

FOLLOW-UP AUDIT OF CELLULAR PHONES, PAGERS AND RADIOS INTRODUCTION

At the request of Mayor Joel T. Daves, and as approved by the Audit Committee, a Follow-up Audit of Cellular Phones, Pagers and Radios was performed. The purpose of this follow-up audit was to evaluate the effects of the Stop Gap Policy established in response to the August 1999 Audit of Cellular Phones, Pagers and Radios.

Specific audit objectives were to determine whether:

- Cellular phones, pagers and radios were properly justified and authorized;
- Cellular phone usage was matched to the optimum available monthly plan resulting in decreased costs per phone;
- Personal use of City cellular phones was reimbursed to the City; and
- Cellular phone services were obtained consistent with the Procurement Code.

CONCLUSION AND SUMMARY OF FINDINGS

The Stop Gap Policy increased awareness and improved certain control features over cellular phones, pagers and radios. However, continuous monitoring of cellular phones and leased pagers is necessary to contain the cost of these devices.

In the two year period ending September 30, 2000, the number of cellular phones increased by 23% from 158 to 194, while the cost increased by a little over 3% going from \$116,000 to \$119,802. In that same period, the average monthly charge for each cellular phone decreased 16% from \$61.18 to \$51.46. On the other hand, the number of leased pagers increased 24% from 136 to 169 and the cost increased 45% from \$9,219 to \$13,392. The average monthly charge for each pager increased 17% from \$5.65 to \$6.60.

Schedule I includes a two-year trend analysis of the number of, and airtime charges for, cellular phones and leased pagers. Schedule II shows changes in the number of cellular phones and Schedule III shows changes in the number of leased pagers over the 21 month period since the prior audit.

As in most cases after a major improvement effort is initiated, fine-tuning is necessary to reach the optimum level of effectiveness and efficiency. Using tools available from AT&T Wireless (AT&T), we identified the potential for additional cost reductions of at least \$30,000 annually. In addition, the City paid taxes, an unnecessary expense, on 64 cellular phone bills estimated to be approximately \$5,600 a year. Thus, with improvements, we believe the cost of cellular phones can be reduced by a minimum of \$35,000 annually. Furthermore, we believe similar cost reductions can be made with leased pagers.