITY AUDITOR
COLORADO SPRINGS, COLORADO

Denny L. Nester, City Auditor
MBA CPA CIA CFE CGFM CGAP

16-15 Colorado Springs Utilities
Cell Phone and Other Wireless Devices

July 2016

Purpose

The purpose of this audit was to evaluate the strategy used by Colorado Springs Utilities (Utilities) for the use and administration of cell phones and other wireless devices. The audit included assessing the internal processes and procedures in place to ensure efficiency and optimization of cell phone and wireless devices service, verifying billing accuracy, and reviewing policies for the Bring Your Own Device (BYOD) program.

Highlights

We conclude that Utilities had strong controls in place surrounding the provisioning and de-provisioning of wireless devices, as well as security controls for the BYOD program. Adequate physical controls were present for maintaining in stock inventory, however, improvements could be made in monitoring inventory. We found that policies surrounding wireless devices were outdated, and that more could be done to provide department level costs and active user information to managers.

In August 2014, Utilities signed an agreement with Verizon Wireless to consolidate most wireless services with Verizon. Included was an equipment offer to upgrade current lines and new activations to 4G iPhone 5S 16GBs for a net cost of $0 for the new device. Utilities took advantage of this offer and standardized all smart phones to this device. Our analysis of wireless provider costs over a two year period (2014 - 2015) found that average monthly wireless costs have fallen by 5.62% since the August-2014 upgrade, which included any equipment charges not included in the initial offer.

Smart phones taken out of service, primarily Blackberries, were wiped by Utilities' Information Technology (IT) Desktop Services Department and destroyed. Recycling was considered, but was not determined to be cost effective.

Two observations and two opportunities for improvement were provided to management. Please see page two of this report for details. We would like to thank Desktop Support Services personnel who assisted us with this audit.

Management Response

Colorado Springs Utilities agrees with the recommendations in the report.

Recommendations

1. Wireless device policy documents should be updated, and outdated documentation removed from the approved policy database.

2. Users of multiple devices should be reviewed for business necessity.

Opportunities for Improvement

1. Management should consider performing annual physical inventory counts and add device location to inventory system.

2. Managers should receive reports in order to understand device costs and verify active users.

Observation 1

The Computing Device and Service Policy, which encompasses wireless devices and was the current policy being followed, was past the required review date. We also noted other related policies that were outdated and considered no longer applicable, per management. Required review dates are implemented to ensure policies and procedures are relevant and reflect intended current practices in place. Change in document ownership may have contributed to a delay in the review process.

Recommendation

Wireless device policy documents should be updated, and outdated documents removed from the approved policy database.

Observation 2

Thirty-two employees were identified that had been assigned devices with redundant data capabilities. Within the audit period 27 devices were also identified with zero data usage. Data enabled devices should only be assigned if it is a business necessity. Considering most Utilities facilities were WIFI enabled, it is possible that some of these data enabled devices were not needed.

Recommendation

Management should review the users of multiple devices for business necessity and disconnect devices with zero data usage.

Opportunity for Improvement 1

During an in stock inventory inspection, it was noted that a comparison between physical stock and system data was not being performed. Utilities quickly undertook a system clean-up and reconciled system data to physical counts, verifying equipment held at other facilities. Lack of verification can lead to inaccurate inventory reporting and greater exposure to risk of theft.

Recommendation

A physical count of in stock devices should be performed at least annually to verify system accuracy.

Management should consider adding device location information to in stock inventory system to aid in tracking.

Opportunity for Improvement 2

All wireless invoices were included in a general IT services account and only allocated to Utility divisions on the "by Service" financial statements. Active device information was not communicated or verified at the division or department level. Billing/job costing capabilities from Verizon were not being fully utilized. Without manager level verification, Utilities could be paying for unneeded devices and individual managers may not be aware of the impact of their usage on overall division budgets.

Recommendation

Managers should receive reports that will help them to better understand device costs and verify active users.

Management should consider using more detailed Verizon billing codes to enable reporting by division and/or departments.

This audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing, a part of the Professional Practices Framework promulgated by the Institute of Internal Auditors.