TO: The Honorable Chairman and Members of the Board of County Commissioners

FROM: Ken Burke
Clerk of the Circuit Court
Ex Officio County Auditor

SUBJECT: Follow-Up Review to Audit of Telecommunication PBX/Phone

DATE: November 19, 2009

For your review and filing in the Official Records, I am enclosing a copy of the follow-up review dated November 19, 2009 on the above-referenced audit.

I hope you find this report helpful in ensuring Pinellas County government provides the best possible service to our citizens.

cc: Robert S. LaSala, County Administrator
Jim Bennett, County Attorney
Mark Woodard, Assistant County Administrator
Paul F. Alexander III, Executive Director, BTS
Jim Russell, Assistant Executive Director, BTS
Claretha N. Harris, Chief Deputy Director, Finance Division
Ernst & Young
FOLLOW – UP REVIEW TO
AUDIT OF
TELECOMMUNICATION PBX/PHONE

Audit Services
Division of Inspector General

Ken Burke, CPA*
Clerk of the Circuit Court
Ex Officio County Auditor

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NOVEMBER 19, 2009
REPORT NO. 2009-17

*Regulated by the State of Florida
November 19, 2009

The Honorable Chairman and Members
of the Board of County Commissioners

We have conducted a follow-up review of our audit of Telecommunication PBX/Phone Processes. The objectives of our review were to determine the implementation status of our previous recommendations.

Of the nine recommendations contained in the audit report, we determined that three have been implemented, one has been partially implemented, and five have not been implemented. The status of each recommendation is presented in this follow-up review.

We appreciate the cooperation shown by the staff of Business Technology Services (BTS) Management during the course of this review.

Respectfully Submitted,

Hector Collazo, Jr., Director
Audit Services, Division of Inspector General

Approved:

Ken Burke, CPA*
Clerk of the Circuit Court
Ex Officio County Auditor

*Regulated by the State of Florida
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INTRODUCTION

Scope and Methodology

We conducted a follow-up review of our audit of Telecommunication PBX/Phone Processes. The purpose of our follow-up review is to determine the status of previous recommendations for improvement.

The purpose of the original audit was to:

1) Evaluate the oversight process for telecommunication vendor contracts to ensure compliance to the terms of the agreement.
2) Evaluate the internal controls for the telecommunication process.
3) Determine that services and equipment for cell phones, Blackberries, air cards and satellite connections serve a County purpose.
4) Determine adequacy of monitoring of communication tools’ usage and expense.
5) Determine that user departments are utilizing the most cost effective communication tools and that Telecommunications has adequate authority to ensure cost effectiveness.

To determine the current status of our previous recommendations, we conducted a survey with management to determine the actual actions taken to implement the recommendations for improvement. We performed limited testing to verify the process of the recommendations for improvement.

Our follow-up audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing and the Principles and Standards for Offices of Inspector General, and accordingly, included such tests of records and other auditing procedures, as we considered necessary in the circumstances. Our follow-up testing was performed during the month of October 2009. The original audit period was October 1, 2005 through November 21, 2007. However, transactions and processes reviewed were not limited by the audit period.

Overall Conclusion

Of the nine recommendations in the report, we determined that three were implemented, one was partially implemented and five were not implemented. We commend management for implementing several of our recommendations and continue to encourage management to fully implement the remaining recommendations.
Background

The role of the Telecom Department is to provide County departments with voice, video and data networks. They are responsible for ordering, record-keeping and providing the installation and repair of equipment and services. Equipment and services supported by Telecom include, but are not limited to, land lines, satellite phones, air cards, cell phones and Blackberries.

For air card, cell phone and Blackberry services, Telecom has chosen to piggyback off of the state contract. As a result, there are multiple vendors providing these services to the County. Telecom states that the current structure allows the County the flexibility to keep up with technological advances and changes by not tying them to a single vendor. In addition, Telecom uses the availability of multiple vendors to obtain more favorable pricing.

In October 1998, there were a total of 181 cellular users. That number increased to 469 by 2000. Currently, there are 658 cell phones and another 273 Blackberries throughout the County. The County also added 304 air cards into service. Consequently, the County’s expenses for cellular/wireless services have increased significantly over the years. From October 1998 to September 1999, the County paid $177,615 in cellular expenses. The cell phone expense for October 1999 to September 2000 totaled $237,510. From October 2006 through September 2007, the County paid $681,296 for cellular, Blackberry and air card services. This represents an increase of $443,786 (187%) from 2000.

In order to show the impact of telecommunication expenses, we summarized annual expenditures for all County telecommunications’ equipment and services below.
### Telecommunications Equipment and Services

#### Approximate Annual County Expenses by Vendor

For the Period October 1, 2006 – September 30, 2007

<table>
<thead>
<tr>
<th>Vendor</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alltel</td>
<td>$312,802</td>
</tr>
<tr>
<td>Nextel</td>
<td>291,432</td>
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<tr>
<td>Cingular</td>
<td>7,344</td>
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<tr>
<td>Sprint</td>
<td>9,718</td>
</tr>
<tr>
<td>Verizon (Air Cards Only)</td>
<td>60,000</td>
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<tr>
<td><strong>Cellular, Blackberry and Air Card Amount</strong></td>
<td><strong>$681,296</strong></td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Satellite Phones</th>
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<tbody>
<tr>
<td>Outfitters Satellite</td>
<td>$18,100</td>
</tr>
<tr>
<td><strong>Cellular, Blackberry, Air Card and Satellite Phones Amount</strong></td>
<td><strong>$699,396</strong></td>
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<table>
<thead>
<tr>
<th>Land Lines</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Verizon (Less Air Cards)</td>
<td>$3,300,930</td>
</tr>
<tr>
<td><strong>TOTAL TELECOM EXPENSES</strong></td>
<td><strong>$4,000,326</strong></td>
</tr>
</tbody>
</table>
STATUS OF RECOMMENDATIONS

This section reports our follow-up on actions taken by management on the Recommendations for Improvement in our original audit of Telecommunication PBX/Phone Processes. The recommendations contained herein are those of the original audit, followed by the current status of the recommendations.

1. The County Does Not Have Adequate Internal Controls Over The Request And Oversight For Cell Phones, Blackberry Devices And Air Cards To Properly Control County Expenses For The Services.

Cell phone, Blackberry and air card County processes have significant internal control weaknesses in the following areas: the justification for obtaining the service by the user, oversight of the service, due-diligence for cost control, lack of oversight authority and an ineffective centralized control for the service. This situation is caused by the lack of a centralized control over the processes. The Telecom Department is positioned to be the County oversight for the processes, but for the most part, has not been granted the authority to administer the function. The County has elected to grant the departments (by approved procedures and/or by actions) the authority to administer their own process with very limited oversight by an independent party. The current process is ineffective to control County expenses in this area.

A. The efforts of the Telecom Department to assume the oversight role without adequate authority has resulted in a loss of productivity and poor results.

- Telecom management has set forth procedures to be followed by the departments in order to determine business justification for the service. The procedure covers cell phones, land lines and calling cards. The "Pinellas County Telephone Administrative Procedures" heading states: "For Departments under the Authority of the County Administrator" (Effective May 6, 2003). We confirmed with the Clerk's Finance Department that the Clerk's Office is following the procedures, but there is no written documentation supporting the adoption of the procedures.

Departments are not consistently following the procedures, and Telecom is limited in its actual ability to function as an oversight body. A Telecom official stated that they do not have the appropriate authority to enforce these controls to ensure County monies spent are reasonable and proper. However, the County Procedure under the "Violations of These Administrative Procedures" section states: "In addition to the individual Department oversight, the Telecommunications Management Division will monitor overall compliance and will report exceptions to the County Administrator's..."
Office.” Without Telecom having the ability to enforce compliance, the internal control is not effective.

- There are no written Policies and Procedures covering Blackberry and air card services. However, there are standard Request Forms for Blackberry and air card services that contain justification criteria to be met by the departments.

- The Telecom Department is spending time and resources in an effort to achieve cost savings and job efficiency related to cell phone, Blackberry and air card services. Other than Blackberry phone usage (excluding Blackberry devices held by staff of elected official offices: Clerk, Supervisor of Elections, Public Defender and State Attorney), Telecom efforts are not performed on a consistent (monthly, quarterly, etc.) basis. Their efforts are often an inefficient use of time and resources because they have little positive effect on cost justification. Telecom can do the work (analysis, research, etc.), share the results and make recommendations, but they cannot process changes or terminations without the consent of the user or Department Director or Coordinator. Ultimately, change implementations, terminations, etc. are up to the user departments, not an independent oversight function enforcing compliance to procedures. The underlying issue is that it is not efficient for Telecom to perform such analysis if departments are not responsive to their findings and recommendations.

B. In reviewing a random selection of Justification Forms for cell phone, Blackberry and air cards, we found the information contained in the “Justification Section” was, for the most part, inadequate to evaluate business and cost justification by the user for the product and service. Therefore, the justification on the form and the approval process does not act as an internal control for cost justification for the County expense. The lack of adequate justification also prevents Telecom, if authorized, from being effective as a control point for adherence to the policy.

C. Since the Request Form does not contain adequate information to evaluate the user's justification for the cell phone, Blackberry and air cards, we used a different type of direct verification of the equipment/service use.

- **Blackberry.** We randomly sampled 117 current users in order to test justifications of Blackberry devices. Thirty-eight of the users were contacted directly by phone and 45 were contacted through email. Thirty-four were not contacted because they were considered approved based on position (Department/Bureau Directors and Commissioners). The County has no written policy for position rank justification for Blackberry devices. In addition to the 34 (29%) Blackberry devices that we consider not properly cost justified (position approved), an additional 5 (4%) devices were not adequately justified by the user information supplied. Two of those five instances were due to inadequate justifications relating to the Community Development Department, and department management refused to provide responses to justify the devices. Based on our sample results, projecting to the 273 active Blackberries,
33% (90 Accounts) may not be cost-justified as a proper County expense, with a projected annual cost of $73,440 ($68 per month per Blackberry).

- **Blackberry and Air Cards.** We identified 37 Blackberry and air card dual users. We found 4 (11%) dual users to be inadequately justified. Included was one dual user that would not participate and, therefore, did not provide adequate justification. Three of the unjustified dual users are based on responses such as use only once a month, infrequently, rarely, etc. One of those three stated that he was in the process of returning the air card to save money. As with the Blackberry users, ten (27%) of these dual users were justified (no direct contact) for having the services based on their position rank of being a Department/Bureau Director or higher.

All the dual users will be receiving the new Blackberry device. With the new functionality of the Blackberries, the need for both devices should be re-evaluated by the departments. Many, if not all, of the same functions can be performed by both devices. One device may be more efficient than the other based on the employee’s position and responsibilities. This is another cost savings that may not be considered by the departments. The need for a Blackberry and an air card should be rare, if ever.

- **Cell Phones.** The Cell Phone Telephone Administrative Procedures states: "Employees must be in positions for which a clearly defined business need has been determined. The issuance of a cellular telephone must make good business sense for the Department and the County." The policy statement is not an adequate internal control standard for cost justification of the equipment and is too vague. The need for a cell phone should require documented cost justification.

There is no statement in the Cell Phone Procedures that grants the issuance of a cell phone based on the position in the County; therefore, Department Managers/Bureau Directors and Commissioners are not automatically justified for the service.

The Cell Phone Procedures also require the responsible department to revisit, on an annual basis, the need for cell phone issuance. We found no documentation for the departments performing this required analysis on their cell phone users. Telecom also does not perform this review.

- **Air Cards.** We reviewed justifications via the Air Card Request Forms to determine the business need of the air card. We randomly selected 97 out of 277 active air cards for 7 out of the 27 departments. Based on Air Card Request Form Justifications, 6 (6%) of 97 provided information that was inadequate to support a business necessity for the air card. The projected annual cost to the County is $3,600.

In addition, our analysis identified 30 air cards with no usage (0 kilobytes) from April to June 2007. For the three month time frame, the active cards consisted of 294 air
cards in April, 305 in May and 297 in June. The County pays $49.99 per month (state contract rate) for unlimited usage per air card. The County is spending $1,500 per month or approximately $18,000 per year for air cards not being used.

A lack of authority by Telecom has resulted in poor cost control for the County. In the first part of 2007, Telecom exercised due diligence over the air cards by identifying cards with zero usage for a three-month period. The Telecom Department turned off 25 to 30 air cards, saving the County approximately $15,000 to $18,000 per year. Approximately eight cards were reactivated at the request of the department even though the cards had no activity. This is an example of why oversight by an independent party is needed to control County expenses. In addition, Telecom reviewed three months worth of usage for all air cards in the prior years. They notify the Department Directors/Coordinators if usage is low to none for the period. Telecom asks the department to send a request for termination in order to save the department money. However, most of the time Telecom does not receive a termination request and the card remains in service unnecessarily.

We found some departments purchased an air card for each employee who may travel or work in the field only on occasion instead of having a department air card that can be used when needed by a number of users. Throughout the interview process, we found that air cards can be assigned to a user, but the card is for department function and used when required by the department staff. This process is a good cost savings practiced by the departments. However, the shared usage is not noted on the Request Form or recorded in Telecom inventory records. The information would be critical in evaluating the need and/or cost justification for the service by Telecom.

In performing our analysis for cell phone, Blackberry and air card justification, the information we were able to obtain (from the Justification Forms or direct contact with the user) was limited to employee position/job function, responses and services provided and other job related information. For the most part, we were able to determine if there was a business function that would be supported by the use of the equipment and/or service. However, the information did not give us the ability to evaluate cost justification for the service. The devices may be used to accomplish job responsibilities, but the device may not help the employee be more efficient in their job.

The communication devices must be cost justified on the basis of improving job effectiveness and/or efficiency in performing the user’s County functions. Telecom has the ability to identify unnecessary spending if the information supplied by the user departments is adequate to support both business and cost justification for the devices. However, Telecom does not have adequate information and/or the authority to prevent or stop the user from receiving the services. The authority is granted to the individual departments; however, Telecom should be the point of control.
D. When Telecom is requested to perform an analysis and their recommendations are considered, the process is productive to the County. We reviewed eight cost savings recommendations Telecom made over the past year, six of which were implemented by user departments. The implementation resulted in cost and productivity savings for the County. Two issues that resulted in no action by user departments are listed below:

- Fleet Management contacted Telecom regarding some phone numbers (lines) on their bill that they could not identify. Telecom had their technician go out to Fleet and verify the numbers. The technician found the lines to be dead and, therefore, not in use. Telecom relayed this information to Fleet Management and suggested they terminate the service on these lines at an estimated savings of $110 per month. Telecom has not yet received any request for termination or other action from Fleet and the department is still paying for lines not in service.

- Fort De Soto asked Telecom to run a traffic study on their lines. Telecom had Verizon run the study, which showed that Fort De Soto needed more lines. Telecom offered to set up a meeting to go over the available options in order to find the most cost-effective and business efficient solution for Fort De Soto rather than just installing more lines. Telecom believed there were more options that could save the County money in the long run as well as improve business operations at the park. To date, no action has been taken by Fort De Soto.

We have found no valid reason why these recommendations should not be implemented by the departments.

The County should have an adequate internal control structure for telecommunications equipment and services that ensures business and cost justification. Established Policies and Procedures should be in place, adequately administered and compliance consistently monitored by an independent County department. The telecommunication process should be continually reviewed for operational and cost saving improvements.

There are several issues that have contributed to the weaknesses found in the County’s telecommunication processes. The main factors are:

- A lack of detailed Policies and Procedures that require the users to have a business need for the service and the clear cost-benefit to the County.
- Justification not adequately documented.
- No independent department responsible for oversight and compliance.
- Lack of authority by the Telecom Department to act as a central control point for the process, and an indifferent cost control attitude on the part of the user departments. Department Directors and other County Officials have the ability to circumvent policies in place.

In our August 2001 Audit Report of Cell Phones, we recommended the Telephone Management Department assume an active role in monitoring usage of cell phones. At that
time, management stated the Telephone Department did not have the necessary resources to accept the responsibility of centralized control over cell phones. The County Administrator delegated the day-to-day management and monitoring to the departments. We stated that to have reasonable control over the cell phone process, an independent department must also act as a control point. The user department control over the process for cell phones now includes Blackberry and air card products, resulting in the internal control weaknesses currently present.

Based on our analysis, the County is paying for cell phones, Blackberry and air card services that may or may not have a business requirement and be cost-justified. There are also cost savings and avoidance opportunities that are being overlooked or ignored. There is no assurance the County is not spending monies unnecessarily for items of convenience rather than necessity to conduct County business more effectively.

We Recommend the County develop a proper internal control environment for the cell phone, Blackberry and air card process and service that contains adequate internal controls and proper separation of duties. Telecom should be provided the authority to be the centralized point to monitor and ensure compliance with policies, proper separation of duties, adoption of the written County Policies, and the authority to enforce compliance.

Status:

Not Implemented. The central theme of the recommendation was to establish Telecomm (BTS) as a centralized point for oversight. BTS management stated they do not agree that Telecomm (BTS) should be the centralized point to monitor and ensure compliance. They stated BCC departments have internal controls in place. BTS management provides detailed reporting information on cell phones, blackberry devices and air cards to the agencies so the agencies can make informed decisions surrounding those services.

We continue to encourage management to implement our recommendation.

**2. The County Is Unnecessarily Spending Monies On Directory Assistance (4-1-1) Calls.**

The total 4-1-1 Directory Assistance charges for the 6-month period (January to June 2007) were approximately $9,400 ($1,570/month). This equates to about $18,800 annually. Directory assistance calls are being made from County land lines, which means the calls are most likely placed from an employee's desk. Generally, the employee has a computer available. There are multiple websites available that allow for free directory assistance lookup; seven of these sites were provided in the February 2007 Newsletter issued by Telecommunications' management. A no charge toll free directory assistance service also exists. In addition, every department is issued a Verizon Directory. However, the County has no written policy that covers the use of the 4-1-1 service.

The breakdown of Directory Assistance charges by department for the six-month period is:
## Status of Recommendations

### Follow - Up Audit of Telecommunication PBX/Phone Processes

<table>
<thead>
<tr>
<th>Department</th>
<th>Amount</th>
<th>No. of Calls</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sheriff</td>
<td>$5,443</td>
<td>4,355</td>
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<tr>
<td>State Attorney</td>
<td>1,225</td>
<td>980</td>
</tr>
<tr>
<td>Circuit Court</td>
<td>532</td>
<td>426</td>
</tr>
<tr>
<td>Juvenile Assessment Center</td>
<td>368</td>
<td>295</td>
</tr>
<tr>
<td>Emergency Medical Services</td>
<td>268</td>
<td>215</td>
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<tr>
<td>Supervisor of Elections</td>
<td>245</td>
<td>196</td>
</tr>
<tr>
<td>Tax Collector</td>
<td>217</td>
<td>174</td>
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<tr>
<td>Social Services</td>
<td>170</td>
<td>136</td>
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<tr>
<td>Public Defender</td>
<td>137</td>
<td>110</td>
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<tr>
<td>Public Works</td>
<td>125</td>
<td>100</td>
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<tr>
<td>General Services</td>
<td>111</td>
<td>89</td>
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<tr>
<td>Clerk of the Court</td>
<td>97</td>
<td>78</td>
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<td>Utilities</td>
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<td>Airport</td>
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<td>Cooperative Extension</td>
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<td>Consumer Protection</td>
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<td>Property Appraiser</td>
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<td>Guardian Ad Litem</td>
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<td>Department of Corrections</td>
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<td>Information Systems</td>
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<td>Salvation Army</td>
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<tr>
<td>Community Development</td>
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<td>Coffee Shop SAB</td>
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<tr>
<td>Community Law</td>
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<td>9</td>
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<tr>
<td>Animal Services</td>
<td>10</td>
<td>8</td>
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<tr>
<td>Telecom Management</td>
<td>10</td>
<td>8</td>
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<tr>
<td>Pinellas Planning Council</td>
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<td>7</td>
</tr>
<tr>
<td>Heritage Village &amp; Museum</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Purchasing</td>
<td>5</td>
<td>4</td>
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<tr>
<td>Mosquito Control</td>
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<td>3</td>
</tr>
<tr>
<td>Planning</td>
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<tr>
<td>Human Services</td>
<td>3</td>
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</tr>
<tr>
<td>Medical Examiner</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>County Attorney</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Justice Coordination</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Fleet Management</td>
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<td>2</td>
</tr>
<tr>
<td>Legislative Delegation</td>
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<td>2</td>
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<tr>
<td>Information Technology</td>
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<td>Environmental Management</td>
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</tr>
<tr>
<td>Personnel</td>
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</tr>
</tbody>
</table>
We were informed by Telecom management that they have notified the departments that account for a large number of these calls. Specifically, Telecom has said the Sheriff, State Attorney and Public Defender’s Offices usually account for the majority of 4-1-1 calls. Telecom has sent notifications regarding the cost of such calls and has requested the departments keep them to a minimum. Telecom has been told by the departments it is a part of their job and that the operator assistance is needed to track clients. While this may be true, the online and other services have the same information available that a Directory Assistance Operator would have, and it would be free for the County.

Sometimes, these calls incur even more charges because employees then use Direct Connect rather than writing the number down and dialing themselves. We were unable to obtain the exact cost of these charges because Telecom’s current software is unable to segregate these charges.

Employees use the 4-1-1 Directory Assistance because it is available and it is convenient; however, there are more cost-effective/free tools available to employees to accomplish the same objective which would reduce the unnecessary expenditure of public funds.

**We Recommend** the County put in place a policy for all users prohibiting the use of Directory Assistance. Telecom should monitor compliance to the policy, and Telecom should investigate the possibility of blocking directory assistance calls.

**Status:**

Acceptable alternative Implemented. Our review determined that management implemented the blocking of directory assistance calls and provided free alternatives. This eliminates any need to monitor for compliance. A system was set up where 4-1-1 Directory Assistance calls are rerouted to a recorded message which provides free options for the caller.

### 3. No Oversight Exists To Integrate Satellite Phones Into Emergency Planning.

Our review of the satellite phone process found a lack of clearly defined oversight for the service and the satellite contract. No County department is taking responsibility. Telecom was not involved with the first satellite phone contract(s) beginning in 2005. However, Purchasing indicated Telecom as the responsible party for contract oversight of the current satellite phone contract starting June 2007. Emergency Management had satellite phones in their inventory for use in an emergency, but has no responsibility in the oversight process (use and testing). We also determined that satellite phones are in the possession of other County operations, such as municipalities, police and fire departments that should be part of the County satellite phone structure.

We found the individual departments are responsible for having the appropriate phone numbers and programming those numbers into the hardware. There is a lack of coordination regarding the accumulation of the appropriate numbers and providing those numbers to the
departments. Telecom distributes the County departmental numbers, and Emergency Communications is to distribute other County agency numbers. Emergency Medical Services (EMS) is to provide the State/National numbers. We were able to obtain the list produced by Telecom, which included only Pinellas County satellite phone numbers. Emergency Communications, responsible for distribution of the combined list, did provide us a list (dated June 1, 2007), but that list still included old numbers no longer valid. When we requested the phone number information, it was two and a half months into hurricane season and several departments did not have a complete list of updated numbers. In the case of an emergency, where satellite phones are the only means of contact, communication for County departments may not be possible.

The satellite phones are used as a last line of communication; it is essentially a backup to our Radio Communications System. The County was prompted to invest in these phones as a result of the damage suffered by New Orleans during Hurricane Katrina. All forms of communication were lost and the satellite phones are an attempt to prevent that from occurring in Pinellas County. Emergency Management received a grant for a satellite phone system and service. Other departments heard of this and decided they needed satellite phones in the case of an emergency as well. The other departments did not receive a grant for their purchases.

When testing the first set of satellite phones purchased by the County for the 2006 hurricane season (first Contract), users were finding that the phones were not working. Purchasing began getting complaints about the phones and service. Purchasing contacted Telecom requesting a recommendation for a new vendor. Telecom investigated the matter, performed the research and provided Purchasing with their recommendation. The new contract was entered with Outfitters Satellite in June 2007 and new phones were purchased.

The Contract Purchase Order for satellite phones totaled approximately $48,970 for 42 phones and one month of service. Each phone is $35.95 per month for service plus $1.29 per minute of airtime. However, Outfitters Satellite (contractor) did give the County a $300 credit for each old phone resulting in a credit of $11,100. The current annual cost is $18,119 plus $1.29 per minute.

There has been little coordination regarding the purchasing of the satellite phones. Each department has been working independently of all other departments. Purchasing was the oversight of the old contract, but placed the responsibility upon Telecom when Purchasing requested Telecom’s recommendation in finding a new vendor.

Without proper oversight and management of the satellite phones, departments may not have the appropriate numbers for contact during an emergency. In addition, there is no consistent or unified testing of the equipment and service. Without the appropriate contact information, working equipment and service, the satellite phones become ineffective and, therefore not a good use of County monies.

For the satellite phones to be cost justified, effective and a benefit to the County, the oversight, testing and usage of the equipment and service must be properly coordinated so the process will function in an emergency.
We Recommend that responsibility for satellite phones be divided between Telecom and Emergency Communications. Telecom should oversee the ordering and inventory of satellite phones. The Emergency Communications Department should oversee the contract, application of the equipment, etc., as it is our backup communication in the case of an emergency. This should be integrated as part of the County's Emergency Communication Plan.

Status:

Acceptable alternative implemented. Our review determined that BTS management oversees the ordering of satellite phones and maintains the Pinellas County Satellite Phones Inventory list. BTS/Telecom is overseeing the contract for satellite phones which is an acceptable alternative to the recommendation that Emergency Communications oversee the contract. Although each individual department is responsible for testing its own equipment, BTS will assist user departments with questions on testing and set up of satellite phone service. This is an acceptable alternative to what was recommended (i.e., Emergency Communications oversee application/testing of the equipment).

4. The County Is Paying For Cell Phones With Little Or No Use.

Our review of the users of County cell phones disclosed that usage may not warrant the County paying for the user to have a County cell phone. The cell phones are being purchased as a convenience to employees, but not as an integral part of efficient and/or effective accomplishment of job responsibilities and, therefore, may not be cost-justified.

We sampled cell phone usage (including Blackberry users with active cell phone option) for the months of May, June and July of 2007. The analysis identified 718 cellular phones in service for the three month span that are still in service as of November 2007. Of the 718 cell phones, 164 (23%) of the cell phones averaged less than 15 minutes per month usage and 106 (15%) averaged between 16 to 60 minutes of use each month. Of the remaining 448 cell phones that used more than 60 minutes per month, 335 of them averaged less than 100 minutes per month.

Cost of cell phone plans vary by department, depending on the carrier and plan chosen. We sampled 92 user plans and found that cell phones cost, on average, approximately $21.51 per month per phone.

The Telecom Department does not formally monitor cell phone usage. Telecom may review usage by a department when there is a request for an additional line, change of service, etc.; however, this is not done consistently. Telecom does not review monthly billings for cell phones; it is the department’s responsibility. Telecom stated they do not monitor usage regularly because they do not have the personnel to do so. Also, Telecom does not have the authority to shut off zero or minimal usage phones. Rather, they provide recommendations
(cost savings, change of plan to improve efficiency, etc.) to Department Directors/Coordinators. However, departments do not always consider their suggestions and Telecom needs their permission to make changes or deactivate service.

Further, Telecom indicated to us that they have attempted to be a control agency for cost savings in the past; however, Department Directors and County Administrators have not been receptive. Telecom’s Manager has been told he has no authority over Department Directors. We were informed by Telecom that they have questioned requests and made recommendations for which they were reprimanded.

Per the Pinellas County Information Systems Cellular Telephone Request Instructions, the following qualifications should be met for cellular service. Cellular phone service may be considered for employees who are: Directors, Managers, Supervisors or personnel meeting one of the following criteria:

- User regularly spends a large percentage of the business day in transit and can quantify a monetary savings or increase productivity through the use of cellular/radio service.
- Routinely works in the field and must have immediate access to a telephone or be immediately accessible.
- Duties which involve emergency and/or security operations.
- Duties which involve direct responsibility for the operations and/or maintenance of critical County services and/or resources.

In Opportunity for Improvement No. 1.C., Cell Phone Section, the adequacy of the criteria/procedure is set forth in greater detail.

There is no internal control in place ensuring the request for a County cell phone is properly justified by the departments. In addition, there is no oversight to make certain the continued use of the County cell phone is cost justified. The Telecom Department does not have the authority to question or deny cell phone requests as long as the appropriate authorities (Director or Assistant County Administrator) approve the request.

The County is spending approximately $6,084 annually for cell phones with no usage. The County is paying approximately $17,064 annually for cell phones with an average of 1 to 15 minutes per month over a 3 month period. We have summarized the results below:
<table>
<thead>
<tr>
<th>Minutes Per Month</th>
<th>Active Cells @ $21.51/mo</th>
<th>Active BB @ $68/mo</th>
<th>Total Active</th>
<th>Potential Monthly Savings</th>
<th>Annual Savings</th>
<th>Potential Monthly Savings</th>
<th>Annual Savings</th>
<th>Total Monthly</th>
<th>Total Annual</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 Min</td>
<td>93</td>
<td>4</td>
<td>97</td>
<td>$ 258</td>
<td>$ 3,096</td>
<td>$ 120</td>
<td>$ 1,440</td>
<td>$ 378</td>
<td>$ 4,536</td>
</tr>
<tr>
<td>0</td>
<td>6</td>
<td>-</td>
<td>6</td>
<td>129</td>
<td>1,548</td>
<td>0</td>
<td>0</td>
<td>129</td>
<td>1,548</td>
</tr>
<tr>
<td>1-15</td>
<td>48</td>
<td>13</td>
<td>61</td>
<td>1,032</td>
<td>12,384</td>
<td>390</td>
<td>4,680</td>
<td>1,422</td>
<td>17,064</td>
</tr>
<tr>
<td>16-30</td>
<td>30</td>
<td>9</td>
<td>39</td>
<td>645</td>
<td>7,740</td>
<td>270</td>
<td>3,240</td>
<td>915</td>
<td>10,980</td>
</tr>
<tr>
<td>31-45</td>
<td>32</td>
<td>10</td>
<td>42</td>
<td>688</td>
<td>8,256</td>
<td>300</td>
<td>3,600</td>
<td>988</td>
<td>11,856</td>
</tr>
<tr>
<td>46-60</td>
<td>13</td>
<td>12</td>
<td>25</td>
<td>280</td>
<td>3,360</td>
<td>360</td>
<td>4,320</td>
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<td>7,680</td>
</tr>
<tr>
<td>60+</td>
<td>289</td>
<td>161</td>
<td>448</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>511</strong></td>
<td><strong>209</strong></td>
<td><strong>718</strong></td>
<td><strong>$3,032</strong></td>
<td><strong>$36,384</strong></td>
<td><strong>$1,440</strong></td>
<td><strong>$17,280</strong></td>
<td><strong>$4,472</strong></td>
<td><strong>$53,664</strong></td>
</tr>
</tbody>
</table>

There is a potential cost savings of approximately $53,664 annually to the County by eliminating unneeded cell phones.

It should be noted that Blackberries are used for email even though they are not used as cell phones. As a result, some Blackberries may be justified even though they are not used as cell phones. However, the Blackberries included in our analysis included both data and cell phone options, not just data.

**We Recommend** the County establish adequate internal controls and proper separation of duties for the cell phone process. The Telecom Department should act as the central internal control point for oversight of the process. Telecom Management should develop formal written procedures for monitoring the request and usage of cell phones that include, but are not limited to: monitoring cell phone usage on a regular (i.e., quarterly) basis, transmitting a usage report to inform the Director/Coordinator of low usage cell phones, and requesting the departments to send Termination Requests or justifying the need and/or expense as soon as possible for cell phones that are unnecessary. For departments that do not respond, the cell phone should be deactivated.

**Status:**

Not implemented. Our review determined that the central theme of the recommendation was not implemented by BTS management, which was Telecomm be provided the authority to be the centralized point for oversight to monitor and ensure compliance with policies, separation of duties, adoption of written County policies, and authority to enforce compliance. The recommendation further suggested that the County establish adequate internal controls and proper separation of duties for the cell phone process. BTS does not agree to be the central internal control point for oversight of the process. However, they agree to provide usage reports to the user department and it appears they are doing this. BTS stated they can only
act in an advisory capacity and have no authority whatsoever over the office of any elected official to enforce a cell phone policy unless specifically agreed upon by the BTS Board. The Interlocal Agreement identifies the general duties of the BTS Board. They also stated BTS has not been granted a regulatory role for cell phones or other wireless devices and has no authority until the BTS Board agrees to a set of standards and engages BTS to oversee and enforce those standards.

We continue to encourage management to implement our recommendation.

5. **Telecom Lacks Complete And Up To Date Inventory Records For Satellite Phones, Air Card, Blackberry And Cell Phone Users For The County.**

The Telecom Department has not updated inventory records since December 2006. Occasionally, some records get updated when Telecom department staff has the time to do so. There are several users/units still in the inventory records that are no longer in service and several others in service not yet posted in inventory. For example, we noted seven users that held a cell phone and Blackberry via the inventory lists, but users no longer had a cell phone. This results in inaccurate records and poor internal control for oversight.

Telecom's inventory records should be updated in a timely fashion for proper control of assets and analysis. The inventory record is the only complete record of the services since there are no combined and available inventory records available from the different vendors being used by the County.

Telecom can receive several Requests, Terminations, Change Orders, etc. in a day. The department has one employee with several job duties, including updating inventory records. Telecom states they do not have the personnel to update the inventory records in a timely manner. Also, Telecom is not using the most effective and accurate software available to lessen the workload, prevent redundancies, etc. Telecom is using Excel spreadsheets to track inventory. A separate spreadsheet is used for each of the devices, and we noted some have more than a single spreadsheet. For example, we received a few spreadsheets listing cell phone holders; one for the BCC holders, one for the State Attorney's Office, one for the Supervisor of Elections, etc. In addition, two department staff members each keep a spreadsheet of Blackberry users, which is redundant.

The County uses several different vendors to supply the equipment/service; therefore, the individual vendor inventory records will not support Telecom needs. Additionally, using a spreadsheet application instead of a database (Access) is not the most effective and accurate software available.

Using a database, rather than multiple spreadsheets, will allow Telecom to eliminate redundancies and improve the data input process. Use of a database should facilitate changes being recorded in inventory records as they occur.
We Recommend Telecom maintain a complete and accurate inventory list on an ongoing, contemporaneous basis. Telecom should implement an Access or Oracle database to track Inventory Records.

Status:

Partially Implemented. BTS management stated they maintain a complete and accurate list of satellite phones, air cards, blackberry devices and cell phones. They also stated the most complete lists are currently maintained in excel spreadsheets. We noted the usage reports and inventory reports in excel spreadsheets appeared up to date. They said that the effort to record these devices in BTS' inventory system continues.


A. On the individual cell phone and Blackberry invoices, there is no indication on the bill that the users are providing positive representation that their calls are business calls. Approval is given by the departments for payment of the individual invoices, and this approval is present on the invoices. The County internal procedure calls for the user to review the monthly billing, note non-business calls and reimburse the County for the usage. However, if a user claims all calls are business calls by not noting personal calls with reimbursement, Finance, in their pre-audit review, does not receive any positive, written representation that all calls are business related. It is unclear by the process whether the department approvers (Director or Coordinator) are ensuring that all calls are business related. As a consequence, the internal control procedure requiring users to review and represent the nature of their calls may or may not be working properly, and there is no evidence of this control being enforced.

In an effort to test the strength of business call internal controls, we reviewed, on a sample basis, phone calls that were 15 minutes or more in length over a one month billing period. We reviewed the phone numbers to determine if the calls were business related. If the call was noted as a County number, it was considered a business-related call. All numbers presumed not to be County numbers were entered into the 4-1-1 reverse phone number lookup (on-line service). Cell phone numbers were compared to the Blackberry and cell phone listings we obtained. All numbers that could not be established as a business-related County phone call were determined to be questionable as to being reasonable and necessary to conduct County business.

- Cell Phones (Alltel Calls) - Of the 10 bills reviewed, there was a total of 989 minutes. Since we only reviewed phone calls with duration times of 15 minutes or more, we reviewed 70 (or 7%) total minutes. Of those 70 minutes, we found all 70 to be questionable calls.
Blackberry Calls (BCC) - Of the 50 bills reviewed, there was a total of 16,777 minutes. We reviewed 3,224 (or 19%) total minutes. Of those 3,224 minutes, we found nearly half to be questionable calls. We found 1,585 (or 49%) of those minutes to pertain directly to County-related business and the remaining 1,639 (or 51%) minutes to be questionable calls.

Based on our review of the monthly billings, other than a strong attestation process, review of the invoice by a second person without extensive research on the billing phone numbers, analysis cannot determine if the personal phone call internal control is effective.

The County Policy does not require users to provide written representation that all non-reimbursed calls are business calls. However, the Telephone Administrative Procedures and Personnel Policies (Employee Handbook) require that all personal calls be reimbursed regardless of whether those calls are free of charge.

B. An alternative to issuing Cell Phones and Blackberries under the County contract is to use a stipend and/or allowance process. This option is more widely used by universities, but some Counties and Cities are using segments of the process. The City of Dallas, Texas offers stipends for Cell Phones ($40 per month or $60 for high usage), but does not offer a program for Blackberries. Shasta County, California offers an allowance program for Cell Phones ($60 per month) and Blackberries ($120 per month). Under both plans, the payment to the employee is taxable income. The university stipend monthly amounts run from $48 to $69 for Cell Phones and $100 to $250 for Blackberries. All program payments are considered taxable to the employee. If the County is to consider the stipend/allowance process for Cell Phones and Blackberries, there are several factors that should be considered:

1. The stipend/allowance should not cost the County any more than what is currently paid for the service. The County, on a monthly average, is currently paying $22 for Cell Phones and $68 for Blackberries.
2. Vendors of the current services should be requested to offer the County employees the same plans at the same prices that are currently in place under the State Contract being used by the County.
3. Since the payment to the employee will be tax deductible, the stipend/allowance will have to be incorporated in the payroll system by Finance.
4. The stipend/allowance process must be cost justified to the County. One of the main reasons the process was implemented by other users was to save the cost of the detailed monthly review to audit each phone call to ensure there was no personal use. Since the County does not perform such a review, there will be no cost benefit in that area. However, cost savings would occur in the administration of the bills and plans.
5. The policies and procedures for the stipend/allowance process would have to be developed and approved. This includes who the policies will cover, including individual employees, selected groups, optional employees, etc.
The internal controls for the stipend/allowance process for authorizing the service would be the same as our recommended process for obtaining County paid services and equipment. There would be no cost benefit in this area for the current or new procedure. The implementation of a stipend/allowance process will not mitigate the need for tightening the controls over the justification and authorization procedures for the instruments to control County cost. The option available must be carefully explored to ensure the process would fit the needs of Pinellas County and be cost justified to the taxpayers.

We Recommend:

A. The County procedure be changed to require the user and approver to attest on each billing that the phone calls on the invoice are business calls.

B. Management evaluate the cost and business benefits for developing a stipend/allowance for cell phone and Blackberry services for the County.

Status:

A. Not Implemented. BTS management stated the County Administrator has a policy requiring users to review their cell phone usage and reimburse the County for personal use. They made reference to the Electronic Media Policy. Based on our review of this policy, we noted it only states on page 1 of 3 (under "Prohibited Activities"), as follows: "Employees are responsible for promptly notifying and reimbursing the County for direct charges associated with personal use." The policy does not specifically require the user and approver to attest on each billing (i.e., written representation) that the phone calls on the invoice are business calls, as noted in Recommendation No. 6A.

B. Not Implemented. BTS management stated they have not yet implemented the recommendation. They stated that a pilot program has been approved and the Board of County Commissioners (BCC) Cost Savings team is currently investigating this as a cost savings initiative.

We continue to encourage management to implement our recommendations.

7. Using Several Vendors For Air Card Services Does Not Promote Operational Effectiveness.

The County is using three vendors for air card services: Verizon, Alltel and Sprint/Nextel. Telecom’s inventory records (as of September 24, 2007) list the user breakdown as: 152 Alltel cards, 52 Sprint cards and 100 Verizon cards. Under the State Contract being used by the County, the cost for the service for all three cards is $50 per month for unlimited usage.

Per Telecom Management, the County piggybacks off the State Contract. The selection of vendors allows for pricing advantages and to keep up with rapidly changing technology by the
different vendors. The County has tried to do a Requisition for Proposal (RFP) through Purchasing on two occasions; both attempts were unsuccessful to beat the pricing of the State Contract.

The Sprint/Nextel vendor was suggested by IT and Telecom as a result of the Alltel air cards’ poor performance. The users complained the Alltel cards were slow, not working, etc., and Telecom worked with IT to come up with a solution. IT recommended that the Sprint/Nextel cards were better, more efficient and should be used in place of the Alltel cards. Telecom has informed new users requesting cards about the issues with the Alltel cards, but users still insist on getting the Alltel cards. Telecom has no documentation that they sent out a memo or formal statement to the departments stating the issues with the Alltel cards and the recommendations to swap out the Alltel cards for the Sprint cards. Under the State Contract, there is no restriction preventing the County from limiting what vendor should or should not be used by the user departments under the Contract. Requiring all air cards to be issued by the same provider could result in improved efficiency.

Telecom has not been granted the authority to require the County users to use the best air card for the service being used by the County. Adequate internal controls and proper oversight for County services should be in place to ensure effective and cost justified delivery of the product.

With each department selecting the air card provider and a lack of adequate centralized control, operational effectiveness is being compromised and centralized oversight is not effective. In addition to card users, the IT department is affected as well. Time is spent daily troubleshooting Alltel cards, which they see as a service issue. This is not an efficient use of IT staff time.

We Recommend removing the ability of the department to select the air card provider and use the IT analysis performed to determine the best provider for the County and request additional analysis when needed. Based on the operational and service problems IT Support is having with Alltel air cards, the departments should be required to use Sprint (Nextel) air cards as recommended by IT.

Status:

Acceptable alternative Implemented. BTS management stated about 25% of the air cards are with Sprint because they provide their service at the lowest cost. The remaining 75% are with Verizon because they provide the best overall coverage, which is required to meet the business need. They also stated the service is currently being sent out to bid through Purchasing and while the mix might change, they expect to maintain very limited alternatives of the number of vendors from which this service is offered. Based on our review of the air card inventory spreadsheet provided, we noted no instances of Alltel air cards listed, which have operational and service problems. The majority of air cards listed on the schedule were Verizon and the remainder were Sprint cards, as recommended.
8. Lack Of Formal Written Procedures For Departmental Use Of The Call Detail Report Could Be Limiting The Effectiveness Of The Internal Control.

The general County procedure covering the use of the Call Detail Report for land lines is not effective as a strong internal control. No written procedures are in place to guide the department in reviewing the data, documenting the review, recording the results of the review and the action taken on any issues found. The Call Detail Reports are used to properly allocate costs to the user departments, identify improper charges and to identify personal calls for County reimbursement(s). The Reports also assist in identifying unusual charges, and in some instances, fraudulent activity.

Telecom is distributing the reports by emailing them automatically, using internal software. After the reports reach their initial contact, there is no assurance on whether the reports are making it to the necessary department personnel/level for proper review. In addition, without procedures for the departments, the process being followed may not perform as an adequate internal control.

The Pinellas County Administrator's Telephone Administrative Procedure states: "The County Departments will be responsible for the monitoring of monthly Call Detail Reports, for use or abuse of chargeable calls made through the County owned telephone system." This is general in nature and gives little guidance to the user departments as to how to monitor and ascertain if use is for County business.

The current report process does not ensure that the report is being used properly, adequate corrective action is being taken by the departments or that the report is being reviewed by appropriate personnel. Without Telecom acting as an effective centralized control unit for the review of the Call Detail Report, we consider the internal control ineffective to meet the objectives of the report.

After the completion of our fieldwork, we were informed by the Clerk’s Office that the Call Detail Report had not been received from Telecom for the past 8 months. Telecom Management was not aware that a software problem was present, and the reports to all scheduled departments were not sent. This situation represents a breakdown in the process for department review of user usage of the County land lines.

We Recommend the County put in place a formal written procedure for the department use of the Call Detail Report as an internal control. In addition, the County should put in place a process that Telecom, on a sample basis, ensures that the departments are properly performing the internal controls related to the Call Detail Report.
Status:

Not Implemented. BTS stated in their response that the recommendation was not implemented. BTS does not believe they should be the organization to audit compliance with this procedure.

We continue to encourage management to implement our recommendation.