

**Wireless Services Follow-Up Audit
May 2010**

Patrice Randle, City Auditor
Craig Terrell, Assistant City Auditor
Lee Hagelstein, Internal Auditor

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Wireless Services Follow-Up Audit



Office of the City Auditor

Patrice Randle, CPA
City Auditor

Project # 10-04

May 28, 2010

Executive Summary

*Changes to City-owned
voice plans resulted in
annual savings of
approximately \$34,000*

*Cell phone allowances
have increased by
approximately \$13,000
per year*

Fully Implemented

- *Reviewed voice and data services and cell phone allowances*
- *Updated the City's cell phone policy*
- *Designated employee within each department to monitor usage and review billings*

The City Auditor's Office has completed a follow-up to the July 2009 Wireless Services Audit. The follow-up audit was conducted 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 objective of the follow-up was to determine the implementation status of prior audit recommendations.

There were six recommendations included in the initial audit report, all of which management concurred. The City Auditor's Office concluded that the prior audit recommendations have been implemented.

Departments reviewed cellular voice rate plans and identified plans that were not commensurate with employee usage and/or necessity. Revised voice rate plans resulted in an annual savings of approximately \$34,000. Management also made changes to data rate plans (including Blackberry and Windows mobile service), resulting in an approximate \$1,000 increase in annual costs. Management discontinued and lowered cell phone allowances as they deemed necessary. However, new cell phone allowances were granted to employees that management determined should be receiving a cell phone allowance, but were not. The net impact from the cell phone allowance changes was an increase of approximately \$13,000 per year.

Management also updated the City's Personnel Policy Manual to require an annual review to determine whether cell phone allowances should be retained, changed or discontinued and also required monitoring of usage to ensure that the most cost efficient plan has been procured for each user.

Audit Scope and Methodology

The City Auditor's Office reviewed various documents relating to this follow-up audit. The following methodology was used in completing the audit.

- Reviewed departmental responses to the August 3, 2009 memorandum from the City Manager's Office (CMO) to Department Heads relating to the initial audit recommendations.
- Compared current wireless services to those services observed in the July 2009 report.
- Determined overall change in wireless services.

Status of Prior Audit Recommendations

Recommendation:

The City Manager should require that cellular voice rate plans are immediately reviewed to ensure that plans are commensurate with actual usage. Cell phone plans should then be reviewed on a routine basis and changes made as deemed necessary.

Management's Response:

Concur. A directive will be issued to Department Heads for the immediate review of phones issued and rate plans in effect. Departments will be required to appoint an employee to monitor usage as it relates to the rate plan, and to review billings prior to preparing a payment authorization.

Target Date: Complete

Responsibility: Department Heads

Implementation Status:

Fully Implemented. The City Manager's Office directed Department Heads to immediately review and ensure that current plans were commensurate with actual usage. Department Heads were also directed to appoint an employee to monitor usage as it applied to rate plans and to review billings prior to preparing payment authorizations.

Follow-up audit results indicated that Department Heads reviewed voice rate plans as directed and made changes within their departments. As of March 31, 2010, city-owned voice rate plans that were discontinued or adjusted to better suit employee usage resulted in an annual cost savings of approximately \$5,866, as shown in Exhibit 1 of this report. Each Department Head also appointed an employee to monitor usage and to review wireless service billings prior to payment.

It should be noted that at the end of October 2009, the Arlington Police Department (APD) requested that AT&T change rate plans for APD users. An April 2010 e-mail from AT&T indicated that a credit of approximately \$9K would be posted to the City's account within 1-2 billing cycles. APD made adjustments to 100 voice rate plans within their department. Those changes equate to an additional cost savings of approximately \$28,320 per year. The total annual cost savings resulting from city-owned voice rate plan changes therefore totaled approximately \$34,000 (\$5,866 + \$28,320).

Recommendation:

The City Manager should require that data usage is monitored for the remainder of the fiscal year. Management should then be required to negotiate with AT&T if other available plans are more reasonable when compared to the City's actual data usage.

Management's Response:

Concur. All Department Heads will monitor data usage through the second quarter of FY 2010. After the review period, the departments and Finance (Purchasing) will determine if other rate plans are available that are more in line with actual use.

Target Date: Complete

Responsibility: Department Heads/Finance

Implementation Status:

Fully Implemented. Department Heads monitored data usage within their departments and made rate plan changes to better suit actual employee usage. City-wide data device changes (additions, discontinuances or adjustments) resulted in an increased annual cost of approximately \$1,000.

The City Auditor's Office noted that the Fire, Police and Public Works Departments purchased additional data devices since the initial audit. The additional purchases totaled \$3,234, \$29,960 and \$10,454 per year, respectively. Since these additional data devices would have been purchased regardless of the audit, the related financial impact (approximately \$43,648) was not considered when calculating the \$1,000 annual cost indicated above.

Air cards for patrol cars were purchased to allow officers internet access to run license plates, driver's licenses, etc. The Police Department's annual savings from the voice rate plan changes (\$28,320 as previously discussed) covers a majority of the costs associated with additional data devices purchased for patrol cars. The Public Works Department purchased data devices for message boards that help control traffic. The Fire Department's purchase allowed fire inspectors to access the Application Management and Data Automation (AMANDA) enterprise software used for operations inspections such as fire permits, from the field.

During May/June of each year, the Purchasing Division of the Financial and Management Resources Department performs a review of rate plans, available discounts, billing modules and ordering tools. The Purchasing Division also receives input from other departments regarding what other providers may have to offer. The Purchasing Division's 2009 review concluded that AT&T had the best rate plan for the City of Arlington.

Recommendation:

The City Manager should require that cell phone allowances are immediately reviewed, on a case-by-case basis, to determine whether they should be discontinued or reduced. All cell phone allowances should then be reviewed on at least an annual basis.

Management's Response:

Concur. The City Manager's Office will issue a directive to Department Heads requiring them to review all cell phone allowances and make recommendations as to which can be reduced or eliminated. Additionally, each department will be required to confirm that proper authorization for each allowance has been documented. The directive will also require an annual review that coincides with the end of each fiscal year and include the requirement for a Department Head to

specifically designate an employee to monitor usage as it relates to the rate plan, and review billings prior to payment authorization.

Target Date: Complete

Responsibility: City Manager's Office/Department Heads

Implementation Status:

Fully Implemented. The City Manager's Office directed Department Heads to immediately review cell phone allowances on a case-by-case basis to determine whether allowances should be continued, reduced or eliminated. Follow-up audit results indicated that Department Heads reviewed cell phone allowances within their departments and made changes. Some cell phone allowances remained the same, while others were added, discontinued or adjusted to be more in line with the employees' position/job requirements. Overall, the financial impact of the cell phone allowance changes resulted in an estimated annual cost increase of \$12,708 as shown in Exhibit 2.

The initial audit noted a lack of proper documentation to support cell phone allowances received by some employees. Follow-up audit results indicated that those exceptions had been cleared and adequate documentation was observed.

Recommendation:

The City Manager should ensure that the current City policy on cell phones is updated to include:

- a requirement for annual supervisory review of allowances including a determination as to whether an allowance should be retained, changed or discontinued;
- criteria establishing dollar limits for allowances based on usage and need, not position;
- signed acknowledgement of responsibilities by allowance recipients; and
- a requirement for supervisory review of allowance necessity when an employee is reassigned to another position.

Management's Response:

Concur. The City Manager's Office will update the current City policy on cell phones.

Target Date: Complete

Responsibility: City Manager's Office

Implementation Status:

Fully Implemented. The City's Personnel Manual was revised to address each area noted in the initial audit.

Recommendation:

The City Manager should provide cell phone allowances at rates that compensate employees for the estimated cost of business usage.

Management's Response:

Concur. After departmental reviews have been completed, the City Manager's Office will review the current cell phone allowance structure to ensure that actual allowance rates compensate employees for the estimated cost of business usage.

Target Date: November 1, 2009

Responsibility: Department Heads

Implementation Status:

Fully Implemented. The City Manager's Office indicated that the review of cell phone allowances included a determination that allowance rates were appropriate and fairly compensated employees for the actual cost of conducting City business. The cell phone allowance structure remains the same as during the previous audit (\$30, \$40, or \$50 per month).

Recommendation:

The City Manager should identify and assign an individual or department the responsibility for centrally monitoring wireless device usage and billings. If a decision is made to keep the responsibility decentralized, the City Manager should require that each Department Head appoint an employee to monitor usage as it relates to the rate plan, and review billings prior to payment authorization.

Management's Response:

Concur. Monitoring wireless services will remain decentralized and, as indicated above, each Department Head will be required to specifically designate an employee to monitor usage as it relates to the rate plan, and review billings prior to payment authorization.

Target Date: Complete

Responsibility: Department Heads

Implementation Status:

Fully Implemented. Based on each department's written response to the CMO's directive, each Department Head appointed an employee to monitor usage and to review wireless billings prior to payment.

EXHIBIT 1 - Summary of Voice & Data Plan Changes

City-Owned Voice Service Changes

Department	Net Additions/ (Deletions)	Annual Savings
Parks & Recreation	(7)	\$ 2,491
Police	(3)	1,062
Public Works & Transportation	(4)	2,313
Total Voice Service Changes	(14)	\$ 5,866

City-Owned Data Service Changes

City-Owned Data Plans

Department	Net Additions/ (Deletions)	Annual Savings
Public Works & Transportation	(4)	\$ 1,753
Community Development and Planning	1	(533)
Total	(3)	\$ 1,220

City-Owned Blackberry/Windows Mobile Service

Department	Net Additions/ (Deletions)	Annual Savings
City Council	1	\$ (888)
City Manager's Office	0	(309)
Community Services (Including Handitran)	2	(1,021)
Economic Development	(1)	524
Environmental Services	(1)	488
Fire Department	5	(1,993)
Financial and Management Resources	0	36
Information Technology	(6)	2,843
Parks & Recreation	0	293
Police Department	5	(1,447)
Public Works & Transportation	1	(638)
Waters Utilities	0	(157)
Total	6	\$ (2,269)
Total Data Service Changes		\$ (1,049)

Changes as of March 31, 2010

EXHIBIT 2 - Cell Phone Allowance Changes

Department	Net Additions/ Deletions of Employees	Annual Savings
Parks & Recreation	4	\$ 1,680
Police	4	1,920
Community Services	2	1,500
Public Works & Transportation	15	6,000
Water Utilities	(3)	(2,820)
Fire	2	1,200
Information Technology	6	3,828
Management Resources	3	960
Community Development & Planning	0	(120)
City Attorney's Office	0	-
Library	0	-
City Manager's Office	0	-
Environmental Services	(1)	(600)
Aviation	0	-
Convention Center	0	-
Economic Development	(1)	(600)
Internal Audit	0	(240)
Workforce Services	0	-
Municipal Court	0	-
Total	<u>31</u>	<u>\$ 12,708</u>

Changes as of March 31, 2010