

Memorandum



CITY OF DALLAS

DATE August 6, 2004

TO Honorable Mayor and Members of the City Council

SUBJECT Follow-up report of the May 10, 2002 *Information Technology Audit of the City's Use of Communication Devices – Wireless Phones, Pagers, and PDAs*

We conducted this follow-up audit under the authority of Chapter IX of the City Charter and according to applicable government auditing standards. We included tests of records and reviews of program guidelines and procedures that we considered necessary in the circumstances. Our objective was to determine whether management had implemented the audit's recommendations or taken other acceptable actions to remedy the control weaknesses identified in the original audit report.

The original report contained five findings with twelve recommendations. The following is a breakdown of the findings and recommendations.

1. The City could save more than \$350,000 by altering the strategy for repairing and replacing wireless communication devices.

- Discontinue operating as a Cingular certified service center and handle wireless phones and accessories through an insurance replacement program. *(Implemented)*
- Research replacement costs for pagers using alternative purchasing plans and/or price agreements for analog and digital pager equipment. *(Implemented)*

The City transitioned City-provided cell phones, with the exception of approximately 300 public safety cell phones, to private cell phone plans. Qualified city employees receive a monthly stipend for cell phone use to perform their job duties.

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2. Significant savings could be obtained through more effective monitoring of wireless phone usage.

- Require each department to perform a more thorough review of wireless phone usage to reduce or eliminate excessive service costs and prevent and correct billing errors. *(Implemented)*
- Require CIS to meet with Cingular representatives to remedy the billing of roaming taxes. *(Implemented)*
- Develop a procedure to inform employees of the services/limitations of their selected calling plan in order to maintain cost-efficient wireless communications. *(Implemented)*
- Update Administrative Directive (AD) 4-8 for personal and business usage guidelines. *(Partially Implemented)*
- Consider discontinuing or significantly restricting directory assistance and call completion services for City wireless phones. Consider management approval for directory assistance usage for individual users who have a valid business need. *(Acceptable Alternative)*

As mentioned in Recommendation #1, the City implemented a new cell phone program for privatizing cellular phones for designated City personnel. The plan became effective on February 9, 2004.

3. Personal phone calls made on the City's wireless phones are not in compliance with the required reimbursement of federal and state usage taxes for personal use.

- Update AD 4-3 and AD 4-8 to reflect the policy for reimbursement of personal usage taxes for personal calls using City of Dallas wireless phones. In addition to the monthly Federal Universal Service and annual Federal Regulatory Charge taxes, the applicable state and local taxes need to be prorated and reimbursed by employees for their personal usage. *(Implemented)*

Business Development and Procurement Services is currently awaiting final revisions from the City Attorney's Office for AD 4-8. This AD addresses mobile phone usage and reimbursement requirements.

4. The City does not appear to benefit from a Citywide wireless phone communications contract.

- Consider offering all departments the flexibility to independently contract wireless services and phone and pager equipment suited to their department's user functionality needs. (*Implemented*)
- Offer low-usage phone users phones with prepaid minute plans to better control wireless communications costs. (*Acceptable Alternative*)
- Require internal periodic rate analyses to ensure the City is receiving reasonable and cost-effective wireless phone services through Cingular's rate plans. (*Acceptable Alternative*)

The new cell phone program addresses the recommendations in Recommendation #4.

5. The City should research and consider partnering with a contracted vendor to benefit from a revenue-producing marketing program.

- Explore and research the option of developing a marketing relationship with a wireless communications provider. The City could benefit significantly from a revenue incentive offered by a vendor in exchange for the status of "official wireless partner" for the City of Dallas. (*Implemented*)

Business Development and Procurement Services met with Verizon to discuss a revenue-incentive program for the City. Verizon declined the proposal.

We commend management for implementing eight, partially implementing one, and implementing acceptable alternatives on three of the recommendations.

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