



Managing Telecommunications Usage and Expenditure

Steven Vlahos

Sector Director, Performance Audit



The Victorian Auditor-General's Office

- **Purpose** – assurance to Parliament on the accountability and performance of the Victorian public sector.
- **Legislation** – *Audit Act 1994* defines powers and responsibilities of the Auditor-General and the Victorian Auditor-General's Office.
- **Mandate** – financial and performance audits of around 550 entities.

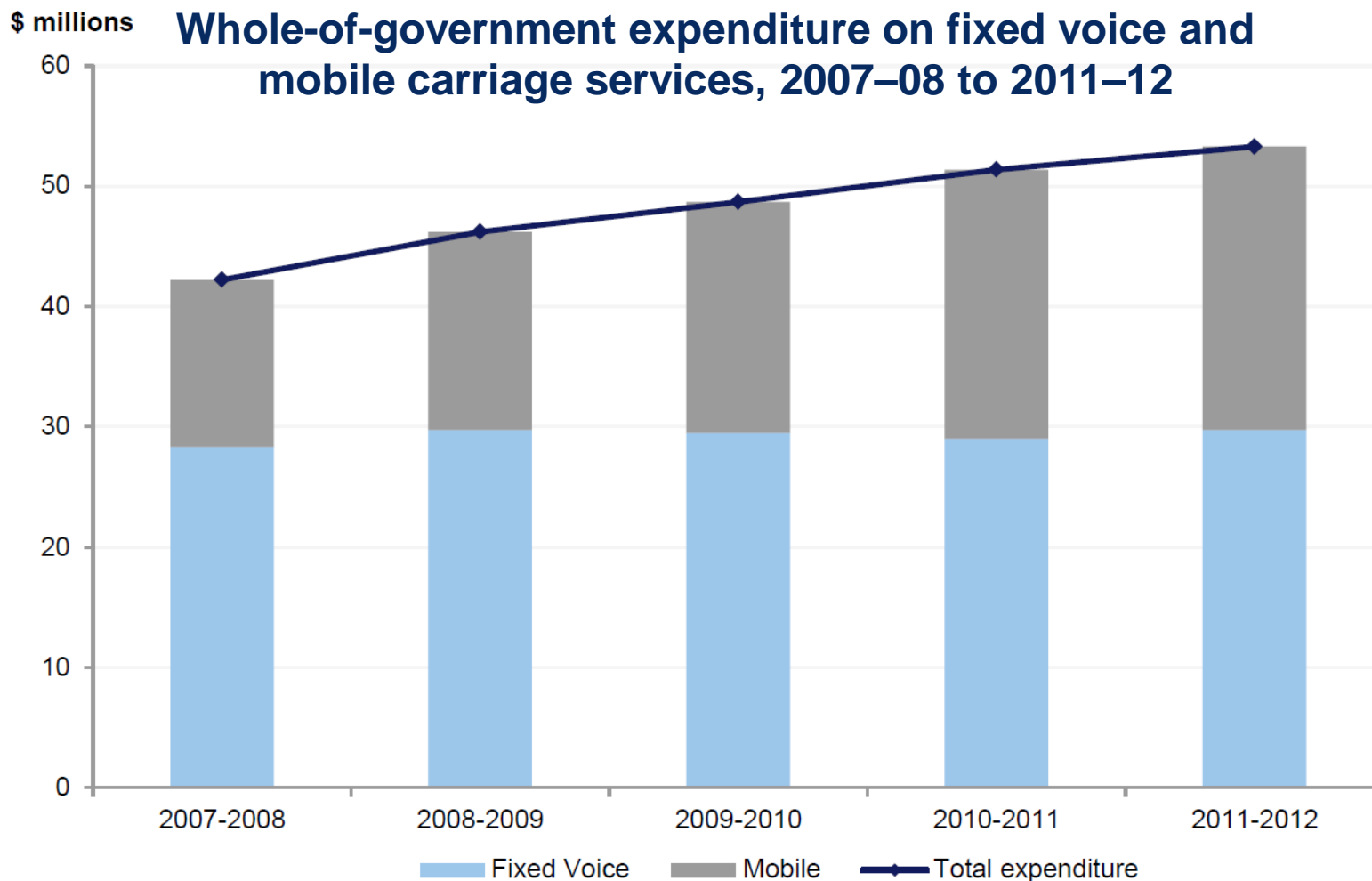


Background to the audit

- Telecommunications are essential to deliver government services.
- In 2011–12, total expenditure on fixed voice and mobile services was \$53 million.
 - Biggest growth in mobile sector.
- Whole-of-government arrangements aim to deliver best value.
 - However, imperatives to reduce costs heighten need to minimise waste and optimise value for money.



Background to the audit – *continued*



Source: Victorian Auditor-General's Office from data supplied by Department of Treasury and Finance



Audit objectives and scope

5

Audit objective:

To determine whether agencies are effectively managing their use and expenditure on fixed voice and mobile services.

page 6

Audit scope:

Assessed whether agencies are effectively:

- minimising waste and reducing the risk of overcharging
- monitoring, detecting and managing inappropriate usage by employees
- managing contracts to assure value for money.



Audit objectives and scope – *continued*

Audit included:

- Department of Human Services (DHS)
- Department of Justice (DOJ)
- Victoria Police (VicPol)



Conclusions

- Examined agencies cannot be confident they are effectively managing usage and expenditure.
- None of the agencies:
 - had sufficient organisation-wide controls
 - demonstrated regular whole-of-organisation monitoring
 - systematically reported to executive management.
- Some isolated examples of good practice are evident, but consistent application throughout the agencies are not.
- Growing pressure to reduce administrative costs indicates more focused action is required.



Findings – Expenditure trends and key cost drivers

8

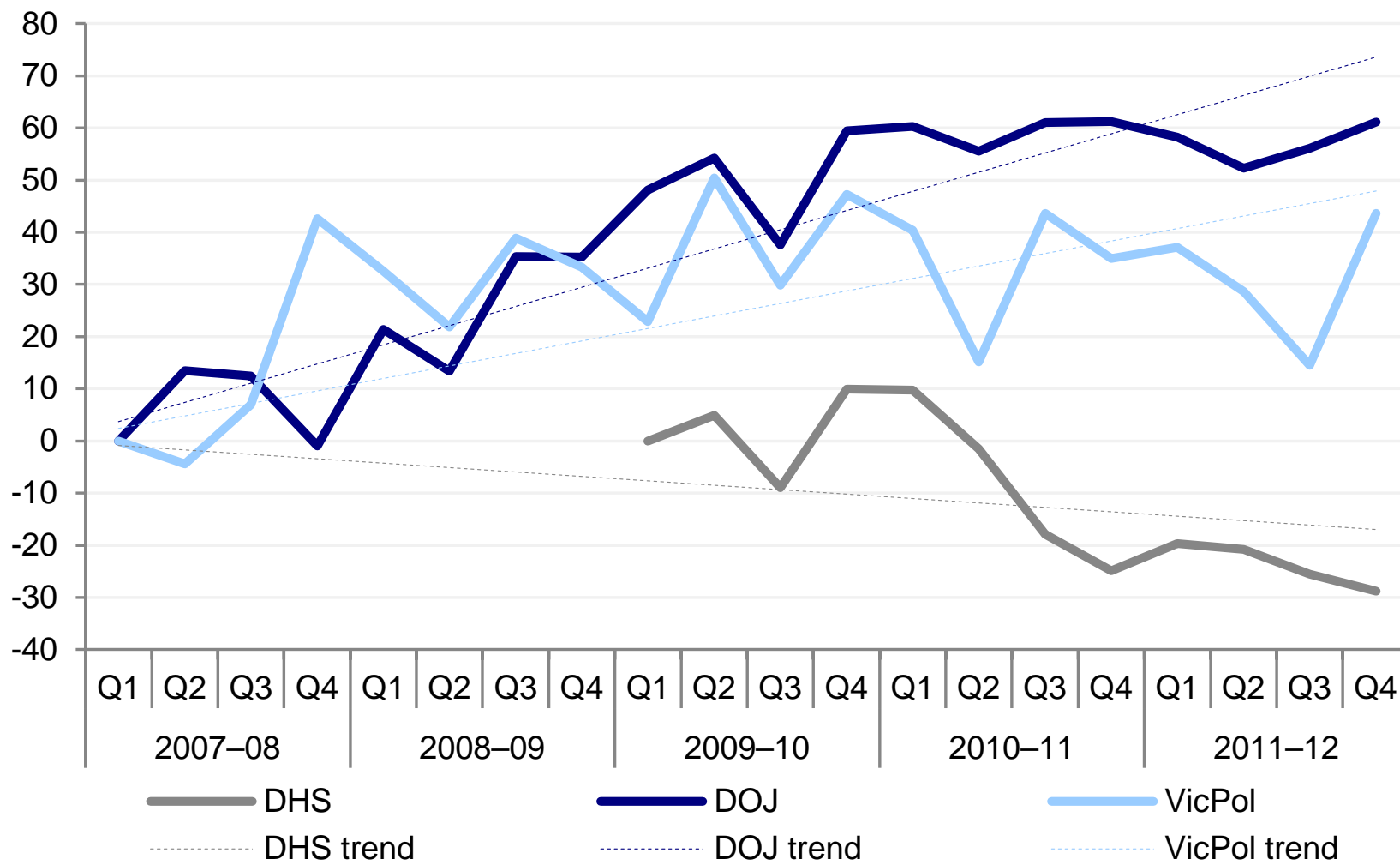
- Agency spend data reveals greatest savings potential from:
 - ensuring no overcharging
 - removing redundant services
 - promptly accessing the best contract rates
 - recovering costs for excessive personal usage
 - applying these controls consistently.
- DHS' mobile expenditure declined by 29 per cent over three years
 - largely due to effective agency-wide controls.

page
viii



Findings – Expenditure trends and key cost drivers – continued

Percentage change in expenditure





Findings – Establishing sound governance

10

- Little assurance of effective, agency-wide governance.
- No monitoring and reporting of whole-of-agency usage and expenditure.
- No minimum procedures to consistently mitigate risks and minimise waste.
- Potential to improve value for money by promptly adopting improved rates
 - potential lost savings of \$660 000 across all departments.

pages
viii–ix



Findings – Effectively controlling usage and expenditure

11

- Key shortcomings:
 - verifying invoices and reducing redundant services
 - enforcing reasonable personal usage thresholds
 - managing mobile data.
- Good practice examples:
 - verifying invoices by monitoring trends (VicPol Eastern Region)
 - removal of redundant landline
 - VicPol \$235 000 savings p.a.
 - Mobile data plan management
 - VicPol \$640 000 savings p.a.
 - DHS \$245 000 savings p.a.
- DOJ is actively working to improve its practices.

page
xi



Recommendations

	Accept
Public sector agencies should:	
• establish agency-wide oversight of fixed voice and mobile usage and expenditure	✓
• develop clear guidance on the allocation and use of mobile phones	✓
• establish consistent agency-wide controls for effectively managing expenditure	✓
• review thresholds for allowable personal usage and implement time frames for recovering associated costs	✓
• promptly adopt variations to the whole of government agreements to optimise savings	✓



Recommendations – *continued*

	Accept
Public sector agencies should:	
<ul style="list-style-type: none">systematically verify the accuracy of fixed voice and mobile invoices	✓
<ul style="list-style-type: none">regularly monitor fixed voice and mobile usage and cancel unused services	✓
<ul style="list-style-type: none">regularly monitor data usage and actively manage data plans to optimise value	✓
<ul style="list-style-type: none">actively enforce compliance with policies on personal usage.	✓



Contact details

For further information please contact:

Steven Vlahos

Sector Director, Performance Audit

[p] 8601 7071

[e] steven.vlahos@audit.vic.gov.au