



The University of New Mexico

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MEMORANDUM

To: Paula Loendorf, Director of UNM Telecommunications

From: Yvonne Cox, Interim Director, Internal Audit Department *Yvonne Cox*

Date: June 10, 2004

Subject: UNM Telecommunications Apparent Improper Personal Long Distance Calls Report
2004-02

Enclosed is the above final report with your integrated response, which has been approved by the President of the University. Those who receive copies of this report package may not photocopy it, release it, nor reveal the contents, in whole or in part, without the advance written approval of the President of the University.

Audit reports will be posted on the Internal Audit Department's University website one week after the final report is issued. The full text of the reports will be made public except for information which could compromise individuals' rights, the security of University systems or impair a pending law enforcement investigation or proceeding.

Please contact the Internal Audit Department when corrective actions are completed so we can perform the follow-up review.

cc: Louis Caldera Kathy Guimond
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UNM TELECOMMUNICATIONS APPARENT IMPROPER PERSONAL LONG DISTANCE CALLS

INTRODUCTION

PURPOSE

The purpose of the review is: to determine who incurred apparent improper personal long distance calls and charged them to the Department of Pediatrics; to determine whether problems with management controls existed that enabled the perpetrator to place the apparent improper long distance calls; and to make any recommendations regarding management controls that would prevent and/or detect improper long distance phone calls.

SCOPE

To analyze the circumstances and management controls pertinent to the apparent improper long distance calls. The apparent long distance calls were made from January through May, 2003.

BACKGROUND

The Hemophilia Program (HP) of the Department of Pediatrics (Pediatrics) of The University of New Mexico (UNM) Health Science Center (HSC) reported to us that improper long distance calls had been placed from two extensions at the UNM Division of Continuing Education (CE) using HP's authorization code. These improper calls to a foreign country total to \$3,186.64. HP also reported this incident to the UNM Police Department (UNMPD).

OPINION

Specific controls and policies are necessary so that future scenarios of improper long distance calls can be prevented and/or detected in a timely manner.

RESPONSE FROM THE DIRECTOR OF TELECOM

Thank you for the subject report and the respective audit you conducted of the Telecommunications Department's policies and procedures regarding long distance policies and procedures. As you will see in our response, we have taken steps to implement changes in several of our procedures. Telecommunications has initiated work with the UNM Policy Office to officially change the long distance policy in the University Business Policies and Procedures Manual. The planned change in policy to issue only randomly generated authorization codes that are assigned to individuals will be fully implemented in April 2004, pending approval by the University President.

EXECUTIVE SUMMARY

The purpose of this section is to provide management with an overview of our findings. Numbers in brackets[] refer to page numbers in the report.

PERPETRATOR(S) [3]

We were unsuccessful in determining the perpetrator(s) of the apparent improper long distance calls and are leaving further investigation to the UNMPD.

DETAIL REPORTS [3]

The improper long distance calls were not immediately detected because of problems accessing records on the Telecom system. The Director of Telecom responded that the system is difficult to use and they were in the process of replacing it.

COMPLETE REPORTS [3]

For the international numbers, the printouts of detailed reports that we reviewed truncated the last two digits. The Director of Telecom stated that there was a logic error in the program and the staff was designing a fix that should be in place by November 30, 2003.

RESPONSE TO POSSIBLE FRAUD [4]

When they received a request from HP/Pediatrics, Telecom did not immediately deactivate the authorization code resulting in further unauthorized use of the code. The Director of Telecom responded that the requests for discontinuing authorization codes must come from the appropriate level. She also stated that they are drafting a policy that will include who in the department must request the discontinuance of an authorization code.

LONG DISTANCE FROM PUBLIC LOCATIONS [5]

Long distance calls could be made from public areas at Continuing Ed. The Telecom Director responded that the departments determine whether any individual phone will be available for long distance. To fix the situation, the authorization code process will be changed (as described in the next section).

AUTHORIZATION CODES [6]

UNM departments are allowed to use [REDACTED] [REDACTED] [REDACTED] as authorization codes. The Director of Telecom responded that she would send out a memo encouraging departments to change to individual, randomly generated authorization codes. She will also change University Business Policy making it a requirement to use randomly generated authorization codes. When the policy is approved, all authorization codes that are [REDACTED] [REDACTED] will be deactivated.

OBSERVATIONS, RECOMMENDATIONS AND RESPONSES

PERPETRATOR(S)

We were unsuccessful in determining the perpetrator(s) of the apparent improper long distance calls and are leaving further investigation to the UNMPD.

DETAIL REPORTS

HP did not detect the improper long distance calls until the fifth month from the inception of the calls. During this time period, Pediatrics did not access UNM Telecommunications' (Telecom) on-line reporting system because the system was down periodically for days at a time, and because Pediatrics was in the process of making a modification to their computer system to accommodate a change in Telecom's on-line reporting software. Generally, there appear to be problems with accessing records on the system and Telecom plans to replace the system.

Departments should be able to review billing details on a timely basis to assure that charges to their accounts are for approved and authorized purposes (please refer to Policy 8400 2.1 of the University Business Policies and Procedures Manual).

Recommendation 1

We concur with Telecom that the reporting system should be replaced.

Response from the Director of Telecom

The Telecommunications Department's current Document Archives system is admittedly difficult to use and requires instruction in its use. During the period in question, the system was down for days at a time, first for a software upgrade and then for a re-build following a lightning strike. Given the difficulty of using the system and the intermittent outages last Spring, it is understandable that some users had difficulty accessing the system. However, a Telecom staff member who is skilled in the use of the system provides training and access to users upon request.

A purchase order was issued in October 2003 for a new communications management system that, when fully implemented, will replace the Document Archives. The implementation time period is expected to be 12 to 18 months. In the meantime, Telecom continues to offer training for any authorized individual who requests access to the Document Archives.

COMPLETE REPORTS

For the international numbers, the printouts of detailed reports that we reviewed truncated the last two digits.

Recommendation 2

We recommend that future reports show complete phone numbers.

Response from the Director of Telecom

A logic error in the program that permits the current telemanagement system to share files with the Document Archives has caused select international numbers to truncate. Staff is designing a fix and expects it to be fully implemented by 30 November 2003.

RESPONSE TO POSSIBLE FRAUD

We were informed that HP/Pediatrics called Telecom regarding the improper long distance calls and requested that the authorization code used to make the calls be deactivated and formalized this request with a written request signed by a HP official.

It took several days for Telecom to deactivate the authorization code. A \$177.00 long distance phone call, using the authorization code, was made during the evening after the time when HP/Pediatrics reported calling Telecom about the improper long distance calls.

Recommendation 3

We recommend that Telecom establish a policy for responding to reports of possible fraud. A telephone call reporting possible improper long distance charges followed by a faxed (signed) request to deactivate an authorization code(s) should be sufficient for Telecom to deactivate an authorization code(s).

Response from the Director of Telecom

Because of the potential for fraudulent authorization code requests to wreak havoc in a Department's operations, Telecom requires that the individual with authority over the account (Dean, Director, Department Administrator, Principal Investigator or Program Manager) request authorization code activations or deactivations. Such requests may be faxed to Telecom or sent via e-mail from the appropriate authority's CIRT e-mail account.

Understanding that there may be times when changes need to be made during the absence of one of the above authorities, requests also are accepted from those who supervise the Dean, Director, Department Administrator, Principal Investigator or Program Manager. In unusual circumstances, exceptions to this procedure may be approved by the Telecom Customer Service Manager or the Telecom Director.

LONG DISTANCE FROM PUBLIC LOCATIONS

A material factor that enabled someone to make the above improper long distance calls was that long distance calls could be made from two public areas at CE.

The ability to make long distance calls from public areas is a risk to the University.

Recommendation 4

We recommend that UNM create a formal policy that requires all UNM departments to accept the primary responsibility for long distance calls from all their phones barring unusual circumstances. Alternatively, Telecom should assume responsibility for all phones in public places at the University and deactivate these phones from access to Telecom's long distance capabilities, where appropriate.

Response from the Director of Telecom

Many University departments share buildings and other facilities. Further, the definition of what constitutes a "public" phone is problematic. For those reasons, the Internal Audit recommendations cannot be practically implemented. However, revisions to University Business Policy 2110 have been drafted and submitted to the Policy Office and these new procedures will provide the security required (see Recommendation 5 response).

We expect that revision to become effective on 1 April 2004, pending approval by the University President. The revised policy requires randomly generated authorization codes and details procedures for obtaining, using, and de-activating long distance calling cards and authorization codes. The revised policy includes two forms which will be utilized to obtain and/or de-activate authorization codes and calling cards. When properly used, these mechanisms provide all the security needed for the long distance telephone system.

In the meantime, Telecom has prepared a letter to Vice Presidents, Deans, Directors, Department Administrators, and Managers explaining the security to be gained by de-activating any authorization codes that [REDACTED]. The letter, which also encourages departments to request authorization codes that are assigned to individuals only, will be mailed on 11 November 2003. When the new policy becomes effective, authorization codes and calling cards will be assigned only to individuals, after permission has been granted by the Dean, Director, Department Administrator, Principal Investigator or Program Manager. Any [REDACTED] that are still active as authorization codes will be deleted at that time. Departments are and will continue to be responsible for all calls made using their authorization codes and calling cards.

Since long distance calls will not be able to be placed without a calling card or a randomly generated authorization code after the policy is approved, there will be little risk to the University in permitting long distance dialing from phones in public places. The choice to permit or restrict long distance dialing from phones continues to reside with the department that pays the monthly line charge on the phone.

AUTHORIZATION CODES

UNM departments are allowed to use [REDACTED] [REDACTED] as authorization codes. Anyone who has knowledge of this might be able to access [REDACTED] [REDACTED] [REDACTED] and try [REDACTED] [REDACTED] until one of them allows them to access Telecom's long distance system.

Although Telecom has encouraged users to implement unique randomly generated authorization codes, this is not a requirement based in policy.

Recommendation 5

We recommend that UNM create a policy that requires users to implement unique randomly generated authorization codes.

Response from the Director of Telecom

Telecom agrees with this suggestion that departments no longer be permitted to use [REDACTED] [REDACTED] as authorization codes. The Telecom system randomly generates authorization codes which are comprised of a series of numbers unrelated to [REDACTED] [REDACTED] [REDACTED]. The proposed revision to University Business Policy 2110 (see Recommendation 4 response) does not mention the use of [REDACTED] [REDACTED] as authorization codes; it states that Telecom will assign the authorization code and bill it to a specified account. In the meantime, the letter Telecom will send to departments on 11 November 2003, encourages departments to change to individual, randomly generated authorization codes immediately. We will deactivate all [REDACTED] [REDACTED] that are programmed as authorization codes in April 2004 (or whenever the policy is approved) thereby requiring departments to conform to the newly revised policy.