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To: The Honorable Suzy Heinbockel, President of the Council
The Honorable Mary Sue Rich, President Pro Tem
The Honorable Daniel Owen
The Honorable John McLeod
The Honorable Jay Musleh
The Honorable Kent Guinn, Mayor
Matthew Brower, City Manager

Date: October 19, 2012

Re: **Cell Phone and Air Card Analysis**

Per Councilman John McLeod's request, Internal Audit compiled billing statements for the last three months for all City-owned wireless devices that included rate plan descriptions, monthly access charges, and the total number of devices owned by the City. We performed a limited review of the three monthly billings, analyzing types of devices, plans, and usage.

The City is billed through four separate monthly statements for wireless service:

Verizon Wireless - VOICE (includes non-smart phones for City, OFR, and OPD)
Verizon Wireless - DATA (includes smart phones and air cards for City, OFR, and OPD)
Verizon Wireless - DATA (exclusively OPD air cards, iPads, and 3 smart phones)
Sprint Wireless - DATA (exclusively OFR air cards for vehicles)

All charges except one user's bill are paid through Accounts Payable. The exception is paid using a procurement card.

Total payments for the three months reviewed were:

August 2012	$ 25,356
July 2012	$ 26,913
June 2012	$ 31,946 (includes OPD equipment purchases)

Attachment 1 details the type of devices by department as of the August billing. Charges for August by type of plan were:

Voice Phone Plans (calls and text)	$ 4,485
Smart Phone Plans (calls, text and data)	7,513
Air Card Plans	13,197
Miscellaneous Equipment	167
Total	$25,356

Based upon the current plan rates and usage for the month of August, approximately $3,000 per month could be saved by aligning the type of plan with usage requirements and properly managing deactivation of devices when not in use.

We identified billing errors totaling $1,722 for the 3 months. These included duplicate charges, assignment of a device to a non-governmental plan, and fees which are waived for governmental agencies.

As a phone is requested, the requesting department decides upon either a voice phone (Motorola V860 which is a "free" phone) or a smart phone (choice of 18 devices ranging from $29.99 - $399.99) and the associated rate plan. All smart phones require a data plan.

The State of Florida issued an Invitation to Negotiate on September 2, 2010, to select a company to provide wireless voice and data services. Verizon Wireless was the highest ranked service provider of participating vendors. The resulting contract between the State of Florida and Verizon wireless allows local governments to participate in the migration to the State contract.

Recommendations:

Overall, we recommend that a City-wide wireless device project manager be assigned. Responsibilities would include:

- Act as the sole contact with the wireless providers to ensure plans and devices are accurately charged per contractual terms and changes to the service are correctly billed
- Purchase necessary wireless accessories, ensuring the best price and business need
- Review monthly billings for errors and resolve prior to payment of the bill
- Hold discussions with users/department heads to identify users, devices and plans that are appropriate to meet but not exceed business needs; develop guidelines for wireless service decision makers
- Limit equipment options to the least expensive model that will meet operational needs
- Ongoing negotiations with wireless providers for lower equipment costs for upgrades
- Fully investigate available options from all carriers to allow management to decide upon the most effective and economical wireless solution, such as:
    - Continuing the current relationship with Verizon and Sprint (which due to the State contract, may not be a long term viable option)
    - Migrating to the State contract
    - Issuing an invitation to bid for a City specific contract with current cell phone providers
    - Eliminating City owned cell phones and offering stipends to the employees to offset additional costs associated with using a personal cell phone for City business
    - Eliminating City owned cell phones and reimbursing employees for identified business use over and above their personal plan limits
    - Eliminating City owned cell phones and reimbursing employees for identified business use at a set rate
        - Management should be presented with costs, benefits, and disadvantages of each option
- Research and utilize phone recycling programs that offer credits and/or payments for used phones
- Work with Finance to convert payment of the wireless device bills from Accounts Payable to the SunTrust Procurement Card or Payables Card program to take advantage of rebates offered through those programs

We have attached Management's Response, prepared by the City Manager.

Internal Audit will continue to assist the City Manager and senior staff to identify the City's wireless device needs. Management will further analyze wireless needs on a department and employee basis to ensure that wireless devices and plans align appropriately to employee job responsibilities and business operations. Ongoing analysis and subsequent plan changes will result in additional cost savings to the City.

Generally Accepted Government Auditing Standards and the Institute of Internal Auditors Standards require that we plan and perform our audits to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. The evidence obtained provides a reasonable basis for our observations and conclusions.

S. KaRhonda Leslie

S. KaRhonda Leslie, Audit Specialist

Jeanne Covington

Jeanne Covington, Internal City Auditor

FY 2012 Cell Phone and Air Card Analysis

Attachment 1

	Devices (as of August 2012)					
DEPARTMENT	Total Devices	Smart Phone	Voice Phone	Air Cards	Tablets (including iPads)	Other (EMAG unit)
AIRPORT	3	1	2			
BUDGETING/FINANCE	4	1		3		
CITY CLERK	2		2			
CMO (CABINET)	7	6		1		
ELECTRIC	54	4	44	6		
ENGINEERING	13	2	11			
FIRE	75	13	22	40		
FLEET/FACILITIES	9	1	8			
GOLF - OCALA GOLF CLUB	1		1			
GROWTH MANAGEMENT	1		1			
HUMAN RESOUCES/RISK	4	2	2			
INFORMATION TECHNOLOGY	4	3	1			
PLANNING/PLANNING & ZONING	11		7	4		
POLICE	442	94	122	211	14	1
OFR MEDICS (OPD SWAT TEAM)	5		5			
PUBLIC COMMUNICATIONS	2	2				
PUBLIC WORKS	36	1	25	10		
RECREATION & PARKS	20		20			
REVITALIZATION STRATEGIES	19	1	10	8		
SUNTRAN	9			9		
SUPPORT SERVICES	1	1				
TPO	2	1		1		
UTILITY SERVICES	6	4	2			
WATER/SEWER	48	4	23	19	2	
CITY COUNCIL	2	1	1			
MAYOR (paid through OPD)	2 *	1 *			1	
Total	**782**	**143**	**309**	**312**	**17**	**1**

NOTE: HR and Risk added two tablets in September, 2012 bringing the total tablets to 19 as of October 2012.

* - The Mayor's smart phone plan was cancelled on 8/14/12. However, the Mayor turned in the device on May 4, 2012 at which time it was changed from a Blackberry to a test device. Per Verizon, the designation of "test device" keeps the number active when not assigned to a specific device. The Mayor's number continued to be charged the monthly access charge of $37.49 for May, June, July and through August 14 when the line was cancelled.

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Office of the City Manager
Interdepartmental Correspondence

Date: October 18, 2012

To: Council President Heinbockel, Members of the City Council
Mayor Guinn

From: Matthew Brower, City Manager MB

Subject: Management Response to Cell Phone and Air Card Analysis

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"Good…Better…Best"

The purpose of this memo is to communicate to Council members and the Mayor management's response to the Cell Phone and Air Card Analysis dated October 15, 2012.

I first want to acknowledge the tremendous amount of work invested by the Internal Auditor's Office to compete this analysis. The analysis is detailed and in a format that management can use to architect a game plan for appropriately addressing its findings.

The City's executive management team welcomes this feedback and views the analysis as an opportunity to improve our organization's operations. I can assure Council members that staff will employ Strategic Goal #2, Cultivate an Environment that Elevates Innovation, to guide us in identifying creative solutions.

To date, I have personally met with the City's internal auditor team to review the analysis. I have also convened a meeting with my executive management team, including the City's Police Chief Greg Graham, to review findings and alternatives for improving our utilization of cell phones in the work place. Based on input received from the executive management team, I have instructed Chief-of-Staff Sandra Wilson to begin drafting a policy document. When completed, this policy document will be vetted at great length by Cabinet and the City's senior leadership team, with input from the Internal Auditor's Office to ensure it is balanced and effectively addresses the concerns detailed in the analysis. I hope to have a policy ready for Council's consideration before the end of the current calendar year.

Should you have any questions, please do not hesitate to call upon me.

CC: Cabinet
Chief Graham
Internal Auditor's Office
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