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OIG

Office of Inspector General

U.S. Department of State • Broadcasting Board of Governors

ISP-17-31

Office of Inspections

August 2017

Inconsistent Guidance Governing Property Controls Over Mobile Devices Left Department at Risk of Wasteful Spending

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Summary of Review

In 2011, the White House issued Executive Order 13589¹ mandating that executive agencies control the number of mobile devices, and associated service plans, in order to reduce costs. In 2015, a Government Accountability Office (GAO) report² found that agencies needed better control of mobile devices and service plans in order to avoid unnecessary costs. GAO's report made three recommendations to the Department of State (Department) aimed at achieving that control. All of these recommendations remain open. To determine the Department's progress in complying with the GAO recommendations, OIG reviewed the procurement and property management of mobile devices—smart phones and tablets—in several bureaus. OIG found that due to unclear guidance, not all bureaus properly used the required Department web-based program to track personal property, nor did they always use the services of the office responsible for the purchase of mobile devices and service plans domestically. The lack of clear guidance on these subjects made it impossible for the Bureaus of Administration and Information Resource Management (IRM) to provide accurate information on the quantity or value of the Department's mobile devices. OIG recommended that the Bureau of Administration, in coordination with IRM, issue comprehensive guidance on the purchase and inventory of the Department's mobile devices. In its comments on the draft report, response to the draft report, the Bureau of Administration did not explicitly agree or disagree with the two recommendations addressed to it, but described actions that it had taken or would take to implement the recommendations. OIG therefore considers the two recommendations resolved. The bureau's response to the recommendations and OIG's reply can be found in the Recommendations Sections of this report. The bureau's formal written response is reprinted in its entirety in Appendix B.

BACKGROUND

After the issuance of Executive Order 13589 in 2011, which required executive agencies to control the number of mobile devices and service plans in order to reduce costs, the Office of Management and Budget (OMB) issued a 2012 strategy paper on digital government.³ A key approach outlined in that paper was shifting Federal agency purchases of mobile technologies from the component level (bureau or office) to a centralized, agency-wide level to "break free from the inefficient, costly, and fragmented practices of the past [to] build a sound governance structure for digital services and do mobile 'right' from the beginning." In 2016, OMB issued additional guidance⁴ that directed agencies to establish agency-wide inventories of mobile IT devices and service contracts in order to achieve White House goals.

¹ White House Executive Order 13589, "Promoting Efficient Spending," November 9, 2011.

² GAO, *Agencies Need Better Controls to Achieve Significant Savings on Mobile Devices and Services* (GAO-15-431, May 2015).

³ OMB, *Digital Government: Building a 21st Century Platform to Better Serve the American People*, May 2012.

⁴ OMB, *Category Management Policy 16-3: Improving the Acquisition and Management of Common Information Technology: Mobile Devices and Services* (M-16-20, August 4, 2016).

In 2015, GAO issued its study of the management of Federal mobile devices and compliance in the 15 Federal agencies with the highest reported annual telecommunications spending, including the Department of State. GAO's report found that the Department lacked a suitable agency-wide inventory of mobile devices and associated services and included three recommendations:⁵

- Establish a Department-wide inventory of mobile devices and services.
- Establish a reliable Department-wide inventory of mobile service contracts.
- Establish Department-wide procedures to monitor and control spending on mobile devices.

The Department told GAO that it could not fully comply with the recommendations because approximately two-thirds of its mobile devices are based overseas and use local wireless service contracts. However, the Department created the Mobile & Remote Access Division within IRM (IRM/MRA) to deliver mobile and remote access capabilities to bureaus and offices. IRM/MRA also procures mobile devices and service plans domestically using blanket purchase agreements to reduce costs Department-wide. To inventory, monitor, and track personal property, such as mobile devices, owned or leased by the Department, 14 Foreign Affairs Manual (FAM) 421.1c mandates the use of the Integrated Logistics Management System (ILMS) Asset Management, a web-based program.⁶

OIG sought to determine whether the Department's property controls accounted for domestic mobile devices, as required by 14 FAM. OIG limited its in-depth review to a judgmental sample of one regional bureau—the Bureau of Western Hemisphere Affairs—and one joint executive office—the joint Executive Office for the Bureau of Educational and Cultural Affairs and the Bureau of International Information Programs. However, OIG also conducted interviews with four other bureau executive offices to determine their procedures to account for mobile devices. OIG found there was inconsistent property control guidance for mobile devices and no requirement to use a centralized office to procure mobile devices, as described below.

FINDINGS

Inconsistent Property Management Guidance for Tracking Mobile Phones

OIG found that the Department failed to establish an inventory of mobile devices in use domestically, an inventory of the service contracts associated with these mobile devices, or procedures to monitor and control spending on mobile devices. As a result, the Department is unable to accurately determine how many mobile devices it has domestically or how much it spends overall on these devices. These deficiencies make it impossible for the Department to manage accountable mobile devices on an agency-wide basis.

⁵ The GAO website states that, as of April 2017, the Department had yet to comply with these recommendations.

⁶ Guidance in 14 FAM 411.4 defines accountable personal property as including laptop computers, sensitive personal property (which includes items subject to unusual rates of theft, loss, or misuse), and any property with a serial number having an acquisition value of \$500 or more per item.

Inconsistent and contradicting Department guidance on tracking and controlling mobile devices was the chief contributor to the lack of an inventory of mobile devices and associated service contracts. For example, the Bureau of Administration's Office of Logistics Management, Property Management and Policy Division (A/LM/PMP) guidance regarding the inventory and tracking of smart phones and similar devices contradicts both the requirements in 14 FAM and the Bureau of Administration's own publication "ILMS Management System Loanable Property Recommended Standard Operating Procedures." As noted previously, 14 FAM 421.1.c. requires domestic bureaus and offices to track Department owned or leased personal property⁷ in the ILMS Asset Management module. However, the bureau's publication required that mobile phones be managed in both the ILMS Loanable Property and Asset Management modules.⁸ Then, beginning in August 2015, A/LM/PMP instructed bureaus, through emails, seminars, and training sessions, not to use the ILMS Asset Management module and instead encouraged (but not required) bureaus to track mobile phones in the ILMS Loanable Property module. As a result, there was no consistency in how bureaus used ILMS to track mobile devices. Some bureaus did not use ILMS at all, even though the FAM specifically requires that they do so.

The contradictions between A/LM/PMP guidance, the FAM, and the Bureau of Administration publication referenced above resulted in non-standardized inventory and tracking processes for mobile devices among the bureaus. Given this situation, A/LM/PMP told OIG that a required annual inventory of all mobile devices would be logistically difficult, given the large number of devices. However, these devices are both valuable and easily pilfered, and the lack of a standard method of accounting for them increases the potential vulnerability to theft, waste, and mismanagement of U.S Government property.

Recommendation 1: The Bureau of Administration should publish specific, clear and consistent guidance and procedures for the management, inventory, and tracking of smart phones and similar mobile devices. (Action: A)

Use of Designated Office to Purchase Mobile Devices Not Mandated

OIG found that, although IRM/MRA is responsible for procuring mobile devices and related service plans domestically, the Bureau of Administration does not require its use for such services. For example, OIG found that the Bureau of Western Hemisphere Affairs and the Bureau of Education and Cultural Affairs procured mobile devices using government purchase cards. The lack of a policy and procedures requiring the use of IRM/MRA to procure mobile devices and services limited the Department's ability to develop agency-wide inventories, assess device usage, and reduce costs by leveraging economies of scale and centralizing purchasing.

⁷ Smart phones meet the criteria for sensitive personal property (information technology equipment with memory capability) and often meet the criteria for serialized personal property over \$500, as defined in 14 FAM 411.4 (2), and thus are considered to be accountable property that must be tracked on property records.

⁸ Asset Management is the Department's official system of record for non-expendable property. Common functions performed within Asset Management include asset creation and modification, location management, transferring assets, tracking asset costs and disposals, and conducting physical inventories. Loanable Property integrates with Asset Management to allow for loaning of accountable assets and provides official documentation of the generation of a loan, return of an item, and the disposal of an item.

Recommendation 2: The Bureau of Administration, in coordination with the Bureau of Information Resource Management, should issue comprehensive guidance mandating the use of the Office of Mobile and Remote Access for procurement of mobile devices and service plans. (Action: A, in coordination with IRM)

RECOMMENDATIONS

OIG provided a draft of this report to Department stakeholders for their review and comment on the findings and recommendations. OIG issued the following recommendations to the Bureau of Administration. Its complete response can be found in Appendix B.

Recommendation 1: The Bureau of Administration should publish specific, clear and consistent guidance and procedures for the management, inventory, and tracking of smart phones and similar mobile devices. (Action: A)

Management Response: In its August 7, 2017, response, the Bureau of Administration noted that current policy mandates that mobile devices over \$500 be accounted for in the Integrated Logistics Management System (ILMS) Asset Management module. However, the bureau agreed that adherence to the official policy was inconsistent throughout the Department. Moving forward, the bureau will revise guidance in the Foreign Affairs Manual to require all mobile phones be tracked and accounted for in the ILMS Loanable Property module. All other mobile devices must be accounted for in the annual inventory using the Asset Module.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the new guidance.

Recommendation 2: The Bureau of Administration, in coordination with the Bureau of Information Resource Management, should issue comprehensive guidance mandating the use of the Office of Mobile and Remote Access for procurement of mobile devices and service plans. (Action: A, in coordination with IRM)

Management Response: In its August 7, 2017, response, the Bureau of Administration noted it is currently working with the Bureau of Information Resource Management (IRM) to establish a new centralized end user service for the procurement of domestic mobile devices and service plans through IRM's Office of Mobile and Remote Access.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the new guidance for procuring mobile devices and service plans.

APPENDIX A: OBJECTIVE, SCOPE, AND METHODOLOGY

This inspection was conducted in accordance with the Quality Standards for Inspection and Evaluation, as issued in 2012 by the Council of the Inspectors General on Integrity and Efficiency, and the Inspector's Handbook, as issued by OIG for the Department and the Broadcasting Board of Governors.

The Office of Inspections provides the Secretary of State, the Chairman of the Broadcasting Board of Governors, and Congress with systematic and independent evaluations of the operations of the Department and the Broadcasting Board of Governors. Consistent with Section 209 of the Foreign Service Act of 1980, this inspection focused on the Department's resource management—whether resources are being used and managed with maximum efficiency, effectiveness, and economy and whether financial transactions and accounts are properly conducted, maintained, and reported.

OIG's specific inspection objective was to determine whether the Department's property controls account for domestic mobile computing devices as required by 14 FAM.

OIG reviewed Department guidelines to ensure a complete understanding of the roles, responsibilities, processes, and the required documentation involved in administering property controls over mobile devices. OIG selected a judgmental sample of one regional bureau and one joint executive office—the Bureau of Western Hemisphere Affairs and the Executive Office for the Bureau of Educational and Cultural Affairs and the Bureau of International Information Programs—to conduct a more in-depth review of the property controls on mobile devices. OIG also conducted telephone interviews with four domestic bureaus and offices to determine their processes and procedures to account for mobile devices.

OIG used professional judgment, along with physical, documentary, testimonial, and analytical evidence collected or generated, to develop findings, conclusions, and actionable recommendations.

Ronda Capeles (Team Leader), Leo Hession, and Tanya Manglona conducted this inspection.

APPENDIX B: MANAGEMENT RESPONSE



United States Department of State

Washington, D.C. 20520

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August 07, 2017

MEMORANDUM

TO: OIG – Sandra Lewis

FROM: A/LM – Jennifer A. McIntyre

SUBJECT: Draft OIG Report *Inconsistent Guidance Governing Property Controls Over Mobile Devices Left Department at Risk of Wasteful Spending*

Thank you for the opportunity to provide our comments on the subject draft OIG MAR.

Recommendation 1: The Bureau of Administration should publish specific, clear and consistent guidance and procedures for the management, inventory, and tracking of smart phones and similar mobile devices.

Management Response to Draft Report: The current policy as outlined in 14 FAM 411.4, Accountable Property mandates that all serialized property having an acquisition cost of \$500 or greater per item must be accounted for in the Department's system of record, the Integrated Logistics Management System (ILMS) Asset Management module (AM). However, adherence to this policy is inconsistent throughout the Department and in 2015, A/LM's Office of Program Management and Policy (PMP) began exploring options that would maintain and improve accountability while at the same time adjusting procedures to meet the domestic and overseas operational demands. The ILMS Loanable Property (LP) module was identified as a solution to track and account for mobile phones and to whom they are issued, but without the requirement to barcode and scan them each year as part of the annual inventory. New language will be added to 14 FAM 411 to mandate that all mobile phones, regardless of cost, must be accounted for in the ILMS-LP module and not ILMS-AM. All other mobile devices including laptops,

tablets and satellite phones are still required to be accounted for in the ILMS-AM module and must be scanned each year during the annual inventory cycle.

Recommendation 2: The Bureau of Administration, in coordination with the Bureau of Information Resource Management, should issue comprehensive guidance mandating the use of the Office of Mobile and Remote Access for procurement of mobile devices and service plans.

Management Response to Draft Report: The Bureau of Administration (A) and the Bureau of Information Resource Management (IRM) were tasked by the Office of Management and Budget (OMB) to improve the acquisition and management of “common information technology.” A and IRM are working together to establish a new comprehensive centralized End User Service, operated by IRM’s Office of Mobile and Remote Access (MRA), for the procurement of domestic mobile devices and service plans on behalf of the Department.

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