



## **Audit of the Administration of Wireless Communication Devices**

**Report # 08-18**

**Prepared by**  
Office of Inspector General

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# SOUTH FLORIDA WATER MANAGEMENT DISTRICT

June 11, 2009

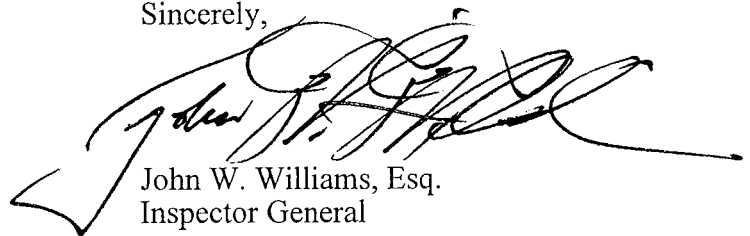
Audit and Finance Committee Members:

Mr. Charles J. Dauray, Chair  
Mr. Eric Buermann, Member  
Mr. Michael Collins, Member

Re: Audit of the Administration of  
Wireless Communication Devices -  
*Project No. 08-18*

This audit was performed pursuant to the Inspector General's authority set forth in Chapter 20.055, F.S. Enclosed is the subject report that was conducted at the request of Executive Management to determine whether there were adequate controls over the administration of wireless communication devices. This report was prepared by Tim Beirnes and Jankie Bhagudas.

Sincerely,

A handwritten signature in black ink, appearing to read "John W. Williams", is written over a white rectangular area.

John W. Williams, Esq.  
Inspector General

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## **BACKGROUND**

At the request of Executive Management, we conducted an audit of the controls over the administration of wireless communication devices (e.g., cell phones, Blackberries, aircards, and pagers).

The Information Technology Department (Information Technology) is situated within Corporate Resources. Within Information Technology is the Infrastructure Systems Division that provides systems administration, network operations center management, digital broadcasting, and telecommunications administration. One staff, a messaging administrator in the Infrastructure Systems Division is responsible for issuing and monitoring all wireless communications devices. Specifically, the messaging administrator's responsibilities includes ordering new service, disconnecting service, issuing wireless equipment, coordinating with service providers, monitoring usages, ensuring that the District has the best pricing plans, and distributing monthly itemized cellular usage data to the various departments/divisions throughout the District.

Following is an approximation number of the various wireless devices, as of May 2008:

- 537 cell phones
- 401 Blackberries (cellular telephones with the capability to access the Internet and send and receive electronic mail as well as text messages)
- 145 air cards (wireless devices for laptops, PDA's or cell phones that allows wireless internet access)
- 54 pagers

Wireless services are primarily provided by Nextel/Sprint and AT&T. The Fiscal Year 2008 budget for wireless communication services was \$550,000 and actual expenditures totaled \$720,103; and employees and contractors reimbursed the District \$7,977 for personal calls made with District-issued cell phones.

## **OBJECTIVE, SCOPE, AND METHODOLOGY**

The overall objective of our audit was to determine whether internal controls were in place to adequately monitor the issuance and usage of wireless communication devices.

To accomplish our objective, we interviewed Information Technology staff to obtain an understanding of the controls in place over the administration of wireless communication devices. We obtained and analyzed detailed monthly Nextel/Sprint and AT&T invoices and other relevant usage information provided by Information Technology to determine whether the various wireless rate plans were cost effective, whether devices were adequately utilized, whether utilizations were monitored and whether appropriate actions were taken in instances of underutilizations. We also determined whether the devices assigned to former employees/contractors were terminated or re-assigned in a timely manner after departure from the District.

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.

## AUDIT RESULTS

### Executive Summary

Our audit disclosed that formal District approved written procedures pertaining specifically to wireless communication devices such as cell phones and Blackberries were needed. Further, controls over the administration of the District's wireless communication devices needed improvement. Specifically, we found that better rate plans were available than those that were in place. In addition, Information Technology's monitoring of the utilization of the District's wireless devices needed strengthening. In some cases the District paid monthly recurring fees for cell phones, Blackberries, air cards, and pagers that were either not being utilized at all or were being minimally utilized. **The various audit issues were conveyed to, and addressed by, Information Technology's staff and management during the audit. Accordingly, many of the issues presented in this report have already been resolved. Management's actions taken to implement the audit issues identified have resulted in total one-time credits of \$32,603 from wireless providers and will result in annual savings of \$225,000 to \$250,000 going forward.** The actions taken to resolve audit issues are presented in the respective sections of this report.

Our analysis covering a three-month period (Jan-Mar 2008) disclosed that 250 of the 938 (27%) District's active cell phones and Blackberries were either not used at all or were underutilized. Specifically, 118 (13%) of the 938 cell phones and Blackberries were not utilized at all and 132 (14%) were underutilized. An expanded review of 93 of the 118 zero usage devices, for an additional 10 month period, disclosed that 58 of the 93 devices were not utilized at all for 13 consecutive months. In addition, Information Technology could not identify the users of 51 of the 54 District pagers (94%) and did not know whether the pagers were being used. Our review revealed that only four pagers were used during a five-month period. Specifically, three of pagers were used to make one page each and the fourth was used for nine pages during the entire five month period. Adequate monitoring could have resulted in cancellation or reassignment of devices with little or no utilization. Since it appears that wireless devices are not adequately utilized,

the authorization process should be re-evaluated and utilizations should be closely monitored.

In addition, payments were made for erroneous air cards charges, early termination charges, various questionable wireless services (e.g., text messaging plans) and certain taxes and fees the District is exempt from paying, because monthly wireless invoices were not adequately reviewed.

Departments are also responsible for reviewing usages and notifying Information Technology when employees and contractors with District-issued wireless devices separate from the District so that their devices can be terminated or be reassigned. However, departmental oversight appears weak. For example, we noted that a contract worker's District-issued cell phone was used to make calls to Jamaica totaling \$1,833 during a two month period; neither Information Technology nor the contract worker's department was aware of the calls. Further, it appears that all departments may not be monitoring utilization and are not notifying Information Technology in a timely manner when employees and contract workers with District-issued wireless devices separate from the District. We noted that a former employee's Blackberry was unused for an entire year and incurred charges totaling \$795 before it was cancelled.

Listed in the following table are actual and estimated costs incurred by the District due to the inadequate controls over the administration of the District's wireless communication devices. It should be noted that as a result of our audit, the District has received credits and reimbursements for various overcharges totaling \$32,603 from its wireless providers.

<b>Audit Findings</b>		<b>Actual / Estimate Costs</b>
Estimated annual cost of uneconomical cellular rate plans		\$36,179
<i>Utilization levels of cell phones, Blackberries, and air cards</i>	<i>District's Cost</i>	
Zero utilization	\$35,709	
Minimal utilization	\$23,247	\$58,956
Overcharges for air cards (\$676) and early termination fees (\$2,200)		\$2,876
International long distance calls by a contract worker ( <i>See Note 1</i> )		\$1,695
Actual and estimated annual costs for various questionable wireless service charges ( <i>See Note 2</i> )		\$13,697
Estimate annual cost for unused pagers		\$8,844
<b>Total Actual/Estimated Unnecessary District Expenses (<i>See Note 3</i>)</b>		<b>\$122,247</b>
<b>Credits/Reimbursements as a Result of Our Audit</b>		
AT&T credit for costly unauthorized cellular rate plans		\$13,560
Nextel/Sprint one-time credit for non-usage of wireless devices		\$12,500
Nextel/Sprint credit for air card overcharges (\$426) and early termination fees (\$2,200)		\$2,626
Nextel/Sprint credit for local communications services tax and Florida State Wireless 911 for which the District is exempt		\$1,114
Unused pagers		\$2,671
Reimbursement by employee for ring tone purchases		\$132
<b>Total Credits Received from Wireless Providers</b>		<b>\$32,603</b>

**Note 1:** Charges totaled \$1,833; amount reimbursed \$138

**Note 2:** Examples of charges are as follows: caller ID and enhanced voice mail (estimated annual cost = \$984); 411 directory assistance calls (actual cost for three months = \$353); ring tone purchases by an employee (actual cost = \$132); and text messaging and various other services (estimated annual cost = \$12,228)

**Note 3:** Subsequent to issuing the draft report, Information Technology along with the Procurement Department's assistance worked with the District's service providers to obtain the optimum pricing plan based on the District's usage patterns. This analysis will increase the estimated annual savings to approximately \$225,000 to \$250,000.

In addition, we noted that the reimbursement process for personal use of District cell phones needs further improvement. For about a year (March 2007 to March 2008), Information Technology did not forward monthly wireless invoices to employees/contract workers requesting reimbursement for personal calls made with District cell phones. Certain usage information is downloaded from the electronic wireless invoices onto Excel spreadsheets and distributed to cell phone users requesting reimbursement of



\$0.10 per minute for personal incoming and outgoing calls. However, certain personal calls (e.g., international long distance calls and 411 calls) are above the standard rate and this may not be obvious since the spreadsheets do not indicate the cost of any calls. Further, department heads are required to review utilizations and ensure that the District is reimbursed for personal calls; however, based on Information Technology this process needs improvement.

We noted that the assignments of wireless devices are not adequately documented. Specifically, Information Technology provided only 23 of 41 approved authorizations we requested and stated that approvals for the remaining 18 devices were not on file due to various reasons. Since our audit disclosed that wireless devices are not adequately utilized, the authorization process should be re-evaluated and closely reviewed and utilizations closely monitored. In addition, periodic renewal requests for all wireless devices should be considered.

## **Develop and Implement Policies and Procedures**

### **Audit Issue**

The District does not have formal approved written procedures pertaining specifically to wireless communication devices such as cell phones, Blackberries, and air cards. Formal procedures are needed to document the controls management has developed to ensure that goals and objectives are achieved and will, among other things, provide employees with a clear and consistent understanding of the procedures in place. Formal policies and procedures should be developed and include but not be limited to the following: issuance and justification of wireless devices; acceptable uses of District-issued wireless devices; reimbursement for personal use; and responsibilities of each department for monitoring usages and reimbursements. Information Technology is in the process of developing written procedures pertaining specifically for cell phone, Blackberries, and air cards. Policies and procedures are expected to be finalized in early February 2009.

### **Recommendation**

- 1. Complete developing and implementing formal written policies and procedures pertaining specifically for cell phones, Blackberries, and air cards. In addition, ensure employees and contract workers have a clear understanding of the policies and procedures.**

**Management Response:** The Information Technology Department has developed a written procedure that pertains specifically to cell phones, Blackberries, and air cards. The IT staff will work with Creative Services to publicize the procedure through the “News You Can Use” and post the procedure on the District’s internal website. In addition, we will suggest that a new section regarding wireless devices use and responsibilities be added to the New Employee Orientation program.

**Responsible Department:** Information Technology Department

**Estimated Completion:** The procedure will be submitted for approval to the Executive Director by August 14, 2009. This procedure will be routed among the management teams (DLT, MAT, and MDT) for feedback and acknowledgement of their responsibilities prior to Executive Director’s approval.

### **Improve Controls over Wireless Communication Devices**

Our audit disclosed that there are inadequate controls over the administration of the District’s wireless communication devices. Specifically, Information Technology was not aware of certain costly AT&T wireless rate plans, overcharges for air cards, early termination charges by Nextel/Sprint, various questionable wireless services, e.g., various text messaging plans, due to inadequate review of the monthly wireless invoices. Further, a large number of devices were unused and underutilized due to inadequate utilization monitoring. Also, devices assigned to former employees were not cancelled or reassigned in a timely manner. A brief review of the wireless monthly invoices would

have alerted Information Technology of many of the issues we identified during our review and could have resulted in cost savings. The following sections detail the audit issues and action taken to resolve the issues.

## **Costly Cellular Rate Plans**

### **Audit Issue**

Information Technology was unaware of certain costly cellular rate plans on the District's AT&T wireless account because it did not adequately review the monthly wireless invoices. Our review of a utilization report prepared by AT&T for Information Technology, covering a three-month period (January, February and March 2008), disclosed that the District had about 12 different AT&T cellular rate plans. The cost of the plans varied and the number of lines under each plan ranged from a single line to 115 lines. Information Technology was aware of only the following two rate plans.

- A rate plan comprising of about 115 lines with a recurring monthly cost of \$3,125 for 62,500 pooled anytime minutes plus a \$10 monthly access for each line. The approximate cost was \$37 per line ( $(\$3,125/115) + \$10$ ). The average monthly air time was 37,720 minutes.
- A rate plan comprising of about 64 lines with a monthly recurring fee of \$12.99 per line plus \$0.06 per minute of airtime (\$12.99 plan).

In addition to the above plans, which we concluded were cost effective, there were several other rate plans that did not appear cost effective and Information Technology was not aware of the some of the plans until we brought it to their attention. A simple monthly review of the invoices would have disclosed the unfamiliar plans and the fact that they were not cost effective. Most notably was a plan consisting of about 17 lines that cost \$16.99 per line each month and included 60 free anytime minutes with each additional minute costing \$0.40 (\$16.99 plan). Further, this plan also included roaming charges. As part of our tests, we compared the cost of the lines under this plan to what the cost would have been under the \$12.99 plan. The 17 lines under the \$16.99 rate plan cost the District an average of \$1,948 per month. These same lines under the

\$12.99 plan would have cost an average of \$520 per month. As a result, the \$16.99 rate plan cost the District an additional \$1,428 per month, or \$17,136 per year.

Another plan consisted of 29 lines with a monthly recurring cost of \$1,500 for 30,100 pooled anytime minutes plus \$10 for each line. The average monthly minutes for all lines under this plan was only 9,270 minutes. As a result, the monthly cost was \$62 per line (( $\$1,500/29$ ) + \$10) while the average monthly cost under the \$12.99 plan would have been \$32 per line. Examples of these plan and other plans considered inefficient are illustrated in the following table.

<b>COMPARISON OF AT&amp;T CELLULAR RATE PLANS</b>			
<b>Uneconomical Rate Plans</b>	<b>Average Monthly Cost of Uneconomical Plans</b>	<b>Average Monthly Cost Under \$12.99 Per Line + \$.06 per Minute Rate Plan</b>	<b>Average Monthly Differences</b>
\$16.99 per line + 60 anytime minutes; \$0.40 for each additional minute ( <i>17 lines</i> )	\$1,948	\$520	\$1,428
\$49.99 + \$0.40 for each minute ( <i>3 lines</i> )	\$634	\$112	\$522
\$1,500 for 30,100 pooled minutes + \$10 per line plan ( <i>29 lines</i> )	\$1,790	\$933	\$857
\$260 for 5,000 pooled minutes + \$10 for each additional line ( <i>4 lines</i> )	\$290	\$153	\$137
<b>Actual Total Monthly Cost</b>	<b>\$4,662</b>	<b>\$1,718</b>	<b>\$2,944</b>
<b>Estimated Average Annual Cost</b>	<b>\$55,994</b>	<b>\$20,616</b>	<b>\$35,328</b>

In addition, we noted that three lines were on three different plans during a two month period with monthly fees ranging from \$12.99 to \$49.99 and airtime usage fees ranged from \$0.11 to \$0.45 per minute. When compared to the \$12.99 plan, the three lines cost \$851 more during the two month period.

In addition to the AT&T plans, there were several plans with Nextel/Sprint, for example, a plan with a monthly recurring cost of \$39.99 and 400 anytime minutes

(\$30.39 after a 24% discount). The Nextel/Sprint plans appeared reasonable but were not easy to monitor.

**Resolution of Audit Issue**

During our audit, we informed Information Technology of all costly AT&T rate plans and they requested credits from AT&T for those plans not authorized by the District. In September 2008, AT&T credited the District \$13,560 for the period January 2008 to August 2008.

In addition, Information Technology will review monthly wireless invoices to ensure that wireless devices are billed in accordance with pricing plans approved by the District and that changes are not being made without the District's authorization. Information Technology also plans to monitor the pricing plans periodically for cost effectiveness and make plan changes as needed.

Further, in the management response to the draft report, Information Technology stated that it has obtained even better rates for wireless services. Specifically, Information Technology has analyzed the District's usage patterns and determined that considerable savings can be realized on a "per minute use" plan rather than a shared plan for all users. With the Procurement Department's assistance, Information Technology determined that the best per minute plan is based on Miami-Dade County Small Business contract which charges \$0.06 per minute of cellular usage. Information Technology estimated that based on past usage patterns the District can save between \$225,000 and \$250,000 per year. It should be noted that in order to maximize savings 70 high volume users will be on a "shared pool" plan and Information Technology will closely monitor usage on a monthly basis for cost effectiveness.

**Unused and Underutilized Cell Phones and Blackberries**

**Audit Issue**

In addition to not adequately monitoring the cellular rate plans, we found that Information Technology was not adequately monitoring the utilization of cell phones and

Blackberries. Specifically, our analysis of an AT&T utilization report covering a three-month period, that was prepared by AT&T for Information Technology; and Nextel and Sprint invoices for three months, disclosed that 250 of the 938 (27%) District's active cell phones and Blackberries were either not being used at all or were underutilized (less than 56 minutes per month). Specifically, 118 (13%) of the devices were not utilized at all and 132 (14%) were underutilized. (It should be noted that Information Technology cancelled 51 of the 118 lines with zero usage in April 2008. However, our review disclosed that 31 of these 51 lines were not utilized for at least 13 months before they were cancelled.) The costs of these devices are shown in the following table.

	<b>Zero Usage Devices</b>	<b>Underutilized Devices</b>
# of Devices During Three Month Period	118	132
Recurring Monthly Charges Incurred by the District	\$12,188	\$14,795
<b>Total</b>	<b>\$26,983</b>	

Air time usage of the 132 underutilized devices ranged from one minute during the entire three month period to an average of 56 minutes per month. Due to the large number of devices with zero usage, we expanded our review of 93 of the 118 zero usage devices to cover an additional 10 months to determine the extent of the non-utilization beyond the three-month period initially examined. The expanded review of the ten additional months found that 58 of the 93 devices were not utilized at all. These non-utilized devices cost a total \$21,202. In sum, 58 devices (6%) of District's active cell phones and Blackberries were not utilized at all for 13 consecutive months. The results of our expanded review are illustrated in the following table:

<b>Utilization Review of 93 Devices for an Additional 10 Months</b>			
	<b>Devices with Zero Usage</b>	<b>Underutilized Devices</b>	<b>Adequately Utilized Devices</b>
# of Devices	58	23	12
Total Cost During the 10 Month Period	\$21,202	\$7,809	Not Applicable
<b>Total Expenses for Unused and Underutilized Devices</b>	<b>\$29,011</b>		

The following should be noted regarding our additional review of the 93 devices:

- Fifteen of zero utilization devices used were designated as checkout phones and incurred monthly charges of about \$23 per phone. Information Technology acknowledged that these phones should have been on a restricted use plan costing about \$5 per month per phone.
- Usage of the underutilized devices ranged from a single minute to about 317 minutes during the entire 13-month review period.

Our results clearly indicate that devices with zero utilization may not be necessary and that utilization is not efficiently monitored by Information Technology and by the respective departments/divisions assigned the devices. In instances where Blackberries are being minimally utilized it may be practical assign cell phones in place of Blackberries, which would result in a cost savings to the District. It should be noted that Information Technology relies on directions from the various departments/divisions to terminate or re-assign device and untimely directions may affect the length of time devices remain unutilized or underutilized.

#### **Resolution of Audit Issue**

**Information Technology is aware of the fact that several phones are underutilized. Specifically, at the beginning of our audit, the Chief Information Officer provided a listing that identified 78 devices that could be terminated and save the District about \$37,380 annually. During our audit, Information Technology requested that all departments to return devices that were not being utilized. However, only about 10 devices were returned.**

#### **Recommendations**

- 2. Consider terminating service or reassigning those devices that are not being efficiently utilized. Further, in cases where there is minimal utilization of Blackberries consider assigning cell phones.**

**Management Response:** The Information Technology Department concurs with the recommendation. The Information Technology Department will be

implementing a detailed reporting process for monitoring wireless communication device utilization. This report will be provided to the Department Directors monthly. Department directors are responsible to review device assignments and utilization. After this review is completed, devices with low utilization may be reassigned or terminated as per the direction of the department directors. Information Technology will monitor the Department's responses on a monthly basis.

**Responsible Department:** Information Technology Department and Departmental Business Units

**Estimated Completion:** This procedure will be implemented by June 30, 2009.

- 3. Require that Information Technology and the various departments monitor utilization levels on an on-going basis and consult with each other regarding devices with consistently low utilization levels.**

**Management Response:** The Information Technology Department concurs with the recommendation. The Information Technology Department will be implementing a detailed reporting process for monitoring wireless communication device utilization levels. This report will be provided to the Department Directors monthly. Department directors are responsible to review device assignments and utilization. After this review is completed, devices with low utilization may be reassigned or terminated as per the direction of the Department Director. Information Technology will monitor the Department's responses on a monthly basis.

**Responsible Department:** Information Technology Department

**Estimated Completion:** This procedure will be implemented by June 30, 2009



## **Devices Assigned to Former Employees not Terminated or Reassigned in a Timely Manner**

### **Audit Issue**

One of the reasons for zero and underutilized cell phones and Blackberries was the fact that devices that were assigned to former employees were not terminated or reassigned in a timely manner. Specifically, a comparison of employees who separated from the District (during the period January 1, 2007 to June 20, 2008) to wireless invoices revealed that 21 of the former employees were assigned wireless cell phones or Blackberries. As part of our audit, we determined whether the devices assigned to the 21 former employees were terminated or re-assigned in a timely manner and whether relevant records were updated in a timely manner. It should be noted that six of the 21 former employees separated from the District during February 2008 to May 2008, thus, enough time did not go by to perform the required tests. As a result, we analyzed the activity of 15 devices assigned to 15 former employees.

Based on our review, we concluded the following:

- 7 of the 15 devices remained active and were not utilized anywhere from one month to over 12 months following the employees' resignation or termination. As a result, the District paid \$1,834 in monthly recurring fees for devices that were not utilized.
- 8 of the 15 devices were reassigned to other employees soon after the former employees separated from the District. However, the wireless invoices were not updated in a timely manner to reflect the new users. Specifically, the names of the former employees appeared on the invoices anywhere from 5 to 13 months after their separation date. The line assignments should have been updated in a timely manner to reflect the new users.

After employees and contract workers with District-issued devices separate from the District, departments are required to return the devices, or inform Information Technology if the devices will be reassigned to another staff.

**Recommendation**

- 4. Information Technology should send out monthly reminders to relevant department staff to ensure they notify Information Technology when employees and contract workers with District-issued wireless devices separate from the District so that their devices can either be cancelled or wireless records updated if the devices will be reassigned.**

**Management Response:** The Information Technology Department concurs with the recommendation. The Department has taken actions to include a wireless administration return clause in the Human Resources “Termination/Separation” notification and thus will address these items as they occur. Recommendations 2, 3, and 4 will work concurrently for effective management of wireless administration. In addition, we cover the cancellation aspect in our Standard Operating Procedure for Wireless Devices. The monthly reports provided by IT will include contract workers. We expect that the Department reviewers will notify IT when a contractor leaves the District and the project manager and/or hiring manager will ensure that any non-business charges are collected from the contractor or contract agency before final payments are released.

**Responsible Department:** Information Technology Department

**Estimated Completion:** This procedure will be implemented by June 2, 2009

**Underutilized Air Cards**

**Audit Issue**

As of May 2008, the District had approximately 145 active air cards that cost about \$50 each per month (\$87,000 annually). (An air card is a device for a laptop, PDA or cell phone that allows the user to connect to wide area wireless Internet access.) Fifty-five of the air cards were under the District’s Nextel wireless account and 90 were under the Sprint wireless account. As part of our audit test, we wanted to determine whether all

the air cards were being adequately utilized; however, we were unable to perform this test for the 90 Sprint air cards because the Sprint invoices did not provide utilization data and Sprint could not provide this data. The Nextel invoices provided air card data utilization. As a result, we only analyzed the Nextel air cards.

Our review of the 55 Nextel air cards during March, April, May 2008 disclosed that 11 (20%) were not being utilized at all and 3 (5%) were being minimally utilized. Based on these results, we extended our review period to cover six months (December 2007 to May 2008) to determine whether the 14 cards were adequately utilized beyond the initial three month review period. The six month review disclosed that the District has incurred expenses for unused and underutilized air cards as detailed below:

- 8 of the 11 air cards were active and incurring monthly charges totaling \$2,319 for the entire six months; however, they were never used.
- 3 of the 11 air cards were active and incurring monthly charges totaling \$643 for four of the six month in the extended review; however, they were also never utilized.
- The three cards that were used minimally during the three month period were also used minimally during the six month period. These cards cost \$817 for the six month period.

As with the underutilized cell phones and Blackberries, steps should be taken to evaluate the necessity of the air cards with zero utilization and those with minimal utilization.

#### **Resolution of Audit Issue**

**Information Technology will review utilization on a quarterly basis and request that underutilized air cards be returned. Further, in the audit response, Information Technology stated that they analyzed the usage of air cards and found that 35 of the air cards were not used for the last three months. Management was informed and the cards are being cancelled. In addition, air cards with low utilization were identified as candidates for cancellation.**

## **Overcharges for Air Cards**

### **Audit Issue**

Our review disclosed that 25 of the District's Sprint air cards were being billed at the rate of \$60.00 per month instead of at the rate of \$49.99 per month like other air cards on the same account. The incorrect rates resulted in a monthly overpayment of about \$250 (\$3,000 annually). In addition, we noted that an air card should have been on an unlimited data usage plan; however, it was not and incurred additional charges.

### **Resolution of Audit Issue**

**During our audit we brought these issues to Information Technology's attention and the air cards are now on the correct rate plan. In addition, the District received credit of \$425.75 for overcharges. Information Technology will also review monthly wireless invoices to ensure that charges are accurate.**

## **Invalid Termination Fees**

### **Audit Issue**

Based on the Nextel wireless invoices for the period December 2007 through May 2008, the District was charged \$2,200 in early termination fees for 11 cell phones and Blackberries. However, the District should not have been penalized for early termination. Information Technology was not aware of these early termination charges.

### **Resolution of Audit Issue**

**As a result of our inquiries, Nextel has credited the District the \$2,200.**

## **International Long Distance Calls by District Contract Worker**

### **Audit Issue**

Our review disclosed that a few users have used District cell phones to make and receive international calls, for example, calls were made to Mexico. However, most

notable, a contract worker's District-issued cell phone was used to make numerous international long distance calls to Jamaica during March and April 2008 totaling \$1,833, as summarized in the following table.

<b>Invoice</b>	<b>Total # of Cellular Minutes</b>	<b>Long Distance Minutes</b>	<b>Long Distance Charges **</b>	<b>Federal-Univ Service Assessment for Long Distance</b>
3/10/08 Invoice	1,379	422	\$687.86	\$70.16
4/10/08 Invoice	2,217	593	\$965.89	\$109.15
<b>Total</b>	<b>3, 596</b>	<b>1,015</b>	<b>\$1,653.75</b>	<b>\$179.31</b>
<b>Total Charges</b>			<b>\$1,833.06</b>	
<b>Amount Reimbursed by Contractor</b>			<b>\$137.90</b>	
<b>Amount Still Owed by Contractor</b>			<b>\$1,695.16</b>	

\*\* - Cost per minute was  $\approx$  \$1.63

According to the contract worker, a relative in her household made the calls without her knowledge. A further review of the contract worker's cell phone usage for October 2007 to February 2008 disclosed that her monthly minutes ranged from 1 minute to 253 minutes and the average monthly cost for her phone was \$21.09. However, it appears that the contract worker used the phone to make and receive personal calls both during and after working hours to the same phone numbers (e.g., toll free calls; calls from Jamaica; directory assistance calls; and calls to New York City).

As of October 2008, the contractor has reimbursed the District \$137.90 for the March 2008 calls. This amount was based on the total March minutes (1,379 minutes) at \$0.10 per minute. Employees and contract workers who use District-issued cell phones to make and receive non-business related calls are required to reimburse the District at a rate of \$0.10 per minute. It appears that the contract worker simply reimbursed the District for all calls at \$0.10 per minute even though 422 of the 1,379 minutes were billed at \$1.63 per minute. (The reimbursements process for personal calls needs improvement and is discussed in a separate section of this report.)

**Resolution of Audit Issue**

**During our audit, we alerted Information Technology and the contract worker's supervisors of the international long distance charges. Initially, the**

contract worker agreed to reimburse the District for the entire cost of the calls in two payments; however, she is no longer working for the District and stated that she can re-pay only \$50 each month.

Information Technology began reviewing invoices more closely and will alert relevant staff of any unusual activity.

**Recommendation**

5. Consider blocking access to international calls for employees/contract workers whose job responsibilities do not require international communication.

**Management Response:** The Information Technology Department concurs with the recommendation. The Department has engaged the service provider AT&T to block all access to international calls. This feature will only be added on a case by case basis with written departmental approval. Sprint does have limitations to the regions identified as international, meaning that the Caribbean, Mexico and Canada are not considered “international” and therefore can not be blocked. However, as an additional monitoring step, the monthly summary usage reports will show miscellaneous charges such as international calls making it easier for managers to identify non-business activity.

**Responsible Department:** Information Technology Department and Business Units

**Estimated Completion:** This procedure will be implemented by July 29, 2009

## Various Questionable Wireless Services

**Audit Issue**

Our review of the Nextel, Sprint, and AT&T wireless invoices revealed that there were additional charges for certain services beyond the monthly plan charges for a

number of cell phones. The most common additional service charges were for text messaging. In addition, we noted an unusual number of additional services charges for the cell phones under the District's Nextel wireless account. Specifically, we noted the following:

- **Charges for caller ID and enhanced voice mail service:** A review of the Nextel invoices for March 2008 through May 2008 disclosed that each month about 41 lines were being charged \$1.00 per line for "Caller ID" and \$1.00 per line for "Enhanced Voicemail Service" totaling about \$82.00 monthly and \$984 annually. Information Technology did not know the reasons for these charges and have requested an explanation from Nextel for these charges.
- **411 directory assistance calls:** Each call placed to 411 for directory assistance cost the District \$1.79. A review of the Nextel account invoices from March 2008 through May 2008 disclosed that 197 calls totaling \$352.63 were made for directory assistance. It should be noted that a cursory review of the AT&T and Sprint invoices also disclosed calls to 411. In instances where District phones are used for such matters, users should reimburse the District the full cost of each call. Further, 411 calls should be questioned, although they may be for legitimate District business.
- **Ring tone purchases:** During January 2008 to June 2008, an Information Technology employee purchased 22 ringtones totaling \$131.78. Ring tone purchases for District cell phones are unacceptable and the employee should be required to reimburse the District the cost of the ring tones. Upon our request, Information Technology called the wireless provider (Sprint) and inquired whether ring tone purchases could be blocked. According to the Sprint Account Representative, a block cannot be placed on ring tone purchases.
- **Various additional services:** Our review of the Nextel wireless invoices disclosed that 129 cell phones were incurring about \$1,019 monthly (\$12,228 annually) in various additional service charges beyond the standard recurring monthly charges. Examples of the additional services are outlined below.
  - **Premier messaging @ \$7.50 per month:** Eight-nine devices have this unlimited text messaging feature.

- Nextel Address Book @ \$5.00 per month: Ten devices have this feature.
- Data Service Pack @ \$10.00 per month: Six devices have this feature.
- Nextel Online Plus @ \$10.00 per month: Six devices have this feature.

Information Technology explained that most of these features may have been carried over from a previous rate plan and not needed by the current users.

### **Resolution of Audit Issue**

**Information Technology will determine whether additional features are needed and terminate all unnecessary features. Recently, Information Technology found out that Google provides free directory assistance which can be accessed by dialing 800-466-4411. District users were informed of the free service and instructed to program the numbers into their phones and cease using 411 for directory assistance. In addition, the employee has reimbursed the District for the ring tone purchases.**

## **Payments for Unused Pagers**

### **Audit Issue**

The District has been paying about \$737 per month (\$8,844 per year) for service for 54 pagers that were hardly being used and cannot be accounted for. Specifically, Information Technology could not identify the users of 51 of the 54 District pagers (94%) and did not know whether the pagers were being used. As a result, we contacted the service provider, American Messaging, and requested usage data for all pagers covering the period January 1, 2008 to May 31, 2008. Based on the usage data, only four pagers were used during the five month review period. Specifically, three of pagers were used to make one page each and the fourth was used for nine pages during the entire five month period.

Subsequently, Information Technology requested that American Messaging send pages to all 54 District pagers requesting that the employees in possession of the pagers contact Information Technology. Only one employee responded to the page. Information Technology concluded that only two of the 54 pages were required. Since



almost all the pagers were inactive for at least five months, we recommended that Information Technology request a credit from the provider.

**Resolution of Audit Issue**

**Fifty- two pagers were cancelled. The District received a credit of \$2,671.40 from the provider.**

**Actual Users not Indicated on Wireless Invoices**

**Audit Issue**

Our review of the wireless invoices disclosed that several active devices did not indicate the names of the actual users. Instead, only the line numbers are listed on the invoices. Further, in some instances a number may be followed by a question mark. This raises further concerns regarding the inadequate controls over wireless devices.

**Resolution of Audit Issue**

**Information Technology has taken steps to ensure that devices are linked to users.**

**Local Communications Services Tax and Florida State Wireless 911 Charges**

**Audit Issue**

In accordance with Chapter 12A-19 of the Florida Administrative Code, the District is exempt from paying local and state communications services tax. However, our review disclosed that the District has been paying this tax on one of its Sprint wireless account. In addition, on this same account, and another Sprint account, the District has been paying Florida State Wireless 911 fee even though it is an exempt organization. It should be noted that the monthly amounts are nominal (less than \$10 each month) and Nextel and AT&T invoices did not include these charges.

### **Resolution of Audit Issue**

**During our audit, we brought this issue to Information Technology's attention. In early October 2008, the District received a credit of \$1,113.72 from Sprint. Information Technology will review monthly wireless invoices more closely to ensure there are no erroneous charges.**

### **Strengthen Reimbursement Process for Personal Use of District Cell Phones**

#### **Audit Issue**

For about a year (March 2007 to March 2008), Information Technology did not forward monthly wireless invoices to employees and contract workers with District-issued devices requesting reimbursement for personal calls. As a result, during March 2008, a year's worth of invoices were distributed to employees and contract workers requesting reimbursement for personal calls. Prior to March 2007, Information Technology distributed the actual invoices to employees. However, in March 2008 it revised the reimbursement process making it easier for users to reimburse the District for incoming and outgoing personal calls. Specifically, certain information from the electronic wireless invoices (e.g., time of call, call duration, and the city called) are downloaded onto Excel spreadsheets and emailed to administrative assistants in the various departments who then distribute the spreadsheets to the individual users. District cell phone holders are required to reimburse the District for personal incoming and outgoing calls at a rate of \$0.10 per minute.

Our review revealed that additional improvements are needed. Specifically, in instances where personal calls are not covered by free plan minutes and result in additional charges (for example, 411 directory assistance calls and international long distance calls) users may not be aware of the additional cost of these calls since the cost of the calls are not included on the spreadsheets. As a result, steps should be taken to deter these types of calls and ensure that users are aware of the costs so that the District can be reimbursed for the actual costs of calls not covered by the District's wireless plans.

Employees are required to review the spreadsheets, specify the personal calls, and make reimbursements directly to the Accounting Division's Cashier's Office. In addition, each department is required to complete a sheet indicating the number of personal minutes and the reimbursement amount. The completed reimbursement sheets are required to be approved by the department head acknowledging review of all calls and forwarded to Information Technology; however, this is not done consistently. Review by a department head or his/her designee is an important oversight as it provides assurance that cell phones would be used primarily for District-related work and not personal use.

### **Resolution of Audit Issue**

**Invoices are sent to the administrative assistants in the various departments on a monthly basis and are reviewed Information Technology for unusual activity. In addition, reimbursement procedures will be address in the written procedures.**

## **Cell Phone Usage Observations**

### **Audit Issue**

We noted that a total of 48 employees with District-issued cell phones used more than 15 hours of airtime each month. Specifically, 10 employees made and received more than 30 hours of calls each month; 19 employees made and received more than 20 to 30 hours of calls each month; and another 19 employees made and received between 15 hours to 20 hours of calls each month. Further, District cell phones were also used to make toll free and long distance calls to various locations, for example, Texas, Puerto Rico, Illinois, New Jersey, New York, North Carolina, Minnesota, Maryland, Pennsylvania, and West Virginia. A brief review revealed that some of the calls appear to have been personal calls and the length of the calls varied (one call lasted 57 minutes). In addition, District cell phones were used to make calls after normal work hours and on weekends. Even though most of the long distance calls did not result in additional charges and we did not perform extensive tests to determine whether the long distance

calls were business related, steps should be taken to ensure that District cells phones are not routinely used to make and receive personal calls.

Further, we noted that several users forwarded their cell phone calls to other numbers; forwarded calls cost the District \$0.20 per minute. For example, in one month, one user incurred \$30.40 in call forwarding charges.

Information Technology should perform a review of the invoices for reasonableness and alert the department heads or his/her designee of any unusual usage activity. In addition, usages should be reviewed in detail at the department level as oversight at this level will deter excessive personal use. Department heads should discuss instances of excessive usage and utilization of services that result in additional charges with the users. Information Technology is now reviewing invoices for unusual activity. In addition, department have also been informed to closely review invoices for unusual activity.

**Recommendation**

- 6. Require that the various departments review the monthly invoice to ensure that devices are being used primarily for District-related businesses. Any unusual usage (e.g., long distance calls, tolls free calls, call forwarding) should be deterred and promptly discussed with the employee or contract worker to assess whether they were in connection with District business.**

**Management Response:** The Information Technology Department concurs with the recommendation. Information Technology has updated the content and format of the monthly billing report to provide greater detail so that non-business usage can be clearly identified by the responsible Department manager(s). For example, the report will show all charges for any additional services used, such as: long distance, text messaging, information (411), call forwarding, or third party purchases listed by person.

**Responsible Department:** Information Technology Department

**Estimated Completion:** This updated monthly bill will be implemented by June 30, 2009.

## **More Stringent Assignment Requirements**

### **Audit Issue**

In order to determine whether assignments of wireless devices are adequately documented, we requested that Information Technology provide the approved authorizations for 41 devices. Information Technology provided only 23 of the 41 approved requests and stated that approvals for the remaining 18 devices were not on file due to various reasons (for example, the devices may have been issued before written authorizations were required and sometimes departments transfer phones among users without formal written approvals). Information Technology acknowledged that this process needs to be improved.

Based on the District's Cellular Device Request form, employees must meet one or more of the following criterion in order to be considered for a cell phone:

- travels frequently;
- needs to be in regular and periodic communication with others when landline communication is not available;
- work creates personal safety issue or concern (i.e., employee primarily works in the field);
- requires 24-hour communication; and
- must be in a senior management position.

Further, based on the request form, all cellular devices are required to be renewed annually before each fiscal year. However, the annual renewal requirements were never implemented. Since our audit disclosed that wireless devices are not adequately utilized, the authorization process should be re-evaluated and closely reviewed and utilizations closely monitored. In addition, periodic renewal requests should be considered.

**Recommendation**

- 7. Consider re-evaluating the process for assigning employees and contract workers wireless devices and require periodic justification for renewals.**

**Management Response:** The Information Technology Department concurs with the recommendation. The Department has revised the “Wireless Device Request” form to include a renewal process. The Information Technology Department will implement an annual true-up request and will submit to the Department Directors to ensure that the wireless device is required for each employee’s job function as currently assigned.

**Responsible Department:** Information Technology Department and Business Unit

**Estimated Completion:** This new process will be implemented by August 3, 2009.