



City of
BOULDER, COLORADO
Audit and Evaluation Division
Human Resources & Organizational
Effectiveness Department

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TO: City of Boulder Audit & Evaluation Committee:

Christine Andersen, Acting City Manager and Deputy City Manager for
Environmental Affairs
Kate Simson-Love, Executive Director of Administrative Services
Joann Roberts Stacy, Director, Human Resources and Organizational
Effectiveness
James Tydings, Assistant City Attorney/Risk Manager
Molly Winter, Executive Director for Downtown and University Hill
Management Division and Parking Services

Jana Petersen, Acting Director, Information Technology
Department Heads

SUBJECT: Review of Cell Phone Usage

Attached is Report 2001-003, a review of City of Boulder Cell Phone Usage – All Departments.

Goals for the audit were:

- Analyze the controls over cell phone usage within City of Boulder departments and provide recommendations for process improvement.
- Provide information on present policies, number of phones, contract expiration, etc. to Finance (Purchasing) for them to use in negotiating a city-wide contract for cell phone services.

Observations and recommendations have been reviewed with Finance (Kate Love and Steve Felten), Information Technology (Jana Petersen), and with representatives from each department who provided information on their department's cell phones usage and policies.

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City of Boulder – All Departments

A Review of Cell Phone Usage

AUDIT SCOPE

Review effectiveness of management controls (guidelines/policy) over cell phone usage.

Included in the scope were:

- Identify how many cell phones there are in each department, the brands of equipment, cell phone carriers, contracts with cell phone carriers and contract expiration dates.
- Identify whether departments require employees to reimburse the city for personal cell phone use and the controls/process used to assure reimbursement.
- Identify potential for process improvement.

OBSERVATIONS AND RECOMMENDATIONS

1. Cell phone Service Providers

One provider – Verizon Wireless – provides service to all but one department in the City of Boulder covering 83% of cell phones. Seven departments use one or more of four other cell phone service companies in addition to Verizon.

Although city departments have initiated their own contracts for cell phone service, most contracts have expired or will expire in 2002. Only one department reported a contract that expires after 12/31/02 and that contract is with Verizon expiring in July 2003.

Two departments reported contracts for a fixed (discount) rate per minute. One department is on a pay-per-call basis. These departments were among the lowest annual average cost per cell phone (See below.)

Input from some departments indicated that multiple cell phone services were required to meet the geographic coverage requirements unique to a particular department.

RECOMMENDATION: When combined into one contract, the quantity of cell phones currently in use (595) should provide sufficient leverage to demand improved service coverage and to demand a discount rate that should significantly reduce cell phone cost for the City of Boulder. Some flexibility should be allowed to meet unique needs of a few departments.

RESPONSE: The Finance Department is investigating options to achieve better pricing, including the potential for utilization of a State of Colorado contract with Verizon.

**City of Boulder - Cellphone Services for 2001
Average Annual Cellphone Usage Cost by Department**

Department	No. of Cell Phones	Net 2001 Cellphone Cost*	Annual Avg. cost per Cell Phone
1 City Council	1	\$497.26	\$497.26
2 Municipal Courts	4	\$2,215.79	\$553.95
3 City Attorney	1	\$389.27	\$389.27
4 CMO - Support Services & Public Affairs/Channel 8 DUHMD/Parking Services	10 12	\$5,627.75 \$4,867.60	\$562.78 \$405.63
13 Human Resources and Organizational Effectiveness	4	\$1,585.67	\$396.42
14 Finance	2	\$783.52	\$391.76
15 Information Technology	22	\$7,075.77	\$321.63
21 Police	212	\$35,524.93	\$167.57
26 Fire	32	\$7,386.39	\$230.82
30 Public Works	138	\$55,265.96	\$400.48
38 Planning	28	\$12,490.83	\$446.10
41 Parks & Recreation	37	\$23,149.20	\$625.65
46 Library	4	\$522.75	\$130.69
51 Open Space Mountain Parks	72	\$32,605.45	\$452.85
61 HHS	16	\$4,553.61	\$284.60
TOTALS	595	\$194,541.75	\$326.96

* Excluding Equipment Purchases and reimbursement to employees for use of their cell phones, but including reimbursement from employees for personal use of city owned cellphones.

2. Personal Use of City of Boulder Cell Phones

There is no city-wide policy on personal use of cell phones and very few department level policies. Policy in some departments is set below division level.

Three organizations in the city do not allow personal use of city-owned cell phones, nine organizations allow personal use with no reimbursement requirement, and 27 organizations require some reimbursement for personal use following 13 different methods for reviewing/determining amounts to be reimbursed. Reimbursements for personal use of City-owned cell phones totaled \$8,575 for 2001 while total costs paid for cell phone service were \$194,542.

RECOMMENDATIONS:

- A. Many municipalities are negotiating cell phone usage plans that allow unlimited local calls. Using this method personal use of cell phones becomes an issue of effective use of city paid time much like excessive use of the internet or regular phones. Supervisors are responsible to assure this personal usage is kept to an acceptable level.

The City of Boulder should negotiate a contract with one provider that allows for unlimited local calls with a service that will provide controls so that long distance calls are only allowed on specifically designated cell phones where business needs require that feature. Personal long-distance calls should not be allowed.

- B. Whatever contract basis is selected for cell phone services for the City of Boulder, there should be one consistent city-wide policy that addresses personal use of city-owned cell phones.
- C. If that policy allows personal use; the policy should prescribe the minimum requirements for supervisory review, and minimum controls for reimbursement collection and deposit, and accounting entry, that departments should include in their department level policies. The City of Boulder policy should also require that amounts collected as reimbursement from employees for personal use of city-owned cell phones be reported as an offset to expense in Object Level 3 = 5810, Cellular Phone Service.

RESPONSE: The Finance Department will develop a City of Boulder policy that addresses personal use of City-owned cell phones.

3. Traceability/Control of Cell phone Service expenses

Charges to departments for cell phone services appeared in four different accounts on BFS – Object Level 3 = 5810, Cellular Phone Service, Object Level 3 = 5302, Purchasing Card Expense, Object Level 3 = 5202, Office Supplies, and Object Level 3 = 5808, Telephone Service. Ten departments had charges to 2 or more accounts (Object Level 3 codes) during 2001. This practice makes it difficult for departments or the City of Boulder to track and control cell phone service expense.

RECOMMENDATION: Departments should accumulate cell phone service charges in Object Level 3 = 5810, Cellular Phone Service to facilitate review and control of cell phone usage.

If this can be accomplished by use of a purchasing card vendor code to identify and segregate cell phone service providers, this would also facilitate department level review of monthly statements. Finance Department should research this capability with the purchasing card vendor.

Whatever method is adopted to segregate cell phone provider service costs by department (and cost center within department, if applicable) this requirement should be included in the appropriate place in the BFS Quick Reference Guide and in training updates provided to department personnel involved in recording and reporting department expenses.

RESPONSE: The Finance Department is currently working on a project to automate payment of several high-volume vendors, including Verizon. With the implementation of this project, expected to be complete by June 2003, mispostings will be eliminated. We will look at other options to eliminate mispostings for payments to service providers other than Verizon, including enhancements to the way FastTrac interfaces to BFS.

4. Effective Use of Cell phones

The City of Boulder and Boulder County jointly provide training to employees on use of the common telephone service including tips on effective use of the specific equipment provided. There is no comparable training provided to City of Boulder employees for effective use of cell phones. This would be difficult as currently there are at least 9 brands of cell phones in use and many different models of each brand.

While some departments have specialized cell phones that combine 2-way radios, pagers, etc. with cell phones in one unit, most cell phones have common features.

RECOMMENDATIONS:

- If the brand and model proliferation cannot be overcome, the city should provide at least some minimal training in effective use of these tools. This training should include safe use of cell phones, i.e., not using cell phones while driving or operating other equipment.
- To achieve some level of control over effective use of new technology, responsibility for acquisition of and training on widely used new technology tools should be assigned to one organization within the City of Boulder.

RESPONSE: Information Technology Services will review options for providing training to users and guidance on new developments in communication technology. Options may include contracting out part or all of this function.