Finance - Information Technology Cellular Audit Report

June 2020

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1.0   Management Summary

Audit Services has completed an audit of Information Technology Cellular in Finance.

The audit was conducted in accordance with the *Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing.*

The scope of the audit included a review of the Region's policies that govern the process of issuing, administrating and decommissioning cellular devices to provide secure and reliable communication for staff. Additionally, detailed data analysis on all 2019 cellular related orders from the Region's main service provider, Rogers was conducted.

Testing was conducted at a sufficient level of detail to allow us to evaluate compliance with contract terms and applicable policies / procedures.

Overall, the results of our detailed testing indicate that the cellular process operates in a manner that helps to ensure devices are administered and used in accordance with policies and procedures, and the billing process is in accordance with contract terms and conditions.

Opportunities for internal control improvements were noted and discussed with appropriate management. These improvements relate to Region policy updates, the process for off-boarding and decommissioning cellular devices, and various aspects of device administration.

It should also be noted that there were key processes identified during the audit where controls were strong and working as designed. This includes the process for inventory management of older devices to save the Region money on new device purchases and repair costs between the cellular devices refresh periods, mobile device management and security initiatives, and the process of issuing new devices to employees.

Should the reader have any questions or require a more detailed understanding of the risk assessment and sampling decisions made during this audit, please contact the Director, Audit Services.

Audit Services would like to thank Information Technology staff for their co-operation and assistance provided during the audit.

2.0   Introduction

As part of our Regional Council Approved Audit Plan, the Audit Services branch performed a Cellular Audit. The Audit Plan, approved by the Audit Committee, is developed by Audit Services using a risk assessment methodology that helps to define the different risks associated with the various processes at the Region. It is one tool that Audit Services uses in assessing where best to allocate audit resources.

The IT Services branch administers the process for cellular devices used by Regional staff. This process includes assigning devices to staff, managing billing and payments, managing device

repairs, and off-boarding devices when no longer required. In 2019, excluding police, the Region spent approximately $2.4 million on cellular.

Audit Services reviewed all Region policies related to cellular devices and the processes and procedures in place to ensure administration of cellular devices in performed in compliance with related policies.

3.0 Objectives and Scope

The main objectives of this engagement were to:

- Review the internal controls regarding cellular communications at the Region to ensure administration of devices and services is controlled.

- Review Corporate and Departmental policies to ensure they are in alignment.

- Ensure accurate billing based on contract terms and conditions.

The audit objectives were accomplished through:

1. A review of the Region's policies and processes regarding the issuing and decommissioning of cellular devices.

2. A review of contract terms for existing cellular services.

3. A review of the cellular billing process to ensure accuracy of billings.

4. A detailed analysis on all 2019 cellular billing data received from Rogers.

5. Interviews with appropriate personnel.

6. Review of other related documentation.

4.0 Detailed Observations and Recommendations

4.1 Policies require updated review

Observation

As part of the audit, Audit reviewed all policies relating to cellular at the Region. During this review, it was noted that the:

- Responsible Use of IT policy was originally approved on November 14, 2016 and had not been reviewed or updated since.
- Privacy Policy was last updated on June 21, 2012.
- Use of Social Media Policy was last updated on December 17, 2014.
- Technology Acquisition Policy was last updated on November 14, 2016.
- Voicemail Policy was last updated on April 30, 2014.

Outdated policies may not reflect the current operating environment and allow the Region to mitigate risk.

Recommendation

Management should review the identified policies to ensure they remain relevant and accurate.

Due to the inherent environment of rapid change regarding technology, management should consider providing a timeframe requirement for review within the policies themselves, to ensure they regularly remain up to date, applicable and accurate.

Management Response

Two of the identified policies, 'Responsible Use of Technology' and 'Technology Acquisition', are maintained by IT Services. As part of the current review, IT Services will be:

- Updating Responsible Use of Technology to reflect any new and emerging requirements and to strengthen ties to related corporate policies
- Rescinding Technology Acquisition as a policy and confirming requirements are reflected within general procurement procedures.

The remaining policies are maintained by branches in departments outside of Finance, specifically Office of the Regional Clerk (Privacy Policy), Corporate Communications (Use of Social Media Policy) and the Office of the CAO (Voicemail Policy). For these policies, IT Services will reach out to the responsible branch with the recommendations in this audit and offer support during their reviews.

The Corporate Policy Development Framework establishes an annual review requirement for corporate policies. IT Services will implement this requirement moving forward.

Target completion: Q4 2020

4.2   Policies regarding employee reimbursement for personal charges incurred on cellular devices require clarification

Observation

None of the Region's policies related to cellular outlines the expectation for employees to reimburse the Region for personal charges incurred on their cellular device, or for their managers to seek reimbursement for these charges.

The Code of Conduct states, "Personal use of Regional property must never result in direct expenses being paid for by the Region".

Determined through discussion with management, the most common and substantial charges incurred for personal use are roaming charges. The Responsible Use of Regional Technology Policy states,

- "Intent to travel with Technology Systems and Resources outside of Canada and the United States must be reported to Information Technology Services a minimum of 10 business days prior to departure", and
- The Responsibilities of Directors / Managers / Supervisors section outlines that they "Enforce the requirements of this policy" and "take appropriate corrective actions against policy violations", however, does not define appropriate correction actions.

Without clarification of employee and manager expectations through policy, there is no consistent process for seeking reimbursement of charges resulting from personal use across the Region which may lead to inequities amongst employees.

Recommendation

Management should determine the appropriate corrective actions regarding reimbursement of personal charges incurred on a Regional cellular device.

Management should update the Responsible Use of Regional Technology Policy to ensure employees are aware of their expectations regarding reimbursement for personal use charges, and management across the Region can consistently apply the appropriate corrective actions.

Management Response

The Controllership Office has issued 'Guidelines for Reimbursement of Costs' which establishes a process to reimburse the Region for personal expenses and improper use of Regional property, including cellular/ mobile devices. The Responsible Use policy will be updated to reference these guidelines.

Current roaming plans are activated only by request and include a limited amount of voice and data, which can result in substantial fees if the user neglects to request a plan or exceeds the limits. IT Services anticipates these issues will be resolved through the new cellular contracts

expected to be begin in January 2021 (pending Council approval). The new contracts include roaming plans that are automatically activated when the device enters a different country and charge a daily 'flat fee' rate for unlimited voice and data.

Staff will continue to be required to obtain pre-approval to travel with their device, specifically from their direct supervisor/ manager for daily roaming charges and from IT Services for a destination security check. IT Services will review the Responsible Use policy's expectations for travelling with Region-issued devices and work with corporate partners to include these expectations in the vacation request process. These expectations will also be included in the sign-off document (Recommendation 4.3).

Target completion: Q4 2021.

4.3   Employee sign-off not required when provided a Region Issued cellular device

Observation

Through discussion with management, Audit determined that employees are not required to sign-off that they have received and understand their responsibilities related to the cellular device that they have been issued. Although the process control for issuing a device requires the approval of a Manager, they would be unaware as to whether the employee has received and is aware of all required information.

During the last refresh of cellular devices at the Region, management has informed Audit that all employees issued a device were provided the Smartphone and Cell Phone Quick Reference Guide that covers plan details, high level technical information, and clear direction to related policies and procedures. The guide was received and reviewed by Audit and it was noted that it does not provide guidance to employees on maintaining their own personal information.

Management has informed Audit that the guide continues to be distributed with the issue of new devices and between the refresh periods.

Without proper employee sign-off to confirm their understanding of roles and responsibilities related to the device, there is the risk that employees do not follow the requirements of applicable policies as such the Region may incur additional security and privacy risks, as well as costs, as a result.

Recommendation

Management should consider that Regional employees issued a cellular device are required to sign-off on receipt and understand the contents of the Smartphone and Cell Phone Quick Reference Guide that outlines the plan details, roles and responsibilities and other related policies and procedures to the cellular device. The contents of the guide should also reflect the employee's responsibility for their own personal information.

Management Response

IT Services agrees that a sign-off procedure on receipt of all technology devices is beneficial to confirm that staff understand the device specifics and their responsibilities related to the device.

IT Services will review options for obtaining these sign offs with corporate stakeholders to ensure the new process can be effectively implemented and supported over the long term.

The Quick Reference Guide will be reviewed to include additional information regarding reimbursement expectations and responsibility for personal information.

Target completion: Q4 2021.

4.4 Information communicated to employees requires clarification on expectations regarding roaming charges

Observation

Audit observed that the information provided to employees through the Smartphone and Cell Phone Quick Reference Guide and My Portal (the Region's intranet site) does not explicitly state the employee requirement to put on a roaming plan, as well as any repercussions or expectations of repayment for not applying a plan.

The Region provides information on My Portal regarding roaming details and rates as well as the available form to apply a roaming plan to their device. In addition, My Portal provides tips for reducing roaming charges and data security.

It was noted during the review that the Region will be adopting a new plan during the next refresh planned for Q4 2020. The new plan includes more limits regarding roaming to avoid substantial charges. However, there are certain countries that are outside the limits, as well as cruise ships, where it is possible that an employee may incur substantial charges in addition to the cost of a roaming plan.

Recommendation

Management should consider clarifying the employee's expectations on My Portal and in the Smartphone and Cell Phone Quick Reference Guide regarding application of a roaming plan when necessary and repayment for failing to do so.

The expectations provided through My Portal and the Smartphone and Cell Phone Quick Reference Guide should remain consistent with updated policies and procedures across the Region.

Management Response

Expectations for travelling with any Region-issued device and reimbursement of unapproved roaming fees will be clarified on My Portal and in the Smartphone and Cell Phone Quick Reference Guide and included as part of the new sign off process.

IT Services will review the existing cellular content information to ensure that the messaging for staff is up-to-date, consistent and understandable across all communication materials. Additionally, departments will be consulted on the best way to integrate 'travelling with devices' information into their vacation request processes.

Target completion: Q4 2021.

4.5   There is no formal off-boarding process for decommissioning cellular devices

<u>**Observation**</u>

Through discussion with management, Audit determined that there is no formal off-boarding process for the decommissioning of cellular devices at the Region.

The Acquisition of New Technology Policy provides a requirement to consult with the IT Services Branch prior to the acquisition of new and additional Technology Systems and Resources. However, this policy does not provide a requirement to consult with IT when off-boarding and decommissioning devices.

When an employee no longer requires a cellular device, there is no process to ensure that management notifies IT or returns the device. This creates the opportunity for devices to be misplaced. Further, secured information may not be properly disposed of before reassignment in accordance with related policies.

The Information Management Policy states:
   • "All personal information is collected, shared, used, retained, disclosed and disposed of in accordance with legislative and regulatory requirements of the Code of Conduct", and
   • "Controls are developed to prevent the improper, intentional and unintentional destruction and disclosure of information."

The Privacy Policy States, as part of the accountability for privacy:
   • "All personal information will be collected, used, retained, disclosed and disposed of in accordance with the applicable legislation"
   • "Personal information will not be collected unless necessary… Personal information is used only as outlined in the notice and is not retained for longer than necessary", and
   • "Personal information will be disposed of in compliance with records and information management policy in a secure manner that prevents loss, misuse, theft or unauthorized access."

The existing "Checklist for Exiting Employees" instructs the collection of handheld devices, as well that the employee wireless account "can be placed on a temporary disconnect plan, cancelled, or assigned". There is no mention of a requirement to notify IT.

Failing to inform IT that a device is no longer in use does not provide IT with the opportunity to securely wipe all information from the device in accordance with Regional policies.

<u>**Recommendation**</u>

Management should implement a formal off-boarding process to ensure that IT is notified when a cellular device is no longer in use by an employee.

As part of this process, management should consider providing the off-boarding Manager with a checklist for decommissioning cellular devices. Part of this checklist should be the requirement to contact IT to ensure devices can be assessed for damage and sensitive information is securely wiped prior to disposal or reassignment.

Management Response

IT Services will review and update off-boarding processes for all technology devices (i.e., smartphones, laptops, iPads, etc.) with Human Resources, and work with stakeholders to ensure changes are communicated effectively and devices are properly wiped. The Responsible Use policy will also be updated to reflect expectations regarding proper asset management of devices, with additional checklists to assist with the decommissioning process.

Target completion: Q1 2021

4.6   Departments are not required to review active accounts on a regular basis

Observation

Audit confirmed that IT uploads the information for active accounts on a monthly basis into the PeopleSoft system that is accessible to departments for management review. However, it was noted that it is at the discretion of the individual department as to whether they review this information and the frequency in which they do so.

Only through the IT led refresh process every three years, where departments are required to review the information of active accounts and confirm with IT whether to cancel or continue the phone circuit for that device.

It was noted that the phone circuit is tied to an individual in a certain position. If an employee leaves that position for any reason, the employee's name remains to the account until the device is reassigned, or the phone circuit is cancelled during departmental review. Therefore, it would be common that accounts are tied to employee names that are no longer in the position.

An account that remains active on a device that is no longer in use may result in unnecessary charges incurred by the Region.

Recommendation

Management should consider a process in which individual departments review active cellphone accounts in their area and determine whether to cancel or continue the phone circuit for that device on a more frequent basis, rather than only during the required review at the 3-year refresh.

Management Response

ITS will work with stakeholders in each department to assess the feasibility of more frequent review of active accounts and implement if the expected cost savings outweigh the increased administration.

Target completion: Q1 2021

4.7   Employees are not required to use a case with their Region issued cellular device

<u>**Observation**</u>

Audit performed an analysis on all 2019 orders through Rogers, the Region's primary service provider for cellular. Of the 77 new phone purchases made in 2019, 48 (62 percent) were ordered with a case. It was determined that $43,333 was spent across 167 repair instances to Region cellular devices.

Through discussion with management, it was confirmed that when an employee receives a new cellular device, they are not required to order a Region approved case. There is also no requirement that a case be used at all with their device.

If an employee decides to use a case, they have the option to purchase a case with their device through the Region or purchase a case on their own and submit the expense for reimbursement.

It was also confirmed that when phone accessories are ordered through the Region's contract with Rogers, the Region receives a 50 percent discount on the accessory.

Inadequate protection for cellular devices may result in additional repair costs to the Region. Also, if an employee purchases an accessory and submits the costs for reimbursement, the Region would not obtain the benefit of a 50 percent discount.

<u>**Recommendation**</u>

For existing cellular devices, management should consider communicating to employees that it is their expectation to use a case with their cellular device.

For newly issued cellular devices, management should consider requiring employees to order a pre-approved case. This would ensure adequate protection for the asset which will likely reduce repair costs incurred by the Region. Additionally, the Region would benefit from 50% percent cost savings on accessory purchases made through our service contract.

<u>**Management Response**</u>

The expectation to use a phone case will be added to all cellular communication materials.

IT Services will review the cases currently available at a discount and determine a preferred case for each device. ITS will consult with stakeholders regarding reimbursement options when permitting staff to purchase their own (e.g., limiting the reimbursed amount to the value of the preferred case).

Target completion: Q1 2021

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