

MISSISSIPPI

Cost Analysis of Cell Phones in Agencies A Limited Review

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Can State Government Reduce Costs on Cell Phones?

The Office of the State Auditor (OSA) performed a cost analysis on cell phones for select state agencies. The objective of this analysis was to determine if the expenditures for cell phones were justified. Analysts reviewed cost, justification, and usage, then identified steps state agencies can take to monitor and reduce costs.

Results of Cost Analysis

OSA identified potential annualized savings of \$344,000 at five (5) state agencies. The budgets for these five (5) agencies represent 74% of total state appropriations (\$17.3B) for fiscal year 2021. Should the remaining agencies who represent 19% of total state appropriations (\$4.4B) have a cost analysis performed, then the potential for the annualized savings could be greater.¹ Analysts reviewed 2,123 cell phones and identified over 32 different pricing structures.² There were 653 (30%) cell phones with little or no usage and 1,470 (70%) of cell phones being regularly used.

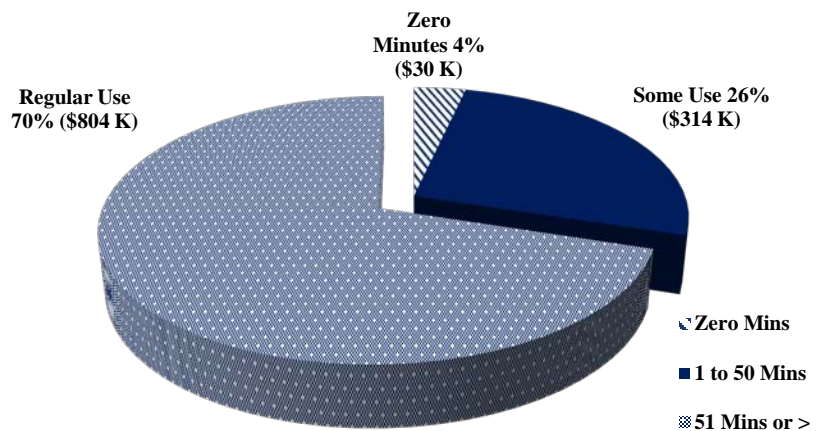
The savings quantified in this report were based on cell phone data provided by five (5) agencies over a one month period (June 2021) for one cell phone carrier per agency (see methodology section for full details). The Exhibit below represents the sample invoices (June 2021) annualized for cell phone services.³

Phones with zero minutes or some use may present an opportunity for cost savings.

Phones with monthly use of zero minutes or of only 1 to 50 minutes should be reviewed to determine if these phones are needed. The potential annualized savings for phones with 50 minutes or less (including zero minutes) equals \$344,000. This represents potential annualized savings of \$30,000 for zero minute use phones and \$314,000 for phones with 1 to 50 minutes of use.

Cell phone plans are another opportunity for cost savings. Some agencies have mid-level to higher priced phone plans for a majority of their phones. Phones with zero minutes to some usage could be considered for a lower priced phone plan.

**Exhibit
Annualized Cell Phone Costs**



Source: Prepared by Analysts using cell phone data provided by MDE, MDOT, MSDH, MSDHS, and MDPS.

¹ The total state appropriations for fiscal year 2021 are \$23.3B, of which 7% (\$1.6B) represents allocations for debt payments, boards and commissions.

² The average cost per cell phone was calculated based on June 2021 sample invoices. This average cost per unit is used in the potential annualized savings calculations for cell phones.

³ Since some invoices include phone lines for services other than cell phones (i.e., equipment, modems, ipads, etc.), the sample of June 2021 invoices were annualized, in order to represent cost for cell phones for a year. Regular use cost represents approximately \$804,000 while some use cost is \$314,000 and no use is \$30,000.

Recommendations for All State Agencies

Additional savings can be realized if all state agencies review and implement some of the recommendations listed below:

These are questions agencies can ask to see if they can save on cell phones costs:

- **How many cell phones does your agency pay for?** Know what you are paying for cell phones. How are invoices approved for payment each month?
- **Is there justification for the phone?** Which employees need the phone? Do they work out of the office, after hours, and/or are they on-call? Can cell phones replace land lines?
- **How many different phone plans does your agency have?** Are all these plans necessary? Does your agency have a majority of employees on the more expensive plan?
- **How many minutes are being used each month?** Is the current plan meeting the needs of the user?
- **How many phones are not used very much?** Why are they not used? Does the lack of regular use justify the cost?
- **Can any high use patterns be identified?** What type of usage is it: call minutes, text messages, data transfers, data free streaming? Is high usage during non-work times?
- **Have cell phone needs for the agency changed?** Has the demand for cell phones in the agency increased or decreased? Have employees transferred to a new agency?⁴ Are inventory records up to date? Is the new billing verified for changes? Are all phones in use justified for continued use?

Ways to save money related to cell phones

- **Keep it cost effective and manageable.** Choose lower cost plans to meet the needs of the majority of users and save money. Have fewer plans.
- **Maintain oversight of cell phone usage.** Review usage on a periodic basis in order to make sure the agency costs are justified. Are the phones being used? Does the plan still meet the need of the user the way it was intended? Is it possible that phones once serving a need are no longer needed (i.e., COVID-19)? Turn in phones no longer needed or used.
- **Provide procedures and direction.** Have procedures in place to communicate expectations of the agency regarding the approval process for obtaining a cell phone, use of the phone, and the process for payment and oversight of usage. For example, keep an up to date cell phone inventory that can be used to help process approval of the cell phone invoice. The number of cell phones in inventory should agree with the number of cell phones charged on the invoice.

⁴ Because of HB 2825, at the end of FY 2021 all equipment and cell phones were to transfer along with the MDOT Law Enforcement personnel from MDOT to MDPS. Link: <https://legiscan.com/MS/bill/SB2825/2021>

Methodology

After reviewing the budgets for all state agencies for fiscal year 2021, the Office of the State Auditor selected agencies based on the top five highest percentage of state appropriations and a higher number of employees.⁵ The objective was to determine if cell phone costs within each agency were justified.

Surveys were sent to each agency requesting an inventory of mobile devices (i.e., cell phones) and copies of the carrier invoices for the fiscal year 2021. Carrier invoices from each agency were reviewed and a common carrier in each agency was selected for comparability. For agencies having more than one account per carrier, the account with the largest dollar amount was selected. Usage activity for call minutes was extracted from these June 2021 invoices. From each listing of phone numbers, minute usage was reviewed for phone numbers identified as cell phones.⁶

Minutes of usage were grouped by three categories:

- Zero minutes⁷ (“no use”), minutes of usage
- One minute to 50 minutes (“some use”), and
- From 51 minutes or higher (“regular use”).

While job descriptions and job titles were reviewed, justification for need of a cell phone was not always clear from the documentation provided. As a result, this review summarizes justification based on the usage of cell phone activity paid for by each agency for the month of June 2021.⁸

⁵ This report includes cost analysis results for the following select state agencies: MS Department of Education (“MDE”); MS Department of Transportation (“MDOT”); MS Department of Health (“MSDH”); MS Department of Human Services (“MSDHS”); and MS Department of Public Safety (“MDPS”). For purposes of this cost analysis, the Schools for the Deaf and Blind were not included in the review of MDE, Child Protective Services was not included in the review of MSDHS, and the Bureau of Narcotics was not included in the review of MDPS.

⁶ Each select state agency submitted an inventory of mobile devices to OSA. The descriptions of mobile devices found in these inventories were used to identify cell phones for the cost analysis. If no description was provided for a phone number in inventory, yet the phone number appeared on the carrier invoice, the usage detail was reviewed. If there were voice minutes, they were considered cell phones and included in the analysis.

⁷ Phone numbers identified as cell phones with no activity are considered zero minutes.

⁸ It is possible an employee may have a cell phone with regular usage, yet not be justified to have a cell phone if they do not work outside the office, are not on call or are not available 24/7 for emergencies.