

Naval Audit Service



Audit Report



Control over Wireless Devices at Selected Commander, Navy Installations Command and Naval Facilities Engineering Command Activities

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N2009-0014
17 December 2008

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MEMORANDUM FOR COMMANDER, NAVY INSTALLATIONS COMMAND
COMMANDER, NAVAL FACILITIES ENGINEERING
COMMAND

Subj: **CONTROL OVER WIRELESS DEVICES AT SELECTED COMMANDER,
NAVY INSTALLATIONS COMMAND AND NAVAL FACILITIES
ENGINEERING COMMAND ACTIVITIES (AUDIT REPORT N2009-0014)**

Ref: (a) NAVAUDSVC memo 7540, dated 29 March 2007
(b) SECNAV Instruction 7510.7F, "Department of the Navy Internal Audit"

1. The report provides results of the subject audit announced in reference (a). Section A of this report provides our findings and recommendations, summarized management responses, and our comments on the responses. The complete text of management responses from the Commander, Navy Installations Command (CNIC) and Commander, Naval Facilities Engineering Command (NAVFAC) is included as an Appendix to this report.

2. CNIC concurred with Recommendations 1, 2, 3, 7, 9, and 10. NAVFAC concurred with Recommendations 4, 5, 6, 8, 11, 12, and 13. NAVFAC partially concurred with Recommendation 14; however, the results of NAVFAC's limited review of Cellular Phone and Personal Digital Assistant questionable calls satisfied the intent of the recommendation. Recommendations 5, 8, 11, 12, 13, and 14 are considered closed. Recommendations 1, 2, 3, 4, 6, 7, 9, and 10 are considered open. Open recommendations are subject to monitoring in accordance with reference (b). Management should provide a written status report on the open recommendations within 30 days after target completion dates. Please submit correspondence in electronic format (Microsoft Word or Adobe Acrobat file) to the Assistant Auditor General for Installations and Environment Audits, [REDACTED], with a copy to the Director, Policy and Oversight, [REDACTED]. Please ensure that the electronic version is on letterhead and includes a scanned signature.

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3. Any requests for this report under the Freedom of Information Act must be approved by the Auditor General of the Navy as required by reference (b). This audit report is also subject to followup in accordance with reference (b).

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Subj: **CONTROL OVER WIRELESS DEVICES AT SELECTED COMMANDER,
NAVY INSTALLATIONS COMMAND AND NAVAL FACILITIES
ENGINEERING COMMAND ACTIVITIES (AUDIT REPORT N2009-0014)**

4. We appreciate the cooperation and courtesies extended to our auditors.



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Executive Summary

Overview

In September 2005, the Department of the Navy Chief Information Officer (DON CIO) issued a policy memorandum on the issuance, use and management of Government-provided cellular (cell) phones, data equipment, and services. It was intended to enhance the cost-effective use of cell phone services. In October 2006, the Chief of Naval Operations issued an instruction referencing the DON CIO policy, and stating that cell phones and personal digital assistants (PDAs) must be accounted for in the same manner as minor (pilferable) property.

In response to the DON 2007 Risk and Opportunity Assessment, the Naval Supply Systems Command, Bureau of Medicine and Surgery, Naval War College, and other commands, identified a lack of controls over wireless devices as a high risk area, stating that without comprehensive guidance and controls over wireless¹ devices, sensitive or classified information may be compromised. Wireless technology could provide our adversaries with a potent means to obtain, correlate, and evaluate an unprecedented volume of information that, when combined with information from other sources, increases the vulnerability of DON systems, information, and missions.

In March 2007, we announced an audit to verify that DON policies to improve accountability and management of wireless devices were effectively implemented. Based on initial audit research and meetings with DON CIO personnel, we limited our audit scope to cell phones and PDAs, as they were used widely and subject to loss. Also, the then-DON CIO legal counsel expressed concern that inventories of cell phones and PDAs were not centralized and wanted DON to get a better value for its wireless service. Another concern was related to training for the use of wireless devices.

Using vendor reports provided by the Fleet and Industrial Supply Center San Diego, CA (FISCSD) Regional Contracting Department, we identified the Commander, Navy Installations Command (CNIC) and Commander, Naval Facilities Engineering Command (NAVFAC) as the Navy Echelon II commands with the highest number of cell phone and PDA active/open lines. We reviewed cell phone and PDA personal property (inventory) records, Fiscal Year (FY) 2007 Information Assurance Awareness (IA) training records,

¹ Wireless devices include, but are not limited to: commercial wireless networks and Portable Electronic Devices such as laptop computers with wireless capability, cellular/Personal Communications System devices, audio/video recording devices, scanning devices, remote sensors, messaging devices, PDAs/BlackBerry® and any other commercial wireless devices capable of storing, processing, or transmitting information. [Excerpt from DoD Directive 8100.2, Sec. 2.3]

and 2007 wireless vendor invoices for these commands, and selected subordinate activities.

A June 2004 Government Accountability Office (GAO) audit report “Vendor Payments: Inadequate Management Oversight Hampers the Navy’s Ability to Effectively Manage its Telecommunication Program” (GAO-04-671), and a 1997 Naval Audit Service audit report “Management and Use of Navy Cellular Telephones” (041-97), identified issues with the Navy’s acquisition and use of cell phones.

Reason for Audit

The objective of the audit was to verify that DON policies to improve accountability and management of wireless devices were effectively implemented.

Control over wireless devices was identified as an area of concern in the FY 2007 DON Risk Assessment.

Noteworthy Accomplishments

In September 2007, the Deputy Chief of Naval Operations (DCNO) (Code N6), as part of its “Cellular Optimization Initiative,” issued a Naval administrative message reporting that the Navy was paying more than \$3.8 million per year for unused cell phone lines. The zero-usage lines were identified by servicing cellular providers. Information on the DCNO N6 “Cellular Optimization Initiative” and the unused lines was posted on the Navy Knowledge Online (NKO) Web site. NKO provided cellular vendor information from FISCSD and the Navy Marine Corps Intranet (NMCI) contracts that listed all cellular lines (voice or data) dormant in excess of 6 months. Commands and installations were requested to use this vendor-provided data, or execute at their own initiative, the termination of all cellular lines (voice or data) that had not been used in the past 6 months. Any line dormant less than 6 months would be switched to a pay-as-you-go rate. This was the first of several Navy initiatives taken to reduce overall wireless costs. We reviewed the DCNO N6 NKO posted data that showed CNIC and NAVFAC would annually save \$332,892 and \$247,325, respectively, if their vacant lines were disconnected. Both commands generally agreed with the DCNO N6 information posted on NKO, and determined a number of zero-usage lines would be disconnected or reassigned. During audit status briefings with CNIC and NAVFAC personnel on 12 December 2007 and 12 February 2008, respectively, the CNIC N6 Headquarters’ (HQ’s) wireless device manager from San Diego said that 600 to 700 of their dormant lines (about 1,250 lines were reported by DCNO N6 on NKO) would be disconnected. The NAVFAC Assistant CIO for Enterprise Acquisition said he

significantly reduced the number of 300 dormant devices reported on NKO. We did not verify that the lines were, in fact, disconnected.

Conclusions

Although the CNO and DON CIO issued DON-wide guidance governing the issuance, use, and management of Government-issued cell phones and PDAs, and CNIC and NAVFAC issued similar guidance, based on our audit results (and due to a need for improved internal controls), CNIC and NAVFAC did not fully implement these policies and procedures to improve accountability and management of cell phones and PDAs. For example, CNIC, Naval District Washington and Navy Region Southwest, and NAVFAC HQ, Washington and Southeast regions, did not: (1) maintain accurate, complete, and up-to-date inventory records of cell phones and PDAs; (2) ensure all cell phone and PDA users completed required IA (security) training; and/or (3) conduct periodic assessments of cell phone and PDA usage to identify minimal, overage, or zero-usage of cell phone and PDA lines, and unauthorized calling patterns or potential abuse. Without proper controls to fully implement DON policies and procedures, CNIC and NAVFAC could not ensure their activities effectively issued, managed, and used cell phones and PDAs.

Communication with Management. After audit entrance conferences with CNIC on 8 May 2007 and with NAVFAC on 11 April 2007, we kept CNIC and NAVFAC senior management informed of the conditions noted. Specifically, in addition to various telephone and e-mail communication of audit results, we held: audit status meetings with CNIC Deputy CIO for N65 on 12 December 2007 and with NAVFAC Assistant CIO for Enterprise Acquisition on 18 September 2007 and 12 February 2008; and discussed the draft report with CNIC Deputy CIOs for N65 and (Acting CIO) N64 on 17 September 2008 and with NAVFAC Assistant CIO for Enterprise Acquisition by telephone and e-mail during August and September 2008.

Federal Managers' Financial Integrity Act

The Federal Managers' Financial Integrity Act (FMFIA) of 1982, as codified in Title 31, United States Code, requires each Federal agency head to annually certify the effectiveness of the agency's internal and accounting system controls. In our opinion, the conditions noted in this report are control weaknesses but may not be systemic enough to warrant reporting in the Auditor General's annual FMFIA memorandum identifying management control weaknesses to the Secretary of the Navy.

Corrective Actions

To improve accountability and management of Government-provided cell phones and PDAs, we recommended CNIC and NAVFAC:

- Establish controls and provide oversight to ensure that cell phones and PDAs are accounted for as minor pilferable property as required by OPNAVINST 2100.2A verifying (as required by SECNAVINST 7320.10A) that subordinate activities use a claimancy-mandated personal property system, perform required periodic physical inventories, ensure data is accurate and complete, and submit physical inventory completion letters to their headquarters commands.
- Require their regions and activities to reconcile, at least quarterly, cell phone and PDA inventory records with their wireless vendors' reported subscriber active/open cell phone and PDA lines to identify discrepancies or mismatches, and take appropriate corrective action.
- Establish controls to ensure regional and activity cell phone and PDA users surrender their Government-provided wireless devices to a designated official upon termination or transfer, as required by DON CIO and NAVFAC policy.
- Establish controls and provide oversight to ensure cell phone and PDA users complete initial and refresher IA training, and training completion is documented.
- Establish controls and provide oversight to ensure appropriate personnel review vendor invoices and conduct usage assessments on at least a monthly basis, for payment certification and detection of minimal, overage or zero-usage, or unauthorized calling patterns and abuse of Government-provided cell phones and PDAs, and take appropriate action (including referral to the Command Inspector General as appropriate) if problems are noted.

We also recommended that NAVFAC:

- Provide wireless device managers, regional phone coordinators, or designated representatives, at least monthly, with cell phone and PDA usage and vendor invoice detail data.
- Confirm whether the 30,055 minutes of questionable calls identified in this report were authorized or unauthorized, and communicate results of the review to the Naval Audit Service.

CNIC concurred with all recommendations. NAVFAC concurred with all recommendations, partially concurring with Recommendation 14. The results of NAVFAC's limited review of cell/PDA questionable calls satisfied the intent of Recommendation 14. Section A contains summarized CNIC and NAVFAC responses and our comments. Section B provides the status of each recommendation. Exhibit D elaborates on our comments to NAVFAC responses. The Appendices contain the complete text of management responses.

Section A:

Findings, Recommendations, and Corrective Actions

Finding 1: Management of Cellular Phone and Personal Digital Assistants

Synopsis

Within the selected activities reviewed, the Commander, Navy Installations Command (CNIC) and Naval Facilities Engineering Command (NAVFAC) did not maintain comprehensive, accurate, and up-to-date personal property (inventory) records over Government-provided cellular (cell) phones and personal digital assistants (PDAs) in accordance with Chief of Naval Operations and Secretary of the Navy (SECNAV) Instructions, and contrary to Department of the Navy (DON) Chief Information Officer (CIO) guidance. Specifically, we found that:

- CNIC and NAVFAC activity inventory records of cell phone and PDA active/open lines differed significantly from the Fleet and Industrial Supply Center, San Diego, CA (FISCSD) usage, equipment, and subscriber reports (hereafter referred as active/open line vendor reports) and the Navy Marine Corps Intranet (NMCI) mobile device listings of cell phones and PDAs. The FISCSD and NMCI subscriber reports and listings were based on active/open line information provided by the three wireless vendor contractors serving those commands;
- NAVFAC activity inventory records of cell phones and PDAs were inaccurate, incomplete, and/or inconsistent with NAVFAC HQ, Washington, DC, and Southeast (SE) regions, and/or activities record layouts or database structures; and
- CNIC and NAVFAC activities did not implement checkout procedures requiring personnel terminated or transferred to turn in their Government-provided cell phones or PDAs.

The conditions noted occurred because CNIC and NAVFAC efforts toward centralizing and consolidating the ordering, distribution, and payment of cell phones and PDAs had not been completed at the time of our audit. Also, at a selected CNIC region, inventory record mismatches were caused by regions shifting cell phone and PDA phone lines among vendors, and/or shifting from landline phones to cell phone lines and returning to landlines. At NAVFAC, some regions and activities were consolidating their wireless service plans with the vendors, as well as transferring CNIC personnel to NAVFAC activities, and grouping their field activities. While selected CNIC regions did not have

policy to address personnel turning in cell phones or PDAs during checkout, selected NAVFAC regions did not enforce existing applicable checkout procedures. Without comprehensive, accurate, and up-to-date cell phone and PDA inventory records and controls that identify personnel to a Government-provided cell phone or PDA, CNIC and NAVFAC cannot effectively manage the acquisition, distribution, security, and use of cell phones and PDAs.

Discussion of Details

Background

A Government Accountability Office (GAO) report, “Vendor Payments: Inadequate Management Oversight Hampers the Navy’s Ability to Effectively Manage its Telecommunication Program” (GAO-04-671) of June 2004, included an assessment of the Navy’s oversight and controls over its telecommunication program. The report said that the Navy did not have the detailed cost and inventory data needed to evaluate spending patterns and leverage its buying power to provide assurance cell phone requirements were met in the most cost-effective manner. GAO recommended the Navy develop and maintain a comprehensive inventory of the Navy’s base telecommunications equipment and services. In response to the GAO report, DON issued policy guidance on the issuance, use, and management of Government-provided cell phones, data equipment, and services. The policy was intended to enhance the cost-effective use of cell phone services. In a 28 March 2008 response to the Navy Inspector General’s followup on the GAO report recommendations, DON CIO said that a consolidated SECNAV Instruction (SECNAVINST) 2060.X, “Policy for the [DON] Management of Telecommunications Systems and Services,” was in draft form with components of the instruction mandating specific improvements in the matters highlighted by the GAO report. The DON CIO response did not provide a completion date for the instruction, but said that policy memoranda regarding specific areas of telecommunications would be issued by the 4th quarter of 2008.

According to the Assistant Secretary of the Navy (Research, Development, and Acquisition) (ASN (RD&A)) policy memorandum of March 2005, FISCSD and NMCI held the only DON wireless contractual vehicles for mobile phone and data equipment and services.² In our April 2007 entrance conference with DON CIO personnel, including the then-legal counsel, we were referred to FISCSD to obtain a list of DON cell phones or delivery orders to use during our audit. We contacted FISCSD and NMCI to obtain a comprehensive list of cell phones and PDAs issued across DON. We found that FISCSD and NMCI did not maintain cell phone and PDA inventory records. However,

² Chief of Naval Operations Instruction 2100.2A of 4 September 2008, states that, per this ASN (RD&A) memorandum, only nationwide DON multiple award wireless contracts awarded by FISCSD or NMCI shall be used to obtain CONUS wireless communication support.

FISCSD and NMCI provided us with information for wireless devices ordered through the FISCSD Regional Contracting Department and NMCI.

Pertinent Guidance

SECNAVINST 7320.10A, “Department of the Navy (DON) Personal Property Policies and Procedures” of 1 April 2004, states that record keeping instruments shall be established for management purposes. The major claimants [budget submitting offices] should establish procedures to monitor usage of the claimancy personal property database to ensure activities are using the mandated system and that data is complete and accurate. The personal property managers should implement controls to ensure data is accurate and complete and should establish practices to ensure accountability is maintained. Additionally, the policy states that personal property records and/or systems shall provide a complete trail of all transactions, suitable for audit (i.e., a transaction-based history of asset activity, including individual additions and deletions).

Chief of Naval Operations (OPNAV) Instruction 2100.2A³ “Navy Policy and Procedures on the Issuance, Use and Management of Government-Owned Cellular Phones, Personal Digital Assistants and Calling Cards” of 4 September 2008, provides policy and procedures on the issuance, use, and management of Government-owned cell phones, PDAs, calling cards, and air cards by Navy personnel. The policy states that cell phones and PDAs must be accounted for in the same manner as minor (pilferable) property.

DON CIO memorandum “Department of the Navy Policy for Issuance, Use and Management of Government-Provided Mobile (Cellular) Phone, Data Equipment and Services, and Calling Cards” of 2 September 2005, provided guidance to improve accountability and management of Government-issued cell phone, data equipment, and services. It also provided an opportunity for significant savings, and the establishment of improved management controls. This policy states that accurate and up-to-date inventories and inventory controls are to be maintained for all Government-provided cell phones. It also requires personnel to surrender their Government-provided cell phones upon termination or transfer.

ASN (RD&A) memorandum “Department of the Navy Acquisition Policy on Mobile Phone and Data Equipment and Services” of 7 March 2005, states, “The DON is engaged in reducing the costs of handheld wireless communications services. Centralizing acquisition will reduce overall mobile phone and data equipment and services costs by streamlining procurement and administration processes and by facilitating tracking, monitoring and oversight of wireless communication usage and costs.” It requires that only the nationwide DON wireless contracts awarded by FISCSD

³ OPNAV Instruction 2100.2A retained all requirements from cancelled OPNAV Instruction 2100.2 of 2 October 2006, and added requirements for procurement specifications while expanding coverage to air cards.

or NMCI contracts were to be used to obtain Continental United States (CONUS) wireless communication support. The ASN (RD&A) policy also provides guidance on the procurement of mobile phone, data equipment, and services. The policy is intended to create a more cost-effective procurement process.

Additional guidance is provided in Exhibit A.

Audit Results

We learned that, at selected CNIC and NAVFAC regions and activities, the management of cell phone and PDA inventories needed improvement. Using FY 2006 active/open line vendor reports provided by FISCSD, we identified CNIC and NAVFAC as the top two Navy Echelon II commands with the highest number of active/open cell phones and PDA lines for review.⁴ Out of 41,971 devices DON-wide, per FY 2006 FISCSD vendor reports, CNIC and NAVFAC had about 8,632 and 3,531 devices respectively. To determine if selected CNIC and NAVFAC activities maintained accurate, up-to-date and complete inventories of Government-provided cell phones and PDAs, as required by DON CIO policy, in accordance with SECNAV and OPNAV instructions, we:

- (1) reviewed their inventory records as of May and April 2007, respectively;
- (2) conducted a user survey at NAVFAC to verify cell phone/PDA information (i.e. user name and work or office location) in command records; and (3) compared the number of active/open lines by personal telephone number (PTN) from commands' cell phone and PDA inventory records with FISCSD and NMCI active/open line vendor reports.

Based on the audit results discussed below, we determined that the CNIC and NAVFAC activities reviewed did not implement controls to ensure data in their cell phone and PDA property records were accurate or provided an audit trail of all transactions affecting the records as required by SECNAV guidance. Also, they did not establish practices to ensure accountability over cell phones and PDAs as minor (pilferable) property was maintained as required by OPNAV guidance.

Cellular phone and PDA Inventory Mismatches

CNIC's and NAVFAC's May and April 2007 active/open line cell phone and PDA inventory records differed significantly from the wireless vendor information of active/open lines provided to us by FISCSD and NMCI. In order to reconcile the mismatches between command and FISCSD/NMCI active/open line data, we judgmentally selected cell phone/PDA active/open lines at the CNIC and NAVFAC regions and activities shown in Table 1, based on their number of cell phones and PDAs, number of mismatches, and/or local proximity of the activities to each other, for review.

⁴ See Exhibit B for our methodology for selecting CNIC and NAVFAC for review.

Table 1 summarizes the mismatches we identified for the selected cell phone/PDA active/open lines at the CNIC and NAVFAC regions and activities reviewed.

Table 1 CNIC/NAVFAC Cell Phone/PDA Inventory Records and FISCSD (FY 2006) and NMCI (as of April 2007) Mismatches		
Selected Navy Region/Activity Reviewed	Activity Cell Phone/PDA Active/Open Lines⁵	Lines Not Matched To FISC/NMCI Data
CNIC-Navy Region Hawaii (NRH)	336	158 (47%)
CNIC Naval District Washington (NDW)	491	48 (10%)
CNIC-Navy Region Southwest (NRSW)	1327	30 (2%)
NAVFAC Headquarters (HQ)	146	31 (21%)
NAVFAC Washington	553	115 (21%)
NAVFAC SE-wide	641	203 (32%)
NAVFAC SE–Public Works Department (PWD) Pensacola	68	41 (60%)
NAVFAC SE-PWD Panama City	20	17 (85%)

We interviewed CNIC HQ, NRH, and selected NAVFAC regional and activity personnel, and requested supporting documentation to account for their mismatches. The CNIC HQ Telecommunications contractor indicated that active/open line cell phone and PDA inventory record mismatches at CNIC NRH were probably caused by regions shifting cell phone/PDA lines among vendors, and/or landline phones being switched to cell phone lines and returned to landlines. According to NAVFAC personnel, mismatches were caused by CNIC personnel transferring to NAVFAC, timing differences between cell phone and PDAs ordering/purchasing/distribution and activation dates, and because some activities were in the process of consolidating their wireless contract accounts with their vendors. Additionally, the NAVFAC HQ CIO Assistant for Enterprise Acquisition said that in 2006 NAVFAC was using different contracts and it was not until 2007 that they started to centralize inventory records and ordering. This process had not been completed at the time of our audit. Because CNIC NDW and NRSW mismatches were low, we did not do any further review to determine the reason(s) for their mismatches.

We attempted to validate the various reasons given by CNIC and NAVFAC personnel for the mismatches by requesting cell phone/PDA activation dates, delivery orders, and other supporting documentation. However, the supporting documentation was either not provided, or was insufficient to reconcile the mismatches. Information provided by CNIC N6 (HQ) wireless device manager (WDM), and CNIC NRH cell phone

⁵ CNIC numbers only represent cell phone lines.

coordinator, was not detailed enough to complete a satisfactory reconciliation. Also, the NAVFAC Washington telecommunication manager (TM), for example, was not able to provide us the requested detailed information needed to reconcile the mismatches. After following up on our requests for the information, the TM indicated that all available information was provided.

Inaccurate/Incomplete/Inconsistent Inventory Records

CNIC and NAVFAC efforts toward developing comprehensive and centralized cell phone and PDA inventories were still in the early stages at the time of our audit. These efforts included centralizing and consolidating ordering and distributing payments for wireless devices as a result of DON CIO policy, which requires Navy and Marine Corps commands to maintain accurate, up-to-date inventories of all Government-provided cell phones to include identification of personnel to whom a device was issued. Also, OPNAV Instruction 2100.2A (which references the DON CIO policy) states that cell phones and PDAs must be accounted for in the same manner as minor (pilferable) property, with SECNAV Instruction 7320.10A requiring the data in the personal property records to be accurate and complete.

CNIC Cell Phone policy of November 2004, CNIC PDA Policy of August 2003, and NAVFAC Cell Phone and PDA policy of June 2007, updated 27 November 2007, generally addressed the inventory requirements established by DON CIO policy for the issuance, use, and management of Government-provided cell phones and PDAs. However, the command policies did not clearly establish responsibilities for developing and maintaining accurate, complete and up-to-date inventory records of Government-provided cell phones and PDAs to include identification of the users, as required by paragraph 6.a.(2) of the DON CIO policy. To determine the accuracy and completeness of selected CNIC and NAVFAC cell phone and PDA inventory records, we attempted to conduct user surveys to verify cell phone/PDA active/open line information such as user name and work or office location.

CNIC

We did not conduct a user survey at CNIC NRH and NRSW regions and/or activities, because they were unable to provide us with complete cell phone and PDA user names in a timely manner. In response to several requests for the names, the CNIC HQ N6 WDM explained that they assigned cell phones to a position and not to an individual, although each position should have at least one user name attached. Cell phones were assigned to the specific operational organization, which may have up to three different users on any given day. While the CNIC HQ N6 WDM offered to support our requests for more detailed information, they were only able to provide partial user name data as of September 2008.⁶ For CNIC NDW, we did not conduct a user survey because they had

⁶ See the Scope section of Exhibit B for discussion of requested information.

already conducted their own user survey in January 2007 to validate 177 of about 600 cell phone and PDA lines listed in their cell phone and PDA inventory records. We reviewed the CNIC NDW WDM survey results which showed 86 phone lines were deleted from the CNIC NDW inventory. The WDM provided reasons for deletion of the cell phone and PDA lines from CNIC's inventory, which included the transfer of users, inactive or personal lines, and no response to calls made to the line after several attempts.

NAVFAC

We conducted a user survey to verify cell phone/PDA information (i.e. user name and work or office location) in NAVFAC inventory records. To conduct our user survey, we judgmentally sampled⁷ 235 (30 percent) of 787 active/open lines at NAVFAC HQ, SE, and Washington. Table 2 provides a summary of our user survey results. As Table 2 shows, NAVFAC region and activity cell phone inventory records contained inaccurate information (i.e., user names on record were no longer the actual user, or lines were transferred to other users).

Table 2: User Survey Results Of Selected NAVFAC Regions and Activities Active/Open Cell Phone and PDA Lines	
Active/Open Lines per Command Records	Cell Phones Called
Washington	72
HQ	75
PWD Pensacola	68
PWD Panama City	<u>20</u>
Total lines	235
Total lines called to validate commands records	
	235 (30% of 787)
Lines matched command data	
	134 (57% of 235)
Lines where responses did not match command data (the devices were recently transferred to new employees or there was no service for the line)	
	37 (16% of 235)
Lines Unanswered (users did not respond to our survey after three attempts) ⁸	
	64 (27% of 235)
Total lines reviewed	
	235

We also reviewed the activity cell phone and PDA inventory records associated with the Table 2 active/open lines which showed the following:

⁷ The user survey sample was based on the lines sampled for our usage assessment discussed in Finding 3.

⁸ In each case, we left a voice mail identifying the auditor making the call as a Naval Audit Service employee, and leaving a call-back number.

- For the 146 NAVFAC HQ active/open lines, the inventory records included six cell phones without model numbers, 90 PDAs without model numbers,⁹ and 3 people in custody of 21 devices.
- NAVFAC Washington inventory records included 24 personal telephone numbers (PTNs) not associated with actual users, all 527 cell phone records (26 of the 553 lines were for PDAs) lacked model numbers, four PDAs did not have PTNs listed, one PDA did not include a model number, and five cell phones/PDAs were not associated with any particular wireless vendor. Also, NAVFAC Washington's inventory records included 44 cell phones and PDAs identified as vacant, motor pool phone, NMCI or Patuxent River Duty Office (not assigned to an individual), and had 20 cell phones and PDAs with duplicate user names or multiple device users. DON CIO policy states that Navy Commands shall maintain an accurate, up-to-date inventory of all Government-provided cell phones to include identification of personnel to whom a device was issued.
- NAVFAC PWD Pensacola and PWD Panama City inventory records were complete and included user names, PTNs, fund source, Information Assurance training completion, work phone numbers, and e-mail addresses of cell phone users.

Our review of NAVFAC cell phone and PDA inventory records also showed there was an inconsistent record layout or database structure among the NAVFAC HQ, Washington, and selected SE region activities. Common data elements included PTNs, user names, vendor name and fund source, while the Subscriber Identification Module, International Mobile Equipment Identity, and Model Number were not consistently recorded in the inventory records.

According to NAVFAC HQ's Assistant CIO for Enterprise Acquisition, NAVFAC Washington's CIO, and NAVFAC SE's CIO, these conditions occurred as a result of NAVFAC's efforts to develop comprehensive and centralized inventory records which were in the early stages. CNIC PWDs were in the process of transferring over to NAVFAC, and NAVFAC HQ reported that many data calls requested from the activities were not accurate so discrepancies would occur until all of the wireless devices were completely centralized.

Other Inventory Control Issues

SECNAV Instruction 7320.10A, paragraph 4.b(2)(f), states that personal property managers shall ensure accountability of personal property is maintained, i.e. personnel turnovers are monitored and changes to the accountability information in the database are

⁹ PDA model numbers were not included on original inventory records provided on 22 May 07, but were subsequently provided on 20 June 2007.

updated. Paragraph 8.c states that major claimant activities [budget submitting offices] are responsible for implementing and complying with personal property policies and procedures, and for providing oversight for personal property management within their claimancies to include: assurance that physical inventories are conducted properly/as required, the claimancy personal property database data is accurate, and asset accountability is maintained. DON CIO policy memorandum paragraph 4.b (6) requires personnel to surrender their cell phones to the proper designated official upon termination or transfer.

However, the CNIC cell phone policy memorandum of November 2004, and CNIC PDA policy memorandum of August 2003 to regional commanders, did not identify cell phone user responsibilities for surrendering their Government-provided cell phone upon termination or transfer. The CNIC NDW policy for cell phone usage required individuals departing NDW or transferring to a position that no longer qualified for a Government-provided cell phone, to return the phone and peripherals to the Information Technology Program Office. However, the Navy Support Facility Dahlgren, VA Administrative Officer (AO) for CNIC NDW said they had no check-out system for military personnel that required them to return their phones upon leaving the command. The AO said that, in at least one instance, a military member deployed and left the cell phone for their spouse to use. The AO also said that there were other instances where individuals left cell phones with their replacements, did not notify the administration office of the switch, and the new cell phone holder did not sign for the phone or complete required authorization paperwork. The CNIC NRH Communication Branch Leader said that turning in cell phones was not part of the command's check out procedures, but he keeps up with personnel as they come in and out. The Branch Leader also said that commands are not diligent in notifying him about changes and that once he had a cell phone taken to Europe with the transferring individual. We did not inquire if similar incidents occurred at the CNIC NRSW region and its related activities.

The NAVFAC cell phone and PDA policy of June 2007 addressed the requirements established in the DON CIO policy with regard to user responsibility for surrendering the device upon termination or transfer. However, NAVFAC Washington reported instances of cell phones without any usage because the user had left the command without notifying the CIO office.

Recommendations and Corrective Actions

We recommend that CNIC:

Recommendation 1. Establish controls and provide oversight to ensure that cell phones and PDAs are accounted for as minor (pilferable) property as required by OPNAVINST 2100.2A verifying (as required by SECNAVINST 7320.10A) that subordinate activities use a claimancy-mandated personal property database/system, perform required periodic physical inventories, ensure data is accurate/complete, and submit physical inventory completion letters to CNIC headquarters.

Management response to Recommendation 1. Concur. CNIC N6 will implement use of Total Workforce Management Systems (TWMS) and its embedded dB asset management system, and NMCI Enterprise Tool (NET), and/or Remedy. Final cell phone data will be loaded to TWMS by 28 February 2009 for total CNIC and region workforce, with immediate use by all activities. Target completion date: 1 March 2009. NET has all NMCI related asset information, and Remedy may be used in FY 2010.

Naval Audit Service comment on management response to

Recommendation 1. In subsequent communication dated 20 November 2008, CNIC supplemented their response stating HQ CNIC will use these tools while establishing controls and providing oversight to verify subordinate activities perform periodic physical inventories, ensure data is accurate/complete, and submit physical inventory completion notification back to CNIC HQ. Actions planned by CNIC satisfy the intent of the recommendation.

Recommendation 2. Require its regions and activities to reconcile, at least quarterly, their cell phone and PDA inventory records with their wireless vendors' reported active/open cell phone and PDA lines to identify discrepancies or mismatches between the command and vendor records and take appropriate corrective action (i.e. discontinue the wireless service for unused lines or obtain reimbursement for any incorrect charges).

Management response to Recommendation 2. Concur. All regions will submit quarterly reports to CNIC N63 (CNIC N65 for NMCI devices) for further action, and perform monthly reconciliations with vendor invoices. Status: Regions will submit quarterly reports after reconciliation of the December, March, June, and September vendor invoices; or at other additional times as directed by CNIC N63 and/or N65 for NMCI devices. Target Completion date: 1 April 2009.

Naval Audit Service comment on management response to Recommendation 2. Actions planned by CNIC satisfy the intent of the recommendation.

Recommendation 3. Revise CNIC cell phone/PDA policy memorandums to require regional and activity cell phone and PDA users to surrender their Government-provided wireless devices to a designated official upon termination or transfer, as required by DON CIO policy.

Management response to Recommendation 3. Concur. CNIC cell phone/PDA memorandum is under revision already to include this provision among others. Target completion date: 31 December 2008.

Naval Audit Service comment on management response to Recommendation 3. Actions planned by CNIC satisfy the intent of the recommendation.

We recommend that NAVFAC:

Recommendation 4. Establish controls and provide oversight to ensure that cell phones and PDAs are accounted for as minor (pilferable) property, as required by OPNAVINST 2100.2A verifying (as required by SECNAVINST 7320.10A) that subordinate activities use a claimancy-mandated personal property data base/system, perform required periodic physical inventories, ensure data is accurate/complete, and submit physical inventory completion letters to NAVFAC headquarters.

Management response to Recommendation 4. Concur. NAVFAC has adopted a portal-based wireless device/service management/inventory tool for use by all activities, as allowed by SECNAVINST 7321.10A criteria for accountable and separate records. Activity wireless POCs maintain the data, editing if/when changes are made with respect to devices and/or lines of service. Submission of physical inventory completion letters will be required from all NAVFAC activities on an annual basis. Target completion date for having all data loaded and complete is 31 December 2008.

Naval Audit Service comment on management response to Recommendation 4. Actions planned by NAVFAC satisfy the intent of the recommendation.

Recommendation 5. Require its regions and activities to reconcile, at least quarterly, their cell phone and PDA inventory records with their wireless vendors' reported active/open cell phone and PDA lines to identify discrepancies or mismatches between the commands and wireless vendor records, and take appropriate corrective

action (i.e. discontinue the wireless service for unused lines or obtain reimbursement for any incorrect charges).

Management response to Recommendation 5. Concur. With better reports from our vendors, this recommendation has been completed. Initially there was a problem with converting to the FISC contract that made it difficult to get the records from the vendor. Unused lines have been disconnected and billing errors, when found, are corrected with the vendor. Ordering rules have been promulgated to enforce these actions.

Naval Audit Service comment on management response to Recommendation 5. Actions taken by NAVFAC satisfy the intent of the recommendation. This recommendation is closed as of the date of the management response letter, 30 October 2008.

Recommendation 6. Establish controls and provide oversight to ensure regional and activity cell phone and PDA users surrender their Government-provided wireless devices to a designated official upon termination or transfer as required by DON CIO and NAVFAC policy.

Management response to Recommendation 6. Concur. This requirement will be added to the NAVFAC Business Management System (NAVFAC's standard process repository) process for checking out. Target completion date for this corrective action is 1 January 2009.

Naval Audit Service comment on management response to Recommendation 6. Actions planned by NAVFAC satisfy the intent of the recommendation.

Finding 2: Completion of Information Assurance Awareness Training

Synopsis

CNIC and NAVFAC regions and activities reviewed did not fully meet FY 2007 Department of Defense (DoD) and DON IA Awareness security training completion goals for Navy information technology users. The DoD IA Directive 8570.01 requires all users of DoD information systems to receive initial IA orientation training as a condition of access to information systems, and to complete annual IA refresher awareness training. Also, Navy Telecommunication Directive 01-07 required 96 percent of all users of information systems complete 2007 annual IA refresher training by 1 July. However, at the commands' headquarters, regions, and activities reviewed, we found that completion of IA training by cell phone and PDA users ranged from only 54 to 83 percent by 1 July 2007. According to a CNIC training manager, this condition was caused by personnel not being aware of the DoD and DON requirements that authorized users of DoD information systems, complete IA training on an annual basis. NAVFAC personnel cited a system "glitch" and delays in system updates for personnel recently transferred or hired, as reasons training records were incomplete. As noted in DON guidance, personnel are the critical factor in network security and not accomplishing annual IA refresher training introduces unnecessary operational risk into DON information systems.

Discussion of Details

Background

The Federal Information Security Management Act of 2002 requires effective controls over information security. The first step in obtaining control is by requiring initial and annual refresher IA training for all Navy information technology users. In a 26 April 2007 audit entrance conference with DON CIO personnel, the then-DON CIO legal counsel expressed concern regarding training for using wireless devices. The legal counsel said that having more wireless device choices made it harder for DON to centralize security training. The legal counsel also said that, at the time, the only centralized training required was the "DoD Information Assurance Awareness" training.

Pertinent Guidance

DoD Directive 8570.01, "Information Assurance Training, Certification, and Workforce Management" of 15 August 2004, established policy and assigned responsibilities for DoD IA training and certification. The directive requires all authorized users of DoD information systems to receive initial IA orientation as a condition of access, and thereafter must complete annual IA refresher awareness training.

The certification status of DoD component IA training is required to be documented and tracked in personnel databases as an element of mission readiness and a management review item.

DON CIO memorandum, “Department of the Navy Policy For Issuance, Use and Management of Government-Provided Mobile (Cellular) Phone, Data Equipment and Services, and Calling Cards” of 2 September 2005, provides guidance governing the issuance, use, and management of Government-provided cell phones, data equipment, and services. It is intended to enhance the cost-effective use of cell phone services, and ensure Navy and Marine Corps personnel have received security training commensurate with their duties, responsibilities, and anticipated use of their cell phones.

Navy Telecommunication Directive ALCOM 017/07, “Annual IA/Awareness Refresher Training Requirements” of 1 February 2007, required all authorized information system users to complete annual IA Awareness refresher training no later than 1 July 2007. All Echelon II commands were to provide bimonthly status completion reports to the Naval Network Warfare Command (NETWARCOM). It also required that a minimum of 96 percent of DON personnel with authorized access to information systems must complete annual IA training to meet the annual DoD requirement.

Audit Results

To verify CNIC and NAVFAC compliance with DoD and DON FY 2007 IA training requirements, we contacted their headquarters, region, and/or activity IA training coordinators, and requested information on IA training requirements and records of individual completion of required IA training. Our review of the information provided, showed the following:

CNIC

We requested IA training completion information for CNIC NDW personnel. To obtain IA training completion certificates, user names were needed to be able to extract training information from the Navy Knowledge Online (NKO) Web site and the Total Workforce Management System (TWMS). Since the CNIC NDW IA training coordinator could not provide us an IA training completion rate specific to cell phone and PDA users, we extracted names from the CNIC NDW cell phone inventory list to verify NDW personnel IA training completion. During October 2007, we requested cell phone user names for CNIC NRH and NRSW from the CNIC HQ WDM. The WDM was hesitant to send us the user names because he said that the individuals were operational employees. In September 2008, partial cell phone and PDA user name data was provided in response to our August 2008 follow-up request. CNIC was unable to provide documentation supporting the status of each cell phone and PDA user’s completion of the FY 2007 IA

training requirement to us.¹⁰ Thus, we were unable to determine whether CNIC NRH and NRSW personnel with cell phones or PDAs completed the FY 2007 IA training requirement.

At CNIC, completion rates specifically for all cell phones and PDA users were not available. Thus, to test IA training completion at CNIC NDW, we selected the first 56 unique names of 680 names on the cell phone inventory list provided by CNIC NDW WDM, and requested FY 2007 IA completion certificates for these cell phone users from the NDW IA Manager. We were provided a list of 46 users who completed the training, but we received only 42 (75 percent) of 56 individual training completion reports with only 40 (71 percent) of 56 cell phone/PDA users completing the IA training by the 1 July 2007 deadline. The IA training coordinator said that there was no IA training documentation for 10 individuals because they left CNIC NDW prior to 1 July 2007 without completing IA training.

Additionally, the CNIC Deputy CIO/IA manager said that it was difficult to accurately track who completed IA training, because NKO and TWMS were both used for recording training. If a person completed the training in NKO they needed to print the IA completion certificate then log into TWMS and check to see if it was recorded. Since CNIC did not maintain copies of IA completion certificates, the CNIC IA manager said there was no way for him to go into NKO and see who had or had not completed the training. Also, according to a CNIC training manager, personnel were probably not aware of the DoD and DON requirements that authorized users of DoD information systems must complete IA training on an annual basis.

NAVFAC

At NAVFAC HQ, Washington, and selected SE activities, IA training records were available through NKO, the Navy Training Management and Planning System (NTMPS) and the Fleet Training Management and Planning System (FLTMPS). We obtained reports of NAVFAC personnel who completed FY 2007 IA training at each of the above activities. We compared this information to the list of cell phone and PDA users for each activity and determined their IA training completion rate.

NAVFAC HQ

The HQ Assistant CIO for Enterprise Acquisition provided us a 22 May 2007 NKO report and a 19 February 2008 NTMPS report of NAVFAC HQ personnel who completed FY 2007 IA training. Our analysis of the reports showed that only 59 (54 percent) of 109 cell phone and PDA users completed IA training during FY 2007 (all 59 by the 1 July 2007 deadline). A reason given by the manager for

¹⁰ See the Scope section of Exhibit B for discussion of requested information.

non-completion of the IA training was that the personnel no longer worked for NAVFAC HQ.

NAVFAC Washington

According to the NAVFAC Washington TM, most employees who had cell phones completed the IA training. Those who did not have access to NMCI were given an IA training compact disc to complete the required training. Our analysis of the FLT MPS Special Report, as of 31 July 2007, provided by the NAVFAC Washington TM, showed that only 297 (66 percent) of 453 cell phone and PDA users completed the required IA training, with only 293 (65 percent) of 453 users completing the IA training by the 1 July 2007 deadline. The TM stated that the training system had a “glitch,” and training was not recorded. We did not verify the assertion that there was a problem with the training system. However, the TM was unable to provide assurance that the training actually occurred.

NAVFAC SE

According to the NAVFAC SE CIO, individuals were responsible for providing hard copies of training certificates to the NAVFAC SE IA manager. Records of IA training completed through NKO or offline were contained within the FLT MPS database. The NKO training completion was connected with the FLT MPS database and the Defense Enrollment Eligibility Reporting System (DEERS) enrollment. According to the NAVFAC SE CIO, if a person was recently transferred or hired into NAVFAC SE’s Unit Identification Code, training information and documentation was not accessible by NAVFAC SE’s IA manager until it had been updated in DEERS. For this reason, training records would be incomplete.

For NAVFAC SE PWDs at Pensacola and Panama City, FL, we reviewed FLT MPS screen capture supporting documentation provided to us as of 31 July, 29 August, and 6 September 2007. We determined that 50 (75 percent) of 67 and 15 (83 percent) of 18 cell phone users in PWD Pensacola and PWD Panama City respectively, completed FY 2007 IA training by the 1 July 2007 deadline.

Overall, about 417 (64 percent) of 647 cell phone and PDA users at NAVFAC HQ, Washington, and PWDs Pensacola and Panama City completed the FY 2007 IA training by the 1 July 2007 deadline.

Thus, the IA training completion percentage at the CNIC and NAVFAC activities selected for review fell well below the FY 2007 Navy Telecommunications Directive requirement for a 96 percent IA completion rate. Personnel with authorized access to information systems, who have not completed the required IA training, introduce unnecessary operational risk into DON information systems.

Recommendations and Corrective Actions

We recommend that CNIC:

Recommendation 7. Establish controls and provide oversight to ensure cell phone and PDA users complete initial and refresher IA training (blocking access to the device, if necessary, until the user completes the IA training), and that training completion is documented as required by DoD and DON guidance.

Management response to Recommendation 7. Concur. TWMS will be used as the authoritative database for cell phones, as well as for documenting initial and refresher user IA training for all cell phones and PDAs. Target completion date: 30 September 2009.

Naval Audit Service comment on management response to Recommendation 7. Actions planned by CNIC satisfy the intent of the recommendation. In subsequent communication dated 12 December 2008, CNIC supplemented their response confirming CNIC will block access to devices of users not having completed the required IA training. Because the target completion date is more than 6 months from the date of publication of this report, we are assigning an interim date of 1 April 2009.

We recommend that NAVFAC:

Recommendation 8. Establish controls and provide oversight to ensure cell phone and PDA users complete the initial and refresher IA training (blocking access to the device, if necessary, until the user completes the IA training), and that training completion is documented, as required by DoD and DON guidance.

Management response to Recommendation 8. Concur. This action has been completed. All NAVFAC IT users are required to submit a System Authorization Access Request (SAAR) and complete IA training annually. NAVFAC's IA training accomplishment equals or exceeds 99 percent of the workforce (99 percent in FY 2007, 100 percent in FY 2008).

Naval Audit Service comment on management response to Recommendation 8. Actions taken by NAVFAC satisfy the intent of the recommendation. SAAR, OPNAV Form 5239/14 (July 2008), includes an employee certification of completion of annual IA training and date of IA training. SAAR also includes supervisor authorization for employee access to information systems. In subsequent communication dated 11 December 2008, NAVFAC supplemented their response confirming NAVFAC will block access to devices of users not having completed the required IA training. This recommendation is closed as of the date of the management response letter, 30 October 2008.

Finding 3: CNIC and NAVFAC Cell Phone and PDA Usage

Synopsis

At the selected CNIC and NAVFAC activities reviewed, there were opportunities to improve the management and use of Government-provided cell phones and PDAs to better comply with Chief of Naval Operations (CNO), DON CIO, and CNIC policies. Specifically, from our analysis of January through March 2007 cell phone/PDA invoice data, we found that:

- At CNIC and NAVFAC, more than half of the activities' lines reviewed either exceeded their allotted monthly minutes, or used less than 50 minutes, including inactive/zero-usage lines;
- NAVFAC cell phone and PDA users made unofficial or questionable phone calls, totaling about 30,000 minutes; and
- NAVFAC invoices reviewed contained miscellaneous billing errors.

These conditions existed because at the selected CNIC and NAVFAC activities reviewed, management never conducted periodic cell phone and PDA usage assessments as required by CNO and DON CIO policies to identify minimal/overage usage, inactive (zero-use) lines and unauthorized calling patterns or abuse, and/or did not provide detailed usage or invoice information to their activities for review. As a result, CNIC and NAVFAC regions and activities could be paying for unauthorized calls and erroneous charges, and overpaying for cell phone services.

Discussion of Details

Background

According to the Naval Audit Service report "Management and Use of Navy Cellular Telephones" (041-97) of June 1997, the Navy did not develop specific procedures and guidelines for the acquisition, accountability, and use of cell phones. As a result, cell phones were used to make unofficial or questionable phone calls. Also, GAO report "Inadequate Management Oversight Hampers the Navy's Ability to Effectively Manage Its Telecommunication Program" (GAO-04-671) of June 2004, determined that Navy sites lacked controls needed to ensure appropriate oversight and payment of telecommunications services, including a lack of policies for the cost-effective purchase and usage of cell phone services, and vendor payments were approved without appropriate review. The report prompted the CNO and DON CIO to issue cell phone and PDA policy guidance which are discussed in the Pertinent Guidance section.

During the course of our audit, we found some of the conditions noted above, still existed. For example, CNO, DON CIO, and CNIC issued specific guidance for managing the use of cell phones and PDAs, but the guidance was not fully implemented.

Pertinent Guidance

OPNAV Instruction 2100.2A “Navy Policy and Procedures on the Issuance, Use and Management of Government-Owned Cellular Phones, Personal Digital Assistants and Calling Cards” of 4 September 2008, defines authorized usage, reinforces that the Government will be reimbursed for unauthorized use, and requires the command to conduct monthly usage reviews and take corrective action where necessary.

DON CIO Memorandum “Department of the Navy Policy for Issuance, Use and Management of Government-provided Mobile (Cellular) Phone, Data Equipment and Services, and Calling Cards” of 2 September 2005, provides guidance governing the issuance, use and management of Government-provided mobile cellular phones, data equipment, and services. It also complements the Department’s strategic enterprise approach to the acquisition of cell phones services to ensure cost-effective acquisition and use of these services. The memorandum specifically requires commands to conduct periodic assessments of cell phone and PDA usage to identify unauthorized calling patterns and abuse.

CNIC “Policy and Procedures on the Use of Government Owned Cellular Phones” of 22 November 2004, provides policy and procedures on the use of Government-owned cell phones by its personnel. It states that cell phones will be used for authorized purposes, and conducting official Government business only when access to other telephone facilities is not possible.

CNIC “Personal Digital Assistance (PDA) Guidance” of 25 August 2003, establishes policy for allocation of selected information technology devices associated with the NMCI contract for Blackberries®, cell phones, and computers in the CNIC HQ environment. It states that only certain positions are eligible to receive a Government-provided PDA.

CNIC “Naval District Washington Instruction 2060.2” of 18 January 2005, provides policy and procedures on the use of Government-owned cell phone service by NDW personnel. It specifically provides that the information technology (IT) program office shall review the monthly cell phone bill for accuracy and deviations from approved use, and take corrective actions if there is a determination of abuse by a cell phone user.

NAVFAC “Policy for the Issuance, Use, and Management of Government Furnished Cellular Phones (Including Blackberries with Voice) Services” of 19 June 2007, and updated on 27 November 2007, provides policy to implement controls for the appropriate use, management, and acquisition of Government-provided mobile (cellular) phone data, equipment, and services. It states that use of Government furnished cell phones is for official and authorized purposes only. It also provides specific cell phone usage restrictions, and defines responsibilities for review and certification of invoices for payment and monitoring usage. Telephone Control Officers (TCOs) at commands are required to monitor device/user usage by exception, and investigate unusual or unauthorized usage.

Additional guidance is provided in Exhibit A.

Audit Results

Usage Assessment

We reviewed selected CNIC and NAVFAC policies and procedures for the management and use of cell phones and PDAs. We also obtained an overview of the processes for reviewing and certifying invoices for payment, as well as for conducting periodic cell phone usage assessments at the selected CNIC and NAVFAC regions and/or activities reviewed. Additionally, we conducted our own cell phone/PDA usage assessments at CNIC Naval District Washington (NDW) and Navy Region Southwest (NRSW), specifically Naval Base San Diego and NAVFAC Headquarters (HQ), Washington, Public Works Department (PWD) Pensacola, and PWD Panama City regions and activities to identify questionable calls, any inactive lines, minimal or overage usage, etc. We found that OPNAV and DON CIO requirements for assessing/monitoring cell phone and PDA usage was not fully implemented at the CNIC and NAVFAC selected regions and activities reviewed.

Questionable Cell Phone/PDA Calls

NAVFAC cell phone and PDA users did not adhere to usage restrictions cited in the OPNAV instruction and DON CIO policies, which state that cell phones, to include PDAs with cell phone service, “shall only be used for official and authorized purposes,” and that “cellular phone users shall reimburse the government for unauthorized use or charges.” Using January through March 2007 vendor invoice phone service data, we judgmentally selected¹¹ 35 of 264 CNIC and 166 of 729 NAVFAC cell phone/PDA lines for review, based on the highest monthly usage, to determine if numbers dialed from the devices were for authorized purposes. We determined calls were questionable in nature if

¹¹ Exhibit B provides details on our process for conducting cell phone and PDA usage assessments, including the methodology for selecting the cell phone and PDA lines for review.

made to or from (incoming calls) a phone number serviced by a provider other than the three Navy contracted vendors, or if the number called was not located in the vicinity of a Navy base. Table 3 provides the results of our review.

Table 3 - Usage Assessment of Cell Phone/PDA Accounts (January through March 2007 Vendor Invoices) at Selected CNIC/NAVFAC Regions/Activities**			
	CNIC	NAVFAC	TOTAL
Lines analyzed	35	166	201
Lines with questionable calls*	27	137	164
Minutes of questionable calls	7,822	31,420	39,242
Minutes of questionable calls confirmed as unauthorized use	0	960	960
Minutes of questionable calls confirmed as authorized use	7,822	405	8,227
Minutes of questionable calls pending confirmation of authorized use	0	30,055	30,055
<p>* Examples of questionable calls identified during our audit and resulting in the use of Government-billed minutes included the following:</p> <ul style="list-style-type: none"> • Lengthy calls to/from home or to friends and family • Frequent calls to directory assistance • Calls identified as cases of harassment • Calls to/from phone numbers listed on the invoice as "Unavailable" • Calls to/from unlisted mobile or land lines • Calls to/from private businesses <p>** CNIC selected regions included NDW and NRSW; usage data not requested for NRH. NAVFAC selected regions and activities included NAVFAC HQ, Washington, NAVFAC SE, PWD Pensacola, and PWD Panama City.</p>			

At CNIC NDW and NRSW Naval Base San Diego, we reviewed about 13 percent of lines billed (10 of 42 and 25 of 222, respectively) by one vendor, based on highest monthly usage. We found about 27 (77 percent) of 35 lines reviewed potentially made questionable calls. We provided our list of questionable calls to the CNIC NDW and NRSW's TMs for a determination of whether or not the questionable calls were authorized. The TMs said they called every line on our questionable calls list and verified that all the calls were made for official business.

We reviewed about 166 (23 percent) of 729 different lines billed by one vendor to NAVFAC HQ, Washington, and SE (PWD Pensacola and PWD Panama City), based upon the highest monthly usage. We found about 137 (83 percent) of 166 reviewed lines made questionable calls. As Table 3 shows, the 137 NAVFAC lines used more than 30,000 minutes during the questionable calls. These questionable calls had an estimated overage value of \$5,680 (based upon the contracted overage charge of \$0.25 per peak minute). The estimated overage value potentially represents additional charges if a pooled minute plan was not in place. We provided our results to NAVFAC HQ,

Washington, and SE for review. During our audit site visit to NAVFAC SE, they confirmed 960 questionable call minutes as unauthorized. NAVFAC Washington referred us to the NAVFAC HQ's Assistant CIO for Command, and Assistant CIO for Enterprise Acquisition, for any additional information needed. The NAVFAC HQ Assistant CIO for Enterprise Acquisition explained that the nature of NAVFAC business involves calls to private businesses, such as contractors, who sometimes have unlisted phone numbers and/or are located outside the vicinity of a Navy base. The NAVFAC HQ Assistant CIO for Command expressed concerns about doing "research" on his own people, especially because some of the users associated with the questionable calls were senior executives or flag-level personnel. However, his position was contrary to OPNAV and DON CIO policies requiring commands to conduct periodic assessments of cell phone and PDA usage to identify unauthorized calling patterns and abuse, and NAVFAC policy requiring commands to monitor device/user usage by exception, and investigate unusual or unauthorized usage.

Examples of NAVFAC cell phone lines with questionable calls covered by the January through March 2007 invoices included a:

- NAVFAC Washington line that used 1,443 minutes during 294 calls, we estimated at \$350, to or from one questionable number. When we called the cell phone in question, the person answering the phone declined to complete our user survey; and
- PWD Panama City line that used 907 minutes during 270 calls, we estimated at \$160, to or from one questionable number. NAVFAC SE personnel said that the user assigned the cell phone claimed the calls were from an acquaintance who was harassing him.

At the time of our review of the January through March 2007 invoices, NAVFAC did not have a cell phone policy. However, they issued a policy memorandum entitled "NAVFAC Policy for the Issuance, Use, and Management of Government Furnished Cell Phones (Including Blackberries with Voice) Services" on 19 June 2007. Paragraph 5 of this policy stated that personal use of Government-furnished cell phone services was only permitted when the well being of the employee or a family member would be adversely affected if the call was not made, and the user must reimburse the Government if the calls created additional charges. The NAVFAC HQ's Assistant CIO for Enterprise Acquisition said that the NAVFAC legal counsel felt the June 2007 published policy contained wording that was too restrictive when referring to personal phone calls made on Government-provided cell phones and PDAs. On 27 November 2007, NAVFAC reissued their wireless policy with paragraph 5 now allowing the use of Government-provided or funded cell phones for authorized purposes which could be minimal personal use when approved by a Commanding Officer or supervisor, as long as the communications system is not overburdened and no significant additional cost is incurred. NAVFAC's policy change was consistent with language in the DON CIO

policy memorandum’s reference (d), DON CIO message “Effective Use of Department of Navy Information Technology Resources” of 16 July 2005.

Minimal or Overage Usage and Inactive Lines

NAVFAC and CNIC cell phone and PDA users did not efficiently or effectively use their allotted minutes. NAVFAC and CNIC used pooled minute plans where each line was allotted a specified amount of minutes per month (generally 500 minutes for CNIC users and 400 minutes for NAVFAC users), but if those minutes were not used in full, the remaining minutes would be shared with the other lines on the account. We reviewed January through March 2007 vendor subscriber invoices for NAVFAC HQ, Washington, and SE (PWD Pensacola and PWD Panama City), and for CNIC NRSW and NDW, and judgmentally selected¹² lines with the highest monthly usage for analysis, noting lines with overage, minimal, and zero-usage. As Table 4 shows, the selected CNIC and NAVFAC commands reviewed, had cell phone and PDA inactive lines, lines with minimal usage, and lines that used more than their allotted minutes.

Table 4 - Review of High Monthly Usage Cell Phone/PDA Lines* (Vendor January through March 2007 Invoices) at Selected CNIC and NAVFAC Regions/Activities**			
	CNIC	NAVFAC	Total
Lines billed	774	1,774	2,548
Lines with 500 minutes or more (CNIC) and 450*** minutes or more (NAVFAC)	146 (19%)	260 (15%)	406 (16%)
Lines with usage between 50 minutes and 1 minute	208 (27%)	304 (17%)	512 (20%)
Lines with zero minutes****	12 (2%)	557 (31%)	569 (22%)
Lines with zero minutes during all three months*****	3 of 12	79 of 557	82 of 569
Total	366 (47%)	1,121 (63%)	1487 (58%)

* Lines’ results are cumulative; a single PTN could be included up to 3 times if billed each invoice month. The number of times lines had the identified result during any single month on the Jan-Mar 07 invoices is reported.
 ** CNIC selected regions included NDW and NRSW; usage data not requested for NRH. NAVFAC selected regions and activities included NAVFAC HQ, Washington, NAVFAC SE, PWD Pensacola, and PWD Panama City.
 *** 400 minute plan but overage counted at 450 minutes or more for our audit analysis.
 **** Amount billed on zero-minutes usage lines was about \$25,900 for NAVFAC. This information was not available from CNIC.
 ***** Of the three CNIC and 79 NAVFAC lines with zero-usage during all three invoice months, one CNIC and 11 NAVFAC lines were also identified by the DCNO N6 Cellular Initiative as zero-usage during a six month period.

¹² Ibid.

One CNIC NRSW line used 7,903 minutes for the 3-month period, including 5,828 peak minutes, far exceeding the 1,500 minutes allotted. Also, one NAVFAC Washington line used 9,300 minutes during the 3-month period, including 4,939 peak minutes, far exceeding the 1,200 minute allotment.

CNIC and NAVFAC would have incurred significant overage charges if the pooled minute plan was not utilized. In our opinion, when the commands reduce the number of zero-usage lines in their inventories, the number of additional minutes dispersed to the rest of the pool will be reduced, and both commands will begin to incur overage charges if they have not transferred the lines using a large number of minutes to a more efficient plan.

DCNO N6's Cellular Initiative

On 26 September 2007, as part of DCNO N6's Cellular Initiative, a Naval administrative message was issued stating "The Navy has cellular lines contracted by installations and commands throughout the United States that have not been used, some in excess of 2 years that are considered inactive by the servicing cellular provider. The Navy continues to pay for the privilege to keep these lines in service costing over \$3.8 million per year." The message also directed that, effective 1 October 2007, all CONUS commands and installations were to review their existing cellular, Blackberry® contracts, and DCNO N6 obtained vendor listings of all lines that were currently inactive (dormant). The commands and installations were then to use this vendor provided data to terminate all cellular lines (voice or data) that had not been used in the past 6 months, or, for any line dormant less than 6 months, switch it to a pay-as-you-go rate. DCNO N6 posted the vendor information on the NKO Web site for commands and installations to view. Table 5 shows DCNO N6 data we extracted from the NKO Web site on 13 November 2007, which illustrated the numerous zero (dormant) usage lines found throughout the Navy, including zero-usage lines for CNIC and NAVFAC. It also shows the Navy's potential monthly cost savings if the commands such as CNIC and NAVFAC take action to terminate or decrease the number of dormant lines being billed to their activities. However, if dormant (zero) usage lines are terminated without also decreasing lines with overage usage, all of the potential cost savings from terminating the zero-usage lines could go toward paying overage charges incurred by high-end users.

Table 5 - NAVAUDSVC Extracted DCNO N6 Cellular Initiative FISCSD Vendor Invoice Data For Navy, CNIC and NAVFAC *			
Name	Dormant Lines	Monthly Charges	Annual Charges
Navy	6,058	\$219,366	\$2,632,390
CNIC	1,283 (21% of 6,058)	\$27,741	\$332,892
NAVFAC	570 (9% of 6,058)	\$20,728	\$248,735
NMCI Vendor Data	NMCI data on Non-Use of wireless cell phones, handhelds and air cards across the Navy within the last 6 months did not include enough information for us to identify specific Echelon II Commands and regions.		
Source: DCNO N6 February through July 2007 vendor invoice data posted on the NKO Web site (https://wwwa.nko.navy.mil/portal/page?paf_pagelId=pg134400015) * We did not audit the DCNO N6 vendor data. However, when extracting the data to prepare this table we noticed some dormant lines were included twice.			

During our 12 December 2007 audit status brief with CNIC personnel, the CNIC N6 HQ's WDM from San Diego said that 600 to 700 of the dormant lines identified in the DCNO N6 initiative would be disconnected. Also, during an 8 November 2007 meeting, the NAVFAC HQ CIO for Commands said that the NAVFAC zero-usage lines found on the NKO spreadsheet would be reassigned. Later, in a 12 February 2008 meeting with the Assistant CIO for Enterprise Acquisition, he said that, as a result of the DCNO N6 initiative, he significantly reduced the number of 300 dormant devices. We did not verify that the lines were, in fact, disconnected.

Based on our "Usage Assessments" and the DCNO N6 initiative results, CNIC and NAVFAC could improve the issuance, use, and management of their inventory of cell phones and PDAs. Cell and PDA phone lines with zero monthly usage could be assigned to new users, or the lines could be disconnected. Lines using 50 minutes or less could be transferred to a more cost effective plan instead of continuing with an allotment of 400 or 500 minutes per month. Also, CNIC and NAVFAC should take corrective or disciplinary action where there is a determination of abuse or violation of the CNO or DON CIO policy.

Miscellaneous Billing Errors

NAVFAC invoices for cell phones and PDAs, contained several miscellaneous billing errors. DON CIO policy states that Navy commands shall "validate cellular phone charges" and "maintain an accurate, up-to-date inventory of all government-provided cellular phones and calling cards to include identification of personnel with whom a device or card has been issued." CNIC and NAVFAC policy state that monthly invoices for cell phone and PDA services must be reviewed and verified for accuracy before they are paid. We reviewed January through March 2007 NAVFAC HQ vendor invoices and identified lines that were billed twice for the same service, inaccurate or outdated user

names assigned to lines billed, omitted user names, and lines not found within the local region or activity inventory. For example:

- Out of 221 unique PDA lines billed to NAVFAC HQ, we found 4 lines were charged twice for the same services, 2 on the data portion of their services for PDAs and 2 on international long distance savings plans. We presented HQ with these billing errors and the payment officials were unaware that any duplicate charge had occurred.
- Also, lines listed on invoices were not included in the activity's inventory records. For example, on the February 2007 NAVFAC HQ invoices, only 71 of 205 billed lines were listed in the HQ cell phone/PDA April 2007 inventory. Additionally, NAVFAC HQ provided NAVFAC SE with a list of 63 lines that appeared under HQ invoices from one vendor (period range not specified), but belonged to NAVFAC SE. NAVFAC HQ tasked NAVFAC SE to validate the lines with their local inventory and relay their responses to HQ for corrective action. We did not verify whether NAVFAC SE validated the lines.

We were not able to conduct similar invoice reviews at selected CNIC regions because, CNIC was only able to provide invoice data in a summary format, rather than cost detail per PTN.

Cause

NAVFAC Usage Assessment

NAVFAC invoices for cell phone and PDA usage contained questionable charges, inefficient or ineffective use of plan minutes, and miscellaneous billing errors as a result of not implementing usage assessment in accordance with CNO, DON CIO and NAVFAC policy. The NAVFAC HQ Assistant CIO for Enterprise Acquisition stated that HQ did not have the capabilities to control the usage of all the wireless devices due to the large number of active wireless lines throughout NAVFAC, and the existing multiple duties personnel presently assigned. The Assistant CIO added that according to NAVFAC policy, it was the responsibility of the designated TCOs at each region to monitor the proper usage of cell phones and PDAs, to track their end users, and to certify the invoices for payment. The Assistant CIOs for Enterprise Acquisition and Commands confirmed they had not completed any usage assessments, stating they would only be performed by exception; invoices would be certified unless the minutes used or billed amount seemed out of the ordinary. With at least monthly reviews of their accounts, NAVFAC could prevent errors from being repeated on future invoices, and could prevent payment for inaccurate billings.

NAVFAC SE's CIO and Washington's WDM indicated they no longer reviewed the invoices because HQ had not provided them the invoice details. The HQ Assistant CIO

for Enterprise Acquisition said he could not distribute the invoices to the remaining NAVFAC activities because FISCSD was in the process of consolidating the contracts with all three wireless vendors, and NAVFAC was centralizing the command's inventory records. The Assistant CIO said that during the consolidation process, at least one vendor was trying to figure out what NAVFAC accounts still need to be consolidated and, as of August 2007, no invoice was billed to NAVFAC in 2007 by the vendor. Since, NAVFAC HQ provided us with detailed invoice data necessary to perform our usage assessment, similar data could have been provided to regional TCOs for their required usage assessments. By not prioritizing usage assessments among monthly duties and assignments as required, NAVFAC cell phone and PDA invoices for January through March 2007 contained several hundred devices that either went unused or had minimal use, or had users who exceeded their allotted monthly minutes.

CNIC Usage Assessment

CNIC NDW and NRSW invoices for phone service contained lines with zero-usage, minimal usage, and lines that exceeded allotted monthly minutes as a result of not implementing usage assessment in accordance with DON CIO and CNIC policy. The CNIC N6 CIO contractor for the IT Program said that the Echelon III Level (Regional Commands) were responsible for monitoring the usage of their subordinate activities, but that monitoring minutes was not a major issue at the moment because they all share in a large quantity of pooled minutes. The WDM at NDW also said that the command was not concerned with minute overages as long as the users didn't exceed the total pooled minutes. The WDM said that she did not monitor wireless device usage, and was not aware of usage being monitored by anyone else. However, NDW's instruction for the "Usage of Wireless Devices" states that the IT program office shall review the monthly cell phone bill for accuracy and deviations from approved use, and take corrective actions if there is a determination of abuse by a cell phone user. CNIC N6 HQ's WDM in San Diego said the command had not incurred overage charges for more than a year, so usage was not a problem. The CNIC NRSW Telecommunications Manager explained that the biggest concern with cell phone users occurred when they used the text message or call forwarding features, which resulted in additional service fees.

Based on our audit results, we concluded that the CNIC and NAVFAC selected regions and activities reviewed never conducted periodic usage assessments of cell phones and PDAs as required by CNO and DON CIO policies to identify minimal and overage usage, inactive (zero-use) lines, unauthorized calling patterns or abuse. Usage assessments should consider more than just the total pooled minutes since there might be more economical plans available. Zero-usage lines need to be identified for cancellation or reassignment, and minimal use lines need to be identified for consideration of an alternate monthly plan. Lines consistently exceeding allotted minutes need to be addressed since total pooled minutes may no longer avoid overage charges once zero and minimal usage lines are adjusted. Also, CNIC and NAVFAC had written guidance and procedures in

place to review and certify cell phone and PDA invoices prior to payment, but these procedures were inconsistently implemented. If usage assessments are performed as required by CNO, DON CIO, CNIC, and NAVFAC policies, questionable phone calls, minimal or overage usage and inactive lines, and billing errors could be discovered before vendor invoices are certified for payment. Noncompliance with policy and regulations is an internal control weakness.

Recommendations and Corrective Actions

We recommend that CNIC:

Recommendation 9. Establish controls and provide oversight to ensure WDMs, regional phone coordinators, or designated representatives review vendor invoices and conduct usage assessments on at least a monthly basis for payment certification and detection of minimal, overage, or zero-usage, or unauthorized calling patterns and abuse of Government-provided cell phones and PDAs as required by OPNAV guidance and DON CIO policy.

Management response to Recommendation 9. Concur. The revision to the CNIC cell phone and PDA memorandum will address recommended actions. Target completion date: 31 December 2008.

Naval Audit Service comment on management response to Recommendation 9. Actions planned by CNIC satisfy the intent of the recommendation.

Recommendation 10. Where there is a determination of unauthorized calling patterns and abuse, or minimal, overage, or zero-usage (including lines identified in this report) of Government-provided cell phones and PDAs, investigate (including referral to the Command Inspector General as appropriate) the noncompliance with official guidance, and take corrective and disciplinary action as needed, and transfer zero, minimal, and high-usage cell phone/PDA lines to a more economical wireless service plan, or disconnect inactive lines per Deputy Chief of Naval Operations N6 Naval Administrative Message (242/07) of 26 September 2007.

Management response to Recommendation 10. Concur. This action will be conducted on a monthly basis after receipt of vendor bills, and forwarded for further disciplinary action as required. Status: Ongoing, to be completed each month within 10 working days of receipt of vendor invoice. Target completion date: 30 November 2008.

Naval Audit Service comment on management response to Recommendation 10. Actions planned by CNIC satisfy the intent of the

recommendation. In a subsequent e-mail, dated 20 November 2008, the target completion date was revised to 31 December 2008, and this recommendation is considered open pending planned actions.

We recommend that NAVFAC:

Recommendation 11. Provide WDMs, regional phone coordinators, or designated representatives, at least monthly, with cell phone and PDA usage and vendor invoice detail data.

Management response to Recommendation 11. Concur. NAVFAC's current process requires activity review of invoices on a monthly basis.

Naval Audit Service comment on management response to Recommendation 11. Actions taken by NAVFAC on Recommendations 11 and 12 satisfy the intent of this recommendation. This recommendation is closed as of the date of the management response letter, 30 October 2008.

Recommendation 12. Establish controls and provide oversight to ensure WDMs, regional phone coordinators, or designated representatives review vendor invoices and conduct usage assessments, on at least a monthly basis for payment certification and detection of minimal, overage, or zero-usage, or unauthorized calling patterns and abuse of Government-provided cell phones and PDAs as required by OPNAV guidance and DON CIO policy.

Management response to Recommendation 12. Concur. NAVFAC's process has been established for invoice certification by the activities on a monthly basis. Usage is being monitored and unused lines terminated. Any noted misuse or abuse will be investigated and acted upon as necessary.

Naval Audit Service comment on management response to Recommendation 12. Actions taken by NAVFAC on Recommendations 11 and 12 satisfy the intent of this recommendation. This recommendation is closed as of the date of the management response letter, 30 October 2008.

Recommendation 13. Where there is a determination of unauthorized calling patterns and abuse, or minimal, overage, or zero-usage (including lines identified in this report) of Government-provided cell phones and PDAs, investigate (including referral to the Command Inspector General as appropriate) the noncompliance with official guidance, and take corrective and disciplinary action as needed, and transfer zero, minimal, and high-usage cell phone/PDA lines to a more economical wireless service plan, or disconnect inactive lines per Deputy Chief of Naval Operations N6 Naval Administrative Message (242/07) of 26 September 2007.

Management response to Recommendation 13. Concur. NAVFAC policy includes investigating any irregularities and taking corrective action as needed. Cell service has been removed from phones found to be using only the Push-To-Talk functionality and, in accordance with NAVFAC policy, unused lines are being disconnected or reassigned.

Naval Audit Service comment on management response to Recommendation 13. Actions taken by NAVFAC satisfy the intent of the recommendation. This recommendation is closed as of the date of the management response letter, 30 October 2008.

Recommendation 14. Confirm whether the 30,055 minutes of questionable calls identified in this report were authorized or unauthorized, and communicate results of the review to the NAVAUDSVC.

Management response to Recommendation 14. Partially concur. To the best of NAVFAC's ability, this has been done. NAVFAC reviewed a number of the questionable calls and found them to be authorized calls. A number of the questionable calls are unresolvable at this point in time (almost 2 years later). As there would be no cost recovery, because there is no marginal cost to the Government for these calls, any additional effort would be of no value and a misuse of existing Government resources. The draft audit report noted that NAVFAC policy is "consistent with language in the DON CIO policy memorandum's (d), DON CIO message 'Effective Use of Department of Navy Information Technology Resources' of 16 July 2005." In the future, NAVFAC will reiterate cell phone usage policy to all activities, as well as monitor and investigate any questionable calls.

Naval Audit Service comment on management response to Recommendation 14. NAVFAC initially disagreed with the recommendation. However, in subsequent correspondence of 2 December 2008, NAVFAC partially concurred with the recommendation providing additional comments. Actions taken by NAVFAC satisfy the intent of the recommendation. However, it is important to note that cell phone/PDA call reviews are required for more than just cost recovery purposes, as abuse or misuse of Government property is required by OPNAV guidance to be addressed whenever identified.

Section B:

Status of Recommendations

RECOMMENDATIONS						
Finding	Rec. No.	Page No.	Subject	Status ¹³	Action Command	Target or Actual Completion Date
1	1	15	Establish controls and provide oversight to ensure that cell phones and PDAs are accounted for as minor (pilferable) property as required by OPNAVINST 2100.2A verifying (as required by SECNAVINST 7320.10A) that subordinate activities use a claimancy-mandated personal property database/system, perform required periodic physical inventories, ensure data is accurate/complete, and submit physical inventory completion letters to CNIC headquarters.	O	CNIC	3/1/2009
1	2	15	Require its regions and activities to reconcile, at least quarterly, their cell phone and PDA inventory records with their wireless vendors' reported active/open cell phone and PDA lines to identify discrepancies or mismatches between the command and vendor records and take appropriate corrective action (i.e. discontinue the wireless service for unused lines or obtain reimbursement for any incorrect charges).	O	CNIC	4/1/2009
1	3	16	Revise CNIC cell phone/PDA policy memorandums to require regional and activity cell phone and PDA users to surrender their Government- provided wireless devices to a designated official upon termination or transfer, as required by DON CIO policy.	O	CNIC	12/31/2008
1	4	16	Establish controls and provide oversight to ensure that cell phones and PDAs are accounted for as minor (pilferable) property, as required by OPNAVINST 2100.2A verifying (as required by SECNAVINST 7320.10A) that subordinate activities use a claimancy-mandated personal property data base/system, perform required periodic physical inventories, ensure data is accurate/complete, and submit physical inventory completion letters to NAVFAC headquarters.	O	NAVFAC	12/31/2008

¹³ / O = Recommendation is open with agreed-to corrective actions; C = Recommendation is closed with all action completed; U = Recommendation is undecided with resolution efforts in progress.

RECOMMENDATIONS						
Finding	Rec. No.	Page No.	Subject	Status ¹³	Action Command	Target or Actual Completion Date
1	5	16	Require its regions and activities to reconcile, at least quarterly, their cell phone and PDA inventory records with their wireless vendors' reported active/open cell phone and PDA lines to identify discrepancies or mismatches between the commands and wireless vendor records, and take appropriate corrective action (i.e. discontinue the wireless service for unused lines or obtain reimbursement for any incorrect charges).	C	NAVFAC	10/30/2008
1	6	17	Establish controls and provide oversight to ensure regional and activity cell phone and PDA users surrender their Government-provided wireless devices to a designated official upon termination or transfer as required by DON CIO and NAVFAC policy.	O	NAVFAC	1/1/2009
2	7	22	Establish controls and provide oversight to ensure cell phone and PDA users complete initial and refresher IA training (blocking access to the device, if necessary, until the user completes the IA training), and that training completion is documented as required by DoD and DON guidance.	O	CNIC	4/1/2009
2	8	22	Establish controls and provide oversight to ensure cell phone and PDA users complete the initial and refresher IA training (blocking access to the device, if necessary, until the user completes the IA training), and that training completion is documented, as required by DoD and DON guidance.	C	NAVFAC	10/30/2008
3	9	34	Establish controls and provide oversight to ensure WDMs, regional phone coordinators, or designated representatives review vendor invoices and conduct usage assessments on at least a monthly basis for payment certification and detection of minimal, overage, or zero-usage, or unauthorized calling patterns and abuse of Government-provided cell phones and PDAs as required by OPNAV guidance and DON CIO policy.	O	CNIC	12/31/2008

RECOMMENDATIONS						
Finding	Rec. No.	Page No.	Subject	Status ¹³	Action Command	Target or Actual Completion Date
3	10	34	Where there is a determination of unauthorized calling patterns and abuse, or minimal, overage, or zero-usage (including lines identified in this report) of Government-provided cell phones and PDAs, investigate (including referral to the Command Inspector General as appropriate) the noncompliance with official guidance, and take corrective and disciplinary action as needed, and transfer zero, minimal, and high-usage cell phone/PDA lines to a more economical wireless service plan, or disconnect inactive lines per Deputy Chief of Naval Operations N6 Naval Administrative Message (242/07) of 26 September 2007.	O	CNIC	12/31/2008
3	11	35	Provide WDMs, regional phone coordinators, or designated representatives, at least monthly, with cell phone and PDA usage and vendor invoice detail data.	C	NAVFAC	10/30/2008
3	12	35	Establish controls and provide oversight to ensure WDMs, regional phone coordinators, or designated representatives review vendor invoices and conduct usage assessments, on at least a monthly basis for payment certification and detection of minimal, overage, or zero-usage, or unauthorized calling patterns and abuse of Government-provided cell phones and PDAs as required by OPNAV guidance and DON CIO policy.	C	NAVFAC	10/30/2008
3	13	35	Where there is a determination of unauthorized calling patterns and abuse, or minimal, overage, or zero-usage (including lines identified in this report) of Government-provided cell phones and PDAs, investigate (including referral to the Command Inspector General as appropriate) the noncompliance with official guidance, and take corrective and disciplinary action as needed, and transfer zero, minimal, and high-usage cell phone/PDA lines to a more economical wireless service plan, or disconnect inactive lines per Deputy Chief of Naval Operations N6 Naval Administrative Message (242/07) of 26 September 2007.	C	NAVFAC	10/30/2008
3	14	36	Confirm whether the 30,055 minutes of questionable calls identified in this report were authorized or unauthorized, and communicate results of the review to the NAVAUDSVC.	C	NAVFAC	12/2/2008

Background and Pertinent Guidance

According to data obtained from Fleet and Industrial Supply Center San Diego (FISCSD), for Fiscal Year (FY) 2006 and the 1st Quarter of FY 2007, and Navy Marine Corps Intranet (NMCI), as of April 2007, there were about 49,000 active/open cellular (cell) phone lines and personal digital assistants (PDAs) within the Department of the Navy (DON). Wireless devices include laptop computers, cellular/personal communication devices, audio/video recording devices, scanning devices, messaging devices, PDAs, or other devices capable of storing, processing, or transmitting information. Due to the growing field of telecommunications, DON implemented a “Management Improvement Program” (MIP) for telecommunications. This MIP covers a broad range of telecommunications initiatives, including but not limited to, improved asset control and reporting, optimizing services, expenditures analysis, and technology refresh and convergence. The goal of the DON MIP is to establish and maintain an enterprise management framework for telecommunications resources that embraces centralized procurement of resources, use of electronic invoicing and inventory controls, and consistent policies and procedures for use of telecommunications equipment.

In June 1997, the Naval Audit Service report, “Management and Use of Navy Cellular Telephones,” noted that the Navy had not developed specific procedures and guidelines for the acquisition, accountability, and use of cell phones. Because of this lack of specific procedures and guidelines, activities were left to their own discretion regarding the level of control and accountability procedures they implemented. As a result, cell phones were used to make unofficial and questionable calls.

In June 2004, the United States Government Accountability Office (GAO) report “Vendor Payments: Inadequate Management Oversight Hampers the Navy’s Ability to Effectively Manage its Telecommunication Program,” (GAO-04-671) included an assessment of the Navy’s oversight and controls over vendor purchases and payments for telecommunication services. Specifically, GAO found that the Navy did not know how much it spent on telecommunications and did not have detailed cost and inventory data needed to evaluate spending patterns and to leverage its buying power. GAO also found that management and oversight of telecommunications purchases did not provide reasonable assurance that requirements were met in the most cost-effective manner. It was also found that the Navy lacked policies to provide assurance that cell phone requirements are met in the most cost effective manner.

Both audit reports identified a need for the Navy to develop policies to provide oversight and assurance that cell phone requirements are met in a cost-effective manner, and invoice payments are only for valid charges.

Pertinent Guidance:

Secretary of the Navy (SECNAV) Instruction 7320.10A, “Department of the Navy (DON) Personal Property Policies and Procedures” of 1 April 2004, states that DON personnel are responsible for proper use, care and physical protection of Government-owned property. Paragraph 4.b(1)(a) and (c) of the enclosure states that major claimant activities [budget submitting offices] are responsible for providing oversight for personal property management within their claimancies to include assurance that physical inventories are conducted properly/as required, the claimancy personal property database data is accurate and asset accountability is maintained. The activities are required to submit letters to their major claimants substantiating physical inventory completion. The instruction also states that accountable records shall be established and maintained in a compliant personal property system for all personal property purchased, leased or otherwise obtained. Additional and/or separate records or other record keeping instruments shall be established for management purpose. The personal property records and/or systems shall provide a complete trail of all transactions, suitable for audit [Paragraph 2.d(1)a, b, and d of the Enclosure (1)]. Paragraph 4.b.(2)(b) requires personal property managers to implement controls to ensure data is accurate and complete. The personal property managers shall also establish practices to ensure accountability is maintained, i.e. personnel turnovers are monitored and changes to accountability information in the data base are updated [Paragraph 4.b.(2)(f) of the Enclosure].

Chief of Naval Operations (OPNAV) Instruction 2100.2 “Navy Policy and Procedures on the Issuance, Use and Management of Government-Owned Cellular Phones, Personal Digital Assistants and Calling Cards” of 2 October 2006, issued policy and procedures on the issuance, use and management of Government-owned cell phones, PDAs, and calling cards by Navy personnel providing that cell phones and PDAs must be accounted for in the same manner as minor (pilferable) property. It also states that cell phone and PDAs shall be for official use and authorized purposes only. The instruction allows authorized personal use providing the personal use has been approved by the command and does not create “significant additional expense” to the Government. If unauthorized or personal use that result in additional charges to the Government, the user shall reimburse the Government. Section 6 establishes oversight and audit responsibilities to the Base Communication Officer or designated representative to validate all cell phone/PDA requirements, perform monthly reviews of cell phone and PDA invoices to verify accuracy and identify any calls or usage that were not for official business. Also to ensure employees are properly trained on cell phone and PDA use. Instruction revision 2100.2A of 4 September 2008 maintained the above policies, but also required use of only nationwide DON multiple award wireless contracts awarded by FISCSD or Navy Marine Corps Intranet to obtain CONUS wireless communication support.

ASN (RD&A), “Department of the Navy Acquisition Policy on Mobile (Cellular) Phone and Data Equipment and Services” of 7 March 2005, provides guidance in reducing costs of handheld wireless communication services through centralized acquisition. Section 2 states that only the nationwide DON wireless contracts awarded by Fleet and Industrial Supply Center San Diego (FISCSD) and Navy Marine Corps Intranet (NMCI) shall be used to obtain Continental United States wireless communication support. Central acquisition will facilitate tracking, monitoring, and oversight of wireless communication usage and cost.

DON CIO Memorandum, “Department of the Navy Policy for Issuance, Use and Management of Government-provided Mobile (Cellular) Phone, Data Equipment and Services, and Calling Cards” of 2 September 2005, indicates that Navy and Marine Corps commands are responsible for compliance with DON policies related to the issuance, use, and management of wireless devices. DON supports the use of wireless communications technologies but with some usage restrictions. Paragraph 4.a states that Government-provided cell phones may be issued when there is a need to access telecommunications services for which other solutions are either impractical, unavailable, or will not otherwise support the mission operations. Paragraph 4.b.(1) states that cell phones shall only be used for official and authorized purposes in accordance with DoD and DON guidance. Paragraph 4.b.(5) requires cell phone users to reimburse the Government for unauthorized use or charges.

Paragraph 6.a.(1) states that Navy and Marine Corps commands shall ensure that personnel have received wireless security training commensurate with their duties and responsibilities, and anticipated use of their cellular phone. Paragraph 6.a.(2) states that accurate and up-to-date inventories and inventory controls are to be maintained for all Government-provided cell phones. Paragraph 6.a.(4) states that periodic assessments of cell phone usage are to be conducted to assure compliance with policies. Paragraph 6.a.(5) calls for corrective action to be taken where there is a determination of misuse, or if there is a violation of this policy. Paragraph 6.a.(6) states that cell phone requirements are to be revalidated “as may be required.”

The Federal Information Security Management Act of 2002 provides a comprehensive framework for ensuring the effectiveness of information security controls over information resources that support Federal operations. The head of each agency is required to provide information security that includes protecting information and information systems from unauthorized access and use. Further, each agency is to provide security awareness training to all users of information systems and the information security risks associated with their activities, and responsibilities in complying with agency policy and procedures to reduce security risks.

Navy Facilities Engineering Command (NAVFAC) Policy for the Issuance, Use, and Management of Government Furnished Cellular Phones (Including Blackberries® with Voice) Services of 19 June 2007, offers guidance similar to DoD and DON guidance. Paragraph 4 specifically states that cell phones will be used for conducting official Government business when access to other telephone facilities is not possible or practical. Use of these resources is authorized when work related, and determined to be in the best interest of the Federal Government and the Navy. Use should be appropriate in frequency, duration, and related to assigned tasks. Paragraph 5.a states that personal use of Government-furnished cell phone services is only permitted when the “well being” of the employee or a family member would be adversely affected if the call was not made. Such calls shall be incidental, non-routine, and of minimal frequency and duration. If added cost is incurred, it is the personal obligation and responsibility of the employee to reimburse the Government. Personal calls should not adversely affect the performance of the employee and should, in no way, adversely reflect upon the Navy. Paragraph 5.b states that when available, Government office telephones are to be used in-lieu of Government-owned cell phones. Paragraph 5.c states that the use of Government-furnished cell phone services for purposes other than those described above, is prohibited. Paragraph 7.a.i requires the use Government-furnished cell phone services for official and authorized purposes only.

Paragraph 7.b.ii also requires the monitoring of usage by device/user by exception. Unusual or unauthorized usage should be investigated. Paragraph 7.b.iv requires that personnel report fraud, waste, or abuse to the local authority. Paragraph 7.b.v requires the review and certification of invoices for payment (or dispute). Personnel are instructed to notify NAVFAC HQ CIO via e-mail as to the status of certification (correct, or in dispute) not later than 5 business days after invoice receipt.

Paragraph 7.c.vi requires establishment and maintenance of billing hierarchies such that pooled minutes can be shared among multiple components while maintaining component accountability and tracking. Paragraph 7.c.vii states that personnel shall assist components, as required, with resolving billing discrepancies.

Paragraph 7.c.viii states that activities should solicit “billing validation” before payment.

On 27 November 2007, NAVFAC reissued their wireless policy with Paragraph 5, now allowing the use of Government-provided or funded cell phones for authorized purposes which could be minimal personal use when approved by a commanding officer or supervisor, as long as the communications system is not overburdened and no significant additional cost is incurred. NAVFAC’s policy change was consistent with language in the DON CIO memorandum referenced document DON CIO message “Effective Use of Department of Navy Information Technology Resources” of 16 July 2005 (reference (d)).

CNIC Policy and Procedures on the Use of Government Owned Cellular Phones of 22 November 2004, focuses on the usage of wireless devices within the command. Paragraph 6.a.(2) requires the review of minute usage to determine the most economical plan has been obtained for the Government. Paragraph 6.a.(3) states that corrective action should be taken where there is a determination of abuse by an employee. Paragraph 6.c further requires cell phone users to review the monthly billing, verify the accuracy of the billing, and identify any calls that were not for official business.

CNIC “Personal Digital Assistance (PDA) Guidance” of 25 August 2003, establishes policy for allocation of selected information technology devices associated with the NMCI contract for: Blackberries®; cell phones; and computers in the CNIC Headquarters environment. It states that only certain positions are eligible to receive a Government-provided PDA.

CNIC “Naval District Washington Instruction 2060.2” of 18 January 2005, issued policy and procedures on the use of Government-owned cell phone service by Naval District Washington personnel. Specifically, the Information Technology program office shall review the monthly cell phone bill for accuracy and deviations from approved use, and take corrective actions if there is a determination of abuse by a cell phone user.

Scope and Methodology

Scope

The audit focused on verifying that selected Commander, Navy Installations Command (CNIC) and Commander, Naval Facilities Engineering Command (NAVFAC) regions and activities implemented Department of Defense (DoD) Directives and Department of the Navy (DON) instructions and policies to improve the issuance, use, and management of cellular (cell) phones and personal digital assistants (PDAs). We evaluated internal controls and reviewed compliance with applicable DoD directives and DON instructions and policies related to control over wireless devices including: (1) maintaining accurate inventory records of cell phones and PDAs; (2) completing required Information Assurance (IA) Awareness (security) training commensurate with personnel use of Navy cell phones and/or PDAs; and (3) conducting required periodic assessments of cell phone and PDA usage at the commands and activities reviewed.

We obtained wireless vendor (Fiscal Years (FYs) 2006 and 2007 (1st quarter)) active/open line vendor reports from the Fleet and Industrial Supply Center, San Diego (FISCSD) Regional Contracting Department for use in selecting commands to review. These reports contained data such as personal telephone numbers (PTNs) by subscriber name and number, account numbers, account or company names (command or activity names), equipment models, and/or equipment descriptions, etc. We used the FY 2006 active/open line vendor data since FY 2007 was still in progress during our audit and the FY 2006 vendor reports identified the number of cell phones and PDAs distributed to each Navy Echelon II command through the wireless contracts awarded by FISCSD.

We also obtained the delivery order (FY 2006) and mobile device listing record (as of April 2007) for PDAs from the Navy Marine Corps Intranet (NMCI) contractor's Mobile Service Team. We did not use the NMCI FY 2006 delivery order record because: (1) it only provided information on FY 2006 newly issued PDAs; and (2) it neither provided PTNs nor the name of the commands or activities to which the devices were issued. Using the NMCI April 2007 device listing records we determined the number of all active/open lines for NMCI provided mobile services by vendor. However, we were not able to break down the number of active/open lines by Echelon II commands because the command or the activity names were not included in their records. The NMCI contractor's Mobile Service Team maintained their cell phone and PDA records by purchase order number and mobile/personal telephone number (MTN/PTN).

Based on our professional judgment¹⁴ and in our limited review of the FY 2006 vendor active/open lines reports provided by FISCSD, we identified CNIC and NAVFAC as the top two Navy Echelon II commands with the highest number of active/open cell phones and PDA lines for review, with about 8,632 and 3,531 devices respectively, out of 41,971 devices DON-wide.

We then judgmentally selected for review, those CNIC and NAVFAC regions and activities with a relatively large number of cell phones and PDAs issued to their personnel, or with a large number of mismatches existing between activity inventory records and FISCSD FY 2006 active/open line vendor reports and NMCI mobile device listing records, or based on the local proximity of command offices for obtaining cell phone and PDA information. CNIC Navy Region Hawaii (NRH) was chosen because its large number of mismatches between command's records and vendor's active/open line reports from FY 2006 FISCSD and April 2007 NMCI device listing records. We also reviewed Commander, Navy Region Southwest (NRSW), specifically Naval Base San Diego, because of the large number of cellular devices. We also chose CNIC NDW because of its local proximity to CNIC Headquarters (HQ). At NAVFAC, we selected activities for review based on the total amount of mismatches between local inventory records and the FY 2006 vendor active/open line data received from FISCSD, and mobile device listing data received from NMCI. We then chose three NAVFAC regions/activities; HQ, Washington, and Southeast (specifically Public Works Departments (PWDs) Panama City and Pensacola, FL), for further review based on their number of mismatches and local proximity to NAVFAC HQ or each other. Our audit of selected CNIC and NAVFAC activity cell phone/PDA inventory records, IA training completion, and cell phone/PDA usage was limited, in some instances, by activity supporting documentation that was insufficient or unavailable. On 17 September 2008, we met with CNIC CIO personnel (including the acting CIO on that day) to discuss outstanding requests for supporting documentation. They indicated requested documentation was not readily available and would require extensive research and labor hours to provide the information for the timeframes required.

There were no recent Naval Audit Service or DoD Inspector General audits relating to DON control over wireless devices. However, General Accountability Office (GAO) report "Vendor Payments: Inadequate Management Oversight Hampers the Navy's Ability to Effectively Manage its Telecommunication Program," (GAO-04-671) included an assessment of the Navy's oversight and controls over vendor purchases and payments for telecommunication services. We performed the audit from 26 April 2007 to 30 September 2008.

¹⁴ The FISCSD vendor active/open line reports did not adequately identify to which command or activity the PTN active/open line belonged to. We used the Standard Navy Distribution List and the Navy Organizational chart found on <http://doni.daps.dla.mil/sndl.aspx> and <http://www.navy.mil>, respectively, to group activity or command names under a specific Echelon II command. In some instances, there was not enough information to identify the specific Echelon II command to which the command or activity belonged.

Methodology

To verify if selected CNIC and NAVFAC activities maintained accurate, up-to-date and complete inventories of Government-provided cell phones and PDAs, as required by DoD directives and/or DON instructions and policy guidance, we reviewed their inventory records as of May and April 2007, respectively, and conducted a user survey to verify cell phone/PDA information (i.e. user name and work or office location), in command records. The selected CNIC and NAVFAC cell phone and PDA inventory data gathered included personal telephone numbers (PTN), user names, vendor names, etc. We compared the CNIC and NAVFAC inventory, and cell phone and PDA active/open lines PTN data, with the wireless vendor FY 2006¹⁵ usage, equipment and subscriber report information received from FISCSD and with the mobile device listing records (as of April 2007) received from the NMCI contractor's Mobile Service Team. We then attempted to obtain supporting documentation needed to reconcile the PTN mismatches between activity and FISCSD and NMCI records. We also verified whether phone numbers that appeared in the FY 2006 FISCSD data also appeared in the NAVFAC or CNIC records. However, we did not perform further review because FY 2006 FISCSD and NMCI (as of April 2007) data did not adequately identify the commands to which the PTN active/open lines belonged.

To verify CNIC and NAVFAC compliance with DoD and DON FY 2007 IA training requirements, we reviewed information on IA training requirements and records of individuals' completion of IA training received from their headquarters, region, and/or activity IA training coordinators. For example, at the CNIC NDW office, we selected the first 56 (there were 58 names; 2 of which were duplicates) of 491 names on the cell phone/PDA inventory list provided by the CNIC NDW Wireless Device Manager, and requested FY 2007 IA training completion documentation for these cell phones and PDA users from the IA training coordinator. At NAVFAC HQ, Washington, and Southeast (PWDs Panama City and Pensacola), IA training status records were requested for all cell phone and PDA users since at three of the four locations the number of users was relatively small.

We reviewed selected CNIC and NAVFAC policies and procedures for the management and use of cell phones and PDAs. For example, we contacted CNIC HQ to obtain an overview of their process, procedures, and guidance for ordering, distributing, and paying for cell phones/PDAs, their inventory of cell phones/PDAs issued to subordinate activities, and to determine how they managed IA training and completion. We also obtained an overview of the commands' processes for reviewing and certifying invoices for payment, as well as, for conducting periodic cell phone usage assessments.

¹⁵ FY 2006 vendor data from FISCSD was used instead of FY 2007 since it represented a full fiscal year instead of a partial year's data. Also, we did not use the NMCI FY 2006 delivery order records because: (1) they only provided information on FY 2006 newly issued PDAs, and (2) they didn't provide PTNs or command or activity names to which the devices were issued.

Additionally, we conducted our own cell phone/PDA usage assessments at selected CNIC and NAVFAC regions and activities to identify any questionable calls, inactive lines, minimal or overage usage, etc.

Within the CNIC and NAVFAC activities, we judgmentally selected PTNs for review from the January through March 2007 vendor subscriber invoices, based on the amount of usage for each month. Lines with the highest usage were chosen for our usage assessments, which included review of the lines for minimal, overage, or zero-usage, and for unauthorized or questionable calls. For our unauthorized or questionable calls assessment, the selected lines were called, and a preliminary assessment was made on whether the line was being used for unauthorized or questionable purposes. We then provided our listing of questionable calls to CNIC and NAVFAC telecommunications personnel for validation.

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.

Exhibit C:

Activities Visited and/or Contacted

Activities Visited* and/or Contacted

Department of the Navy, Chief Information Officer, Washington, DC*

Commander, Navy Installations Command Headquarters, Washington, DC*

Commander, Navy Installations Command, Naval District Washington, Washington, DC*

Commander, Navy Installations Command, Naval Support Facility, Dahlgren, VA*

Commander, Navy Installations Command, Navy Region Hawaii, Honolulu, HI

Commander, Navy Installations Command, Navy Region Southwest, San Diego, CA

Naval Facilities Engineering Command Headquarters, Washington, DC*

Naval Facilities Engineering Command Washington, Washington, DC*

Naval Facilities Engineering Command Southeast, Jacksonville, FL*

Naval Facilities Engineering Command Southeast, Public Works Department, Pensacola, FL¹⁶

Naval Facilities Engineering Command Southeast, Public Works Department, Panama City, FL¹⁷

¹⁶ The activity was not contacted directly. Information for the activity was received through Naval Facilities Engineering Command Southeast.

¹⁷ Ibid.

Exhibit D:

Naval Audit Service Comment on Naval Facilities Engineering Command Management Responses

The Naval Facilities Engineering Command (NAVFAC) management responses to the draft audit report included comments on draft report methodology and assumptions, which are incorporated into Appendix B (report pages 54-55). This exhibit includes the 20 November 2008 Naval Audit Service reply to NAVFAC addressing those comments.

Pooled Plan/Overages

The NAVFAC response commented that “by doing a simple mathematical analysis on the minutes and lines in the pooled plan, it can be shown that elimination of all the zero-use lines does not incur overages in the pooled plan.” The Naval Audit Service performed its mathematical analysis on the minutes and lines in the pooled plan using data from January through March 2007 vendor invoices and determined that removal of zero usage lines from NAVFAC Washington Account #183748145 would have resulted in overages on the February and March 2007 vendor invoices. For example, on the February invoice, the 186 lines that used at least 1 minute of time used a total of 80,640 minutes, against a pool of only 74,400 minutes, which would have resulted in 6,240 overage minutes. The draft report statement in question only cited removal of zero usage lines, but Recommendation 13 also mentions transferring minimal usage lines (using between 1 and 50 minutes) to more economical plans, which would reduce the pool of minutes further. Using the same example above, there were 154 lines on the February 2007 vendor invoice that used at least 51 minutes, for a total of 80,050 minutes, against a pool of only 61,600 minutes, which would have resulted in 18,450 overage minutes.

Regarding treatment of “allotted” minutes per line, for purposes of removing zero usage or minimal usage lines, the pool would be reduced by the allotted 400 minutes per line cited as the “Biz Essentials 400 Custom” plan on the vendor invoice. Regarding treatment of estimated overage charges, the draft report explained these “potentially represented additional charges if a pooled minute plan was not in place.”

Information Assurance (IA) Training

The NAVFAC management response stated that the use of 1 July 2007 as a milestone for IA training was misleading and not germane with regard to Navy IA training requirements, with guidance actually requiring compliance by 30 September 2007. Although DoD guidance¹⁸ requires annual IA training, we tested IA training compliance by 1 July 2007 based on the Navy Telecommunication Directive ALCOM 017/07, “Annual IA/Awareness Refresher Training Requirements” of 1 February 2007, which states “all authorized IS users are to complete annual IA Awareness refresher training NLT 1 July 2007.” When testing compliance by a 30 September 2007 deadline for NAVFAC HQ cell phone and PDA users, reported compliance did not change according to a Navy Training Management and Planning System (NTMPS) report dated 19 February 2008.

Questionable Call Criteria

As communicated to NAVFAC in our response to their review of the preliminary discussion draft report, our audit test to identify questionable cell phone/PDA calls was performed to ultimately determine the extent of potential unauthorized calls from the selected NAVFAC lines reviewed. We reported our efforts to identify questionable calls and command efforts to determine whether the calls were authorized or unauthorized. The draft audit report, particularly Table 3 of finding 3, made a distinction between questionable and unauthorized calls. We added the following statement to further clarify the NAVFAC position that the 30,055 questionable minutes are only potentially unauthorized. “The NAVFAC HQ Assistant CIO for Enterprise Acquisition explained that the nature of NAVFAC business involves calls to private businesses, such as contractors, who sometimes have unlisted phone numbers and/or are located outside the vicinity of a Navy base.”

We believe the basis we used to determine a cell phone/PDA call as questionable (including calls to/from home or family in addition to the “calls to/from private businesses” category cited in the NAVFAC response) was an appropriate indicator of a potential unauthorized call. This was verified by NAVFAC personnel who confirmed, as shown in Finding 3, Table 3 of this report, that 960 minutes of the 1,365 minutes of questionable calls identified by our audit were, in fact, for unauthorized purposes. We agree that it is possible to make authorized calls to unlisted numbers, to private numbers, to numbers that are not near a Navy base, or that use a provider other than the Navy contracted vendor. That is why, for the 30,055 minutes of questionable calls remaining, we requested during the audit, and recommended in the audit report, that NAVFAC

¹⁸ DoD Directive 8570.01, “Information Assurance Training, Certification, and Workforce Management” of 15 August 2004, paragraph 4.1.

review these calls, in accordance with Navy policy requiring such reviews, to identify calls that were not made for official business, make a determination as to whether the questionable calls were for authorized or unauthorized purposes, and communicate results of the review to the Naval Audit Service. Cell phone/PDA call reviews are required for more than just cost recovery purposes as abuse or misuse of Government property is required by OPNAV guidance to be addressed whenever identified.

Appendix A:

Management Responses from Commander, Navy Installations Command



DEPARTMENT OF THE NAVY
COMMANDER, NAVY INSTALLATIONS COMMAND
716 SICARD STREET, SE, SUITE 1000
WASHINGTON NAVY YARD, DC 20374-5140

2100
Ser N00G/8U32220
OCT 28 2008

From: Commander, Navy Installations Command
To: Assistant Auditor General for Installations and
Environment Audits, Naval Audit Service

Subj: CONTROL OVER WIRELESS DEVICES AT SELECTED COMMANDER, NAVY
INSTALLATIONS COMMAND AND NAVAL FACILITIES ENGINEERING
COMMAND ACTIVITIES (DRAFT AUDIT REPORT N2007-NIA000-
0063.000)

Ref: (a) NAVAUDSVC memo 7510 N2007-NIA000-0063 of 30 Sep 08

Encl: (1) CNIC Responses to Subject Draft Report

1. We reviewed reference (a) and enclosure (1) provides our responses to the draft report recommendations. We also reviewed reference (a) from a Freedom of Information Act (FOIA) perspective and submit that the audit report does not require the "For Official Use Only" (FOUO) designation.

2. The technical point of contact is [REDACTED] CNIC N6, at [REDACTED] email: [REDACTED] The Audit Liaison is [REDACTED] CNIC Office of the IG, at [REDACTED] email: [REDACTED]

FOIA
(b)(6)

[REDACTED]

By direction

OFFICIAL USE ONLY - PRIVACY SENSITIVE
Any misuse or unauthorized disclosure may result in both
civil and criminal penalties

**Commander, Navy Installations Command (CNIC) Response To
NAVAUDSVC Draft Audit Report "Control Over Wireless Devices at
Selected CNIC and Naval Facilities Engineering Command
Activities (N2007-NIA000-0063.000)**

We reviewed the draft audit report and concur with the findings and recommendations contained therein. Below are our responses to the recommendations addressed to CNIC.

We recommend that CNIC:

Recommendation 1: Establish controls and provide oversight to ensure that cell phones and PDAs are accounted for as minor (pilferable) property as required by OPNAVINST 2100.2a verifying (as required by SECNAVINST 7320.10A) that subordinate activities use a claimancy-mandated personal property database/system, perform periodic physical inventories, ensure data is accurate/complete, and submit physical inventory completion letters to CNIC headquarters.

Management Response: Concur. CNIC N6 will implement use of Total Workforce Management Systems (TWMS) and its embedded dB asset management system, and NMCI Enterprise Tool (NET), and/or Remedy. Final cell phone data will be loaded to TWMS by 28 February 2009 for total CNIC and region workforce, with immediate use by all activities. Target completion date: 1 March 2009. NET has all NMCI related asset information, and Remedy may be used in FY10.

Recommendation 2: Require its regions and activities to reconcile, at least quarterly, their cell phone and PDA inventory records with their wireless vendors' reported active/open cell phone and PDA lines to identify discrepancies or mismatches between the command and vendor records and take appropriate corrective action (i.e., discontinue the wireless service for unused lines or obtain reimbursement for any incorrect charges).

Management Response: Concur. All regions will submit quarterly reports to CNIC N63 (CNIC N65 for NMCI devices) for further action, and perform monthly reconciliations with vendor invoices. Status: Regions will submit quarterly reports after reconciliation of the December, March, June, and September vendor invoices; or at other additional times as directed by CNIC N63 and/or N65 for NMCI devices. Target Completion date: 1 April 2009.

Recommendation 3: Revise CNIC cell phone/PDA policy memorandums to require regional and activity cell phone and PDA users to surrender their Government provided wireless devices to a designated official upon termination or transfer, as required by DON CIO policy.

Management Response: Concur. CNIC cell phone/PDA memorandum is under revision already to include this provision among others. Target completion date: 31 December 2008.

Enclosure (1)

Recommendation 7: Establish controls and provide oversight to ensure cell phone and PDA users complete initial and refresher IA training (blocking access to the device, if necessary, until the user completes the IA training), and that training completion is documented as required by DOD and DON guidance.

Management Response: Concur. TWMS will be used as the authoritative database for cell phones, as well as for documenting initial and refresher user IA training for all cell phones and PDAs. Target completion date: 30 September 2009.

Recommendation 9: Establish controls and provide oversight to ensure WDMs, regional phone coordinators, or designated representatives review vendor invoices and conduct usage assessments on at least a monthly basis for payment certification and detection of minimal, overage, or zero-usage, or unauthorized calling patterns and abuse of Government-provided cell phones and PDAs as required by OPNAV guidance and DON CIO policy.

Management Response: Concur. The revision to the CNIC cell phone and PDA memorandum will address recommended actions. Target completion date: 31 December 2008.

Recommendation 10: Where there is a determination of unauthorized calling patterns and abuse, or minimal, overage, or zero-usage (including lines identified in this report) of Government-provided cell phones and PDAs, investigate (including referral to the Command Inspector General as appropriate), the noncompliance with official guidance, and take corrective and disciplinary action as needed, and transfer zero, minimal, and high usage cell phones/PDA lines to a more economical wireless service plan, or disconnect inactive lines per Deputy Chief of Naval Operations N6 Naval Administrative Message (242/07) of 26 September 2007.

Management Response: Concur. This action will be conducted on a monthly basis after receipt of vendor bills, and forwarded for further disciplinary action as required. Status: Ongoing, to be completed each month within 10 working days of receipt of vendor invoice. Target completion date: 30 November 2008.

Appendix B:

Management Responses from Commander, Naval Facilities Engineering Command



DEPARTMENT OF THE NAVY
NAVAL FACILITIES ENGINEERING COMMAND
1322 PATTERSON AVENUE, SE SUITE 1000
WASHINGTON NAVY YARD DC 20374-5065

7500
IG2/08-034
30 Oct 2008

From: Commander, Naval Facilities Engineering Command
To: Assistant Auditor General for Installations and Environment Audits, Naval Audit Service (NAVAUDSVC)

Subj: DRAFT NAVAUDSVC REPORT "CONTROL OVER WIRELESS DEVICES AT SELECTED COMMANDER, NAVY INSTALLATIONS COMMAND AND NAVAL FACILITIES ENGINEERING COMMAND ACTIVITIES" (N2007-NIA000-0063) DATED 30 SEPTEMBER 2008

Encl: (1) NAVFAC Comments to subject draft audit report.

1. Enclosure (1) provides responses to recommendations 4, 5, 6, 8, 11, 12, 13, and 14 of the subject draft audit report. We reviewed the subject audit report and submit that the report does not require the "For Official Use Only" (FOUO) designation.

2. My staff point of contact is [REDACTED] at [REDACTED]
[REDACTED]

[REDACTED]

Inspector General

FOIA
(b)(6)

Commander, Naval Facilities Engineering Command Response To
NAVAUDSVC Draft Audit Report "Control Over Wireless Devices at Selected
Commander, Naval Installations Command and Naval Facilities Engineering
Command Activities" (N2007-NIA000-0063)

We reviewed the draft audit report and in general concur with the findings and recommendations contained therein that relate to the Commander, Naval Facilities Engineering Command (NAVFAC). Below are our concerns about the methodology and assumptions used in the draft report and our response to the specific recommendations addressed to NAVFAC.

Comments on Draft Report Methodology and Assumptions

The concern for having a pooled plan in place is perplexing. The reason for choosing to order the pooled plan is directly related to OPNAVINST 2100.2A guidance of "providing the most economical solution and best service to Navy customers". The draft report states "In our opinion, when the commands reduce the number of zero-usage lines in their inventories, the number of additional minutes dispersed to the rest of the pool will be reduced, and both commands will begin to incur overage charges if they have not transferred the lines using a large number of minutes to a more efficient plan." Resultant overage charges are a matter of arithmetic, not opinion; the opinion is not supported by the numbers. By doing a simple mathematical analysis on the minutes and lines in the pooled plan, it can be shown that elimination of all the zero-use lines does not incur overages in the pooled plan.

There are references in the draft report to lines exceeding an "allotted" number of minutes in a month. The benefits of the pool concept do not seem to be fully understood. In the pooled plan the monthly minutes are not allotted to a specific line in the pool, or to a specific employee – they are allotted to the pool. The pooled plan allows for variation from line to line and month to month, accommodating peaks and valleys in usage. These variations are not "overages." As they are not overages, calls should not be valued at an overage charge of \$0.25 per peak minute, as was done in the draft report, since there were no overage charges to the government.

We strongly disagree with the criteria used for alleging "questionable" calls addressed in the report which was, in summary: calls made to or from a phone number serviced by a provider other than the three Navy contracted vendors, or numbers called outside the vicinity of a Navy base. One of the examples cited of "questionable" calls in the draft report is: "Calls to/from private businesses." NAVFAC is an acquisition command working with an industrial base of 14,000 firms located worldwide, not necessarily near a Navy base, and not necessarily using Sprint, AT&T or Verizon. Further, there would be no cost recovery because there was no marginal cost to the government for these calls. Due to the faulty logic used and as there were no additional costs incurred, we do not believe they should be used in the report.

With respect to the Information Assurance (IA) training, the use of 1 July as a milestone is misleading and not germane with regard to Navy IA training requirements. The actual guidance requires compliance by 30 September.

Response to Recommendations Addressed to NAVFAC

Recommendation 4: Establish controls and provide oversight to ensure that cell phones and PDAs are accounted for as minor (pilferable) property, as required by OPNAVINST 2100.2A verifying (as required by SECNAVINST 7320.10A) that subordinate activities use a claimancy-mandated personal property data base/system, perform required periodic physical inventories, ensure data is accurate/complete, and submit physical inventory completion letters to NAVFAC headquarters.

Management Response: Concur. NAVFAC has adopted a portal-based wireless device/service management/inventory tool for use by all activities, as allowed by SECNAVINST 7321.10A criteria for accountable and separate records. Activity wireless POCs maintain the data, editing if/when changes are made with respect to devices and/or lines of service. Submission of physical inventory completion letters will be required from all NAVFAC activities on an annual basis. Target completion date for having all data loaded and complete is 31 December 08.

Recommendation 5: Require its regions and activities to reconcile, at least quarterly, their cell phone and PDA inventory records with their wireless vendors' reported active/open cell phone and PDA lines to identify discrepancies or mismatches between the commands and wireless vendor records, and take appropriate corrective action (i.e. discontinue the wireless service for unused lines or obtain reimbursement for any incorrect charges).

Management Response: Concur. With better reports from our vendors, this recommendation has been completed. Initially there was a problem with converting to the FISC contract that made it difficult to get the records from the vendor. Unused lines have been disconnected and billing errors, when found, are corrected with the vendor. Ordering rules have been promulgated to enforce these actions.

Recommendation 6: Establish controls and provide oversight to ensure regional and activity cell phone and PDA users surrender their Government-provided wireless devices to a designated official upon termination or transfer as required by DON CIO and NAVFAC policy.

Management Response: Concur. This requirement will be added to the NAVFAC Business Management System (NAVFAC's standard process repository) process for checking out. Target completion date for this corrective action is 1 January 2009.

Recommendation 8: Establish controls and provide oversight to ensure cell phone and PDA users complete the initial and refresher IA training (blocking access to the device, if necessary, until the user completes the IA training), and that training completion is documented, as required by DoD and DON guidance.

Management Response: Concur. This action has been completed. All NAVFAC IT users are required to submit a System Authorization Access Request (SAAR) and complete IA training annually. NAVFAC's IA training accomplishment equals or exceeds 99% of the workforce (99% in FY07, 100% in FY08).

Recommendation 11: Provide WDMs, regional phone coordinators, or designated representatives, at least monthly, with cell phone and PDA usage and vendor invoice detail data.

Management Response: Concur. NAVFAC's current process requires activity review of invoices on a monthly basis.

Recommendation 12: Establish controls and provide oversight to ensure WDMs, regional phone coordinators, or designated representatives review vendor invoices and conduct usage assessments, on at least a monthly basis for payment certification and detection of minimal, overage, or zero-usage, or unauthorized calling patterns and abuse of Government provided cell phones and PDAs as required by OPNAV guidance and DON CIO policy.

Management Response: Concur. NAVFAC's process has been established for invoice certification by the activities on a monthly basis. Usage is being monitored and unused lines terminated. Any noted misuse or abuse will be investigated and acted upon as necessary.

Recommendation 13: Where there is a determination of unauthorized calling patterns and abuse, or minimal, overage, or zero-usage (including lines identified in this report) of Government provided cell phones and PDAs, investigate (including referral to the Command Inspector General as appropriate) the noncompliance with official guidance, and take corrective and disciplinary action as needed, and transfer zero, minimal, and high-usage cell phone/PDA lines to a more economical wireless service plan, or disconnect inactive lines per Deputy Chief of Naval Operations N6 Naval Administrative Message (242/07) of 26 September 2007.

Management Response: Concur. NAVFAC policy includes investigating any irregularities, taking corrective action as needed. Cell service has been removed from phones found to be using only the Push To Talk functionality and, in accordance with NAVFAC policy, unused lines are being disconnected or reassigned.

Recommendation 14: Confirm whether the 30,055 minutes of questionable calls identified in this report were authorized or unauthorized, and communicate results of the review to the NAVAUDSVC.

Management Response: Non-concur. To the best of NAVFAC's ability, this has been done; however, there are a large number of issues that are unresolvable at this point in time (over 19+ months later). The draft audit report notes that NAVFAC policy is "consistent with language in the DON CIO policy memorandum's (d), DON CIO message 'Effective Use of Department of Navy Information Technology Resources: of 16 July 2005'". Further, as there would be no cost recovery, because there is no marginal cost to the government for these calls, any additional effort would be of no value and a misuse of existing government resources.



DEPARTMENT OF THE NAVY
NAVAL FACILITIES ENGINEERING COMMAND
1322 PATTERSON AVENUE, SE SUITE 1000
WASHINGTON NAVY YARD DC 20374-8065

7500
IG2/08-035
02 Dec 2008

From: Commander, Naval Facilities Engineering Command
To: Assistant Auditor General for Installations and Environment Audits, Naval Audit Service (NAVAUDSVC)

Subj: DRAFT NAVAUDSVC REPORT "CONTROL OVER WIRELESS DEVICES AT SELECTED COMMANDER, NAVY INSTALLATIONS COMMAND AND NAVAL FACILITIES ENGINEERING COMMAND ACTIVITIES" (N2007-NIA000-0063) DATED 30 SEPTEMBER 2008

Encl: (1) NAVFAC Comments to subject draft audit report.

1. Enclosure (1) provides a follow-up response to recommendation 14 of the subject draft audit report. The report does not require the "For Official Use Only" (FOUO) designation.

2. My staff point of contact is [REDACTED] at [REDACTED]
[REDACTED]

FOIA
(b)(6)

[REDACTED]

Acting Inspector General

Commander, Naval Facilities Engineering Command Response To NAVAUDSVC Draft
Audit Report "Control Over Wireless Devices at Selected Commander,
Naval Installations Command and Naval Facilities Engineering Command Activities"
(N2007-NIA000-0063)

Recommendation 14: Confirm whether the 30,055 minutes of questionable calls identified in this report were authorized or unauthorized, and communicate results of the review to the NAVAUDSVC.

Management Response: Non-concur. To the best of NAVFAC's ability, this has been done; however, there are a large number of issues that are unresolvable at this point in time (over 19 + months later). The draft audit report notes that NAVFAC policy is "consistent with language in the DON CIO policy memorandum's (d), DON CIO message 'Effective Use of Department of Navy Information Technology Resources: of 16 July 2005'. Further, as there would be no cost recovery, because there is no marginal cost to the government for these calls, any additional effort would be of no value and a misuse of existing government resources.

Follow-up Response: Partially concur. NAVFAC reviewed a number of the questionable calls and found them to be authorized calls. A number of the questionable calls are unresolvable at this point in time (almost two years later). In the future NAVFAC will reiterate cell phone usage policy to all activities, as well as monitor and investigate any questionable calls.

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