



Luzerne County Cell Phone Analysis
for a Six Month Period
January 19, 2012 to August 18, 2012
(Excluding May 19th to June 18th)

Fieldwork Performed by:
Patricia J. Llewellyn
Supervised by:
Walter L. Griffith, Jr.

Objective and Scope:

The Luzerne County Controller's Office has reviewed the Luzerne County Cell Phone Plans and invoices for the period January 19, 2012 thru August 18, 2012. It should be noted that the review did not include May 19 through June 18. The focus of our analysis was to determine if the cell phones issued and paid for by the County are being utilized in compliance with appropriate policies and verify the cell phone plans are appropriate and used effectively and efficiently.

The Luzerne County Controller's Office strives to objectively and systematically evaluate, functions, procedures and activities to ensure that each are executed in the best, most efficient way. Our goals are to achieve the most value for each dollar spent, and make the best use of resources available by fostering ideas and to help implement those which maximize efficiency, economy and effectiveness. Our reviews are tailored to the unique circumstances of each office, and we work with management to ensure accountability.

The Luzerne County Controller's Office is authorized by the Home Rule Charter of Luzerne County (Herein after referred to as the Charter) Section 3.08 to conduct fiscal, performance, management, contract, grant, compliance and related audits of any County division, bureau, office, agency, board, commission, elective office, the Judiciary, Office of Court Administration or other administrative office. This review is an internal function, authorized by the Charter therefore the Controller is required to transmit to the Manager of Luzerne County and County Council and post for public inspection in the Controller's Office and on the County website and/or other electronic medium for a period of at least 60 days after it is issued. The Controller will also follow up on any recommendations, to the extent practical, in order to determine if they have been considered and/or implemented by the County Manager.

Auditors assigned to the engagement are employed by Luzerne County under the Controller's Office and report directly to the elected Controller. The audit staff is considered organizationally independent to conduct and report on the audit.

Methodology:

In order to ascertain the cost benefit of providing cell phones to the employees we:

1. Reviewed the plan types to determine the plans were appropriate for the usage by the employee.
2. Identified applicable policies and procedures stated in the County Personnel Policy regarding cell phone use, distribution and documentation.

We believe that the data obtained provides a reasonable basis for our opinion.

Description:

Currently the County has 177 cell phones, 13 broadband connections and 22 air cards distributed to employees through Verizon Wireless. The billing is separated into 3 accounts; Agency air cards, General Employees and Children and Youth Employees. The September Billing totaled \$7,787.33 of which \$3,578.09 were charges for the General Employees which was the scope of this analysis. It should be noted that the Human Services Agencies reimburse the County for their portion of the billing. In addition, payment is made to Verizon from the Flood Protection Authority, Levee Authority, Transportation Authority and 9-1-1 Department from separate funds.

Currently the County utilizes 4 plan types; 4G Mobile Broadband, America's Choice Business Share 200, America's Choice Email and Data 400 and America's Choice Shared 400. The Mobile Broadband provides unlimited data and roaming. America's Choice Business Share 200 allows 200 shared voice minutes. America's Choice Email and Data 400 provides 400 shared voice minutes and unlimited texting and data. Finally, America's Choice Shared 400 includes 400 shared voice minutes. The plan costs range from \$32.67 to \$71.86 per month.

The County Cell Phone Plans are managed through the County Manager's Office. The County Personnel Policy states the County may, at its discretion, issue a Cellular Device to an employee in order to facilitate efficient conduct of the County's business. Such devices are issued to an employee strictly for "Business Use Only". Certain abbreviated personal calls for emergencies are permissible provided such calls are kept to a minimum. The County Manager or designee is responsible for oversight and administration of the County's Cellular Device Policy and Procedure.

Currently the County pays for 212 lines that include air cards, internet access and cell phones. The cost for the lines for 2012 to date is listed in the table below.

Fund	Department	2012 Payments to Date
100 General Fund	Bureau for Aging *	\$1,220.75
	Building & Grounds	\$733.92
	Boiler Plant	\$646.45
	Children & Youth *	\$875.29
	County Manager	\$1,024.29
	Drug & Alcohol *	\$451.43
	Domestic Relations	\$1,018.86
	Emergency Management	\$1,027.64
	GIS/Mapping	\$816.02
	Human Services *	\$723.31
	Information Technology	\$1,302.00
	Prison	\$4,597.28
	Probation Services	\$8,124.40
	Public Defenders	\$403.82
	Road & Bridge	\$5,899.75
	Security	\$998.36
	Sheriff	\$6,832.33
	Transportation *	\$403.88

	Veterans' Affairs	\$411.74
	Total General Fund	\$37,511.82
240 9-1-1 Wire	9-1-1	\$6,833.32
605 Levee	Flood Protection & Levee	\$2,896.55
910 Aging	Bureau for Aging **	\$3,811.58
920 Children & Youth	Children & Youth	\$40,691.45
940 Mental Health	Mental Health **	\$9,248.96
	Total Verizon Payments	\$100,993.68

* Departments reimburse the County General Fund for charges

** Air cards for Internet Access

Opinion and Conclusion:

In our opinion, the Luzerne County Cell Phone plans are costly and not utilized effectively and efficiently. The County is not in compliance with the County Personnel Policy regarding cell phone use, distribution and documentation.

Testing Methodology:

We reviewed the plan types included in the General County employees account to determine the parameters and verify usage was efficient and effective. We reviewed six months of 2012 phone bills to verify the usage was in compliance with the Luzerne County Personnel Policy, appropriate documentation was maintained in accordance with the Policy, usage was within the limits of the plan and Policy and that the plan was appropriate for the monthly usage.

Methodology and Description:

1. We reviewed the monthly phone bills and documented data, voice and texting usage within the General Employee cell phone account.
2. We identified the appropriate Cell Phone Policy requirements, as stated in the Luzerne County Personnel Policy.
3. We requested documentation associated with the issuance of the cell phones as required by the Luzerne County Personnel Policy.
4. We reviewed the additional usage charges over the plan costs.

Findings and Observations:

1. **Finding:** We identified six phones that had no activity for the six months reviewed. The total six month cost for these phone lines was \$621.54.

Recommendation: The County Manager should have the employees that have cell phones and no activity return the phones and cancel the service to avoid unnecessary expenses to the County.

County Management's Response: The phones in question will be removed from the Plan as quickly as staff can accomplish the task. A draft of a new cellular phone policy has been circulated to Department Heads for review and comment. The draft policy would require Division Heads to approve or disapprove requests for assignment of a cell phone or the payment of a taxable stipend to offset use of a personal phone for County purposes and to recertify at least annually any approved request.

2. **Finding:** The phone plans used by the General County Employees have a shared combined total of approximately 30,000 monthly voice minutes. We calculated on average, for the period reviewed, the County uses approximately 10,000 minutes per month. The monthly cost for the plans range from \$32.67 to \$71.86.

Recommendation: The County Manager should review the cell phone plans and determine if plans with fewer voice minutes would be more economical for the County.

County Management's Response: Management will at this time review with Verizon the County's options with respect to reducing the total monthly minutes under contract. The draft cellular phone policy would empower Division Heads to determine the plan or allowance assigned to an employee.

3. **Finding:** We noted thirteen instances in which Verizon billed for text messages in excess of the plan allowance when the plan allowance had not been exceeded. The incorrect charges total \$7.56.

Recommendation: The County Manager should ensure each cell phone bill is reviewed for accuracy. In addition, the County Manager should contact Verizon and request reimbursement for the overcharges. A review, similar to the Controller's analysis, should be initiated to determine if other overcharges occurred in months not included in this review. A copy of the Manager's findings should be submitted to the Controller's Office for review.

County Management's Response: The Controller's finding of a countywide average of \$1.26 per month in text messages beyond plan allowances would be addressed by acceptance of the draft cellular phone policy.

4. **Finding:** We found that the cell phones were used for approximately 162,000 voice minutes which includes in-plan, mobile to mobile and nights and weekends. The County Personnel Policy states the devices are "for business use only". We noted that approximately 17,000 night and weekend minutes were used, 11% of the total usage.

Recommendation: The County Manager should ensure employees possessing County Cell Phones use the devices for business only and monitor the bills for night and weekend usage. A review should be performed to determine if the night and weekend calls were for business or personal purposes. A copy of the Manager's findings should be submitted to the Controller's Office for review.

County Management's Response: The audit fails to indicate the extent to which the night and weekend minutes specified originate with, or are directed to, phones billed to departments with employees on duty during nights and weekends. Management will review this usage.

Controller's Office Response: A review to determine the legitimacy of the calls made during nights and weekends was outside the scope of the Controller's review. As such, the recommendation was made to ensure a review was completed by Management to determine if employees used the phones while on duty.

5. **Finding:** The County Personnel Policy states a written record will be maintained to document the issuance of the county cell phone and the County Manager, or designee, is responsible for the oversight and administration of the cell phone plan. We requested copies of the documentation supporting the issuance of the cell phones. The County Manager did not respond to our request and we have no proof that the records exist or are available for review.

Recommendation: The County Manager should ensure compliance with the County Personnel Policy when issuing cell phones to County employees. Documentation should be maintained which includes employee name, department, and cost center, type of device, purpose and Employee Acknowledgement Form.

County Management's Response: Although the County Manager did not personally respond to the Controller's request, staff from the Manager's office and the Budget office did reply to the Controller's inquiries. Management is attempting at this time to compile the information sought. The proposed cell phone policy would 1) "zero-base" the issuance of phones or stipends upon its effective date and, 2) establish consistent documentation and a chain of approval for phones or stipends, subject to renewal annually at a minimum.

Controller's Office Response: An email was sent to two County Manager staff members with courtesy copies to the County Manager and Controller on December 6, 2012. No response has been received from any of the parties regarding the documentation requested and no documentation has been received as of January 15, 2013.

6. **Finding:** The cell phone plans, in some instances, did not include transferring pictures. Verizon charged \$.25 per picture. We noted that 516 pictures were sent by 39 County employees which could result in charges of \$129.00.

Recommendation: The County Manager should determine if the pictures sent or received by the employees were for business purposes only. In the event the pictures are work related, the County Manager should contact Verizon and determine which plan would include the feature to avoid additional charges.

County Management's Response: The audit questions an average of \$21.50 per month in charges for transfer of pictures. Management will attempt to ascertain the uses to which those photographs were put. For example, if a Road & Bridge employee sent their manager a picture of a road or bridge in need of repair, such would likely be deemed an acceptable use.

Controller's Office Response: The County Manager should also contact Verizon to determine a plan that includes the feature to transfer pictures.

7. **Finding:** We noted the plans for employees were not utilized to their full extent. Some plans include unlimited data and email, while the employees used less than 20,000 KB of data for the six month period reviewed. In addition, employees that are housed in a County Office during the workday would have access to a desktop computer and desk phone which would make a cell phone with email capability unnecessary.

Recommendation: The County Manager should review the plans assigned to the employee phones and determine if the usage is in accordance with the plan. In addition, the Manager should ensure the plan is the most economical and appropriate for the individuals' planned usage and evaluate the necessity of the phone.

County Management's Response: Management will endeavor to conform the device and plan assignment to actual usage, pursuant to anticipated need and within contract limitations.

8. **Finding:** We identified three employees that have multiple devices such as iPads and Smart Phones. The plans assigned the employees' phones include unlimited data packages. The County is providing data service for two devices held by the same individual which is redundant.

Recommendation: The County Manager should review the plans for the three employees with multiple devices and determine if data packages are necessary for all devices. The plans should be modified to ensure unnecessary costs are not incurred by the County.

County Management's Response: Management will endeavor to conform the device and plan assignment to actual usage, pursuant to anticipated need and within contract limitations.

9. **Finding:** We found that some County Agencies' cell phone bills are paid from the General Fund and then an invoice is sent to the Agency for reimbursement to the County. The Agencies include Aging, Drug & Alcohol, Human Services, Convention & Visitors' Bureau and Transportation. There is no reconciliation performed to verify the County is receiving all reimbursements. As of the date of this report, the cumulative total owed the County was \$1,017.18, according to the ACS Financial System.

Recommendation: The County Agencies should be removed from the cell phone plan paid through the General Fund and pay Verizon directly for services. The County Manager should perform a reconciliation to ensure all reimbursements were received by the County and have the Agencies remit any outstanding payments due. In addition, the Transportation Authority is a separate entity and should not be included in the County cell phone plan.

County Management's Response: Given that the audit covers neither a complete State Fiscal year nor a complete County Fiscal year, the Controller's assertion that the General Fund is owed reimbursement moneys may rely on insufficient information.

The notion expressed that Aging, Drug & Alcohol, Human Services, the Convention and Visitors Bureau should "pay Verizon directly for services" tends to perpetuate the point of view that such entities are somehow separate from "the County." Such a strategy runs counter to Management's efforts to unify management and accountability of County entities regardless of funding source.

Controller's Office Response: The balances included in the finding by the Controller were obtained from the ACS Financial System general ledger accounts which track the expenditures owed by the Agencies. If the County Manager believes the source of this information is insufficient, the balances of the accounts should be reviewed for accuracy and corrected. In addition, if the County Manager will continue to include the Agencies in the County phone bill, he should ensure the accounts are reconciled monthly to verify the County funds paid on behalf of the Agency are recouped timely.

10. **Finding:** One County Agency has 22 air cards that were purchased through the County. There is currently no procedure to verify the employees are using the air cards for business use only and no policy exists to ensure the air card is returned upon leaving County employment.

Recommendation: The County Manager should ensure adequate documentation exists to record which employees were issued air cards. Monitoring should be performed to ensure the cards are being used for business only. A policy should be adopted to ensure the air cards are returned to the County Manager in the event the employee no longer works for the County.

County Management's Response: Management will require air card assignees sign forms that 1) acknowledge receipt of county property, 2) state that it will be used solely for County business purposes, and 3) require that the air card be surrendered when no longer needed for County business purposes or upon termination of County service, whichever occurs soonest. Division Heads will be required to certify annually as to the necessity of air card issuance.

11. **Finding:** We understand the County Manager is suggesting paying a \$50 stipend to employees that are entitled to reimbursement of their personal cell phone, in lieu of providing County cell phones. We believe the cost of the stipend will exceed the current cell phone costs, as all 1,400 County employees will be eligible which could inflate the monthly cost to \$70,000.00.

Recommendation: The County Manager should not allow for a reimbursement stipend for cell phones for employees due to the lack of accountability in the use of a personal cell phone to document the need for the reimbursement. Then accessibility of an employee's personal cell phone number would also be a concern for the Controller's Office.

County Management's Response: Management does not regard an "understanding" of "suggestions" as a sufficient basis for an audit finding, audit observation or audit recommendation. However, Management welcomes specific input from the Controller's office regarding the draft cellular phone policy circulated to Department Heads and the Controller.

12. **Finding:** The County cell phone numbers are not published for the public. Just as the County Phone Directory is a public document, the County Cell Phone numbers should be public, as well.

Recommendation: The County Manager should ensure all County Cell Phone Numbers are made available to the public. This could be accomplished by publishing a directory in a phone book or placing the numbers on the Luzerne County website.

County Management's Response: Management regards as sufficient the distribution of cell phone numbers to those with an operational interest in contacting a given employee during or after regular business hours, i.e. colleagues, superiors, subordinates and supervisors / managers.

13. **Finding:** As noted in the table on pages 2 and 3 of this report, the County paid Verizon in excess of \$100,000 in 2012 to date. We believe the cost to be excessive, uneconomical and the funds could be utilized in other ways to better serve the County's taxpayers.

Recommendation: The County should reconsider the entire cell phone plan and the County employees should return all phones to the County Manager. In the event County Council determines the practice is to continue, the County Manager should perform a cost benefit analysis to determine if the funds expended are best utilized. The County Manager should comply with the County Personnel Policy to re-distribute the phones, if necessary. In addition, a Request for Proposal should be advertised to allow all cell phone providers to submit proposals for the most cost effective plan for the County.

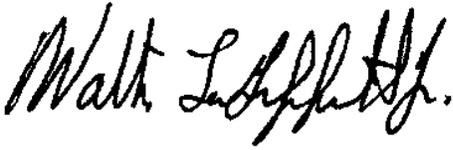
County Management's Response: Management concurs generally in the desirability of reducing the expense associated with cellular phones and data devices. Review of a full year's use and expenses, rather than a five month, non-continuous period between January 19 and August 18 of this year, might have yielded data sufficient to develop truly useful information.

Regardless, distribution of the draft policy represents Management's next step toward a meaningful, comprehensive solution to long-stated concerns of cost and accountability.

Controller's Office Response: The Controller recommended a cost benefit analysis be performed to determine the feasibility of continuing the cell phone plan. The County Manager may, at his discretion, determine the period to be included in the review. Generally, an audit is performed on a sample basis to identify situations and processes needing attention or correction and is not intended to be used for the purposes proposed by the County Manager. In addition, the County Manager is incorrect that 5 months were reviewed as the period included 6 monthly phone bills. The County Manager should also ensure the services are placed for competitive bid as the expense exceeds the \$25,000.00 stated in the Charter.

Controller's Office:

County Manager:



Walter L. Griffith, Jr., Controller

Robert C. Lawton, County Manager



Patricia J. Llewellyn, Senior Auditor