Audit
Follow Up
As of March 31, 2001

CITY OF TALLAHASSEE

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"Audit of the 800 MHz Voice Contract with Motorola, Inc."
(Report #9805, Issued June 30, 1999)

Report #0119   *May 22, 2001*

Summary

Information Systems Services (ISS) has initiated implementing all action plan steps management identified in our previously issued report #9805, Audit of the 800 MHz Voice Contract with Motorola, Inc. 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 initiated implementation of the remaining action plan steps during the last six months. Training and guidance for ISS project managers in regard to project management practices was completed, and training related to City policies and procedures and contract requirements is scheduled for this fall.

In addition, during our previous follow up review, we noted that agreements with several external users of the 800 MHz radio system had not been executed, and as a result, the City has been paying a portion of the system operating costs that should be borne by those external users. During the last six months, more agreements have been executed and other agencies have been notified that as of July 1, 2001, payment arrangements and an agreement will need to be finalized. In addition, ISS completed a cost analysis regarding the operation and maintenance of the 800 MHz radio system.

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 Motorola contract costs was proper.

Report #0119

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 March 31, 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 March 31, 2000. The remaining two action plan tasks have been initiated as of March 31, 2001, but have not been 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:	
• Staff needs to improve management of the 800 MHz contract; specifically staff should: ⇒ 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.	✓ ISS implemented: ⇒ 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.
• Develop a shell user agreement for external (non-city) agencies that wish to use the radio system and execute agreements with those agencies.	★ Partially complete. ISS staff developed a shell user agreement for external users, and agreements have been executed with the following agencies: FSU, FAMU, TCC, and Capitol Police. Agreements have not been executed for the following agencies: Florida Department of Law Enforcement, the local State Attorney, the Florida Highway Patrol (however, this agency was billed and did make monthly payments) and some federal agencies (i.e., Secret Service, Federal Marshall, FBI). ISS management indicated that because of public safety concerns, these external agencies have been allowed to use the system prior to the execution of an agreement. The 800 MHz Management Oversight Committee has notified these remaining agencies as of July 1, 2001, payment arrangements and an agreement will need to be finalized. At that time, any proposed exceptions would be brought to the City Manager for further consideration.
⇒ The prior follow-up review also recommended a cost analysis to identify the operating costs associated with external user agencies.	✓ In January 2001, ISS completed a cost analysis regarding the operation and maintenance of the 800 MHz radio system. Per their calculation: $$\frac{\text{(Expenses less Revenues)}}{\text{Total Number of Radios}} = \$41.24/\text{month per radio}$$
• ISS project managers should receive training and guidance on their responsibilities to comply with City policies and procedures and contract requirements.	★ 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. This training is expected to be offered in fall 2001.

Financial Issues	
• Internal accounting practices need to be improved to ensure that: ⇒ 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.	✓ 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.
• Review contract with Florida State University Police Department and process invoice for additional service period when appropriate.	✓ 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 addressed and resolved
⇒ Issue sub-components	✗ Issue not resolved
	★ Partially complete

Significant Outstanding Issues

As noted above, ISS has not executed written agreements with three state agencies or the federal agencies currently using the City's 800 MHz Voice System. Collectively, these users have approximately 122 units that have access to the system. The 800 MHz Management Oversight Committee has notified these agencies that as of July 1, 2001, payment arrangements and an agreement will need to be finalized. Until such agreements are executed, operating fees will not be assessed to those user agencies. Based on the average monthly operation cost of $41.24 determined by ISS, this is a total cost of approximately $5,000/month or $60,000/year.

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

Appointed Official Response

City Manager Response: I am pleased with the progress ISS has made in completing the action plan steps identified in the 800 MHz Voice Contract audit. While the City's goal is to have executed agreements for all system users, our primary focus is the safety of the citizens in our community. ISS will continue to work towards completing the remaining tasks in the interim. I would like to thank ISS and the Auditing Department for their comprehensive review of the 800 MHz system.