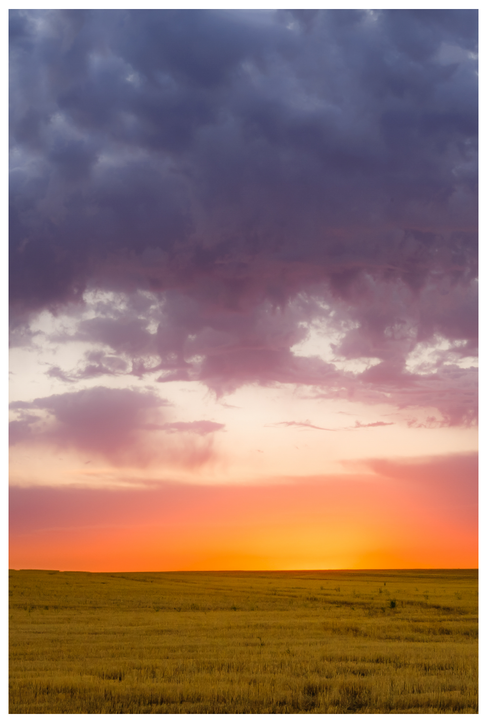
COLORADO OFFICE OF THE STATE AUDITOR

Department of Corrections
Department of Human Services
Department of Natural Resources
Department of Personnel & Administration
Department of Public Safety
Department of Transportation

Management of State Cellphone Costs

Performance Audit
July 2026
2555P





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OFFICE OF THE STATE AUDITOR

KERRI L. HUNTER, CPA, CFE • STATE AUDITOR

July 23, 2026

Members of the Legislative Audit Committee:

This report contains the results of a performance audit of six departments: the Department of Corrections, Department of Human Services, Department of Natural Resources, Department of Personnel & Administration, Department of Public Safety, and Department of Transportation. The audit was conducted pursuant to Section 2-3-108, C.R.S., which requires the State Auditor to conduct a special audit requested by a member of the General Assembly or the Governor, when approved by a majority vote of the Legislative Audit Committee. The Legislative Audit Committee approved this audit in response to a legislative request, which asked the Office of the State Auditor to evaluate the use and cost of state-purchased cellphones, and to identify steps that agencies can take to monitor and reduce costs. The report presents our findings, conclusions, and recommendations, and the responses of the departments.

Kerri L. Hunter

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Key Concern

Overall, we found that the five departments that spend the most on state-issued cellphones—the Departments of Corrections (DOC), Human Services (DHS), Natural Resources (DNR), Public Safety (DPS), and Transportation (CDOT)—should improve their controls over the cost and management of state-issued cellphones. Additionally, the Department of Personnel & Administration (DPA) can improve its oversight of sales reporting requirements in Colorado's state price agreements with telecommunications vendors.

Key Findings

- DOC, DHS, DNR, DPS, and CDOT do not maintain complete and reliable inventories of the cellphones they have issued, and do not have written policies and procedures to require that their cellphone programs conduct cellphone usage monitoring to assess costs. All five departments also lack documentation to show they obtained written approvals before issuing cellphones to state employees and obtained signed employee usage agreements, as required by the Office of the State Controller, for some of the cellphones we sampled.

- During Fiscal Years 2023 through 2025, DPA did not receive 1 of the 12 quarterly sales reports due from AT&T and 8 of the 12 reports due from Verizon, because it has not consistently enforced reporting requirements in the state price agreements with these vendors. We also found that the itemized sales data in reports from Verizon and T-Mobile included significant inaccuracies and omitted data.

Background

- Colorado's approach to purchasing and managing state-issued cellphones is decentralized and handled at the department level. The departments we reviewed had 25 separate cellphone programs that managed more than 10,000 cellphones.

- DPA manages state price agreements to purchase telecommunications products and services, including cellphones, with Verizon, AT&T, and T-Mobile. The State paid these vendors a total of nearly $10.5 million in Fiscal Year 2025, the majority of which was spent by the departments we reviewed.

Audit Recommendations Made	Agency Responses		
	Agree	Partially Agree	Disagree
11	11	0	0

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Management of State Cellphone Costs

Overview

Colorado's more than 115,000 state employees hold a wide variety of positions, some of which necessitate that the employee have a cellphone to be able to carry out their responsibilities. For example, if the state employee must travel substantially, be able to respond immediately, or be available outside of regular office hours, state agencies have the discretion to provide a state-owned cellphone so that staff can carry out their responsibilities. The types of positions that may need a cellphone are varied, including positions such as correctional officers, social workers, wildlife managers, state patrol officers, snow plow drivers, and maintenance workers.

Agencies within Colorado's Executive Branch that decide to implement cellphone programs are responsible for adhering to the purchasing requirements in the State's Procurement Code, Fiscal Rules, and policies established by the Department of Personnel & Administration's (DPA) Office of the State Controller (OSC), as well as to the information and data security policies established by the Governor's Office of Information Technology (OIT).

State Price Agreements and Expenditures

Within DPA, the State Purchasing and Contracts Office maintains hundreds of state price agreements with vendors for a variety of commonly-sourced goods and services, including three price agreements with vendors from which the State purchases telecommunication products and services, including cellphones. These agreements are with:

- Cellco Partnership dba Verizon Wireless (Verizon)
- AT&T Mobility National Accounts LLC (AT&T)
- T-Mobile USA Inc (T-Mobile)

State agencies may use multiple vendors for cellphones, and are not required to use these agreements. Some agencies have chosen to use other vendors for cellphones, such as Viaero Wireless, typically due to the quality of geographic coverage within Colorado's remote areas. The Procurement Code [Section 24-101-101, et seq., C.R.S.] requires agencies within the Executive Branch to award contracts through competitive processes in a way that is fair and free from bias. Because state price agreements are awarded through formal procurement processes that satisfy these statutory requirements, state agencies can use them in lieu of undertaking a formal procurement process, which can save state agencies time and simplify the process of purchasing cellphones.

These telecommunications state price agreements include terms, conditions, and rates for hundreds of cellular devices and service plans, including cellphones, and may be used by state agencies as well as local governments, and nonprofit organizations that receive state funding. Under the agreements, cellphone service generally costs $20 to $50 per cellphone per month, and the cellphone itself is typically provided by the vendor at no additional cost, though the State may incur additional charges if it chooses to upgrade a cellphone or cancel the cellphone's contract prematurely.

As Colorado's administrator of the state price agreements, DPA receives quarterly sales reports from Verizon, AT&T, and T-Mobile and receives a quarterly fee from these vendors equal to 1 percent of the total sales under each agreement. These telecommunications state price agreements were established in 2019 by the National Association of State Procurement Officials (NASPO), a nonprofit organization with membership composed of the chief procurement officers for all 50 states. Colorado is one of 37 states that have signed on to use these agreements, and it was one of 8 states that consulted with NASPO when NASPO negotiated the price agreement terms and rates. DPA and OIT staff were involved with this process, and the state price agreements were approved by the Governor, State Controller, and State's Chief Information Officer.

The Colorado Operations Resource Engine (CORE), the State's accounting system, does not specify whether agency purchases are made using a state price agreement, but the procurement officials we spoke with told us that the majority of their departments' cellphone purchases are made through the state price agreements, and the vendors told us that they default to using these agreements for accounts with a state tax ID or a physical address at a State-owned building. Exhibit 1.1 shows the State's total payments during Fiscal Years 2023 through 2025 to these three vendors.

Exhibit 1.1
Total Payments to Verizon, AT&T, and T-Mobile
Fiscal Years 2023 through 2025

Vendor	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
Verizon	$8,139,500	$8,565,500	$9,068,500
AT&T	$859,300	$974,300	$1,018,100
T-Mobile	$303,700	$240,400	$400,300
Total	**$9,302,500**	**$9,780,200**	**$10,486,900**

Source: Office of the State Auditor analysis of payment data from the Colorado Operations Resource Engine (CORE).

These totals include charges for cellphones as well as other types of cellular services and devices, such as tablets and internet hotspots, along with cellular service for more specialized cellular devices like trail cameras, traffic signs, and water gauges. It is not possible to accurately isolate cellphone costs from these other types of costs in CORE.

Exhibit 1.2 shows the amounts that the Executive Branch (by department), the Judicial Branch, and the Legislative Branch paid in total to Verizon, AT&T, and T-Mobile in Fiscal Years 2023 through 2025, with total expenditures reaching nearly $10.5 million in Fiscal Year 2025.

Exhibit 1.2
Total Payments for Cellular Devices and Services by Department and Branch
Fiscal Years 2023 through 2025

Department/Branch	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
Department of Public Safety	$1,983,600	$1,984,400	$2,190,200
Department of Transportation	$1,286,700	$1,444,500	$1,538,400
Department of Human Services	$1,126,700	$1,163,700	$1,191,700
Department of Corrections	$996,600	$865,000	$927,400
Department of Natural Resources	$726,100	$799,500	$876,800
Department of Labor and Employment	$259,500	$454,700	$376,300
Department of Public Health and Environment	$368,200	$397,200	$443,700
Department of Revenue	$320,600	$372,000	$355,700
Department of Education	$392,400	$341,800	$348,900
Governor's Office	$378,000	$340,000	$360,200
Department of Regulatory Agencies[1]	$183,800	$205,000	$307,900
Department of Early Childhood	$78,300	$146,500	$113,500
Department of Agriculture	$128,500	$135,400	$149,200
Department of Local Affairs	$156,000	$123,400	$141,300
Department of Law	$64,200	$76,100	$82,200
Department of Personnel & Administration	$99,600	$69,600	$81,500
Department of Health Care Policy and Financing	$68,900	$67,200	$72,700
Department of Military and Veterans Affairs	$17,500	$61,500	$64,900
Department of Higher Education	$46,100	$48,500	$60,900
Department of State	$21,500	$21,700	$26,400
Department of Treasury	$3,200	$3,600	$5,700
Total for Executive Branch	$8,706,000	$9,121,300	$9,715,500
Total for Judicial Branch	$594,700	$657,300	$770,900
Total for Legislative Branch	$1,800	$1,600	$500
Overall Total	**$9,302,500**	**$9,780,200**	**$10,486,900**

Source: Office of the State Auditor analysis of financial data from the State's accounting system (Colorado Operations Resource Engine, or CORE) for Fiscal Years 2023 through 2025.
[1] The total for the Department of Regulatory Agencies excludes $800,000 paid to T-Mobile across Fiscal Year 2023 and Fiscal Year 2024 for Relay Colorado, a text-telephone service offered by the Public Utilities Commission.

Because it was not always possible to distinguish between different device types in the data we received for the audit and extracted from CORE, throughout this report we specify "cellphone" only when referring to data where we were able to filter out other device types.

Audit Purpose, Scope, and Methodology

We conducted this performance audit pursuant to Section 2-3-108, C.R.S., which requires the State Auditor to conduct a special audit requested by a member of the General Assembly or the Governor, when approved by a majority vote of the Legislative Audit Committee. The Legislative Audit Committee approved this audit in response to a legislative request, which asked us to evaluate the use and cost of state-purchased cellphones, and to identify steps that agencies can take to monitor and reduce cellphone costs. Audit work was performed from August 2025 through July 2026. We appreciate the cooperation and assistance provided during the audit by the management and staff of DPA, the Department of Corrections (DOC), Department of Human Services (DHS), Department of Natural Resources (DNR), Department of Public Safety (DPS), and Colorado Department of Transportation (CDOT).

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.

The audit's key objectives were to assess department controls over cellphone procurement and use to ensure compliance with state requirements; identify whether there are opportunities to reduce cellphone costs; and evaluate how DPA ensures that state price agreements for cellphones provide competitive pricing.

The audit's scope was limited to a review of how DPA manages the state price agreements that include cellphones, and how five departments within the Executive Branch—DOC, DHS, DNR, DPS, and CDOT—have implemented controls over the costs and use of state-issued cellphones. The audit team chose these departments based on our analysis of CORE data shown in Exhibit 1.2. Together, these five departments represented more than half (65 percent) of the State's total expenditures to the three primary cellphone vendors between Fiscal Years 2023 and 2025. The audit did not include a review of controls at other departments within the Executive Branch, institutions of higher education, or the Legislative or Judicial Branches. The audit also did not evaluate costs or controls over state-owned devices other than cellphones, such as tablets or internet hotspots, nor did it evaluate controls over allowances paid to employees who have been approved to use their personal cellphones for their job duties.

To accomplish our audit objectives, we performed the following audit work:

- Analyzed financial data from CORE for Fiscal Years 2023 through 2025 in order to identify the departments that spent the most on cellphones during that time period.

- Reviewed relevant state laws, rules, and policies, and department policies and procedures over cellphone cost controls regarding procurement, issuance, and usage.

- Reviewed the state price agreements with Verizon, AT&T, and T-Mobile to understand the terms and pricing available to state agencies.

- Interviewed the procurement directors and management for DOC, DHS, DNR, DPS, and CDOT to understand each department's approach to cellphone procurement and management.

- Provided a questionnaire to DOC, DHS, DNR, DPS, and CDOT to distribute to employees who are responsible for their department's cellphone procurement and management in order to understand their processes for determining which cellphone carriers to use, utilizing state price agreements, approving the issuance of state-owned cellphones to employees, and monitoring cellphone use and necessity. We received responses to this questionnaire from a total of 60 employees, who represented all five of the departments.

- Interviewed the OIT staff who assist DOC with its cellphone procurement and vendor management.

- Compiled usage data for DOC, DHS, DNR, DPS, and CDOT from Fiscal Year 2025 phone bills and vendor reports to identify state-issued cellphones that were unused during the year. Due to significant differences and limitations in the usage data provided by each department, our analysis of unused cellphones covered different populations and timeframes for each department.

- Compared the cellphone inventories provided by the departments in November 2025 to available usage data including Fiscal Year 2025 phone bills and vendor reports to determine whether the departments maintain complete and reliable inventories of the cellphones they have issued.

- Reviewed any available documentation of signed cellphone usage agreements and supervisor approval for a sample of cellphones from each of the departments; for the departments that had multiple cellphone programs and/or consisted of multiple divisions, we included cellphones from each in our samples. Due to differences in the data provided by each department, the population and timeframe from which we sampled varied between the departments. A detailed description of our sample selection process is provided after this bulleted list.

- Interviewed DPA management and staff involved with managing the cellphone state price agreements to understand their practices for negotiating the agreements and monitoring vendor compliance with contract terms.

- Interviewed staff at Verizon, AT&T, and T-Mobile to understand the vendors' reporting capabilities available to state departments and their processes for ensuring state departments receive the rates negotiated under the state price agreements.

- Reviewed the quarterly sales data reported to DPA by Verizon, AT&T, and T-Mobile for Fiscal Years 2023 through 2025. These reports included data on all purchases made under the state price agreements, including purchases made by all state departments.

We relied on sampling techniques to support our work. To review department compliance with the OSC cellphone policy, which is applicable to all Executive Branch agencies, regarding cellphone approval and usage agreement documentation, we selected samples of cellphones purchased and issued to staff by DOC, DHS, DNR, DPS, and CDOT. Specifically, we selected a sample of cellphones from each department that was equivalent to about 10 percent of the total number of cellphones we were able to identify based on the departments' Fiscal Year 2025 cellphone bills and November 2025 inventories. For the departments that had multiple cellphone programs and/or consist of multiple divisions, we stratified our sample across divisions and then included cellphones from each division randomly. We drew the samples from the most accurate and complete data available, which varied by department, program, division, or account, as described below.

- **Department of Corrections.** We selected a sample of 119 cellphones out of the 1,192 cellphones (10 percent) we were able to identify from the June 2025 cellphone service billing invoices DOC provided.

- **Department of Human Services.** We selected a sample of 245 cellphones out of the 2,435 cellphones (10 percent) we were able to identify from the June 2025 usage data and November 2025 inventories DHS provided.

- **Department of Natural Resources.** We selected a sample of 142 cellphones out of the 1,372 cellphones (10 percent) we were able to identify from the November 2025 inventory DNR provided.

- **Department of Public Safety.** We selected a sample of 214 cellphones out of the 2,137 cellphones (10 percent) we were able to identify from the April, May, June, and July 2025 cellphone service billing invoices and November 2025 inventory DPS provided.

- **Department of Transportation.** We selected a sample of 143 cellphones out of the 1,408 cellphones (10 percent) we were able to identify from the November 2025 inventory CDOT provided.

The results of our sample testing of these 863 cellphones cannot be projected to the populations. However, the sample results are valid for confirming whether department cellphone programs have implemented controls in accordance with the OSC cellphone policy. Along with the other audit work performed, the results of our samples provide sufficient, reliable evidence as the basis for our findings, conclusions, and recommendations.

As required by auditing standards, we planned our audit work to assess the effectiveness of those internal controls that were significant to our audit objectives. Details about the audit work supporting our findings and conclusions, including any deficiencies in internal control that were significant to our audit objectives, are described in the remainder of this report.

A draft of this report was reviewed by DPA, DOC, DHS, DNR, DPS, and CDOT. Obtaining the views of responsible officials is an important part of the Office of the State Auditor's (OSA) commitment to ensuring that the report is accurate, complete, and objective. The OSA was solely responsible for determining whether and how to revise the report, if appropriate, based on comments from the departments. The written responses to the recommendations and the related implementation dates were the sole responsibility of the departments.

Department Oversight of Cellphone Costs

Five departments that, together, employ more than half of the Executive Branch's classified employees were responsible for the majority of payments made by the State to Verizon, AT&T, and T-Mobile for cellular devices and services, including for cellphones, during Fiscal Years 2023 through 2025. This audit focused on controls over the costs and use of state-owned cellphones at these departments—DOC, DHS, DNR, DPS, and CDOT. Overall, we found that all of these departments should improve their controls over the cost and management of state-issued cellphones. Specifically, we found that none of the departments maintain complete and reliable inventories of the cellphones they have issued, and all five lacked documentation to show that they obtained written approvals and usage agreements required by the OSC cellphone policy when issuing staff members cellphones. This audit also reviewed DPA's management of state price agreements with Verizon, AT&T, and T-Mobile and found that DPA can improve its oversight of the quarterly sales reporting requirements these vendors are required to adhere to. We discuss our findings and recommendations in the rest of this chapter.

Finding 1 — Management of Cellphone Inventories

Cellphone purchasing and management is decentralized among the departments of the Executive Branch, and frequently decentralized within each department. The departments we reviewed had, all together, 25 separate cellphone programs that we were able to identify, each of which was managed by different staff. For example, CDOT had seven cellphone programs that were individually managed by staff in the various divisions within the department while DOC had a single cellphone program and an arrangement with OIT to run some aspects of its program. Departments often work with multiple vendors and can set up multiple accounts with the same vendor that are billed and managed separately. For example, CDOT's seven cellphone programs work with five vendors and have created multiple accounts with two of these vendors: CDOT has at least 57 accounts with Verizon and 10 accounts with AT&T.

The State's procurement system is overseen by the DPA Chief Procurement Officer, who leads the State Purchasing and Contracts Office within the OSC and is enabled by statute to delegate purchasing authority to procurement officials at other state agencies. At the departments we reviewed, their procurement officials have limited involvement with cellphone purchasing or management; instead, cellphone oversight activities are addressed within individual programs.

What audit work was performed and what was the purpose?

We interviewed the procurement official for each department, the State Controller at DPA, and representatives of the three primary cellphone vendors used by state agencies. We also collected information from additional staff members responsible for cellphone management through interviews and written questionnaires to understand how cellphones are purchased and accounted for by the departments. We requested and reviewed all available data related to cellphone management for each department, including cellphone inventories, usage reports, and monthly service billing invoices. The data we reviewed was mostly for Fiscal Year 2025, though the exact timeframes of data that were available varied between departments.

The purpose of our audit work was to review cellphone inventory and usage data for each department to assess the effectiveness of the departments' cellphone management procedures and identify whether there are opportunities to reduce costs related to cellphones.

How were the results of the audit work measured?

Departments should maintain a complete and reliable inventory of the cellphones they have issued and routinely track their usage to prevent unnecessary expenses. The OSC has adopted the Standards for Internal Control in the Federal Government (Green Book), published by the U.S. Government Accountability Office, as Colorado's standard for internal controls. The Green Book recommends agencies establish physical controls over equipment "that might be vulnerable to risk of loss or unauthorized use" such as cellphones and other information technology infrastructure, and that management should periodically count and compare such assets to control records [Principle 10.04]. It also notes that these records will be more reliable if updated regularly rather than sporadically [Principle 10.20]. Additionally, the OSC has instituted a cellphone policy (OSC cellphone policy) that requires all state agencies to use a risk-based approach to monitor the cellphones they have issued, which is only possible when agencies are keeping track of the cellphones they have issued. Finally, one of the stated purposes of the State's Procurement Code is to "maximize to the fullest extent practicable the purchasing value of public funds of the state of Colorado" [Section 24-101-102(2)(d), C.R.S.]. This implies that departments should avoid unnecessary expenses, such as paying for cellphones that they do not need. As such, it is appropriate for departments to routinely monitor cellphones that are not in use and assess whether they are needed.

What problems did the audit work identify and why did these problems occur?

Overall, we identified issues with the effectiveness of all five departments' cellphone management procedures for preventing unnecessary cellphone expenses. First, we found that none of the departments maintain a department-wide inventory of cellphones, nor do they require their cellphone programs to maintain inventory data in a manner that would allow departments to track and monitor cellphone inventories for completeness and accuracy. When we requested that each department provide an inventory of the cellphones purchased and allocated for staff use, and the related usage data for these phones, for Fiscal Year 2025, the quality of the data that each department was able to collect and combine presented data reliability issues. Specifically, departments compiled inventory data from multiple sources, in multiple formats and iterations—for example, staff from some cellphone programs did not distinguish cellphones from other devices in their data, some reached out to the cellphone vendors to get the information but received back incomplete data, and some informed us that no inventory exists. The quality and completeness of usage data provided by the departments in vendor reports and service billing invoices also varied significantly between the departments, ranging from programs that had no usage data to programs that provided thousands of pages of data for one month. Based on the limited information available for corroborating the inventories that we received from each department—for example, by comparing these inventories to monthly bills from the vendors—we determined that none of the five departments were able to compile a complete and reliable inventory of their state-issued cellphones for the audit.

Second, although three departments (DOC, DHS, and CDOT) provided examples of how some of their cellphone programs conduct usage monitoring for assessing costs, none of the departments have written policies and procedures to require that their cellphone programs conduct this monitoring, and to outline a routine, risk-based approach to do so. These written procedures could describe, for example, what monitoring work should be done (e.g., reviewing zero usage reports, assessing vacant positions for which cellphones are active), and how frequently those tasks should be completed.

The specific issues we found at each of these five departments are detailed in the sections that follow.

Department of Corrections

The Department of Corrections (DOC) does not maintain an inventory of the cellphones it has issued, nor does it maintain any written guidance on how to assess the need for cellphones that are not in use. DOC has outsourced some aspects of its cellphone management to OIT, including the purchase and distribution of state-issued cellphones. OIT maintains hard copy files for each cellphone it issues to a DOC employee, but it does not maintain an electronic inventory of the cellphones it has purchased and issued on DOC's behalf. OIT told us that, because it has no electronic inventory, it was unable to obtain the number of cellphones it had issued for DOC in Fiscal Year 2025. Therefore, to better understand the population of DOC cellphones, we reviewed the service billing invoices that DOC received for June 2025 from Verizon, AT&T, and T-Mobile. However, DOC's invoices did not differentiate between cellphones and other devices and rather only indicated that DOC was billed for service on a total of roughly 1,200 active cellular devices at that time.

Regarding usage monitoring to assess costs, DOC staff indicated that they receive vendor reports compiled by OIT roughly annually for Verizon and use the reports to identify cellphones that were unused over a 3-month period; however, neither OIT nor DOC staff conduct usage monitoring for DOC's T-Mobile or AT&T accounts. DOC does not have written policies or procedures to specify how usage monitoring to assess cellphone costs should be approached.

DOC has never formalized its verbal arrangement with OIT related to helping DOC manage its state-issued cellphones, such as with a memorandum of understanding, so the extent of what responsibilities reside with OIT, and who the points of contact are for each agency are unclear. For example, DOC has a cellphone policy stating that OIT will perform random audits "to identify plans and/or individuals who are consistently exceeding the established usage limit," but OIT staff told us that they do not do this. Further, DOC staff indicated that some cellphone approval forms lacked signatures because DOC has not established procedures clarifying whether OIT or DOC is responsible for ensuring the forms are complete.

Department of Human Services

The Department of Human Services (DHS) does not maintain a complete and reliable inventory of the cellphones it has issued, nor does it provide written guidance on how to assess the need for cellphones that are not in use. DHS does not maintain a department-wide inventory of its cellphones; instead, its three programs that manage cellphones—the Business Innovation, Technology, and Security (BITS) Division, the Division of Facilities Management (DFM), and the Colorado Mental Health Hospital in Pueblo (CMHHIP)—maintain separate inventories. The BITS and DFM programs provided us with inventories that roughly aligned with available usage data in vendor reports that we reviewed; these inventories showed that, together, the two divisions managed a total of 2,100 cellphones in Fiscal Year 2025. However, we were unable to identify the total number of cellphones managed by the CMHHIP program, because the inventory and service billing invoices it provided did not clearly differentiate between cellphones and other cellular devices. CMHHIP provided us with monthly cost breakdowns of its T-Mobile bills for Fiscal Year 2025 showing between 485 and 536 cellular devices, and in February 2026, the employee who manages CMHHIP's cellphone program told us they estimated CMHHIP's program had "upwards of around 600" cellphones.

Regarding usage monitoring, the BITS and DFM cellphone programs have hired third-party contractors to assist with cellphone management, including creating monthly reports on unused devices, and the CMHHIP program told us that an employee manually reviews its T-Mobile bill—which for June 2025 was more than 5,700 pages—for unused devices each month. Neither DHS as a whole, nor any of its cellphone programs have written policies or procedures outlining how monitoring cellphone usage to assess costs should be approached.

Department of Natural Resources

The Department of Natural Resources (DNR) does not maintain a department-wide cellphone inventory, though it was generally able to compile cellphone inventory data for the audit, nor does it provide written guidance to employees on how to assess the need for cellphones that are not in use. DNR compiled information provided by the eight divisions within the department, indicating a total inventory of 1,387 cellphones as of November 2025. We reviewed DNR's Fiscal Year 2025 service billing invoices from Verizon, AT&T, T-Mobile, and Viaero, compiling information from more than 300 invoices and found that the number of cellphones contained on the invoices generally aligned with the number of cellphones in the inventory data DNR compiled for the audit. There were 11 additional cellphones in the invoices that DNR could not readily provide an explanation for.

Regarding usage monitoring, DNR indicated that division staff review monthly invoices to identify abnormal charges prior to payment, but neither DNR as a whole, nor any of its cellphone programs have written policies or procedures outlining how programs should approach monitoring cellphone usage to assess costs.

Department of Public Safety

The Department of Public Safety (DPS) does not maintain a complete and reliable inventory of the cellphones it has issued, nor does it provide written guidance on how to assess the need for cellphones that are not in use. DPS does not maintain a department-wide cellphone inventory, but it compiled information from each of the six divisions within the department to identify a total inventory of roughly 1,700 cellphones in Fiscal Year 2025. We found significant discrepancies between this inventory and the billing data from cellphone carriers that DPS also provided, indicating that the inventory is not complete or reliable. For example, DPS provided us with billing data for 50 separate accounts, but the data for 35 of these accounts did not show the number of cellphones under each account, which prevented the audit team from being able to assess data completeness or reliability for these 35 accounts. The 15 accounts that did include this information had a total of 1,966 cellphones listed, which is significantly higher than the roughly 1,700 cellphones that DPS compiled as its total inventory for the entire department. Additionally, the list of 1,966 cellphones included only five of DPS's six divisions that DPS indicates utilize cellphones. DPS later identified an additional 171 cellphones under its sixth division, the Division of Homeland Security and Emergency Management. All together, the data DPS was able to provide for the audit indicates that DPS has at least 2,137 state-issued cellphones.

Regarding usage monitoring, DPS indicated that only 2 of its 6 divisions review monthly invoices to identify unused devices that may no longer be needed. Neither DPS as a whole, nor any of its cellphone programs have written policies or procedures outlining how its cellphone programs should approach monitoring cellphone usage.

Department of Transportation

The Department of Transportation (CDOT) does not maintain a complete and reliable inventory of the cellphones it has issued, nor does it provide written guidance on how to assess the need for cellphones that are not in use. CDOT does not maintain a department-wide cellphone inventory, and was unable to compile a reliable inventory from the data it maintains at the division level. Specifically, CDOT had seven internal tracking sheets maintained by different divisions, but CDOT staff indicated that the seven tracking sheets could not be used to construct a reliable department-wide inventory because they are formatted differently, maintained at irregular intervals, and have different approaches to tracking non-cellphone devices. CDOT also attempted to use data maintained by its two primary cellphone vendors, AT&T and Verizon, to create a department-wide inventory; that data indicated that CDOT had an inventory of 1,421 cellphones as of November 2025. However, we identified around 900 cellphones in the internal tracking sheets that were missing from this inventory, and CDOT later determined that Verizon had provided CDOT with incomplete data covering only 44 of CDOT's 57 Verizon accounts. Recognizing that differences in when the data was collected could also cause discrepancies between the datasets, in March 2026, CDOT attempted to reconcile the current versions of its internal spreadsheets with updated data from the two vendors; that data indicated that CDOT had an inventory of 2,290 cellphones. However, CDOT still noted significant discrepancies in this comparison, including 134 cellphones that CDOT had not been tracking internally, and 111 cellphones that it had been tracking but that did not appear in data provided by its vendors.

Regarding usage monitoring, CDOT indicated that its seven cellphone programs distribute monthly usage data to supervisors and area administrators who are expected to review it for unusual usage, such as to identify and assess the need for cellphones that are not in use. However, CDOT noted that the efficacy of this monitoring may vary between divisions, and it does not have written policies or procedures outlining how its cellphone programs should approach monitoring cellphone usage.

Overall, none of the five departments have maintained clear organizational structures governing their cellphone programs nor have they facilitated communication between their divisions with cellphone programs. The OSC's cellphone policy requires departments to utilize a risk-based approach to monitoring compliance with cellphone requirements, but none of the departments have written procedures that clearly outline such a risk-based approach. The Green Book requires that state agencies "establish an organizational structure, assign responsibility, and delegate authority to achieve the entity's objectives" [Principle 3.01], and that they communicate "relevant and quality information throughout the entity using established reporting lines" [Principle 14.02]. Each of the departments we reviewed had a different approach to cellphone management, but all frequently relied on ad hoc arrangements and informal communication between their cellphone programs. This lack of a clear organizational structure can result in cellphone programs within a department being siloed and unable to readily combine data or share best practices. For example, DHS's procurement director and staff from the BITS cellphone program stated that, prior to this audit, they were not aware of the two other cellphone programs operating within DHS.

Each department had to collect and combine data from multiple sources to determine how many cellphones it maintains and to provide usage information for this audit, which increases the risk of inaccuracies and takes additional staff time. For example, when DNR was compiling information on the reasons certain devices were unused in response to our audit request, one of the divisions made a copying error that associated this information with the wrong devices and wrongly identified some non-cellphone devices as cellphones. When DPS was collecting usage data in response to our audit request, it was not able to collect data for every account, and did not realize that some data it did collect was not provided to the auditors. The various cellphone programs within each department have significant leeway in the level of monitoring they conduct and the type of data they maintain, which resulted in inconsistent monitoring and data that, in multiple cases, could not be combined at a department level. Even departments that relied on data that they requested directly from their cellphone vendors encountered issues with the completeness of the data due to the large number of accounts the departments have created. For example, CDOT has seven independent cellphone programs, but at least 67 separate accounts, and DPS has at least 50 accounts split across six divisions. Cellphone vendors told us that it can be difficult to review cellphone usage data for an entire department, as the data needs to be pulled separately for each account and then manually combined. Vendors also cannot provide reliable data on which employee is assigned to each cellphone, as vendors rely on the departments to enter and update this information. In some vendor datasets we saw a large number of devices associated with a single employee or with a generic name such as "New Line." A lack of clear data on who is responsible for each cellphone makes it difficult for departments to ensure that cellphones are necessary and being used in compliance with the OSC's cellphone policy.

Why do these problems matter?

When departments do not maintain a reliable and complete inventory of the cellphones they have issued, it is difficult for the departments to monitor cellphone usage and identify whether phones are necessary and the expenses justified. Compiling and verifying the accuracy of cellphone inventory and usage data takes additional staff time, which disincentivizes departments from regularly monitoring the cellphones they have issued.

We reviewed available usage data from Fiscal Year 2025 from each department, including service billing invoices and vendor reports, to identify cellphones that had no calls, messages, or data used. The timeframe and population of cellphones we were able to examine varied significantly between departments and accounts. For example, we were able to review DNR's phone bills for all 12 months of Fiscal Year 2025, but were only able to review a single month of DPS's phone bills, and only for 8 of the 50 DPS accounts we identified. These differences were due to the amount of data the departments provided, and also the way vendors formatted that data. In some cases, agencies were able to provide vendor reports that could be quickly analyzed, and others provided phone bills with usage data consolidated into a single table which the audit team could extract. In other cases, agencies provided phone bills where the usage data was spread across thousands of pages, which made it impractical to collect and analyze. As such, some of the cellphones we identified with zero usage data may have been in use outside the time period we were able to review.

Altogether, we reviewed usage data for 6,688 of the more than 10,000 cellphones the departments identified for the audit. Of these, 398 (6 percent) were unused (i.e., no usage for calls, texts, or cellular data) during the time period examined. We estimate that these cellphones cost a total of about $173,000 when projected out to a full year. This is a very rough estimate due to the limitations of the available usage data described above. The departments also indicated that, in some cases, there is a valid operational reason to retain an unused cellphone. For example, a cellphone may be issued as a safety precaution and used only in emergencies, it may be assigned to a vacant position that the department expects to fill in the near future, or contract terms may make it more affordable to retain an unused cellphone until its contract has expired rather than paying a vendor early termination fees. However, we were not able to determine whether this was the case for the unused cellphones we identified, due to the lack of reliable and complete data at each of the departments.

Recommendation 1

The **Department of Corrections** (DOC) should ensure that it has effective cellphone management procedures by creating organizational structures for their cellphone programs that include the following:

A. Developing and maintaining a complete and reliable inventory of the cellphones it has issued. This inventory could exist at the department level or it could exist at division or program levels as long as the inventory data are tracked consistently, complete, and routinely monitored for accuracy.

B. Developing written procedures that clearly define DOC's approach to monitoring cellphone usage, and the responsibilities of employees who manage cellphones. These procedures should also establish lines of communication between DOC's cellphone programs that allow DOC to readily compile department-wide data and share best practices internally.

C. Reviewing available sources of data related to DOC cellphones to determine whether there are ways to improve the quality of the available data. This could include establishing standard formats that allow cellphone data maintained by different divisions to be readily combined, or working with vendors to consolidate separate accounts, so that the department can pull comprehensive reports from the vendors' data systems.

D. Developing a written agreement to formalize the aspects of cellphone management that it has entrusted to the Governor's Office of Information and Technology. This agreement should clearly specify the extent of each party's responsibilities, and identify a point of contact at DOC who will oversee the agreement.

Response

Department of Corrections

A. Agree
Implementation Date: December 2026

CDOC agrees with this finding and will work to create a complete and reliable inventory of all cellphones in the department. CDOC will also create a process, in conjunction with OIT, to consistently track and monitor this inventory to ensure accuracy. Because of changes and workload in OIT, the implementation of this may be slightly delayed.

B. Agree
   Implementation Date: December 2026

   CDOC agrees with the finding and will create clear procedures for managing and monitoring cellphone usage and outlining the responsibilities of employees who manage cellphones. This will include updates to the department's Administrative Regulations (ARs) informed by the State Controller's Policy and Guidance on Cell Phones.

C. Agree
   Implementation Date: December 2026

   CDOC will pursue, evaluate, and form a single data source for all cell phone data. This will consolidate the information from all vendors and areas within CDOC.

D. Agree
   Implementation Date: December 2026

   CDOC agrees and will develop a written agreement to formalize the management process and coverage of duties between CDOC and OIT.

Recommendation 2

The **Department of Human Services** (DHS) should ensure that it has effective cellphone management procedures by creating organizational structures for their cellphone programs that include the following:

A. Developing and maintaining a complete and reliable inventory of the cellphones it has issued. This inventory could exist at the department level or it could exist at division or program levels as long as the inventory data are tracked consistently, complete, and routinely monitored for accuracy.

B. Developing written procedures that clearly define DHS's approach to monitoring cellphone usage, and the responsibilities of employees who manage cellphones. These procedures should also establish lines of communication between DHS's cellphone programs that allow DHS to readily compile department-wide data and share best practices internally.

C. Reviewing available sources of data related to DHS cellphones to determine whether there are ways to improve the quality of the available data. This could include establishing standard formats that allow cellphone data maintained by different divisions to be readily combined, or working with vendors to consolidate separate accounts, so that DHS can pull comprehensive reports from the vendors' data systems.

Response

Department of Human Services

A. Agree
   Implementation Date: June 2027

   Currently, the Department's Business Innovation, Technology, and Security (BITS) Division's mobile device inventory is managed by MobileSense, a third-party vendor in partnership with Verizon to oversee devices, lines, and usage. Moving forward, BITS intends to implement a centralized and internally managed Mobile Device Management (MDM) solution. Consolidating mobile device management under a single, centralized administration will enable BITS to directly manage all devices in a manner that's consistent, complete, and routinely monitored for accuracy. The team is actively evaluating MDM platforms provided by leading mobile device providers.

B. Agree
   Implementation Date: December 2026

   The CDHS departments with cell phone programs are working collaboratively to develop an updated phone policy. After transitioning to a centralized vendor, all data will be accessible from a single source. This will facilitate comprehensive data analysis and the efficient generation of reports identifying lines with low or no usage. These reports will be distributed to wireless coordinators, who will provide recommendations regarding the continuation or cancellation of service lines. To formalize this process, the wireless device guidelines will be updated and distributed to all wireless device coordinators and users.

C. Agree
   Implementation Date: June 2027

   Centralizing cellphone usage data under a single Mobile Device Management (MDM) system will standardize data naming conventions across the organization. The BITS Division is actively engaged in a project to identify, track, and monitor all CDHS assets. In collaboration with additional programs, we will develop a process that benefits all stakeholders. With this improved asset tracking procedure CDHS will effectively monitor assets, evaluate their lifecycles, and establish appropriate equipment replacement timelines.

Recommendation 3

The **Department of Natural Resources** (DNR) should ensure that it has effective cellphone management procedures by creating organizational structures for its cellphone programs that include the following:

A. Developing and maintaining a complete and reliable inventory of the cellphones it has issued. This inventory could exist at the department level or it could exist at division or program levels as long as the inventory data are tracked consistently, complete, and routinely monitored for accuracy.

B. Revising written procedures so that they clearly define DNR's approach to monitoring cellphone usage, and the responsibilities of employees who manage cellphones. These procedures should also establish lines of communication between DNR's cellphone programs that allow DNR to readily compile department-wide data and share best practices internally.

C. Reviewing available sources of data related to DNR cellphones to determine whether there are ways to improve the quality of the available data. This could include establishing standard formats that allow cellphone data maintained by different divisions to be readily combined, or working with vendors to consolidate separate accounts, so that DNR can pull comprehensive reports from the vendors' data systems.

Response

Department of Natural Resources

A. Agree
Implementation Date: August 2027

DNR will implement this recommendation by procuring a vendor specializing in mobile device management or through other means. The Department is in the process of assessing the feasibility of acquiring a department-wide cell phone management tool. The kind of tools we are exploring acquiring will provide an up to date department level inventory of all mobile devices and additional tools that can be used for inventory tracking and management.

B. Agree
Implementation Date: August 2027

DNR will review and update its current cell phone policy to address monitoring cell phone usage and develop a standard operating procedure for cell phone management (SOP) to provide greater clarity on expectations for employees who manage cell phones. The SOP will also support the implementation of the cell phone management tool if acquired.

C. Agree
Implementation Date: August 2027

DNR will review available sources of data on its cellphones to determine whether there are ways to improve the quality of the available data, including evaluating options for data standardization, account consolidation, and reporting. If it is feasible for the Department to implement a cell phone management tool, it will automatically place DNR cell phone use data into a standard universal format that can be used to generate consistent and comprehensive reports and track common usage patterns across all approved users.

Recommendation 4

The **Department of Public Safety** (DPS) should ensure that it has effective cellphone management procedures by creating organizational structures for their cellphone programs that include the following:

A. Developing and maintaining a complete and reliable inventory of the cellphones it has issued. This inventory could exist at the department level or it could exist at division or program levels as long as the inventory data are tracked consistently, complete, and routinely monitored for accuracy.

B. Developing written procedures that clearly define DPS's approach to monitoring cellphone usage, and the responsibilities of employees who manage cellphones. These procedures should also establish lines of communication between DPS's cellphone programs that allow DPS to readily compile department-wide data and share best practices internally.

C. Reviewing available sources of data related to DPS cellphones to determine whether there are ways to improve the quality of the available data. This could include establishing standard formats that allow cellphone data maintained by different divisions to be readily combined, or working with vendors to consolidate separate accounts, so that DPS can pull comprehensive reports from the vendors' data systems:

Response

Department of Public Safety

A. Agree
Implementation Date: June 2027

The Department of Public Safety agrees with this recommendation. We will establish an inventory system to track all actively billed state-issued cellphones at the department, division or program level. This system will ensure that device tracking is consistent, complete, and subject to routine monitoring for accuracy.

B. Agree
Implementation Date: June 2027

The Department of Public Safety agrees with this recommendation. As previously mentioned, we will establish an inventory system to track all actively billed state-issued cellphones at the department, division or program level. This system will ensure that device tracking is consistent, complete, and subject to routine monitoring for accuracy.

C. Agree
   Implementation Date: June 2027

   The Department of Public Safety agrees with this recommendation. We will review our current data sources and vendor accounts to identify opportunities for improvement. Efforts will focus on establishing standard data formats where feasible across divisions to assist with comprehensive reporting and evaluating consolidation of vendor accounts.

Recommendation 5

The **Colorado Department of Transportation** (CDOT) should ensure that it has effective cellphone management procedures by creating organizational structures for their cellphone programs that include the following:

A. Developing and maintaining a complete and reliable inventory of the cellphones it has issued. This inventory could exist at the department level or it could exist at division or program levels as long as the inventory data are tracked consistently, complete, and routinely monitored for accuracy.

B. Developing written procedures that clearly define CDOT's approach to monitoring cellphone usage, and the responsibilities of employees who manage cellphones. These procedures should also establish lines of communication between CDOT's cellphone programs that allow CDOT to readily compile department-wide data and share best practices internally.

C. Reviewing available sources of data related to CDOT cellphones to determine whether there are ways to improve the quality of the available data. This could include establishing standard formats that allow cellphone data maintained by different divisions to be readily combined, or working with vendors to consolidate separate accounts, so that CDOT can pull comprehensive reports from the vendors' data systems:

Response

Colorado Department of Transportation

A. Agree
   Implementation Date: September 2026

   The Department agrees with the recommendation and has already initiated implementation of a new inventory management process. This has included the development of a new standardized inventory tracking template to ensure that all necessary data elements are tracked, and that data maintained by different CDOT Divisions is consistent, complete and can be easily consolidated. This new process will also include a bi-annual reconciliation process to vendor data to ensure the CDOT maintained inventory data is validated against vendor data and discrepancies researched and resolved. The Department anticipates rolling out the new standardized inventory tracking template in July, with the initial reconciliation completed in August. Going forward, bi-annual reconciliations will be conducted in September and March.

B. Agree
Implementation Date: December 2026

The Department agrees with the recommendation and has already initiated updates to Policy Directive (PD) 46.1 Cell Phone and Mobile Device Procedure. The update to the PD will include:

1. Outlining the new inventory management process and associated roles and responsibilities;

2. Expanding upon and clarifying roles and responsibilities related to monitoring cell phone usage;

3. Updating and strengthening requirements related to who qualifies for a state-issued cell phone.

The Department anticipates the updated PD will be complete and executed prior to the end of the calendar year.

C. Agree
Implementation Date: December 2026

The Department agrees with the recommendation and has already initiated review of available data sources. This has included working with staff across the Department responsible for maintaining cell phone inventories to develop a comprehensive set of data elements and then incorporating those data elements into a new standardized inventory tracking template. The Department will also engage vendors to identify opportunities to improve vendor data, including the potential consolidation of accounts, as well as work with vendors to identify what additional vendor reports might be available to further aid tracking and monitoring efforts. The Department anticipates completing these efforts by the end of the calendar year, in tandem with updates to Policy Directive 46.1.

Finding 2 — Management of Cellphone Assignments and Approvals

Each of the five departments that this audit reviewed—DOC, DHS, DPS, DNR, and CDOT—uses its state-owned cellphones for various purposes; for example, a cellphone may be issued to an individual employee, such as someone who travels frequently for work, or to a group of employees based on location (e.g., a nurse's station or a state park educational team).

As discussed in Finding 1, cellphone procurement and management are decentralized across each department's divisions with cellphone programs, with the exception of DOC, whose cellphones are procured and managed by OIT due to a verbal arrangement between the two agencies. Typically, each cellphone program has staff who decide which vendors to buy cellphone service and equipment from, and which type of cellphones to buy (e.g., a smartphone or a more basic cellphone); assign and issue cellphones for staff; and manage accounts based on the needs of their program.

What audit work was performed and what was the purpose?

We reviewed statutes, regulations, and policies relating to state-issued cellphones, and interviewed department staff responsible for issuing and managing cellphones to understand their practices. We also reviewed, for a sample of cellphones from each department, available documentation to show that there was a need for the employees to be assigned a state-issued cellphone and documentation to indicate employees' acknowledgement of usage terms. We selected a sample of cellphones from each department that was equivalent to about 10 percent of the total number of cellphones we were able to identify based on Fiscal Year 2025 cellphone bills and November 2025 inventories, as shown in Exhibit 2.1. For the departments that had multiple cellphone programs and/or consist of multiple divisions, we stratified our sample across divisions and randomly selected 10 percent of the identified cellphones from each division. We drew the samples from the most accurate and complete data available, which varied by department, program, division, or account and included Fiscal Year 2025 cellphone bills and November 2025 cellphone inventories provided by the departments. We describe issues with the completeness and reliability of the available data in Finding 1.

Exhibit 2.1

Cellphones Sampled for Each Department

Department	Number of Cellphones Sampled	Total Cellphones[1]
DOC	119	1,192
DHS	245	2,435
DNR	142	1,372
DPS	214	2,137
CDOT	143	1,408

Source: Office of the State Auditor analysis of cellphone invoices and inventories from the Departments of Corrections, Human Services, Natural Resources, Public Safety, and Transportation.
[1] These are the total cellphones the audit team was able to identify at the time of sampling based on the data available. See the Audit Purpose, Scope, and Methodology section of this report for details of the specific populations these samples were drawn from.

The purpose of our audit work was to determine whether each of the departments complied with the OSC cellphone policy and ensured that employees with state-issued cellphones received the appropriate approvals and signed a state usage agreement, as required.

How were the results of the audit work measured?

The OSC issued a cellphone policy under State Fiscal Rules that establishes minimum requirements for all state agencies that purchase and issue cellphones for staff use. These requirements include that:

- Agencies shall develop procedures for approving and issuing state-owned cellphones for employee use. Approvals may be granted only if the nature of the employee's work is critical to the agency's operations and the cellphone will be primarily used for state business. Approvals may be granted only by an appointing authority or their delegate.
- Agencies shall require employees to sign a usage agreement that specifies usage terms including, for example, that the employee agrees to minimal personal use of the cellphone; comply with federal and state law, rules, and regulations when using the cellphone; reimburse the State if the employee fails to return the cellphone on request or damages the cellphone; and be subject to disciplinary action in the event of noncompliance with the agreement.

The OSC provides example forms for documenting approval and obtaining employee agreement on cellphone usage terms; however, departments are permitted to create their own procedures for documenting required approvals and employees' acknowledgements of state usage terms. For example, the OSC cellphone policy, effective November 2020, does not specify procedures for when agencies assign a cellphone to a position rather than a single individual, such as assigning a cellphone to a nurse's station or whichever ranger is currently on duty at a state park. According to the OSC, it has not ever received questions or comments about how to apply the cellphone policy requirements. However, it would be appropriate for departments to create procedures for obtaining approval to purchase and assign a cellphone to a position, and to require signed usage agreements from everyone who may use that cellphone, to adhere to the OSC requirements.

The OSC also requires all Executive Branch agencies to follow the Standards for Internal Control in the Federal Government (Green Book), which represent an accepted best practice for internal control systems in governmental organizations and provide guidance relating to the control system that management uses to provide reasonable assurance that an organization's objectives will be achieved. According to the Green Book, management should limit access to physical and digital resources to authorized individuals and assign accountability for their custody and use [Principle 10.04] and document practices in policies and procedures [Principle 12.02].

What problems did the audit work identify and why did these problems occur?

Overall, we identified issues with each department's compliance with the OSC cellphone policy. Specifically, we found that none of the five departments had documentation to show that all of the cellphones in our samples had the necessary approvals and that employees had signed usage agreements, as required.

Department of Corrections. We found that for the 119 cellphones in our sample, DOC did not have documentation to show that 65 of the cellphones (55 percent) had been approved, and for 11 of the cellphones (9 percent), that the employees assigned the phones had signed usage agreements. DOC has written policies and procedures that require employees to obtain appointing authority approval for cellphones and sign a usage agreement as required by the OSC cellphone policy; management indicated that not obtaining documentation of approval and signed usage agreements was an oversight.

Department of Human Services. We found that for the 245 cellphones in our sample, DHS did not have documentation to show that 236 of the cellphones (96 percent) had been approved, and for 241 of the cellphones (98 percent), that the employees assigned the phones had signed usage agreements. Of the three cellphone programs at DHS, only one, CMHHIP, has a written policy for obtaining approvals and employee usage agreements, but the program did not consistently enforce the policy. Overall, DHS has not established department-wide policies or procedures for obtaining approvals for cellphones or employee usage agreements, as required by the OSC cellphone policy. DHS stated that it has not implemented routine practices for obtaining signed cellphone usage agreements or documenting cellphone approvals for the cellphones it issues. Instead, according to DHS, it has relied on its Code of Conduct and policies relating to fraud and sensitive information, and on OIT's CISP-001, Acceptable Use of State Data & IT Resources, to ensure that employee responsibilities regarding all state resources, including cellphones, are clearly defined. However, the policies DHS noted do not specifically refer to cellphones, and do not include the requirements for usage and approval that are specified in the OSC cellphone policy.

Department of Natural Resources. We found that for our sample of 142 cellphones, DNR did not have documentation to show that 17 of the cellphones (12 percent) had been approved, and for 24 of the cellphones (17 percent), that the employees assigned the phones had signed usage agreements. DNR has written policies and procedures that require employees to obtain appointing authority approval for cellphones and sign a usage agreement, as required by the OSC cellphone policy; however, data provided by DNR indicated that some of the staff responsible for managing cellphones did not consistently adhere to these requirements. Additionally, in certain cases, DNR indicated that the forms were missing because the cellphone had been assigned to a position, such as "Chatfield On Duty Ranger," and the employee serving in this position changes weekly. However, it would still be reasonable to expect that the decision to assign a cellphone to a position would need to be approved by an appointing authority or delegate, and that all employees who would be using the cellphone sign a usage agreement.

Department of Public Safety. We found that for our sample of 214 cellphones, DPS did not have documentation to show that any (100 percent) of the cellphones had been approved or that any (100 percent) of the cellphones had signed usage agreements consistent with the OSC cellphone policy. DPS has not established department-wide policies or procedures for obtaining approvals for cellphones or employee usage agreements, as required by the OSC cellphone policy. One of DPS' six divisions does have two policies relating to cellphones, but the policies do not require that an appointing authority or delegate approve cellphone requests or that employees sign a usage agreement prior to receiving a cellphone from the State. For 202 of the 214 cellphones in our sample, DPS provided documentation of staff agreement with the Department's IT Acceptable Use Policy. However, this policy does not constitute a cellphone usage agreement as envisioned by the OSC cellphone policy. It focuses on secure access to DPS's network and email systems and does not mention cellphones directly. It mentions OIT's Acceptable Use of State Data and IT Resources Policy, which requires that employees use state-issued equipment including cellphones primarily for state business, but lacks the other provisions required by the OSC cellphone policy.

Department of Transportation. For the 143 cellphones in our sample, CDOT did not have documentation to show that 8 of the cellphones (6 percent) had been approved, and for 10 of the cellphones (7 percent), that the employees had signed usage agreements. CDOT has written policies and procedures that require employees to obtain appointing authority approval for cellphones and sign a usage agreement, as required by the OSC cellphone policy; CDOT indicated that not obtaining documentation of approval and signed usage agreements was an oversight. In addition, CDOT told us that some of the cellphones were missing usage and/or approval forms because the cellphones had been assigned to positions—specifically, a category of transportation maintenance employees—rather than people, and the positions were vacant when we made the audit request for the documents. However, it would still be reasonable to expect that the decision to assign a cellphone to a position would need to be approved by an appointing authority or delegate, and that once the positions are filled, the employees who will be using the cellphones sign a usage agreement.

Why do these problems matter?

When departments do not establish adequate controls over their cellphone programs, there is a risk that state-issued cellphones may be issued unnecessarily. According to data provided by the five departments we reviewed—which we found had significant completeness and reliability issues, as described in Finding 1—they have a total of over 10,000 cellphones. CORE, the State's accounting system, indicates that the five departments had expenditures totaling approximately $6.7 million to Verizon, AT&T, and T-Mobile in Fiscal Year 2025. Verizon accounts for 85 percent of those expenditures, and Verizon's state representative told us that cellphones comprise the majority of its sales to state departments. Therefore, these departments are spending a significant amount of money on state-issued cellphones each year and it is important that they have effective controls over this process.

When departments do not require employees who are assigned a state-issued cellphone to sign a usage agreement, those employees may not understand their responsibilities related to the cellphones. For example, an employee responsible for managing cellphones at one department division told us that they were concerned by how much they believed the department was paying for cellphones that employees had lost or damaged; this person was not aware that the OSC cellphone policy specifies remedies for instances when staff damage or lose cellphones, such as a requirement that employees reimburse the State for the associated costs, nor were they aware staff were required to agree to these usage terms. An employee may be more likely to lose or damage a state-owned cellphone if they do not know that they may be responsible for reimbursing the State for the associated costs.

Recommendation 6

The **Department of Corrections** (DOC) should comply with state requirements regarding cellphone assignments and use by:

A. Enforcing the policies and procedures DOC has established regarding approving and issuing state-owned cellphones for employee use, including that approval should only be granted if the nature of the employee's work is critical to the agency's operations and the cellphone will be primarily used for state business.

B. Enforcing the policies and procedures DOC has established regarding obtaining a signed usage agreement from an employee prior to their use of any state-owned cellphone. The signed usage agreements should include, at a minimum, terms that are consistent with the Office of the State Controller's cellphone policy.

C. Reviewing all current employee cellphone assignments, including the employees in our sample, to determine if they have the required approvals and signed usage agreements, and obtaining any missing documentation as needed.

Response

Department of Corrections

A. Agree
Implementation Date: December 2026

CDOC, as part of recommendation 1, will review and refine all policies and procedures related to cell phone usage and required approvals. As part of this process, CDOC will review and update the approval criteria for those who are issued cell phones based on operational needs and perform a complete review of all currently issued cell phones in CDOC.

B. Agree
Implementation Date: December 2026

CDOC will review and create an approval process to ensure all signed usage agreements are obtained and proper documentation is completed prior to cellphones being issued within the department.

C. Agree
Implementation Date: December 2026

CDOC will review all current employee cellphone assignments and documentation to ensure that all missing documentation is obtained and is 100% in compliance with updated policy and procedures. This will involve evaluating the necessity of all cell phones currently assigned within the department.

Recommendation 7

The **Department of Human Services** should comply with state requirements regarding cellphone assignments and use by:

A. Implementing and enforcing policies and procedures regarding approving and issuing state-owned cellphones for employee use, including that approval should only be granted if the nature of the employee's work is critical to the agency's operations and the cellphone will be primarily used for state business.

B. Implementing and enforcing policies and procedures regarding requirements for signed usage agreements for all employees prior to their use of any state-owned cellphone. The signed usage agreements should include, at a minimum, terms that are consistent with the Office of the State Controller's cellphone policy.

C. Reviewing all current employee cellphone assignments, including the employees in our sample, to determine if they have the required approvals and signed usage agreements, and obtaining any missing documentation as needed.:

Response

Department of Human Services

A. Agree
Implementation Date: December 2026

The CDHS departments with cell phone programs are working collaboratively to develop an updated phone policy that will include approval to issue state-owned cellphones for employee use will only be granted if the nature of the employee's work is critical to CDHS's operations and the cellphone will be primarily used for state business. This revised policy will provide clear recommendations regarding the appropriate type of phone service for each role, whether a desk phone, soft phone, or mobile device. One proposed recommendation is to reduce the number of mobile devices and cellular hotspots allocated to non-essential personnel. The overarching objective is to standardize the policy across the agency and among all vendors.

B. Agree
Implementation Date: December 2026

As part of the updated mobile device policy, we will implement a process to capture signatures for usage agreements at the time devices are issued. All signature data will be retained as part of the user record. The objective is to capture and maintain this documentation electronically, in full compliance with established documentation policies.

C. Agree
   Implementation Date: December 2026

   The Wireless Device Guidelines Policy will be revised to incorporate new vendors and the centralized management process. The Department's BITS Division will oversee this centralized approach and ensure that all phone users receive a copy of the updated guidelines. All existing and future users will be required to sign the usage agreements, and all related documentation will be maintained in accordance with established procedures. The updated policy will specify the current pricing structure, available device types, and clearly define eligibility criteria for mobile devices and device allocation. The guidelines will also include the user agreement and supervisor approval form for signature.

Recommendation 8

The **Department of Natural Resources** (DNR) should comply with state requirements regarding cellphone assignments and use by:

A. Enforcing the policies and procedures DNR has established regarding approving and issuing state-owned cellphones for employee use, including that approval should only be granted if the nature of the employee's work is critical to the agency's operations and the cellphone will be primarily used for state business.

B. Enforcing the policies and procedures DNR has established regarding obtaining a signed usage agreement from an employee prior to their use of any state-owned cellphone.

C. Reviewing all current employee cellphone assignments, including the employees in our sample, to determine if they have the required approvals and signed usage agreements, and obtaining any missing documentation as needed:

Response

Department of Natural Resources

A. Agree
   Implementation Date: August 2027

   The move towards tracking cell phone dissemination and usage at the departmental rather than divisional level will provide the agency greater insight into and control over approving requests to provide employees with state issued cell phones. The updated DNR cell phone policy and the accompanying implementation SOP will be drafted to address this issue specifically as well.

B. Agree
Implementation Date: August 2027

DNR has already begun taking steps to ensure that all DNR employees that have been issued cell phones have a signed agreement in place and will continue to do so moving forward.

C. Agree
Implementation Date: August 2027

DNR will review all current employee cellphone assignments and will work with division cell phone managers to follow up with any employee that does not have a signed usage agreement or required approvals to obtain the appropriate documentation.

Recommendation 9

The **Department of Public Safety** should comply with state requirements regarding cellphone assignments and use by:

A. Implementing and enforcing policies and procedures regarding approving and issuing state-owned cellphones for employee use, including that approval should only be granted if the nature of the employee's work is critical to the agency's operations and the cellphone will be primarily used for state business.

B. Implementing and enforcing policies and procedures regarding requirements for signed usage agreements for all employees prior to their use of any state-owned cellphone. The signed usage agreements should include, at a minimum, terms that are consistent with the Office of the State Controller's cellphone policy.

C. Reviewing all current employee cellphone assignments, including the employees in our sample, to determine if they have the required approvals and signed usage agreements, and obtaining any missing documentation as needed:

Response

Department of Public Safety

A. Agree
Implementation Date: June 2027

The Department of Public Safety agrees with this recommendation. We agree that policies should be implemented specifically addressing state-owned cellphones. We believe our current policy and signed employee acknowledgment form addresses the appropriate use of all State devices and equipment even if cellphones are not explicitly mentioned. We believe that we currently comply with division level determination that cellphones are assigned for work defined as "critical" to agency operations, although we agree that we should document that determination. As cellphones have largely replaced traditional landlines for all employee communication, and the prevalence of statewide software systems requiring multi-factor authentication, we believe that providing mobile access is an operational standard for modern workforce connectivity. We will implement policies documenting approval and noting the business necessity for issuance of cellphones.

B. Agree
Implementation Date: June 2027

The Department of Public Safety agrees with this recommendation. We will implement and enforce policies requiring all employees to acknowledge usage agreements prior to being issued a state-owned cellphone. These agreements will be updated to include, at a minimum, terms required by the Office of the State Controller's (OSC) cellphone policy, ensuring employees understand their responsibilities for device security, appropriate usage, and potential reimbursement for misuse.

C. Agree
Implementation Date: June 2027

The Department of Public Safety agrees with this recommendation. We will implement requirements for usage agreement acknowledgement for all current employees with state issued cell phones to establish a clean baseline ensuring our records are complete and compliant with state requirements.

Recommendation 10

The **Department of Transportation** (CDOT) should comply with state requirements regarding cellphone assignments and use by:

A. Enforcing the policies and procedures CDOT has established regarding approving and issuing state-owned cellphones for employee use, including that approval should only be granted if the nature of the employee's work is critical to the agency's operations and the cellphone will be primarily used for state business.

B. Enforcing the policies and procedures CDOT has established regarding obtaining a signed usage agreement from an employee prior to their use of any state-owned cellphone. The signed usage agreements should include, at a minimum, terms that are consistent with the Office of the State Controller's cellphone policy.

C. Reviewing all current employee cellphone assignments, including the employees in our sample, to determine if they have the required approvals and signed usage agreements, and obtaining any missing documentation as needed.

Response

Colorado Department of Transportation

A. Agree
   Implementation Date: March 2027

   The Department agrees with the recommendation. Upon completion of updates to Policy Directive (PD) 46.1 the Department plans to conduct a Department-wide review of all state-owned cell phones issued to employees to ensure those employees still qualify for a state-issued cell phone under the terms of the updated PD. Additionally, the Department has already initiated development of a new electronic form process in its document management system, OnBase, to replace the existing paper-based forms. The Department plans to require the submission of new electronic forms in OnBase with current/updated justifications for all employee-issued cell phones by the end of February, 2027.

B. Agree
   Implementation Date: March 2027

   The Department agrees with the recommendation. Upon completion of updates to Policy Directive (PD) 46.1 the Department plans to conduct a Department-wide review of all state-owned cell phones issued to employees to ensure those employees still qualify for a state-issued cell phone under the terms of the updated PD. Additionally, the Department has already initiated development of a new electronic form process in its document management system, OnBase, to replace the existing paper-based forms. The Department plans to require the submission of new electronic forms in OnBase with current/updated justifications for all employee-issued cell phones by the end of February, 2027.

C. Agree
   Implementation Date: March 2027

   The Department agrees with the recommendation. Upon completion of updates to Policy Directive (PD) 46.1 the Department plans to conduct a Department-wide review of all state-owned cell phones issued to employees to ensure those employees still qualify for a state-issued cell phone under the terms of the updated PD. Additionally, the Department has already initiated development of a new electronic form process in its document management system, OnBase, to replace the existing paper-based forms. The Department plans to require the submission of new electronic forms in OnBase with current/updated justifications for all employee-issued cell phones by the end of February, 2027.

Finding 3 — Vendor Sales Reporting to DPA

The three state price agreements managed by DPA that include pricing for cellphones may be used by four categories of users—state agencies/departments, institutions of higher education, political subdivisions, and nonprofit organizations. The vendors for these agreements—Verizon, AT&T, and T-Mobile—are required to provide DPA with reports on their sales each quarter summarizing total sales under the agreement pricing, and under regular (list) pricing for each of the four user categories. DPA uses the total sales data in these reports to calculate the quarterly fee vendors must pay to DPA for administering the agreement, which is set at 1 percent of total sales for the quarter.

DPA may require additional data under the terms of each agreement, with specific parameters that vary by vendor. In particular, DPA requires Verizon and T-Mobile to submit quarterly reports that also itemize all of the specific sales made to each individual purchasing entity, including each state agency. DPA management indicated that because the State's accounting system, CORE, is not able to identify purchases made under state price agreements, the quarterly reporting requirements in these agreements is DPA's only mechanism for assessing and tracking sales made under state price agreements.

What audit work was performed and what was the purpose?

We reviewed the Verizon, AT&T, and T-Mobile state price agreements and related documents, and interviewed DPA staff and representatives from each of the three vendors, to understand how the quarterly reports are used and, generally, DPA's authority and responsibilities regarding the agreements. We also requested and reviewed the quarterly reports submitted to DPA by each of the vendors for Fiscal Years 2023 through 2025 to identify and assess pricing and sales data provided for accounts established by state departments.

The purpose of our work was to determine if DPA has held the cellphone vendors with which it has state price agreements accountable for providing complete and accurate quarterly reports, as required by the agreements.

How were the results of the audit work measured?

DPA is responsible for managing and maintaining all state price agreements [1 CCR 101-9, 24-102-202-01(a)], which includes enforcing vendor compliance with contractual reporting requirements. The state price agreements that DPA has established with Verizon, AT&T, and T-Mobile require all three vendors to provide DPA quarterly reports on total sales data from that quarter for each of four categories of users—state agencies/departments, institutions of higher education, political subdivisions, and nonprofit organizations. The Verizon and T-Mobile agreements also require that the quarterly reports itemize sales for each individual entity, including each state agency participating in one of the agreements. Therefore, DPA should ensure that these vendors submit timely, accurate, and complete reports on sales made under these agreements. The Colorado Procurement Code [Section 24-101-101, et seq, C.R.S.]—which applies to these agreements—establishes that the purpose of the Code includes "maximiz[ing] to the fullest extent practicable the purchasing value of public funds" and "provid[ing] for increased public confidence in the procedures followed in public procurement" [Sections 24-101-102(b) and (d), C.R.S.].

What problems did the audit work identify?

Overall, we found that during Fiscal Years 2023 through 2025, DPA did not receive 1 of the 12 (8 percent) quarterly reports due from AT&T, and 8 of the 12 (67 percent) quarterly reports from Verizon. Verizon subsequently provided these eight reports to DPA in March 2026, after the audit team had determined they were missing.

In reports that DPA received, we also found that the itemized sales data from Verizon and T-Mobile for state agencies included significant inaccuracies and omitted data that DPA did not identify. Specifically:

- The quarterly reports that DPA received from Verizon and T-Mobile did not include complete sales data for the departments we reviewed, all of which use the state price agreements. For example, over the 3-year period we reviewed, the Verizon reports did not list any sales to DOC, DHS, or DPA, even though DOC and DHS each have more than a thousand cellphones that fall under the State's price agreement with Verizon, and DPA has more than a hundred cellphones. Similarly, T-Mobile's quarterly reports do not list any sales to DPS, which we determined from phone bills had at least one account with three cellphones in Fiscal Year 2025, or DNR, which had 18 cellular devices with T-Mobile in Fiscal Year 2025 according to its phone bills and inventory data. The T-Mobile representative we spoke with stated these cellphones would fall under the state price agreement. We also found that over the period reviewed, the reports from Verizon and T-Mobile continuously misclassified political subdivisions and nonprofit organizations as state agencies, and as a result, both vendors' reports of total sales to state agencies incorrectly included sales to these non-state entities. For example, Verizon misclassified as state agencies the Estes Park Recreational District, Denver International Airport, Ute Mountain Resort and Casino, Longs Peak Water District, Aurora Housing Authority, and Delta County Fire Protection District.

- Verizon's quarterly reports reference DPS as having accounts that totaled nearly $7.5 million in sales in Fiscal Year 2025, which significantly exceeds DPS expenditures to Verizon, per CORE. According to CORE, DPS paid Verizon a total of $1.7 million during Fiscal Year 2025.

- All of the T-Mobile reports and Verizon reports that DPA received lacked some of the data required in these vendors' agreements. These agreements require them to provide DPA with detailed reports that list each item purchased that quarter, including the item name, quantity, and price. Instead, the reports only listed the total sales to each agency.

Why did these problems occur?

DPA management acknowledged that when DPA receives quarterly reports, it only reviews the reports to verify that the checks received from the vendors are equal to 1 percent of the total sales amounts that each vendor has listed in its reports. According to DPA, it does not review the itemized sales data for state agencies and other entities that it requires from Verizon and T-Mobile to assess the completeness or accuracy of the information reported due to a lack of available staff. DPA management stated that they anticipate that a new position they were given in Fiscal Year 2025 and the new electronic procurement system the General Assembly has approved funding for, beginning Fiscal Year 2026 and that DPA estimated will be implemented around July 2027, will help DPA better track and analyze all procurement data, including sales under the state price agreements.

Why do these problems matter?

When DPA does not ensure that it receives all required quarterly reports related to state price agreements from vendors and review the information contained in the reports for accuracy and completeness, vendors may have an incentive to underreport sales because the administrative fee that the vendors owe the State for these agreements is based on total sales listed. According to DPA management, cellphone vendor agreements "are some of our biggest and most used state price agreements." In addition, the itemized sales data for state agencies in the quarterly reports from Verizon and T-Mobile are currently the State's only means of identifying how much is being spent by state agencies under these state price agreements. Not holding vendors accountable for complying with the terms of state price agreements could result in some vendors not adhering to their contractual requirements, damage the State's relationships with compliant vendors, and undermine the confidence of all vendors and the public in the value and credibility of the State's procurement process. Further, DPA could use information from the quarterly reports on how much agencies are spending on cellphone equipment and services with each vendor to strengthen its negotiation position in ensuring the State gets the best possible pricing. The information could also help departments better monitor whether they are getting pricing that accounts for the volume of business they provide to each cellphone vendor.

Recommendation 11

The **Department of Personnel & Administration** (DPA) should hold cellphone vendors accountable for complying with state price agreements by enforcing vendor quarterly reporting requirements, reviewing reports for accuracy and completeness, and following up with the vendors on issues identified. As part of its review to assess the reports for accuracy and completeness, and as DPA begins tracking and analyzing procurement data for the State, DPA should work with state agencies to ensure that state agency/department cellphone accounts in the reports are validated and listed completely.

Response

Department of Personnel & Administration

Agree
Implementation Date: June 2027

DPA will meet individually with Verizon, T-Mobile, and AT&T and review their reporting responsibilities under the State price agreements and their performance in meeting those requirements, identify an action plan to ensure accuracy and completeness of the reports, and set up ongoing reviews with these carriers. DPA will determine whether it is feasible to separately identify cell phone cost from other device charges and cost incurred under the price agreements from the total cost. DPA will work with agencies to develop a process to compare quarterly sales information reported by the carriers with expenditures reported in CORE, the State's financial system. DPA will meet with agencies to review their process for compliance with State Controller Cellphone Policy, including agency procedures for approving and issuing cellphones, obtaining signed usage agreements, and identifying potential revisions to the Cellphone Policy to address improvements in tracking cellphone usage and inventory.