TO: Chair and Members
Audit and Administration Committee

WARD(S) AFFECTED: CITY WIDE

COMMITTEE DATE: February 3, 2010

SUBJECT/REPORT NO:
Audit Report 2009-04 - Telecommunication Services (AUD10009) (City Wide)

SUBMITTED BY:
Ann Pekaruk
City Manager’s Office

PREPARED BY:
Ann Pekaruk 905-546-2424 x4469

SIGNATURE:

RECOMMENDATION:

(a) That Report AUD10009 respecting Audit Report 2009-04, Telecommunication Services, be received; and

(b) That the management action plans as detailed in Appendix “A” of Report AUD10009 be approved and the General Manager of Finance and Corporate Services and the City Treasurer direct the appropriate staff to have the plans implemented.

EXECUTIVE SUMMARY

The 2009 Internal Audit work plan approved by Council included an audit of telecommunication services for administration and cost management of telecommunication related contracts and vendor payments, inventory (both land and wireless devices) and any changes required to equipment and services.

The results of the audit are presented in a formal audit report containing observations, recommendations and management responses attached as Appendix “A” of Report AUD10009.

Alternatives for Consideration – Not Applicable
Vision: To be the best place in Canada to raise a child, promote innovation, engage citizens and provide diverse economic opportunities.

Values: Honesty, Accountability, Innovation, Leadership, Respect, Excellence, Teamwork

FINANCIAL / STAFFING / LEGAL IMPLICATIONS

Financial: The implementation of several of the recommendations could lead to cost savings. The issuance of RFP’s and awarding of new contracts may result in more cost efficient terms. Placing accountability for all telecommunication services in one section of the organization would most likely produce more cost effective processes. Tighter inventory controls could result in reduced costs through the redistribution of idle units rather than the purchase of new units. In addition, stricter enforcement of employee reimbursement of personal charges would provide more timely funds to offset corresponding costs.

Staffing: None.

Legal: None.

HISTORICAL BACKGROUND

The audit fieldwork was completed in April, 2009. The results of this audit are attached as Appendix “A” of Report AUD10009.

The Audit and Administration Committee receives and approves final audit and review reports as part of its responsibilities for the oversight of governance and control.

POLICY IMPLICATIONS

Cell Phone Use Agreement

RELEVANT CONSULTATION

The attached report includes management action plans which reflect the responses of management and staff responsible for the administration of telecommunication services – Information Services and Finance and Administration, Treasury Services, both in the Corporate Services Department.
The audit reviewed the City’s telecommunication services which pertain to Internet Protocol Telephony (IPT), Survivable Remote Site Telephony (SRST), Centrex phone lines, long distance calling, Blackberries, cellular phones and pagers.

In 2009, the City had approximately 3,600 IPT phones, 140 SRST lines, over 300 Centrex lines and approximately 1,250 Blackberries and cell phones. In 2008, the City (excluding Hamilton Police Services) spent approximately $1.6 million on IPT and Centrex lines, $98,000 on SRST lines and $1.1 million on Blackberry and cellular phone equipment and usage.

The audit assessed whether the City effectively manages and oversees the use of its telecommunication services including activation and modification of services through service and hardware providers, inventory practices to track and account for phones/lines, the cost efficiency of the City’s rate plans and usage as well as vendor payments and appropriate cost allocations to City departments.

The audit identified opportunities for increased controls and accountability and potential efficiency improvements and cost savings.

A formal audit report containing observations, recommendations and resulting management action plans was issued and is attached as Appendix “A” of Report AUD10009. Thirty-three (33) recommendations were included in the Report and Addendum. Among them are:

- Formalization of valid contracts with each service provider and timely renewals.
- Establishment of clear and aligned single source accountability for the City’s telecommunication services and documented and up-to-date relevant procedures in an attempt to obtain optimal efficiency.
- Written and regularly updated Finance and Administration procedures.
- Development of a complete, integrated database of existing land lines, Blackberries and cellular phones.
- Tighter controls over the issuance and tracking of Blackberries and cellular phones.
- Review of the usage of the City’s Blackberries and cellular phones in regard to the appropriateness of the rate plan and reasonableness of usage.
- Stricter enforcement of the Cell Phone Use Agreement in terms of user receipt and retention and management approval of service invoice and user reimbursement of personal long distance and other personal usage within prescribed time limits.
• A review of the continued need for pagers and the proper accounting for the inventory and costs.
• Adherence to established signing authority limits for invoice payments.
• An inventory of IPT phones (hardware) from the time of receipt and the realization of possible cost savings from re-distribution of hardware associated with idle IPT extensions.
• Reduction in the number of general ledger accounts associated with telecommunication services to simplify the accounting process and ensure accurate cost allocations to departments.

Management and staff have agreed to implement all the formal recommendations as stated except in two instances (#6 & #8) where an alternative will be implemented. Also, even though there has been agreement to include specific terms in the Cell Phone Use Agreement, no regular monitoring of the adherence to these terms has been established. Specific action plans can be found in the attached audit report.

**ALTERNATIVES FOR CONSIDERATION:**

(include Financial, Staffing, Legal and Policy Implications and pros and cons for each alternative)

Not applicable.

**CORPORATE STRATEGIC PLAN** (Linkage to Desired End Results)


**Financial Sustainability**

• Delivery of municipal services and management capital assets/liabilities in a sustainable, innovative and cost effective manner

**APPENDICES / SCHEDULES**

Appendix “A” to Report AUD10009

ap:dt
### Contract Management

1. Currently the City has several telecommunication service providers including Bell Canada for land lines, Bell Mobility for Blackberries and cellular phones, Telus Mobility for push-to-talk Blackberries and Bell and Rogers for pagers.

   At the time of audit, the contract with Bell Mobility had expired and the Request for Proposals (RFP) was a work in progress. Further, there was no corporate contract with Telus Mobility and thus, individual contracts were entered into by user departments, resulting in different terms and rates. Further, there was no contract with Bell or Rogers with respect to pagers currently being paid for by the City.

   Without valid corporate contracts in place, existing terms, services and rates may not be the most cost efficient and could be changed by the service providers at their discretion.

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<td>1</td>
<td>Contract Management</td>
<td>That a valid contract be established with each telecommunication service provider.</td>
<td>Agreed. A Request for Proposal (RFP) will be released in 2009. The contract(s) will be awarded to the successful vendor(s) with a June 1, 2010 effective date. This RFP may result in multiple successful vendors since one or more of the services required by the City are only provided by one vendor. Contracts will be in place for vendors once the RFP closes and successful vendors are selected.</td>
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<tr>
<td>1</td>
<td>Contract Management</td>
<td>That the RFP process be initiated before existing contracts expire to ensure minimum lag time between old and new contracts.</td>
<td>Agreed. As part of the Information Services (IS) restructuring, the Division has appointed a Supervisor of Contract Management to manage all IS contracts. In the future, this will ensure that the RFP process begins well ahead of the end of the existing contract.</td>
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<td>2.</td>
<td><strong>Information Services (IS) Procedures</strong>&lt;br&gt;There are a few written procedures with respect to Internet Protocol Telephony (IPT) and Bell Blackberries and cellular phones which, however, do not cover all the processes involved (such as activation, purchase of hardware and accessories, changes, cancellations, disconnections and return of hardware associated with disconnected Blackberries and cellular phones).&lt;br&gt;It was also noted that certain information included in existing procedures is either outdated, incomplete or inaccurate and thus requires revision.&lt;br&gt;In addition, there are no written procedures pertinent to land lines with Bell Canada, Telus Blackberries and pagers. There are also no processes documented which assess the cost efficiency of the corporate rate plan for Blackberries and cellular phones, monitor the usage of the current plan and ensure that monthly rates charged are reasonable, that the City is not paying for disconnected accounts and that credits resulting from disconnections are properly calculated.&lt;br&gt;When written procedures are not up to date or do not exist, employees currently carrying out the processes rely on personal understanding and experience, which could result in incorrect, incomplete or inconsistent application. It would also be problematic and inefficient for a successor to commence his/her duties within a short period of time.</td>
<td>That procedures pertaining to all the processes with respect to IPT, land lines, Blackberries, cellular phones and pagers be documented.&lt;br&gt;That, once completed, the above procedures (including any still relevant existing procedures) be reviewed on a regular basis to ensure that they remain current and are appropriately and consistently applied.</td>
<td>Agreed. As part of the RFP development process, staff will also be looking at aligning responsibility and accountability for more effective processes. Any new procedures will be documented and distributed prior to the initiation of the next contract (June 1, 2010). All existing procedures will be reviewed and updated, as required. Agreeed. All procedures dealing with telecommunication services will be reviewed regularly by the Supervisor of Contract Management.</td>
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<td>3.</td>
<td><strong>Finance &amp; Administration (F&amp;A) Procedures</strong>&lt;br&gt;Although there are some F&amp;A procedures, they do not cover all applicable areas of telecommunication services such as hardware purchases, long distance charges and IPT cost allocations.&lt;br&gt;When written procedures are not up to date or do not exist, employees currently carrying out the processes rely on personal understanding and experience, which could result in incorrect, incomplete or inconsistent application. For example, due to the lack of written procedures, the IPT hardware charge-back was not processed for 2008 as the current Financial Assistant (FA) who took over this area in 2008 was not made aware of this responsibility.</td>
<td>That F&amp;A procedures pertaining to all processes applicable to IPT, land lines, Blackberries, cellular phones and pagers be documented.&lt;br&gt;That once completed, the above procedures be reviewed regularly to ensure that they remain current and are appropriately and consistently applied.</td>
<td>Agreed. F&amp;A procedures will be written for completion by June 2010. Agreeed. F&amp;A procedures will be reviewed by the Manager, F&amp;A Corporate.</td>
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### OBSERVATIONS OF EXISTING SYSTEM

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<td>4.</td>
<td>Review of Current Processes</td>
<td>That current processes with respect to IPT, land lines, Blackberries, cellular phones and pagers be reviewed and streamlined to achieve optimal efficiency. Involvement of IS in all processes should be considered to ensure that the most cost efficient terms are obtained and most appropriate hardware purchased.</td>
<td>Agreed. As part of the RFP development process noted in #1, staff will be also looking at aligning responsibility and accountability for more effective processes. It is the intent to recommend that the responsibility and accountability for telecom services be placed in the IS Division.</td>
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<td>5. Record Tracking</td>
<td>That current databases and spreadsheets of existing land lines, Blackberries and cellular phones be reviewed, updated and brought into agreement with each other. That the possibility of incorporating these separate records into one integrated database be considered.</td>
<td>Agreed. The Desktop RFP is to include an asset management solution which IS is expecting to also allow for management of telecommunication devices. Expected implementation date – June, 2010. Agreed. With the award of the new contract (June 1, 2010), all new equipment will be recorded in a single database.</td>
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4. **Multiple divisions are involved in the processes regarding IPT, land lines, Blackberries, cellular phones and pagers. For example, Information Services (IS) centrally controls IPT, Bell Blackberries and long distance services; cellular phone requests are handled by a Buyer in Purchasing; new land lines are to be arranged through the Facilities Support Coordinator from Public Works; and controls over pagers and Telus Blackberries reside with individual user departments.**

The complexity of current processes could lead to confusion and less cost effective purchase decisions being made. Process effectiveness and efficiency would be compromised.

Agreed. As part of the RFP development process noted in #1, staff will be also looking at aligning responsibility and accountability for more effective processes. It is the intent to recommend that the responsibility and accountability for telecom services be placed in the IS Division.

5. **Multiple records currently existing for land lines and Bell Blackberries and cellular phones (including databases and spreadsheets) were found to be inconsistent with each other.**

The following issues were noted from the review of the PeopleSoft Translation Table ("the Table"), the most used database:

- One of the sample accounts randomly selected had been disconnected but continued to show as “active” in the Table.
- There were no controls ensuring that all disconnected lines and accounts had been inactivated in the Table.

Incomplete or inaccurate inventories could lead to confusion and misleading information, possibly resulting in non-existing lines or accounts being billed by the service providers and not being identified as such on a timely basis.

Agreed. The Desktop RFP is to include an asset management solution which IS is expecting to also allow for management of telecommunication devices. Expected implementation date – June, 2010.

Agreed. With the award of the new contract (June 1, 2010), all new equipment will be recorded in a single database.
## OBSERVATIONS OF EXISTING SYSTEM

### Bell Blackberries & Cellular Phones – Activation & Hardware

According to the Blackberry Device – Equipment Order Form (BB Form), a cost benefit analysis should be performed for any new Blackberry request. At the time of audit, there was no evidence of such analysis being completed. Also, there was no indication that a formal assessment was done to determine user needs for hardware upgrades associated with Blackberries.

Requests for new Bell cellular phones, accessories and hardware upgrades are sent to the Buyer in Purchasing from user departments by individuals at varying authority levels in the City including FAs, supervisors and program secretaries, implying undefined approval levels. In addition, the return of hardware associated with disconnected Blackberries and cellular phones was not properly tracked.

Consequently, purchases of Blackberries, cellular phones, accessories (such as car adaptors, extended batteries and leather cases) and hardware upgrades (i.e. for aesthetic reasons only) may be unnecessary. Unsupported entitlement to Blackberries and cell phones could raise negative public opinion. Hardware associated with disconnected accounts could be left unattended or kept for personal usage.

## RECOMMENDATION FOR STRENGTHENING SYSTEM

### That a cost benefit analysis be performed for any request for a new Blackberry and/or hardware upgrade and it be approved by departmental management. Such analysis should be provided to Information Services along with the request.

### That approval authorities be clearly defined with respect to individuals initiating requests for new cellular phones, accessories and hardware upgrades.

### That hardware associated with disconnected Blackberries and cellular phones be properly tracked, reassigned or disposed of according to the procedures to be set up under the above audit finding #2.

## MANAGEMENT ACTION PLAN

### Alternative to be Implemented. Information Services (IS) will modify the Blackberry order form to eliminate the need to send IS a cost benefit analysis. Approval of a Blackberry device is at the sole discretion of the General Manager (GM) or designate based on current policies and the GM (or designate) is responsible for ensuring an appropriate business case.

Agreed. Approval authorities will be reviewed, established and implemented with the award of the new contract, as noted in #1.

Agreed. This functionality will be established as part of the asset management system noted in #5.
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<td>7.</td>
<td><strong>Blackberries &amp; Cellular Phones – Monthly Usage</strong>&lt;br&gt;The City’s free minute pool with Bell Mobility for Blackberries and cellular phones was increased in August 2008 from 200 minutes per user per month to 250 minutes per user per month to try to accommodate consistent overages and their additional costs. Coincidentally, total usage also increased and total minutes used still exceed the pooled minutes allowed, resulting in additional costs.&lt;br&gt;A review of sample invoices indicated that a number of local phone calls were made after standard work hours and on weekends, most of which were more than likely personal in nature. Currently, there are no policies limiting personal local calls made from City funded Blackberries and cellular phones. However, such personal calls use up the City’s free minute pool, resulting in additional cost to the City.&lt;br&gt;Inappropriate usage of the City’s Blackberries and cellular phones for personal interests would lead to negative public opinions.</td>
<td>That current usage of the City’s Blackberries and cellular phones be reviewed regularly in conjunction with the current monthly rate plan (i.e. the minute pool) to determine the reasonableness of the usage and the appropriateness of the rate plan.</td>
<td>Agreed. This responsibility has been assigned to the Supervisor of Contract Management in IS.</td>
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<td>That measures to reduce and limit personal local calls made on the City’s Blackberries and cellular phones be investigated and implemented.</td>
<td>Agreed. Once the new contract is awarded, reports on individual usage for local and long distance calls will be made available for management oversight.</td>
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<td>That the Cell Phone Use Agreement be revised to reflect the above measures put in place.</td>
<td>Agreed. Once the new contract is awarded in 2010, the Cell Phone Use Agreement will be reviewed and revised, as required.</td>
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<td>8.</td>
<td>Blackberries &amp; Cellular Phones – Monthly Invoices</td>
<td>That the importance of complying with the Cell Phone Use Agreement be emphasized with all individual users.</td>
<td>Agreed. Once the new vendor is contracted, IS will work with Finance to review and establish processes for invoice review and approval. These processes and monthly management reports will help ensure compliance with the terms of the Cell Phone Use Agreement.</td>
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<td>According to the Cell Phone Use Agreement signed by Blackberry and cellular phone users, monthly invoices are to be forwarded to individual users who are supposed to review, mark personal long distance usage and sign the invoices, get written approval from their supervisors and maintain files of approved bills which may be subject to audit.</td>
<td>Alternative approaches should be considered for requirements of the Cell Phone Use Agreement that may be found less cost efficient in certain areas (e.g. getting monthly invoices approved by supervisors working at remote sites).</td>
<td>Alternative to be implemented. As part of the RFP noted in #1, the successful vendor will be required to provide monthly electronic invoicing which will be e-mailed to each individual user.</td>
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<td>The following exceptions were noted during the review of sampled invoices randomly selected:</td>
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<td>− A number of sampled invoices were provided to Internal Audit by the Financial Assistant (FA) from the users’ areas as the users did not normally receive their monthly invoices, let alone retain them.</td>
<td>That Finance &amp; Administration staff (F&amp;A) forward all monthly invoices to individual users in a timely manner.</td>
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<td>− There were a few incidents where monthly invoices were not received by the users until several months later. In one instance, the September 2008 invoice had not been received by the user as of March 2009.</td>
<td>That invoices received by individual users be reviewed and signed by individual users, be approved by the users’ supervisors and be retained by the users.</td>
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<td>− Very few of those sampled invoices provided by the users were signed by the users and their supervisors.</td>
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<td>− One sampled user deducted personal long distance charges incurred from the claims for travel and conference expenses instead of forwarding payments to Finance &amp; Administration (F&amp;A) as required by the Cell Phone Use Agreement. This resulted in reimbursements waiting until such time as the individual had accumulated enough claim amount to cover the personal charges (e.g. delays of up to 6 months).</td>
<td>That costs associated with personal long distance use, personal text messaging usage and other personal services (such as directory assistance) be reimbursed to the City within 30 days of receipt of the invoice.</td>
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<td>− Reimbursements for personal charges were quite often submitted months after the invoice dates although the Cell Phone Use Agreement requires that reimbursements for personal charges be made within 30 days of receipt of the invoices.</td>
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<td>Agreed. With the implementation of electronic invoicing as noted above, electronic approval work flow processes will be investigated by IS and Finance staff. However, the onus will be on the cell phone user to adhere to the terms of the user agreement and ensure invoices are signed off. F&amp;A staff will not monitor this.</td>
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<td>Consequently, costs associated with personal use of Blackberries and cellular phones may not have been reimbursed to the City.</td>
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<td>Agreed. This change will be made to the Cell Phone Use Agreement upon issuance of the new cell phones after the new cell phone RFP is issued and awarded. The responsibility of reimbursement will fall to the cell phone user according to the terms of the signed agreement. F&amp;A will not monitor the personal use payments. Expected implementation – December 31, 2010.</td>
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### Long Distance Services

In September 2008, Telus became the provider of long distance services for the City after a Request for Quotations (RFQ). As of March 2009, there are still several phone lines not yet switched over to Telus from the previous carrier. Monthly invoices have been received from both service providers. As a result, savings from the change of service providers has not been fully achieved.

In addition, the City pays a fixed amount of over $1,200 per month for the Wide Area Telecommunication/Telephone Service (WATTS) line which makes calls to phone numbers starting with “416” free of long distance charges. A review of long distance invoices received from Primus and Telus indicated a number of calls made to phone numbers starting with “416” directly dialed without going through the WATTS line, thus incurring long distance charges for the City. Several staff questioned regarding this feature were not even aware of the WATTS line. An exercise using the most recent data available for WATTS line usage indicated that the WATTS line no longer provides a cost advantage over standard long distance charges and potential savings could be realized by discontinuing the line.

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<td>9.</td>
<td><strong>Long Distance Services</strong></td>
<td>That the long distance service provider (Telus) complete the long distance switch promptly.</td>
<td>Agreed. A tender for long distance services closed July 14 and was awarded to Telus for two years with three one-year extensions. IS staff will work with Telus to ensure a timely completion of this task. A single point of contact has been established between Telus and IS to deal with specific issues and deal with any delays promptly.</td>
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<td>That a cost benefit analysis be carried out to determine if there is a need for keeping the WATTS line.</td>
<td>Agreed. This has been completed and the WATTS service will be disconnected after the completion of the current VOIP upgrade, planned for the 4th quarter 2009.</td>
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### TELECOMMUNICATION SERVICES
### JULY 2009

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<td>10.</td>
<td><strong>Blackberries with Telus Mobility</strong>&lt;br&gt;At present, Telus Mobility, being the sole provider of push-to-talk Blackberries, provides a number of these units to the City.&lt;br&gt;The following issues were identified during the audit:&lt;br&gt;− There is no corporate contract with Telus Mobility and there is no corporate standard process for obtaining and activating such hardware.&lt;br&gt;− User departments have individual contracts with Telus, resulting in different terms and varying monthly rates ($40-60/month in the sample reviewed).&lt;br&gt;− There is no central inventory of Telus Blackberries for tracking purposes.&lt;br&gt;− No review had been performed to ensure that these existing Telus Blackberries were all push-to-talk type.&lt;br&gt;− A few of the sampled users randomly selected had never signed a Cell Phone Use Agreement.&lt;br&gt;− None of the sampled invoices randomly selected were signed by the users or their supervisors. As a consequence, the terms of existing individual contracts and the hardware purchased may be less cost effective. Unnecessary or inappropriate purchases could be made without being noticed.</td>
<td>That a corporate contract and a standard process with respect to Telus Mobility Blackberries be established to ensure that user needs are assessed properly when purchases are approved.&lt;br&gt;That the status of existing accounts be tracked by a central inventory (that is updated regularly).&lt;br&gt;That a Cell Phone Use Agreement be signed by each user.&lt;br&gt;That monthly invoices be reviewed, signed, approved and maintained as requested by the Cell Phone Use Agreement.</td>
<td>Agreed. This will be completed as part of the RFP award.&lt;br&gt;Agreed. The Supervisor of Contract Management in IS has been assigned the responsibility of ensuring the asset management processes in place maintain a central inventory.&lt;br&gt;Agreed. As part of the review of cellular phone services for the RFP development, a process will be defined to ensure each user signs a Cell Phone Use Agreement.&lt;br&gt;Agreed. As noted in response #8, recommendation 4, this stipulation will be made in the new cell phone agreements. Expected completion – December 31, 2010.</td>
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<td>11.</td>
<td><strong>Pagers</strong>&lt;br&gt;Currently the City is paying Bell and Rogers for a number of pagers used by various departments. No contracts for this service were available for Internal Audit’s review. At the time of audit, no assessment had been done to determine the user needs for these pagers.&lt;br&gt;As there is no inventory tracking the existing pagers, the accuracy of invoices with respect to the monthly rates and the number of accounts billed is not checked.&lt;br&gt;Therefore, it is possible that some of the pagers may not be needed any more. The City could also be charged for non-existing pagers at incorrect monthly rates.</td>
<td>That an inventory of existing pagers be set up and updated regularly.&lt;br&gt;That the need for the existing pagers be reviewed and the inventory adjusted accordingly.&lt;br&gt;That a process be put in place to ensure the accuracy of the billing for the required pagers.</td>
<td>Agreed. This will be dealt with as part of the RFP process noted in #1 above.&lt;br&gt;Agreed. The requirement for pagers will be reviewed as part of the RFP process.&lt;br&gt;Agreed. A process will be put in place as part of the RFP process.</td>
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ADDENDUM

The following items were noted during the course of the audit. Although they do not present internal control deficiencies, they are indicated in this Addendum so management is aware of the issues and risks and can address them appropriately.

1. According to the Notification of Signing Authority, both the Manager of Infrastructure and Operations and the Supervisor of Network Services have signing limits of up to $10,000 for invoices with or without a Purchase Order (PO). It was noted during the audit that the above signing limits had not been adhered to consistently. For example, invoices over $10,000 for Internet Protocol Telephony (IPT) hardware were signed only by the above Manager and/or Supervisor. In addition, invoices for Blackberry hardware were signed by the Client Support Technician in charge of Bell Blackberries who does not have documented signing authority. When the signing authority limits are not properly enforced, improper invoices could be approved and paid without being so identified.

It is recommended:
That the signing authority limits for different levels of staff be reviewed, updated on the Notification of Signing Authority, where necessary, enforced and consistently followed.

Management Response:
Agreed. Signing authorities have been established for specific staff and IS will ensure compliance at the appropriate levels.

2. The purchase of IPT hardware is supposed to be recorded into PeopleSoft General Ledger (GL) account 56147 350003 and cost allocated to departments as individual units are assigned. A few purchases of IPT hardware made in 2008 were recorded into another GL account, resulting in inaccurate IPT cost allocation to departments. In addition, a review of the PeopleSoft Translation Table indicates that multiple PeopleSoft accounts are used for existing Bell Blackberries, cellular phones and phone lines. Some phone lines of the same nature are recorded in different GL accounts. This complicates the cost allocation process and could cause confusion and misleading financial information.

It is recommended:
That GL accounts associated with telecommunication services (including hardware purchases and monthly fees for various types of land lines, Blackberries and cellular phones) be reviewed for possible realignment in order expenditures be recorded in fewer GL accounts.

Management Response:
Agreed. Financial Services is already reviewing accounts and the account structure. Estimated time of completion is the end of 2010.

3. The following issues were noted with respect to Internet Protocol Telephony (IPT):
   - IS tracks IPT phones (hardware) purchased only when units are assigned to departments, not at the time of receipt. As a result, IPT phones (hardware) could go missing without being noted.
   - A review of Avotus (an application tracking IPT extensions) records indicated that there were approximately 70 idle IPT extensions as of March 2009. It is likely that hardware associated with some of these extensions could be used by other departments rather than ordering new equipment. There exist opportunities for potential savings (price per IPT phone is over $400).

It is recommended:
That the inventory of IPT phones (hardware) be tracked from the time of receipt.

Management Response:
Agreed. This item has been completed. All IPT phones are now tracked from the time of receipt.

That the possibility of cost saving from distributing hardware associated with idle IPT extensions be explored.

Management Response:
Agreed. IS will take on this responsibility.
4. At the time of audit, there was no procedure for reviewing long distance calls made through IPT extensions and/or land lines. As a result, personal long distance calls could be made without being identified and without appropriate cost reimbursements.

It is recommended:
That a procedure for monitoring long distance calls made through IPT extensions and/or land lines and recovering cost associated with personal long distance calls be established and enforced.

Management Response:
Agreed. IS is currently investigating potential solutions that will provide additional management reporting functions. Enforcement of personal long distance charges being reimbursed by staff would require direction from SMT to put such a policy in place. With the elimination of the WATTS line as noted in #9, the cost of long distance for desk phones will now be less than $19,000 a year for the entire corporation.