

**Post-Audit Review 22-03:  
Cellular Device Management**

**July 2023**

**City Auditor**

Stan Sewell, CPA, CGFM, CFE

**Senior Auditor**

Lisa Culver, CFE





# OFFICE OF INTERNAL AUDIT

## Stan Sewell, City Auditor

July 26, 2023

To: Mayor Tim Kelly  
City Council Members

Subject: Post-Audit Review of Cellular Device Management (Report #22-03)

Dear Mayor Kelly:

Attached is a summary report on the status of audit recommendations in our 2022 Cellular Device Management report. The purpose of this report is to confirm whether, and to what degree, management has implemented the recommendations made in the original audit.

The original audit concluded that the City's cellular device management process needs updated policies, inventory control procedures, and segregation of duties.

The audit had 16 recommendations to improve efficiency and effectiveness of the City's cellular device management process. At the time of this Post-Audit Review, twelve recommendations were not implemented, one recommendation was partially implemented and three were fully implemented. Recommendations not implemented and partially implemented are herein reported to the Audit Committee for follow-up, as appropriate.

This Post-Audit Review consisted principally of inquiries of City personnel and examinations of various supporting documentation. It was substantially less in scope than an audit in accordance with generally accepted government auditing standards. The evidence obtained provided a reasonable basis for our conclusions; however, had an audit been performed, other matters might have come to our attention that would have been reported to you and our conclusions may have been modified.

Sincerely,

Stan Sewell, CPA, CGFM, CFE  
City Auditor

Attachment

cc:     Audit Committee Members  
          Jermain Freeman, Chief of Staff  
          Ryan Ewalt, Chief Operating Officer  
          Julia Bursch, Deputy Chief Operating Officer  
          Tyson Morris, Chief Information Officer  
          Vicki Haley, Chief Financial Officer  
          Jim Arnette, TN Local Government Audit

## RECOMMENDATIONS NOT IMPLEMENTED (12)

Recommendation	Actions Taken
<p>1 We recommended TS develop comprehensive written policies and procedures to address the management of cellular devices. This includes but not limited to procuring, ordering, billing, distributing and monitoring usage and costs of devices and services.</p>	<p>Technology Services has conducted a review of the cellular procurement process and account management procedures. Revisions were identified and are being documented and implemented. This includes changes to internal assigned responsibilities, account access, the ordering process, required approvals, equipment receiving, equipment distribution, inventory tracking and usage monitoring. However, written procedures have not been developed.</p>
<p>3 We recommended TS provide City Departments with the Verizon monthly usage data and cost so the Departments can evaluate if any cost savings could be recognized. This recommendation was previously made in Audit 14-03 Police Aircard Inventory Management.</p>	<p>City Departments do not receive Verizon account information. The monthly bill is attached to the monthly payment which is processed by Finance.</p>
<p>5 We recommended TS revise the Cell Phone Policy to ensure it reflects the current processes for cellular device management and technology needs. This recommendation was also made in Audit 14-03 Police Aircard Inventory Management.</p>	<p>TS has reached out to Finance on revising the City's cellular policy. They hope to have a revision by the end of 2023.</p>
<p>6 We recommended TS review the cell phone allowance amount on a periodic basis and revise it as necessary.</p>	<p>TS is working with Finance on revising the cell phone allowance amounts.</p>
<p>7 We recommended Finance ensure the Cell Phone Agreement forms are properly completed prior to entering the allowance amount into Oracle.</p>	<p>A review was conducted of ten employee Cell Phone Agreement forms that received their first stipend after the audit was issued. We located seven of the ten forms in the Payroll employee files. The other three forms had been received by Payroll but had not been filed. Three forms lacked a required signature, and one form was not filled out completely.</p>
<p>8 We recommended Finance provide departments with a list of employees with cell phone allowances to verify on a periodic basis.</p>	<p>Finance is trying to determine the best time to provide a list for an annual review. They do provide this information when requested.</p>
<p>9 We recommended TS revise the <i>IT Technology Use Policy</i> and ensure it is distributed and available to City employees.</p>	<p>TS is still working with City Administration on revising this comprehensive policy.</p>

Recommendation	Actions Taken
10 We recommended TS segregate the duties of ordering, assigning, receiving, inventorying, and deploying Verizon equipment and service accounts to more than one staff.	TS hired an Inventory Coordinator to help manage the cellular device process along with other duties. However, TS has not addressed the issues with segregation of duties for the cellular device purchases.
11 We recommended TS conduct a monthly review comparing the Verizon bill device total to the Oomnitza Verizon cellular device total. This reconciliation will ensure new accounts added to the Verizon bill are properly authorized and added to inventory.	TS has not conducted a reconciliation of the new Verizon accounts added compared to the cellular devices added to the Oomnitza inventory.
12 We recommended TS ensure the Department Head's approval is acquired prior to initiating a Verizon purchase. This may be accomplished in various ways such as a form which documents the business need for the purchase as well as the approval; using ITOPS and ensuring the request captures the approval; or setting up additional lines in the Verizon purchase order for "non-included equipment" which would allow equipment purchases to be separated from the service charges and would require the approval in Oracle.	TS is in the process of adding a procedure to require the Department Head's approval when ordering cellular equipment with a cost to the ITOPS ticket.
15 We recommended TS conduct a complete inventory of cellular devices (as well as all technology equipment) in their possession. They should ensure the inventory records are accurate and complete. They should also ensure an accurate audit trail of each device is maintained when deployed to the user.	TS is identifying devices with little or no usage so they can be removed from the Verizon bill and inventory. They are also removing outdated equipment from the Oomnitza inventory list. Once this is complete, they will work on completing a full inventory.
16 We recommended TS develop written policies and procedures for the inventory process.	TS is in the process of updating and revising policies relating to inventory management.

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## RECOMMENDATION PARTIALLY IMPLEMENTED (1)

Recommendation	Actions Taken
13 We recommended TS ensure all requests for cellular devices and services receive upper TS management approval before processing.	The TS Business Manager is required to approve all new device requests including cellphones. However, this individual can also order the devices. To address this control weakness, they will require approval of the Deputy Chief Information Officer on these requests.

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## RECOMMENDATIONS FULLY IMPLEMENTED (3)

<b>Recommendation</b>	<b>Actions Taken</b>
2 We recommended TS periodically review the devices to ensure they are on the correct rate plan with the appropriate contracted rate.	TS staff review the Verizon invoice monthly to ensure correct rate plans are being charged. Verizon performs a monthly sweep of account charges for accuracy. They have reduced the number of plan choices to only two options.
4 We recommended TS review the identified Verizon accounts for cost savings and update the Verizon account as necessary.	TS is in the process of reducing the overall Verizon services footprint. Devices that have low or no usage are being reported to the responsible departments with a recommendation to terminate the account. TS partnered with CPD in early calendar year 2023 to identify all active devices and determine which could be removed from service. Many smaller departments have already requested devices be terminated to help reduce their annual cellular expenses.
14 We recommended TS ensure a signature is obtained and retained when equipment is dispensed from the Oomnitza inventory.	A signature confirmation page has been implemented when deploying TS equipment. Once completed, the document is attached to the ITOPS ticket.

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