



Audit Report

Follow- up Audit: Wireless Device Program

Report Number: 2021 - 04 | Report Date: October 4, 2021

Executive Summary

Audit Report No.: 2021 – 04

October 4, 2021

WE REVISITED previous audits of the Agency's Wireless Device Program to follow-up on previously noted risks and control deficiencies to ensure appropriate mitigation.

Our **AUDIT OBJECTIVES** were to determine whether Sound Transit has effective controls in place over Wireless Device processes to ensure:

- Effective and efficient administration of device and stipend issuance,
- Timely removal of users no longer needing a device or stipend, and
- Equitable opportunities for users to obtain a device or stipend as outlined in agency eligibility criteria.

The audit examined documents, processes and controls in place from January 1, 2017 through June 15, 2021.


Patrick Johnson
Director, Audit Division

WHAT WE FOUND

Sound Transit (ST or Agency) supplies mobile/wireless devices and monetary stipends (for personally owned devices) to aid staff (users) in performing work efficiently and effectively. The program is managed by both Information Technology (IT) who coordinates physical devices and Human Resources (HR) who facilitates stipends.

The Audit Division has performed two previous audits of the Wireless Device Program, both in 2013 and 2016. Based on unaddressed findings from those audits and recent growth of the Agency's staff, a follow-up of the Wireless Device Program was included as part of the 2021 Audit Plan.

Our audit sought out to review equitable, and effective controls on two main areas of focus from those audits: the Wireless Device process and stipends issued throughout the Agency.

Wireless Devices

The agency issues wireless devices such as cell phones, tablets and air cards (for laptop internet access) to users. The IT Asset Management team procures, issues, maintains and stores devices.

Stipends

Stipends are issued to staff to offset the costs associated with the use of a personal device for work purposes (e.g. e-mail, phone calls, texts, etc.). The stipend amount is \$75 per month, per person.

During our review period, we discovered that the Agency's Wireless Device Program had a 77% increase in total annual costs over a (6) six-year period; from \$522,590 in 2015 (noted in our 2016 audit) to \$926,518 in 2020.

Our review of 2021 cost estimates (as of July 2021) included ~\$266,700 in stipend costs and ~\$533,500 in mobile device service costs, excluding the cost of staff resources dedicated to the program.

Conclusion:

While the Agency Wireless Device Program has made improvements since the prior audits, we identified **one finding related to the strengthening of program controls**. The audit found that areas of control recommended for improvement in prior audits still remain unresolved.

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Background

Sound Transit (ST or Agency) supplies mobile/wireless devices and monetary stipends (for personally owned devices) to aid staff (users) in performing work efficiently and effectively. The program is managed by both Information Technology (IT) who coordinates physical devices and Human Resources (HR) who facilitates stipends. For the purposes of this follow-up audit, we focused on cellular phones and stipends.

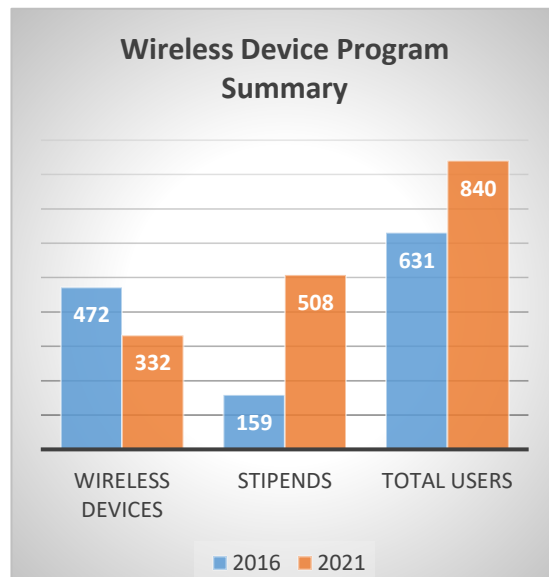
The Audit Division has performed two previous audits of the Wireless Device Program, both in 2013 and 2016. The results of each audit are summarized below:

Audit	Conclusion
2013-07: Wireless Device Program Audit	The audit had two findings: 1. 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. 2. Wireless device usage should be monitored to ensure compliance with agency policy.”
2016-04: Wireless Device Program Follow-up	“Management has not taken effective corrective actions to address the 2013 audit finding. As a result, conditions have worsened.”

Following the 2016 audit, the Wireless Device Program underwent significant changes, most notably, the transition to primarily issuing stipends instead of mobile devices as shown (in the chart to the right):

New guidance, processes and responsible parties were established and outlined in the “Sound Transit Mobile Device Eligibility Criteria¹” and its accompanying forms, how-to documents and other resources.

Based on unaddressed findings from those audits and recent growth of the Agency’s staff, a follow-up of the Wireless Device Program was included as part of the 2021 audit plan².



Source: 2016-04 Wireless Device Program Follow-up Report, Active Mobile Device List as of 6/2/21 and Stipend List as of 5/14/21 provided by Information Technology.

Pursuant to the Sound Transit Mobile Device Eligibility Criteria

¹ Sound Transit Mobile Device Eligibility Criteria, Version 1.0 was released on September 1, 2017 and has no revisions.

² The 2021 Audit Plan was approved by the Finance and Audit Committee in 2020.

to have a business justification for the use of a cell phone or stipend. Justifications are related to a user's job duties or position and may require the user to:

- Be routinely on-call outside regular office hours
- Be available for agency business/emergencies at all times
- Work frequently outside of Sound Transit's offices (e.g. field technicians)
- Participate in frequently scheduled meetings or travel away from their primary work location and necessitate a device for their job function.

Our audit sought out to review equitable, and effective controls on two main areas of focus from those audits: the Wireless Device process and stipends issued throughout the Agency.

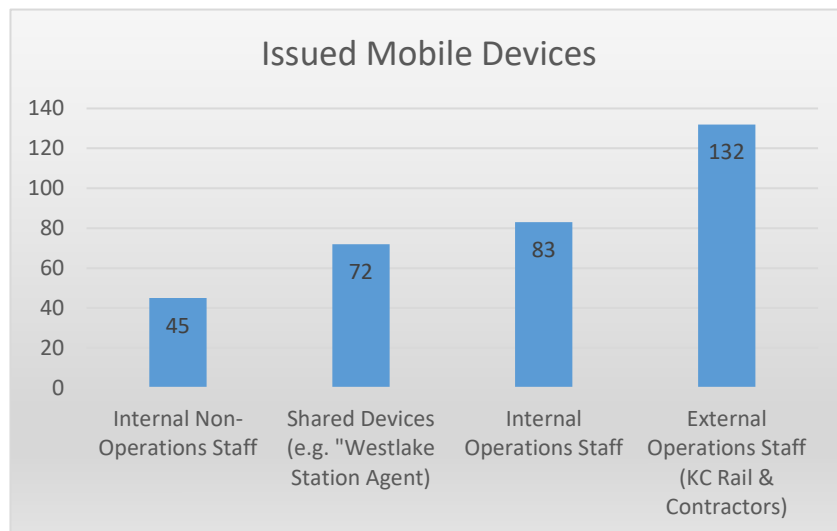
Wireless Devices

The agency issues wireless devices such as cell phones, tablets and air cards (for laptop internet access) to users. The IT Asset Management team procures, issues, maintains and stores devices. Cell phones have a monetary value of less than the Small and Attractive Assets reporting threshold and are tracked separately through a program called **AirWatch**.

Per the Mobile Device Eligibility Criteria, "Agency-issued mobile phones are only available for designated users within Sound Transit's Operations Department. Operations maintains a list of qualified roles." Agency-issued mobile phones are not intended for contractors or temporary employees, however, Sound Transit elects to issue mobile phones to contractors when required by agency needs. One example is "Shared Devices" or devices that are assigned to a location instead of a specific person. This device is rotated between various staff who hold the position and the device remains on-site (e.g. at Westlake Station for the station agents).

Service plans for devices range in cost from \$15.99/month to \$64.09/month depending on the type of phone (e.g. flip phone or smart phone) and services provided (e.g. voice, data, text).

As of July 2021, total spend for the Mobile Device portion of the program was \$533,500.



Source: Active Mobile Device List provided by Information Technology on 6/2/21.

Stipends

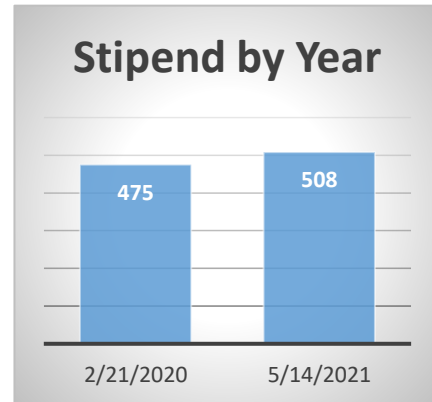
Stipends are issued to staff to offset the costs associated with the use of a personal device for work purposes (e.g. e-mail, phone calls, texts, etc.). The stipend amount is \$75 per month, per person which is distributed via paycheck over the first two paychecks in each month. Stipends are managed through the MyST personnel management program and stipends are added or removed by HR when the appropriate approvals and forms are received or the user no longer needs the stipend, respectively.

Per the Mobile Device Eligibility Criteria, to qualify for a stipend, users “must have a personal smart phone with voice and data plan”. Users outside of the listing of authorized users for a mobile device (within Operations) are eligible for a monthly stipend, but contractors and temporary employees are not eligible.

Total stipends issued increased 7% from 475 in February of 2020 (prior to impacts of COVID and remote work) to 508 in May of 2021.

Estimated annual costs for the stipend portion of the Wireless Device program are ~\$427,500 in 2020 and ~\$266,700 as of July 2021.

During our review period, we discovered that the Agency’s Wireless Device Program had a 77% increase in total annual costs over a (6) six-year period; from \$522,590 in 2015 (noted in our 2016 audit) to \$926,518 in 2020.



Source: Stipend List provided by Information Technology as of 5/14/21.

Our review of 2021 cost estimates (as of July 2021) included ~\$266,700 in stipend costs and ~\$533,500 in mobile device service costs, excluding the cost of staff resources dedicated to the program.

Audit Objectives

To determine whether Sound Transit (ST or Agency) has effective controls in place over Wireless Device processes to ensure:

- Effective and efficient administration of device and stipend issuance,
- Timely removal of users no longer needing a device or stipend, and
- Equitable opportunities for users to obtain a device or stipend as outlined in agency eligibility criteria.

Scope and Methodology

We conducted this audit in accordance with the International Standards for the Professional Practice of Internal Auditing and Generally Accepted Government Auditing Standards (GAGAS). 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, and reported upon below provides a reasonable basis for our findings and conclusions based on our audit objectives.

Over the course of the audit, we gained an understanding of the Wireless Device processes at the agency, department and division levels through data analysis, observation, documentation reviews, and personnel interviews. We identified risks in the processes and assessed management controls in place to mitigate those risks. Based on our assessment of management control effectiveness, we focused on controls over the agency's process related to: (1) effective and efficient administration of device and stipend issuance, (2) timely removal of users no longer needing a device or stipend, and (3) equitable opportunities for users to obtain a device or stipend.

Audit reviewed plans, policies, processes, procedures and reports for the period January 1, 2017 through June 15, 2021.

To determine whether Sound Transit has effective controls in place over effective and efficient administration of device and stipend issuance, we performed the following procedures:

Objective 1:

1. Compared a listing of 364 currently issued devices to the approved listing of users maintained by the Operations department (as required by the Mobile Device Eligibility Criteria) to determine whether all currently issued devices were authorized.
 - a. An additional listing of 66 approved users from Public Safety were tested separately due to Safety's recent 'design-for-growth' re-organization from the Operations department to the Safety department.
 - b. The listing of phones was also analyzed for any users outside of Operations who were issued a device.
2. Compared a listing of 364 currently issued devices to the listing of 508 currently issued stipends to identify any users who receive both a device and a stipend. The Wireless Device Program is designed for users to receive either a device or stipend, not both.

Objective 2:

To determine whether Sound Transit has effective controls in place over timely removal of users no longer needing a device or stipend, we performed the following procedures:

1. Evaluated the listing of 364 currently issued devices for any devices still issued to users who had exited the agency.
2. Evaluated the listing of 508 currently issued stipends for any stipends still issued to users who had exited the agency.

Objective 3:

To determine whether Sound Transit has effective controls in place over equitable opportunities for users to obtain a device or stipend, we performed the following procedures:

1. Analyzed the Mobile Device Eligibility criteria for process steps, criteria or justifications that are subject to interpretation or bias.
 - a. Performed additional research into unconscious and implicit biases that may impact a decision to approve/reject a stipend or device issuance.
2. Mapped the current distribution of stipends by authorizing Executive Director to understand whether the current distribution of stipends is equitable (e.g. approval is equitable) to better understand whether bias may play a factor in the distribution of stipends.

Conclusion

While the Wireless Device Program has made improvements since the prior audits, we identified **one finding related to the strengthening of program controls**. The audit found that areas of control recommended for improvement in prior audits still remain unresolved. Control areas with opportunities for strengthening include ensuring:

- Users are not issued more than one device.
- Users are not issued both a device and a stipend at the same time.
- Service to devices is no longer paid when a user exits (or records are updated to reflect a new assignment of the device).
- Opportunities for bias to impact outcomes are reduced or eliminated.
- Monitoring Controls enable the agency to keep costs reasonable while still meeting agency needs.

Please review **Finding #1** below.

Findings and Recommendations

Finding One: Wireless Device Program Controls need to be strengthened.

Based on our review of the Wireless Device Program, we found opportunities to improve controls outlined in the Wireless Device Program Eligibility Criteria related to:

- Strengthening Program Controls
- Reducing Opportunities for Inequitable Outcomes

The audit found that control areas that need to be strengthened were highlighted in previous audit work (2013 and 2016) and remain not fully addressed to date.

Strengthen Program Controls

For the period examined, the agency's Wireless device program had an estimated total annual cost of \$926,518 in 2020. This included an estimated \$457,200 in stipend costs and \$499,018 in mobile device service costs. This is an increase in spending of \$403,928 from annual program costs noted in the 2016 audit of \$522,590 (in 2015).

The 2016 audit noted \$89,619 in preventable costs across several areas including duplicate devices, users receiving a phone and a stipend simultaneously and untimely account deactivation. Preventable expenses were considered to be any costs the agency incurred that did not provide an additional benefit to the agency (e.g. duplication of resources, untimely deactivation of accounts no longer in use, etc.)

We found opportunities to eliminate these preventable, unnecessary expenses, rather than reduce them, as recommended by previous audit work. Although preventable costs have been reduced overall from \$89,619 to an estimated \$8,400 since the prior audit, strengthening program controls would eliminate the potential for duplicate device issuance, simultaneous issuance of a device and stipend and ensure timely disabling of accounts assigned to users who leave the agency.

Our prior audit work recommended that management implement controls to eliminate the opportunities for these types of expenses to occur. However, this audit found similar preventable costs had occurred (duplicate device, phone + stipend, lines paid after exit) and found that management had not implemented controls to eliminate the costs (e.g. coordinating stipend and device issuance to prevent duplicate issuance).

Preventable Exceptions		
Exception Type	2016 Audit	2021 Audit
Device Recipients Receiving Stipends	4	2
Individuals With Multiple Devices	5	3
Untimely Deactivation of Accounts	44	8
Excessive Purchased Pooled Minutes (\$)	\$31,740	Not evaluated in the current audit.

Additionally, we noted that overall program costs are high at \$926,518 annually (as of 2020). Although designed to meet the needs of certain job positions (e.g. those in the field, those responsible for responding to emergencies, etc.) the Wireless Device Program currently provides a stipend or device to 636 users as of June 2, 2021 (excluding shared devices and contractors). This represents over 57% (636 of 1,108 total full and part-time staff as of June 1, 2021) of Sound Transit staff.

These conditions have been caused by shifts in the program ownership, lack of dedicated staff resources as well as inconsistent application of criteria as outlined in the 2017 Mobile Device Eligibility Criteria.

Reduce Opportunities for Inequitable Outcomes

To support Sound Transit’s strategic priority to “Cultivate an equitable, diverse and inclusive workforce and culture that is high-performing, compassionate, empowering and safe³”, Audit looked into ensuring equity as part of this audit. Through research and evaluation of current wireless program processes, specifically the criteria used to determine whether a request for resources is justified, it was found that there are opportunities for bias (conscious and unconscious) to impact whether a request for a stipend is authorized.

The Agency Eligibility Criteria guides the issuance of both phones and stipends. Wireless Device issuance is based on an approved listing of job positions, maintained by Operations and is based on the requirements of the job. Stipend issuance, however is based on the approval of an employee’s manager and their Executive Director and is determined on an individual basis.

Audit evaluated the Eligibility Criteria for opportunities for bias to impact a decision to approve or deny a user’s request for a stipend. Audit looked for terms that were vague or subject to interpretation, and for decision points that were based on an individual’s perspectives. Since each individual has their own set of conscious and unconscious biases, each opportunity for a decision made by a person has an opportunity to be influenced by bias. Of 14 criteria related to receiving a stipend, it was found that 6 of 14 criteria (43%) are subject to individual interpretation or bias.

An excerpt of several of the identified criteria subject to interpretation or bias are shown below:

Section (pg. #)	Requirement	Subject to individual interpretation or bias?
2.1 (pg. 6)	Executive Director Approval	Yes - an individual is making a personal judgement for authorization.
2.2 (pg. 6)	"Required to be available for agency business/emergencies at all times."	Yes - what are "agency business" and "at all times" defined as?

Sound Transit has developed and published resources for recognizing and mitigating bias at the agency-level in processes such as performance evaluations and agency decision-

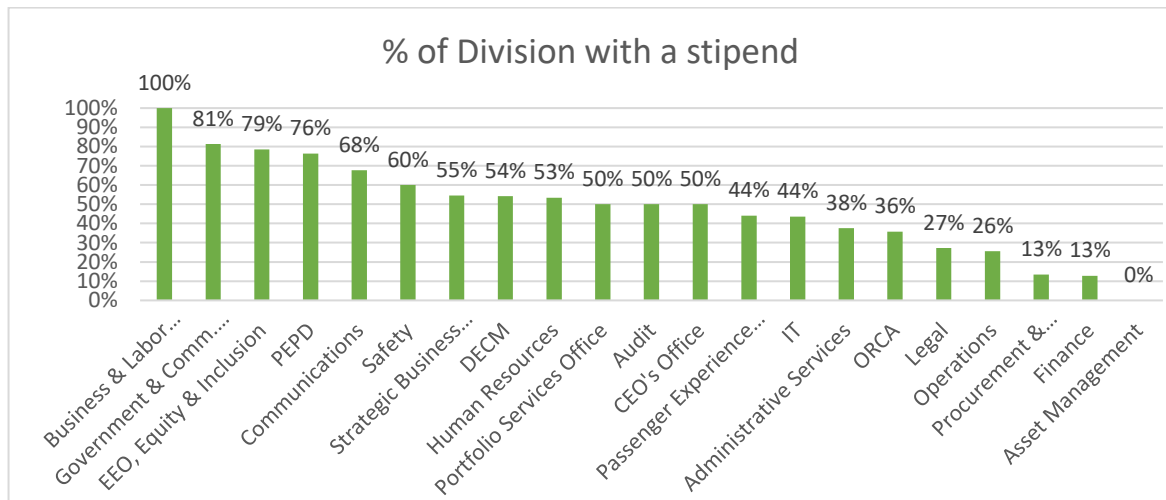
³ Sound Transit’s 5-year Strategic Plan (est. August 2020), Priority #3

making. Through research of the agency's published resources, some of the forms of bias that may impact a decision to issue a stipend to a user are shared below:

Bias Type	Description
Attraction or Affinity Bias	Favoring people who we feel we have a connection or similarity to. <i>Example: Surrounding yourself with people who look and think like you</i>
Halo or Horns Effect	Perceiving one positive or negative trait about a person and allowing it to color our opinions of everything else about them. <i>Example: Your coworker talks really loudly which irritates you. Now you have a general dislike of everything they say and do.</i>
Attribution Bias	When witnessing another person's behavior that leads to a negative outcome, we attribute that error to the person's intrinsic nature while underestimating situational factors. <i>Example: My employee is always late. They must be lazy and unmotivated. In reality, the employee is late because they are providing care for a sick parent which causes them to be late to work.</i>

Source: Agency Decision Making Toolkit – Mitigating Bias (rev. 7/12/2021)

To further understand whether opportunities for bias or interpretation have impacted the current process outcomes, Audit evaluated the current distribution of stipends, sorted by the authorizing Executive Director. It was found that there is a broad range (0-100%) of the portions of a department who are issued a stipend (graph below). Although the varied distribution is not wholly attributable to bias or interpretation, the current processes do present opportunities for program outcomes to be inequitable (whether intentionally or unintentionally).



Recommendations:

To enhance controls over the Wireless Device Program, we recommend management implement the following:

1. Update Eligibility criteria (last updated in 2017) to include:
 - Updates that reflect current business conditions and processes (e.g. periodic audits of issued stipends and devices, addition of new conditions that would

- justify a device or stipend, etc.).
- Revise eligibility requirements and resource approvals to be based on standardized criteria such as job function (as described in a formal job description) to decrease opportunities for bias to impact approvals/rejections.
 - Design criteria to be consistently executable (e.g. devices are not issued to any non-ST employees) and incorporate mechanisms for evaluating whether criteria is consistently followed.
2. Implement monitoring controls to ensure:
- Users who no longer need a device or stipend are removed in a timely manner.
 - Consider performing audits of issued devices or stipends more frequently (currently performed annually) or basing justification for use of a stipend or device on job function so audits to assess continued need are no longer necessary.
 - Users are not able to be given a stipend and a mobile device at the same time.
 - Consider implementing a periodic cross-referencing between stipend and device listings or maintaining both stipends and devices in a single system or repository.
 - Users are not able to be issued more than one of the same device at a time.
 - Consider implementing automated controls within the wireless device tracking system to not allow assignment of a new device to someone who is already assigned a device.
 - Any device re-assignments are updated in assignment records in a timely manner.

Management Response:

Prepared by: Jason Weiss, Chief Information Officer

Date: October 4, 2021

Audit: 2021 Wireless Device Follow-Up

Management Response:

Management agrees with the audit report results and recommendations.

Finding: Based on Internal Audit's review of the Wireless Device Program, we found opportunities to improve controls outlined in the Wireless Device Program Eligibility Criteria related to:

- Strengthening Program Controls
- Reducing Opportunities for Inequitable Outcomes

Management Response / Action Plan:

Thank you for giving the IT Department the opportunity to participate and respond to the Internal Audit on Wireless Device management. We agree with the results and recommendations from this audit and have the following activities underway to improve our IT asset management practices:

1. Implementing a process to conduct periodic audits of stipend recipients
2. Conducting periodic verification that users are not receiving both a stipend and wireless device
3. Implementing a ServiceNow child ticket on exiting users to retrieve and disable wireless lines or stop stipend payments
4. Updating the eligibility criteria to reflect current business requirements

We believe implementing these actions matures the Sound Transit wireless device management practices in a meaningful way. Sound Transit cannot implement automated controls to not allow a user to be assigned multiple devices as current business practices dictate that supervisors are briefly assigned staff devices upon staff exit.

Timeline for corrective action:

We are committed to our remediation efforts laid out above, and have set the following timelines for their implementation:

Action Item	Due Date
Update eligibility criteria	Second quarter 2022
Conduct periodic stipend audits	Fourth quarter 2021
Conduct periodic cross-checking of stipends and wireless device issuances	Fourth quarter 2021
Implement SNOW wireless device task	First quarter 2022

