

PUBLIC TESTIMONY SUMMARY

I-900 STATE AUDITOR'S PERFORMANCE AUDIT:

Opportunities to Reduce State Cell Phone Costs (November 18, 2011)

As Heard by the Joint Legislative Audit & Review Sub-Committee on I-900 Performance Audits
on November 30, 2011

The performance audit being discussed at this hearing was conducted solely and independently by the office of the State Auditor, under the authority of legislation approved by the voters in Initiative 900. The State Auditor is elected directly by the people of the State of Washington and operates independently of the Legislature and the Joint Legislative Audit & Review Committee. Staff to the Joint Legislative Audit & Review Committee prepare a summary of public testimony on State Auditor reports. These summaries are for informational purposes only, and do not serve as an assessment by committee staff of the findings and recommendations issued by the State Auditor nor do they reflect a staff opinion on legislative intent.

Title: Opportunities to Reduce State Cell Phone Costs

Audit Scope and Objectives:

SAO indicates it conducted this audit to help Washington state reduce costs and improve the management of state-issued cell phones and wireless services.

SAO reports that it evaluated the use and cost of nearly 22,000 cell phones used by state employees in 89 state agencies from March 2010 through February 2011. SAO indicates that the agencies purchased the phones from Verizon, Sprint, and AT&T under master contracts administered by the Department of Information Services (now administered by the Department of Enterprise Services).

SAO Findings:

- Nearly one-third of the cell phones SAO reviewed – 6,679 phones, for which the state spent \$1.8 million – were used infrequently or not at all during the 12-month study period. More than 2,000 of those phones were not used once during the audit period but cost the state more than \$533,000.
- State agencies can save money on phones that are used regularly by better matching phone plans with their actual use.
- The state's cell phone master contracts do not include prepaid plans.
- Washington state does not provide central guidance to help agencies decide which employees should receive phones or which plans they should choose.
- To hold down costs in the complex telecommunications marketplace, some organizations have retained "optimization" specialists to help them match actual cell phone use to the most appropriate price plans. Washington has not used this approach.

SAO Recommendations:

SAO recommends state agencies:

- Turn in all unused and little-used cell phones unless they are required for emergencies or for the safety of employees or the public. Agency managers should select the most cost-effective price plans for any of these phones they retain.

To reduce future costs, SAO recommends the Department of Enterprise Services and the Office of the Chief Information Officer :

- Expand opportunities for agencies to use prepaid cell phones.
- Explore providing stipends to employees who use personal cell phones for state business.
- Develop clear, consistent guidance to help all state agencies make good decisions in assigning cell phones to their employees, selecting price plans, monitoring costs and turning in unused phones.
- Contract with a private optimization specialist that can help state agencies match actual cell phone use with cost-effective price plans.

Agency Responses in Audit Report?	Yes, beginning on page 19.
Legislative Action Requested?	No.

Agencies Testifying:

The Office of Financial Management (Stan Marshburn, Deputy Director)

Summary of Testimony from Audited Agencies:

On behalf of the Governor’s executive branch agencies, we appreciate this audit, and we accept and take its recommendations seriously. We started changing the way we do business while the audit was being completed; agencies wanted to find ways to save money and began eliminating phones. The first effort is to identify situations where it is clear that we should get rid of the phone. We know there are other situations where phones have not been used to date but where it is clear that the person needs to carry that phone in case of an emergency, so that \$20/month is worthwhile. It takes more effort to sort through those situations. The Governor has given us a directive to manage cell phones more appropriately, to be accomplished by February.

Other Parties Testifying:

(No other parties signed in to testify.)

Summary of Testimony from Other Parties:

(No other parties signed in to testify.)