

Final Audit Follow Up

As of September 30, 2001



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“Audit of the 800 MHz Voice Contract with Motorola, Inc.”

(Report #9805, Issued June 30, 1999)

Report #0207

December 21, 2001

Summary

This is the final follow up on the Audit of the 800 MHz Voice Contract with Motorola, Inc., (#9805). While almost all of the issues have been addressed, three action plan tasks remain partially complete.

1. Training and guidance for ISS project managers in regard to project management practices was complete. However, training related to applicable City policies and procedures, contract requirements, and PeopleSoft Projects has not yet been provided.
2. Most non-city users of the 800 MHz voice system have executed agreements with the City and are billed and make payments accordingly. The only remaining users that the City does not have executed agreements with are categorized as “secondary” public safety agencies and include the Secret Service, Federal Bureau of Investigation, and Federal Marshall. Management is planning to monitor usage during a one-year trial period to determine what and if these agencies should be charged. The cost for this trial period will be paid by Tallahassee Police Department and the Leon County Sheriff’s Office.
3. Financial related action plan tasks that were previously noted as being completed have not been implemented on a regular basis. During our review, we noted that staff was not actively monitoring the billing and receipts related to 800 MHz radio system agency contract. We recommended that the staff implement procedures to regularly monitor these accounting activities.

Scope, Objectives, and Methodology

Report #9805

The scope of report #9805 was a review of the City’s contract with Motorola, Inc., for Phase I of the 800 MHz Trunked Simulcast Radio (radio) system during the period of April 1997 to March 1999.

The primary objectives of the audit were to determine whether:

- the contract deliverables met the contract requirements,
- contract administration complied with City policy and procedures, and
- the accounting treatment for the Motorola contract costs was proper.

Report #0207

The purpose of this final audit follow up is to report on the progress and/or status of the efforts to implement the recommended action plan steps due as of September 30, 2001. To obtain information, we conducted interviews with key department staff and reviewed relevant documentation.

Previous Conditions and Current Status

In report #9805, we identified two main areas that needed to be addressed: contract administration and financial practices. ISS completed 9 of the 11 (82%) total action plan tasks by September 30, 2001. The remaining three action plan tasks were initiated prior to September 30, 2001, but have not been totally completed. Furthermore, during our previous follow-up reviews, we noted other significant actions that need to be taken. Table 1 provides a summary of the conditions and tasks due.

Table 1

Conditions Identified in Report #9805 and Current Status

Previous Conditions	Current Status
Contract Administration Issues	
<ul style="list-style-type: none"> • Staff needs to improve management of the 800 MHz contract; specifically staff should: <ul style="list-style-type: none"> ⇒ compare contract deliverables to contract activity and inventory listings, ⇒ determine how inventories are to be maintained, ⇒ revise IT Acquisition Policy to require executive steering committees. 	<ul style="list-style-type: none"> ✓ ISS implemented: <ul style="list-style-type: none"> ⇒ procedures to verify that inventory has been reconciled, ⇒ operating procedures requiring City departments to be responsible for maintaining their own radio and equipment inventories, and ⇒ Administrative Procedures Policy #801, "Information Technology Acquisition Policy," allowing for the ISS Steering Committee to appoint an executive level steering committee for major projects greater than \$50,000.
<ul style="list-style-type: none"> • Develop a shell user agreement for external (non-city) agencies that wish to use the radio system and execute agreements with those agencies. 	<ul style="list-style-type: none"> ★ Partially complete. ISS staff developed a shell user agreement for external users, and agreements have been executed with the following agencies: FSU, FAMU, TCC, Capitol Police, and Florida Department of Highway Safety and Motor Vehicles. <p>Agreements have not been executed for the following secondary agencies: Florida Department of Law Enforcement, the local State Attorney, and some federal agencies (i.e., Secret Service, Federal Marshall, FBI). Collectively, these users have approximately 122 units that have access to the system. Based on the average net monthly operational cost of \$41.24 determined by ISS, this is a total cost of approximately \$5,000/month or \$60,000/year.</p> <p>The 800 MHz Management Oversight Committee (MOC) has directed the system manager to develop a memorandum of understanding to be executed with these "secondary" public safety agencies, and to track their actual usage during a one-year trial period, from 10/1/01 – 9/30/02. Each agency's usage will be presented to the MOC at each meeting. TPD and LCSO will each pay a fixed fee for the use by these secondary agencies during the trial period. This process is to be approved by the City Manger by December 2001.</p>

<p>⇒ The prior follow-up review also recommended a cost analysis to identify the operating costs associated with external user agencies.</p>	<p>✓ In January 2001, ISS completed a net cost analysis regarding the operation and maintenance of the 800 MHz radio system. Per their calculation:</p> $\frac{\text{(Expenses less Revenues)}}{\text{Total Number of Radios}} = \$41.24/\text{month per radio}$
<ul style="list-style-type: none"> • ISS project managers should receive training and guidance on their responsibilities to comply with applicable City policies and procedures and contract requirements. 	<p>★ Partially complete. ISS project managers have successfully completed (via testing) the Project Management module offered by Mindlearning.com. ISS management is planning for all project managers to attend and complete the Project training module in the new PeopleSoft Financials application. Originally scheduled to be held in fall 2001, at this time it is unknown when this training will be provided.</p>
<p>Financial Issues</p>	
<ul style="list-style-type: none"> • Internal accounting practices need to be improved to ensure that: <ul style="list-style-type: none"> ⇒ payments comply with contract requirements, ⇒ payments are properly recorded in the City's financial records, ⇒ change orders are processed in accordance with the City's established policy, ⇒ a reconciliation process for all contract activity is implemented. 	<p>★ Partially complete. Prior reports noted that directives were issued to ISS staff providing guidance on: 1) the process for approving invoices in order to comply with contract requirements; and 2) procedures for establishing accounts and recording expenditures.</p> <p>Prior reports also noted that the 800 MHz System Manager implemented reconciliation procedures to track and verify contract activity.</p> <p>During our follow-up review, we noted that staff was not regularly monitoring the billing and payment process for those agencies being billed. We worked with staff to identify what procedures could be implemented and provided written recommendations. The system manager plans to develop and promulgate 800 system policies and procedures to monitor and report as required by contracts and agreements for the billing and receipt of revenue and expenditure of funds for operation, enhancement, expansion and maintenance of the system.</p> <p>In addition, the system manager will provide an annual financial report to the MOC.</p>
<ul style="list-style-type: none"> • Review contract with Florida State University Police Department, and process invoice for additional service period when appropriate. 	<p>✓ Florida State University was invoiced by ISS and paid the City \$66,838 on June 22, 2000.</p>

Table Legend:

- Issue addressed in the original audit
- ⇒ Issue sub-components
- ✓ Issue addressed and resolved
- ★ Partially complete

Significant Outstanding Issues

As this audit follow-up period closes, three action plan tasks remain partially completed and are designated as management's responsibility:

1. Written agreements should be executed with the federal public safety agencies referred to as "secondary" users, including Secret Service, Federal Bureau of Investigation, and Federal Marshall.
2. Project managers should receive training related to applicable City policies and procedures and contract requirements, and to using PeopleSoft Projects.
3. Staff should implement plans and processes to regularly monitor the billing and receipts related to 800 MHz radio system agency contract.

We appreciate the assistance provided by Information Systems Services during this final audit follow up.

Appointed Official Response

City Manager Response:

I am pleased to see continuing progress made by ISS staff in completing the action plans identified in this audit. Agreements have been issued to several agencies that have access to the system and share our goal of increased safety for our citizens. ISS will continue training as planned during the second phase of the project management system, which will enhance their skills as project managers. I would like to thank the Auditing staff for their follow up of these plans and for their comprehensive review of the 800 MHz system.

Copies of this Final Audit Follow Up or audit report #9805 may be obtained from the City Auditor's web site (<http://talgov.com/citytlh/auditing/index.html>), or via request by telephone (850 / 891-8397), by FAX (850 / 891-0912), by mail, or in person (City Auditor, 300 S. Adams Street, Mail Box A-22, Tallahassee, FL 32301-1731), or by e-mail (dooleym@talgov.com).

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