



COUNTY AUDIT DEPARTMENT

REPORT # 421

DECEMBER 13, 2023

An Audit of:

CellCo Verizon Wireless Contract



Cindy Stuart

CLERK OF COURT & COMPTROLLER
HILLSBOROUGH COUNTY

The Honorable Ken Hagan, Chair
The Honorable Donna Cameron Cepeda
The Honorable Harry Cohen
The Honorable Pat Kemp
The Honorable Gwen Myers
The Honorable Michael Owen
The Honorable Joshua Wostal

December 13, 2023

Dear Commissioners:

The Audit Team performed an audit of the CellCo Verizon Wireless Contract (Audit Report #421, dated December 13, 2023). Responses to the Audit Team's recommendations were received from the Director of Information Technology Department and have been included in the Report after each audit comment and recommendation.

The purpose of this Report is to furnish management with an independent, objective analysis, and information concerning the activities reviewed. It is not an appraisal or rating of management.

Although the Audit Team exercised due professional care in the performance of this audit, this should not be construed to mean that unreported noncompliance or irregularities do not exist. The deterrence of fraud and/or employee abuse is the responsibility of management. Audit procedures alone, even when carried out with professional care, do not guarantee that fraud or abuse will be detected.

I appreciate this opportunity to be of service to the Board of County Commissioners. I am happy to address any questions that you may have or furnish additional information if desired.

Sincerely,

Heidi Pinner

Heidi Pinner, CIA CISA CFE CRMA
Chief Audit Executive, Clerk of Court & Comptroller

Equity. Transparency. Independence.

 (813) 276-8100  [HILLSCLERK.COM](https://www.hillsclerk.com)

601 E. Kennedy Blvd, 13th Fl. TAMPA, FL 33602

TABLE OF CONTENTS

EXECUTIVE SUMMARY 2

BACKGROUND INFORMATION 2

OBJECTIVE 2

SCOPE 2

OVERALL EVALUATION 3

OPINION 3

AUDITED BY 3

AUDIT COMMENT 1: INVOICE PAYMENT TIMELINESS 4

AUDIT COMMENT 2: CELLULAR DEVICE ANALYSIS 10

EXECUTIVE SUMMARY

BACKGROUND INFORMATION

Hillsborough County’s Information & Innovation Office (IIO) Information Technology Department (ITD) has a dedicated Mobile Device Management (MDM) Team that administers the existing 4.5 year contract for \$9,338,023.10 with CellCo Partnership (doing business as Verizon Wireless) to provide cellular phones and service to county employees for business use. The contract was procured as a piggyback off of an existing State of Florida contract which was deemed to be the most expedient and economical means of acquiring the required products and services.

County departments each have an employee who acts as a Verizon liaison that has the responsibility of requesting cellular devices from the MDM Team as needed and obtaining the monthly Verizon invoice via the Verizon online portal. Any new device request orders are placed using the County’s ServiceNow system. The MDM Team utilizes ServiceNow to receive the device request, verify management approval before ordering, order the device via the Verizon portal, and distribute the device to the employee/department.



OBJECTIVE

The objective of the audit was to determine whether or not there are effective controls to manage the County's contract with Verizon Wireless for cellular phone and data services.

SCOPE

The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*. These Standards require that County Audit plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the audit comments and conclusions based on the audit objectives. County Audit believes that the evidence obtained provides this reasonable basis.

The Audit Team conducted observations, interviews with the MDM team as well as numerous county user departments, reviewed samples of supporting documents, and corresponded via e-mail with Verizon. The audit team also reviewed aging reports related to the county’s Verizon contract from February 2023 to June 2023 to attempt to determine payment timeliness and to identify any specific departments that had outstanding balances. Invoices ranging from November 2022 to May 2023 were included in the review.

OVERALL EVALUATION

PROCESS STRENGTHS AND SUCCESSES

- Existing approval requirements for cellular devices reduces the risk of unnecessary devices being ordered, excess spending, and/or misappropriation of assets.
- The MDM Team proactively communicates with departments that have outstanding payment balances.
- Controls are in place to manage and monitor new device requests.
- Requests are processed within a reasonable amount of time by the MDM Team.

CONTROL IMPROVEMENT OPPORTUNITIES/RISKS

- Account management issues and late payments have created an inability to order devices which can hinder County operations that need those devices.
- There does not appear to be an established process to ensure that old/upgraded devices are collected.

Full testing results are included on page 5 of this Report.

OPINION

Control Maturity Levels



The overall control environment relative to the ITD MDM Team’s management of cellular devices is at a managed maturity level. The department has established policies and procedures including an Administrative Directive (AD) and a dedicated MDM Team with software tools to track the devices and process requests. Controls are well defined, an overall control awareness exists, and procedures/processes with a formal structure are in place. With regard to the CellCo Verizon contract, opportunities do exist to enhance the overall control structure by ensuring a director’s approval is obtained with every new device request, ensuring older devices are returned by the departments, and to mitigate account profile shutdowns.

The exit conference was held with the IIO on October 24, 2023.

Other minor concerns not included in this Report were communicated to management and/or corrected during fieldwork.

AUDITED BY

Heidi Pinner, CIA, CISA, CFE, CRMA, Chief Audit Executive
 Ben Everett, CPA, CIA, CFE, CISA, Audit Manager
 Shane Sandie, Internal Auditor

AUDIT COMMENT 1: INVOICE PAYMENT TIMELINESS

THE COUNTY HAS EXPERIENCED PROFILE SHUTDOWNS SINCE AUGUST 2022.

DELAYED DEVICE ORDERING MAY CAUSE SETBACKS FOR DEPARTMENTS.

PAYMENTS TO VERIZON HAVE EXPERIENCED SIGNIFICANT DELAYS DUE TO A VARIETY OF CAUSES.

Opportunities exist to improve invoice submission processes and payment timeliness to avoid new device orders from being suspended.

Background

In November 2022, the County went live with a new cloud-based Enterprise Resource Planning (ERP) system which includes functionality for processing and paying invoices (bills) received from the County’s vendors, including Verizon. Verizon bills each department for the cost of monthly voice, text, and data services. Invoices must be entered into the ERP system to be processed so that a check or electronic payment can be issued. Once received, invoices are entered into the ERP system which generates the invoice creation date. Invoices are then pushed into the OnBase system used by County Finance for additional review and payment.

A single Verizon invoice can include hundreds of pages. Sometime around May of this year, County Finance discovered that Verizon invoices weren’t getting transferred into the OnBase system because of the large file sizes. This caused a backlog of unpaid invoices which required a lengthy reconciliation process and resulted in payment delays.

Verizon invoices have historically been received in multiple ways, including paper invoices mailed to the Clerk’s Office P. O. box or to the individual County departments. A department’s Verizon liaison may also retrieve the invoices electronically from the online Verizon portal. Each County department that utilizes the contract has a unique Verizon account number and each account falls under one of two main profiles that the MDM Team manages. If one account within a profile has a past-due balance of \$1,000.00 (or more) and exceeds 90+ days overdue, then the entire profile with all the accounts is suspended by Verizon from being able to order new devices. Profile suspensions, also known as Bill to Account (BTA) restrictions or simply a shut-down, halts any new device ordering until an exception is granted by Verizon. BTA restrictions can often last several

business days or a week until Verizon approves an exception to allow new orders again. Subsequently, this delay may hinder departments from receiving new cellular devices timely.

Each month, Verizon provides the MDM Team with an aging report for the two main profiles that lists account numbers with the departments that have past-due balances from unpaid invoices. Past-due amounts are listed in monthly increments of 0-30 days, 31-60 days, 61-90 days, and 90+ days. During the course of the audit, the Audit Team became aware of both main profiles being shut down for several months because of unpaid outstanding balances.

Test Procedure

The Audit Team selected five (5) departments that had both large balances and/or were past the 90+ day range for inquiry to determine what may be causing invoice payment delays. Additional departments were e-mailed and the Audit Team asked the departments if they could identify the specific invoice numbers that made up the past-due balances.

The Audit Team obtained a list of Verizon invoices with payment dates from November 2022 to May 2023 for a total of 609 invoices. A judgmental sample of thirty-one (31) invoices (5%) that took an extended amount of time to pay was selected for review based on the vendor's invoice date versus the payment date. The samples selected mostly ranged from approximately 100 - 200 calendar days to pay after the invoice date. The data in the ERP and supporting documentation for each sample was reviewed to see if there was any information included that would explain why the payments were late.

The Audit Team also performed an analysis on the entire list of 609 invoices utilizing three (3) key dates in the data:

- The vendor's invoice date, which is the same as the ending date for the month of service.
- The invoice creation date (when the invoice is entered into the ERP system by County employees).
- The check date to pay the invoice.

The differences between these three key dates (weekends and holidays excluded) were calculated to determine:

1. How long it took to enter the invoice into the ERP system after the invoice date. (Creation date vs. Invoice Date)
2. How long it took to issue the check to Verizon after the invoice was entered into the ERP system. (Check Date vs. Creation Date)
3. The overall total number of days it took to pay the invoice. (Invoice Date to Check Date)

TESTING RESULTS

Based on the departmental interviews performed, the Audit Team concluded that there were a number of causes which have contributed to the payment delays:

- Departments missing or overlooking invoices.
- Difficulties with transitioning to the new ERP system.
- Technical problems with the import of invoices from the new ERP into the Clerk's existing OnBase system that caused further difficulties in paying invoices.
- Verizon misapplying payments between the County accounts.
- Staffing shortages, turnover, and challenges within departments and County Finance payables.
- Increased workload due to higher priority pandemic-related payments.
- Invoices not available on the Verizon portal for download until approximately a week after the invoice date (which is only a slight contributing factor).

The MDM Team, as a courtesy, e-mails aging reports to the County Departments that are 90+ days past-due each month requesting them to pay off the balances to mitigate County-wide procurement blocks by Verizon.

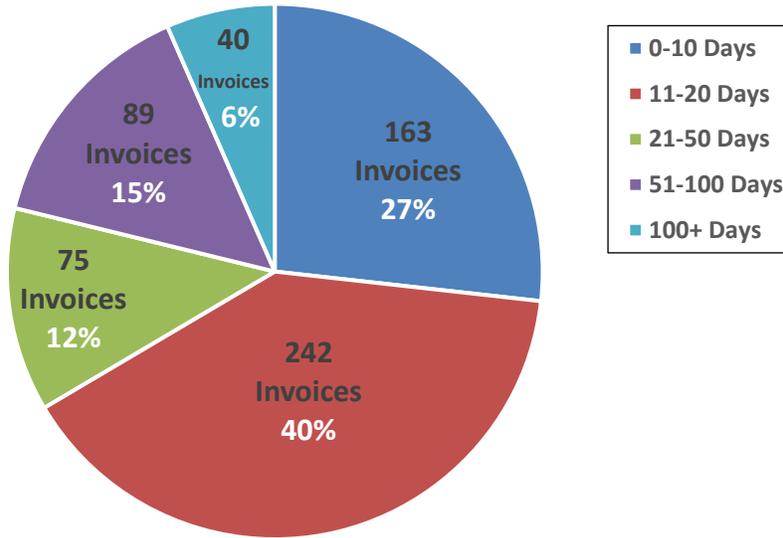
Of the 31 invoices reviewed in the sample, there generally was not enough documentation or information to determine why the payments were late. Only the normal standard supporting documentation was available, such as the invoice and check image. Six (6) of the 31 invoices (19%) had notes entered in the ERP requiring the department to make corrections and re-submit the invoice back to County Finance, such as for invoice dates that were entered incorrectly. However, this would likely not be a significant factor in the overall time required to pay the invoice.

E-mails sent by the Audit Team to other departments found that sometimes they could not determine what the specific invoice numbers were that made up the past-due balances on the aging report. The Audit Team e-mailed Verizon representatives to inquire if they could include that information on future aging reports, however no solution was reached. The departments were suggested to contact their Verizon representatives directly to obtain the outstanding invoices for payment.

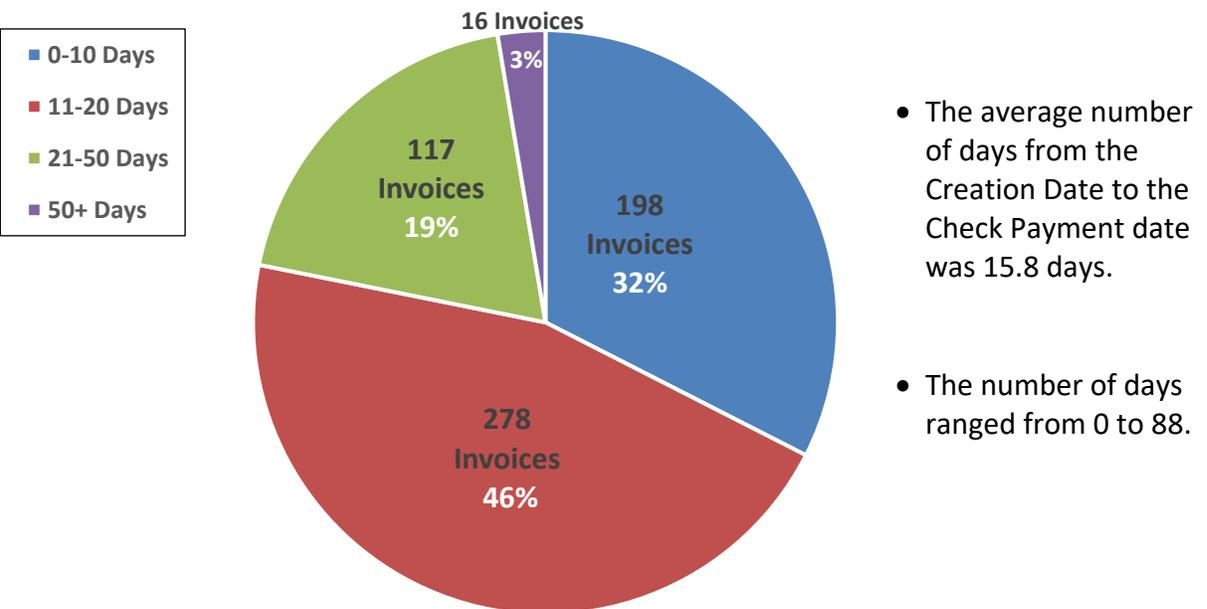
The data analysis of all 609 invoices showed that paper checks were mailed to Verizon in lieu of electronic payments for every invoice which could also slightly increase the payment processing time. The results from the three key dates are as follows (excluding weekends and holidays):

Invoice Creation

- The average number of days from the Invoice date to the Creation date was 39.5 days.
- The number of days ranged from 0 to 633:

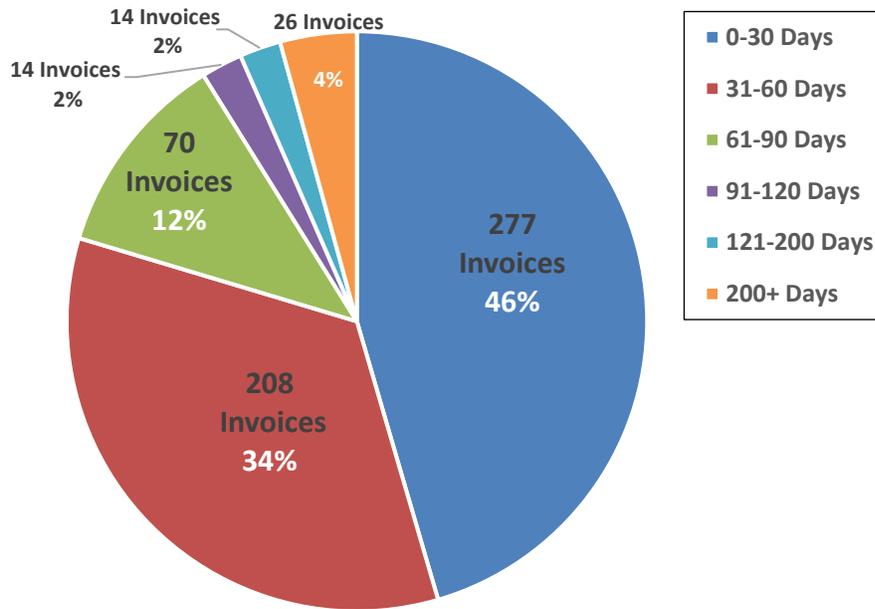


Invoice Payment



- The average number of days from the Creation Date to the Check Payment date was 15.8 days.
- The number of days ranged from 0 to 88.

Total Cycle Time



The total number of days from the invoice date to the check date ranged from 2 to 679.

The average number of working days to receive, validate, and pay a Verizon invoice was 55.4 days. This includes an average of 39.5 days to enter the invoice and an additional 15.8 days to pay it.

There is not enough information in the data to determine how much of each time range was attributed to the various departments involved in the process. Sometimes invoices entered in the system do have errors or inconsistencies that require corrections to be made, which delays the process.

RECOMMENDATION

- The MDM Team should continue e-mailing past-due departments the aging reports each month, but extend that effort to include departments that are also 61-90 days past-due, to avoid profile shut-downs in the following month.
- The MDM Team should request that Verizon include specific invoice numbers in the monthly aging reports, so that the exact cause of past-due balances can be more easily identified.
- County departments with past-due balances should research their own records, perform necessary reconciliations, contact their Verizon representatives to obtain invoice numbers or identify misapplied payments, and ensure that any unpaid invoices are paid off.
- County departments should proactively monitor any circumstances that may cause profile shut-downs.
- Work with the vendor to standardize how Verizon submits their invoices in order to use a more consistent, centralized process or mailing location.

CLIENT RESPONSE:

Concur.

CORRECTIVE ACTION PLAN & TARGET COMPLETION DATES:

- The MDM Team should continue e-mailing past-due departments the aging reports each month but extend that effort to include departments that are also 61-90 days past-due, to avoid profile shut-downs in the following month.

Response:

- ***Concur. This action item is completed by the 2nd week of each month. This process was adopted effective September 2023.***
- The MDM Team should request that Verizon include specific invoice numbers in the monthly aging reports, so that the exact cause of past-due balances can be more easily identified.

Response:

- ***Concur. The MDM team will work with Verizon to explore improved invoice history within Verizon Portal. Q3 FY24.***
- County departments with past-due balances should research their own records, perform necessary reconciliations, contact their Verizon representatives to obtain invoice numbers or identify misapplied payments, and ensure that any unpaid invoices are paid off.

Response:

- ***Concur. Each department has a point of contact with access to the Verizon Portal, which provides the necessary information to address the recommended action item.***
- County departments should proactively monitor any circumstances that may cause profile shutdowns.

Response:

- ***Concur. Each department has a point of contact with access to the Verizon Portal, which provides the necessary information to address the recommended action item.***
- Work with the vendor to standardize how Verizon submits their invoices in order to use a more consistent, centralized process or mailing location.

Response:

- ***Concur. A member of County Finance has access to all BOCC Verizon Wireless invoices. The ITD is currently working with the Clerk of the Circuit Court to implement ACH payments to Verizon. Q3 FY24.***
- ***Additionally, Verizon was instructed to mail all invoices to the centralized Hillsborough County P.O. Box mailing address. Completed November 2023.***

AUDIT COMMENT 2: CELLULAR DEVICE ANALYSIS

DEVICE ORDERS FOR FEBRUARY – APRIL, 2023.

25 SAMPLES TESTED

THREE (3) EXCEPTIONS IDENTIFIED

NEW DEVICE ORDERS ARE DELIVERED IN A TIMELY MANNER

OPPORTUNITIES TO IMPROVE OLD DEVICE RETURNS IDENTIFIED

Requests for new cellular devices are processed timely by the MDM Team. Opportunities exist to ensure department director approval is obtained and old devices are properly returned.

The objective was to determine whether or not there are effective controls to process device requests in a timely manner and to ensure old devices are properly returned by the departments.

Background

Various County departments use cellular devices in the performance of their related duties. Departments occasionally need to request new devices or device upgrades for employees. ITD requires those requests to be approved by the department’s director.

Each department’s liaison submits requests via ServiceNow and the MDM Team processes those requests. If a device upgrade is requested, the department is responsible for returning the old device to the MDM Team who wipes the data off of the device and donates it a charity. For each request, the MDM Team provides a price quote to the department, the department director approves the request, the MDM Team orders the device on the Verizon portal, and the device is shipped to the MDM Team. The MDM Team receives the device, sets it up in the County’s device management and text monitoring systems, and meets with the County employee to deliver the device. For a device upgrade, the old device is automatically deactivated over the air when the new device is powered on and activated by the employee.

Test Procedure

The Audit Team obtained a report listing all device requests in ServiceNow that were created during the 3-month period of February, March, & April, 2023 for a total of 146 requests. Of those requests, the Audit Team selected a random sample of 25 (17%) for review. Each sample was looked up in ServiceNow to determine whether or not:

- The requesting department was provided a price quote.
- The requesting department director approved the request prior to the device being ordered from Verizon.
- The request was completed and new device delivered to the department within a reasonable amount of time.

The Audit Team also interviewed the MDM Team to inquire about the process to obtain old devices back from the departments.

TESTING RESULTS

Of the 25 requests reviewed:

- All 25 had a price quote that was provided to the department.
- Twenty-two (22) out of 25 (88%) had received the director's approval.
- All 25 were processed and the device was delivered to the County employee within a reasonable amount of time.

Three (3) of the samples (12%) did not have a director approval that was obtained during the request processing. The average time to process the 25 requests from the date of the initial request to the date of delivery was 14.2 working days. Seven requests were part of a list of multiple device requests submitted by one department, which is referred to as a Project Ticket that reasonably takes more time to process. Three requests experienced delays due to Verizon profile shut-downs, four requests encountered a delay due to waiting over 5 days for the director approval, and one request was delayed due to a technical issue on Verizon's end with activating a device. Therefore, the overall time to process devices requests appears to be reasonable.

The returning of old devices back to the MDM Team is considered the responsibility of the department and may be the result of an employee leaving the County, upgrading to a newer device for modern compatibility, or because of a device not functioning properly. However, there is currently no process in place to track the returning of old devices.

Prior to COVID shut downs and remote working arrangements, the process to deploy cellular devices to County departments consisted of having the devices shipped directly to the County department's physical office location. However, as a result of closures and alternate work arrangements, cellular device shipments were being lost after delivery. These devices may have been left at unstaffed locations or re-delivered to alternative recipients but ultimately could not be located. Some County departments ended up having to re-purchase the devices. It could not be determined how many devices were lost or what the total replacement costs may have been. To prevent future occurrences, devices are now shipped directly to MDM Team members who personally deliver the devices to County employees.

RECOMMENDATION

To improve controls over the device ordering process, ITD management should implement the following corrective actions:

- Ensure device requests in ServiceNow have the proper director approval prior to ordering the devices online.
- Configure ServiceNow settings to require director approval as a mandatory step before the request can be completed and closed out, if possible.
- Identify a list of unreturned devices and contact the departments and employees to return them.
- Implement a device return tracking process to ensure devices are properly returned by departments going forward.

CLIENT RESPONSE:

Concur.

CORRECTIVE ACTION PLAN & TARGET COMPLETION DATES:

To improve controls over the device ordering process, ITD management should implement the following corrective actions:

- Ensure device requests in ServiceNow have the proper director approval prior to ordering the devices online.

Response:

- ***Concur. An automated task assignment has been added to existing workflow to confirm that the appropriate Director has approved the request before the procurement task is generated for the MDM team. Completed November 2023.***
- Configure ServiceNow settings to require director approval as a mandatory step before the request can be completed and closed out, if possible.

Response:

- ***Concur. Completed November 2023.***
- Identify a list of unreturned devices and contact the departments and employees to return them.

Response:

- ***Concur. The IT Department will establish a process to work with departments identifying unreturned devices, based on device replacements, order cancellations, and unused devices. Q3 FY24.***
- Implement a device return tracking process to ensure devices are properly returned by departments going forward.

Response:

- ***Concur. The ITD will establish an automated request processes within the Technology Service Center Portal. Q4 FY24.***