



Memorandum

TO: Renie Broderick, Director, Internal Services
THRU: Bill Greene, City Auditor (X8982)
FROM: Keith Smith, Sr. Internal Auditor (X8416)
CC: Andrew Ching, City Manager
Steven Methvin, Deputy City Manager, Chief Operating Officer
Ken Jones, Deputy City Manager, Chief Financial Officer
Tom Duensing, Deputy Director, Internal Services – Finance
Michael Greene, Procurement Administrator

DATE: October 14, 2019
SUBJECT: Cellular Device Review

PURPOSE

The Internal Audit Office (IAO) reviewed city-owned cellular devices (phones, tablets, data cards, and MiFi) to determine if wireless carrier fees were only paid on devices currently in use. This review was initiated by a submission to the Tempe Ideas and Innovations website.

BACKGROUND

The Human Services department reviewed cellular device charges and found several devices billed that were no longer in use. Using the Tempe Ideas and Innovations website, Human Services staff recommended that the IAO extend this review city-wide; therefore, it was placed on the audit plan for FY 2018-19 and carried over to FY 2019-20.

For FY 2018/19, expenditures for cellular devices totaled approximately \$625,000 citywide for 1500 devices (phones, data cards, MiFi devices, iPads/tablets).

We thank Procurement staff and the cell phone liaisons across City departments for their cooperation and assistance during this project.

SCOPE AND METHODOLOGY

The scope of this review was cellular devices listed on the May 2019 Verizon billing statement. All departments were subject to this review except Human Services due to the previous review done by their staff and documentation of continuous monitoring of cellular devices which was provided to the IAO. Using the May 2019 billing statement as a baseline listing of all devices billed to the City, the IAO verified a sample of cellular devices for each department. A total of 604 devices were checked to ensure the device was still in use. Each device was viewed by IAO staff and the phone number was verified in the device settings.

CONCLUSION

Of the 604 devices checked by the IAO, issues were found with 39 (6.5%) of the devices. Most exceptions included devices no longer in use but not deactivated; therefore, the City continued to be billed. Once the issues are corrected, the City will save approximately \$665 per month or \$8,000 (1.3% of the current bill) annually. A summary of the issues found by dollar amount are shown in the table below:

Issue	Monthly Amount
Device no longer in use/not needed	\$474
Device stolen/has not been deactivated	\$27
Device not found	\$40
Device not working	\$40
Left employment/not deactivated	\$84
Total	\$665

RECOMMENDATIONS

During the review, the IAO noted opportunities to improve current practices:

- **Observation 1: Cell Phone Liaison duties need to be clearly communicated and reinforced.** Throughout the audit, many of the department cell phone liaisons questioned IAO about their duties and many did not understand it is their responsibility to verify phone bills, deactivate lines, and ensure phones not in use are turned into procurement. The liaison duties are not formalized in policy.

Recommendation: Procurement formalize the cell phone liaison program and include details in the existing policy. Suggestions include:

- a. *Provide training and guidance to liaison as to their duties*
- b. *Clarify and specifically list the liaisons duties including:*
 - i. *Monitoring monthly cellular device bills*
 - ii. *How to/when to deactivate devices*
 - iii. *What to do with devices no longer in use*
 - iv. *Periodically remind liaisons of their duties and update the listing of liaisons to keep it current*
- c. *Provide guidance on how to modify the Verizon account information to make it easier to monitor charges. (example: put employee name AND device type in the user name field)*

Management Response:

We concur with the observation. Finance staff will develop and formalize a cell phone liaison program to be included in the existing cell phone policy. The updated cell phone policy will be completed by November 27, 2019.

- **Observation 2: Devices returned to Procurement are not adequately tracked.** When no longer in use, devices should be returned to Procurement to be reused or recycled with the contracted vendor. Procurement does not maintain a complete listing of devices turned in or track those devices given to the vendor for recycling.

Recommendation: Procurement formalize the process for departments turning in devices no longer in use. Documentation should be required from the department showing the phone number associated with the device, procurement should track all devices returned to their office, and all devices sent to the recycling vendor should be noted.

Management Response:

We concur with the observation. Finance staff will develop and formalize a cell phone liaison program to be included in the existing cell phone policy which includes the process for deactivating and/or turning in devices no longer in use and required documentation from the departments associated with the device. The updated cell phone policy will be completed by November 27, 2019. Additionally, Procurement will develop and document a process to track and document devices returned from departments and track devices sent to the recycling vendor. The process to track and document devices returned to Procurement will be developed by November 27, 2019.