

Audit

Follow Up

As of September 30, 2000



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

(Report #9805, Issued June 30, 1999)

Report #0111

January 25, 2001

Summary

Information Systems Services (ISS) has made progress to implement most of the action plan steps management identified in our previously issued report #9805, Audit of the 800 MHz Voice Contract with Motorola, Inc. However, significant actions still need to be taken. In audit report #9805, issued June 30, 1999, we identified some areas in which contract administration should be improved and strengthened. ISS management was receptive to the issues identified in the audit and has implemented most of the scheduled action plan steps to date. However, progress has not been made for the action plan step pertaining to training and guidance for ISS project managers in regard to City policies and procedures and contract requirements. Furthermore, during our follow up we noted that agreements with several external users of the 800 MHz radio system had not been executed. As a result, the City is paying a portion of the system operating costs that should be borne by those external users.

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 Motorola contract costs was proper.

Report #0111

The purpose of this 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, 2000. 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 10 of the 11 (90%) total action plan tasks by March 31, 2000. However, the remaining action plan task had not been initiated as of September 30, 2000. Furthermore, during our follow up we noted other significant actions that need to be taken. Table 1 provides a summary of the conditions and tasks due.

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.

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, ⇒ 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. 	<ul style="list-style-type: none"> ★ ISS staff developed a shell user agreement for external users and used that document to complete and execute an agreement with the Florida Capitol Police. However, ISS has not initiated the process for completing and executing agreements with some of the City's other external agencies, including the Florida Department of Law Enforcement, the local State Attorney, and the Florida Highway Patrol. ISS management indicated that because of public safety concerns, these external agencies were allowed to use the system prior to the execution of an agreement.
<ul style="list-style-type: none"> • ISS project managers should receive training and guidance on their responsibilities to comply with City policies and procedures and contract requirements. 	<ul style="list-style-type: none"> ✗ ISS management is planning for all project managers to attend and complete the Project training module in the new PeopleSoft Financials application and the Project Management module currently offered by Mindlearning.com. Estimated to be completed by March 31, 2001.
Financial Issues	
<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. 	<ul style="list-style-type: none"> ✓ 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. ✓ The 800 MHz Project Manager implemented reconciliation procedures to track and verify contract activity.
<ul style="list-style-type: none"> • Review contract with Florida State University Police Department and process invoice for additional service period when appropriate. 	<ul style="list-style-type: none"> ✓ Florida State University was invoiced by the ISS and paid the City \$66,838 on June 22, 2000.

Table Legend:

- Issue addressed in the original audit
- ⇒ Issue sub-components

- ✓ Issue addressed and resolved
- ✗ Issue not resolved
- ★ Original issue addressed and resolved; however, additional issues identified for which corrective actions are needed

Significant Outstanding Issues

As noted above, the ISS has not executed written agreements with three external agencies currently using the City's 800 MHz Voice System. Until such agreements are executed, operating fees will not be assessed to those user agencies. As a result, the City will continue to pay operating costs that otherwise should be paid by those agencies. Collectively, these three users have 117 units that have access to the system.

The ISS also has not completed an analysis that identifies the operating costs associated with external user agencies. Such costs must be identified as a basis for the ISS to determine equitable and appropriate external user operating fees.

In response to our inquiry, the ISS indicated that immediate steps would be taken to initiate written agreements with these three user agencies. We recommend that the ISS complete that stated action. Additionally, the ISS should complete a cost analysis as a basis for determining equitable and appropriate operating fees that should be incorporated into the user agreements.

As noted in Table 1, ISS management has amended the schedule for completion of the remaining issue,

pertaining to training and guidance for project managers, to March 31, 2001.

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

Appointed Official Response

City Manager Response:

Subsequent to the release of this follow-up report, the 800MHz Management Oversight Committee has initiated the process of formalizing agreements with the Florida Highway Patrol, the State Attorney's Office, and the Florida Department of Law Enforcement. In the spirit of officer and public safety, these agencies were allowed use of the system before formal agreements were established. It was always the intent of staff to formalize these agreements as soon as costs could be identified. A cost analysis has been completed and members of the Management Oversight Committee have been meeting with the respective agencies individually to communicate the cost these agencies owe for capacity and maintenance use. We anticipate to have signed agreements from each agency in the near future.

Copies of this Audit Follow Up or audit report #9805 may be obtained 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@mail.ci.tlh.fl.us).

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