Pension Benefit Guaranty Corporation

Office of Inspector General

Final Memorandum Report

Review of Management Practices in the Use and Distribution of Blackberry Devices at PBGC

September 28, 2006

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MEMORANDUM

TO: Cris Birch
Acting Chief Information Officer

FROM: Luther Atkins
Assistant Inspector General for Audit

SUBJECT: Final Report on Management Practices in the Use and Distribution of
Blackberry Devices at PBGC

The Office of Inspector General's final report resulting from our review of PBGC's Blackberry Management Practices is enclosed. The overall purpose of this review was to determine if PBGC had established adequate policies and procedures to manage the use and distribution of Blackberry devices, and if so, were the procedures being followed. Where applicable, we would provide management with suggestions for improving the control and transparency of information with this process.

We would like to thank the staff of the Office of Information Technology for their cooperation and efforts during this review. If there are any questions or other concerns needing further discussion, please contact me at ext. 3928, or Ray Reigle, IT Audit Manager, at ext. 3925.

Enclosure

cc: Vince Snowbarger, Interim Director
       Stephen Barber, Chief Management Officer
       Marc Felton, Deputy Chief Information Officer
       Kenneth Oliver, Infrastructure Operations, OIT
       Marty Boehm, Director, CCRD

September 28, 2006

MEMORANDUM REPORT

TO: Cris Birch
             Acting Chief Information Officer

FROM: Luther L. Atkins
             Assistant Inspector General for Audit

SUBJECT: Final Report on Management Practices in the Use and Distribution of
             Blackberry Devices at PBGC

Introduction

PBGC initiated the use of the Blackberry device about three years ago to improve communication capabilities. The Blackberry device provides the user with sevices such as email, two-way walkie-talkie communication, phone, and voice mail. One of the first major Blackberry uses was for those PBGC employees who were identified as primary contacts and participated in PBGC's Continuity of Operations (COOP) exercises. Initially there were about 120 individuals who received the Blackberry for COOP purposes. However, since that time, the use and distribution of the Blackberry within PBGC has grown rapidly. Currently there are over 400 PBGC employee and contractors who have Blackberries.

Because the Blackberry is becoming so prevalent within PBGC and with it associated increased costs, OIG conducted a review of PBGC's Blackberry management. The objectives of our review were to answer the following questions:

- What is/are PBGC's Blackberry Policy and Procedures?

- How does PBGC decide who receives a Blackberry?

- How are decisions made about what specific service(s) Blackberry users receive?

- Who pays for the service(s)?

Results in Brief

Based on our review, we determined that there was no:

- formal policy for the distribution and use of Blackberry devices and associated services.

- standard practice that PBGC offices are required to follow.

- consistency in the services provided, the associated costs, and who pays.

- overall standard procedure and process for managers to use in making these decisions. This is of greater concern when PBGC provides contractors with a Blackberry because we may be increasing work and costs not covered in the contract.

- transparency to allow for proper management of the costs and use Blackberry services within PBGC. Therefore, it is possible PBGC is paying for more services than it really should or needs.

To correct this situation, we recommend that PBGC establish an overall policy and procedures to address: who should receive a Blackberry; whether the service is paid by PBGC, an individual department, or a contractor; what specific services are required and received; and how costs and use will be better managed.

Findings

Today there are in excess of 400 Blackberries in use throughout PBGC with an annual cost of approximately $360K. This cost is comprised of both the cost of the device (about $99) and the monthly sevice charge (about $66). The general process is that each department transfers to OIT funds to cover the initial Blackberry purchase and the yearly service cost, with the exception of those devices required for COOP and senior management.[1] Budget responsibility lies with the Department using the device.

The informal process to acquire a Blackberry consisted of a Department Director approving the purchase for an employee or contractor, contacting the OIT Telecommunications Division, completing a Hardware Request form, and transferring the funds to OIT for payment. Once ordered, these were received in PC Repair for placement into inventory and then deployed to the requesting Department and user. Each user received a short set-up and training session in the use of the Blackberry.

What we found during our survey was that none of these procedures were formalized and there is no policy in place identifying how a Blackberry was to be used and managed. In addition, we noted that about 30% of the current number of Blackberries in use were assigned to contractors. It was unclear as to who was responsible for the cost of the Blackberry or the monthly service in these cases. Also, it was unclear if contractors were compensated for time incurred as a result of responding to Blackberry communications during other than normal business hours.

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[1] The OIG was aware of several times when departments ordered Blackberries directly, rather than transferring the funds to OIT to order the Blackberries. This inconsistency prevented OIT from accounting for and tracking the devices and potentially could allow undetected theft

Additionally, we noted that Department heads were not provided cost and usage data necessary to monitor Blackberry use. Department heads were generally not provided with reports that detailed staff use and cost of the Blackberry assigned to subordinates.

We contacted the service provider to see if there were ways available to help manage PBGC's services and costs. The service provider noted that they could provide electronic invoices to help managers monitor service usage by assigned staff. In addition, because the service provider frequently changes its service plans to meet marketing needs, the service provider will perform a quarterly analysis to make sure PBGC is using the most cost-effective set of plans per user. Both of these services were available to PBGC at no cost.

Because guidance was developed and implemented, we were unable to determine if PBGC received the intended benefits from the use of the Blackberry and whether services are being provided on a consistent basis.

Benchmarking

We performed a limited benchmarking with other agencies of like size that use Blackberry or mobile communication devices. We contacted 10 other agencies and received responses from 4 of those contacted. Although this was not an expansive comparison, we noted that:

- Other agencies perform a basic review of plans;

- A number review their programs periodically; and

- A number put their plans out to competitive bid to ensure the best price for required services is being provided.

Additional Considerations

Based on the new recommended guidance provided in OMB Memorandum M-06-16, dated June 23, 2006, "*Protection of Sensitive Agency Information*", any data deemed sensitive and contained on a Blackberry must be protected. This would require the ability to encrypt all or specific information and/or improve access through the use of two-factor authentication. The current Blackberry devices used in PBGC do not provide this level of security and would need to be upgraded at a substantial cost based on the number of devices and their use if sensitive data will be transmitted or stored on PBGC Blackberry devices.

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Recommendations

We recommend that PBGC:

- Develop and implement a policy for the distribution and use of Blackberry devices in PBGC through the creation of a new policy or amending the existing *Use of Information Technology Resources* directive **(OIG Control Number OIT-82).**

- Formalize procedures for managing costs including:

    o the review of invoices, ensuring costs are appropriate for services provided and individuals are using the devices as intended **(OIG Control Number OIT-83)**;

    o improving transparency to Department Directors by reporting usage and costs on a periodic basis **(OIG Control Number OIT-84).**

- Periodically reassess communication needs and where appropriate recompete the contract for Blackberry services to ensure that PBGC receives the best price and value for required services. **(OIG Control Number OIT-85)**

Management Response – OIG Evaluation

Management responded to this report and agreed with all recommendations. Corrective action is scheduled to be completed by March 31, 2007. A verbatim copy of PBGC's response is at Appendix A.

cc: Vince Snowbarger
        Interim Director

        Stephen Barber
        Chief Management Officer

        Marc Felton
        Deputy Chief Information Officer

        Kenneth Oliver
        Infrastructure Operations

        Marty Boehm
        Director, Contracts and Controls Review Department

Appendix A

Management's Response to OIG Memorandum Report

The following page contains the response to the OIG Memorandum Report issued September 28, 2006. This response, received on September 25, 2006 is included in the final report and contains a target date for implementation of our recommendations.

Memorandum

To: Luther L. Atkins
                Assistant Inspector General for Audit

From: Cris Birch
                Acting Chief Information Officer

Subject: Response to Draft OIG Report on Management Practices
                in the Use and Distribution of Blackberry Devices

Thank you for the opportunity to comment on the draft report. The report correctly highlights the important role that Blackberry devices play in improving communication capabilities at PBGC, especially in instances where a Continuity of Operations (COOP) event may be declared. We agree with the recommendations contained in the report, and plan to implement these recommendations by March 31, 2007. Please contact me should you have any questions.

cc: Vincent K. Snowbarger, Interim Director
        Stephen Barber, Chief Management Officer
        Martin O. Boehm, Director, Contracts and Controls Review Department