

CITY AUDITOR'S OFFICE



**AUDIT OF DEPARTMENT OF
INNOVATION AND TECHNOLOGY**

**MOBILE COMMUNICATION DEVICE
MANAGEMENT**

Report IT011-2526-03

June 25, 2026

EXECUTIVE SUMMARY

Why this Audit is Important

As the city becomes increasingly mobile-dependent, smartphones, tablets, and embedded chips (mobile devices) are vital to official employee operations. Without proper oversight and accurate records, mobile devices can be lost or stolen without detection, risking sensitive data exposure. In addition, there is an increased risk of unidentified billing errors such as service charges for inactive lines or lines that do not belong to the city.

The city's Department of Innovation and Technology (IT) oversees the lifecycle of these mobile devices and provides activation and deactivation data to the Finance Department, which reviews monthly provider service charges prior to payment. This audit evaluated mobile device policies, inventory record accuracy, mobile device utilization, assignment approval compliance, and decommissioning procedures.

Key Audit Results

- **Incomplete Inventory Records:** While mobile device billing records were found to be accurate, IT's mobile device inventory records were missing some active devices for which the city is being charged. Incomplete inventory records create the potential for undetected billing errors.
- **Unused and Low-Use Devices:** Our analysis identified mobile devices with little or no activity that may no longer be operationally needed and potentially provide cost savings to the city.
- **Lack of Department Visibility to Device Assignments and Usage:** A process does not currently exist to periodically provide department management with information on mobile device assignments and utilization data. Accordingly, department management lack the information needed for them to evaluate the continued necessity of mobile devices with little or no usage.
- **Inconsistent Approval Records:** Multiple mobile device approvals were either obtained outside of the established automated approval process or not found. Therefore, evidence of these approvals was not captured within IT's system of record for reference.
- **Inadequate Final Disposal Records:** IT is appropriately resetting mobile communication devices prior to the devices being reassigned or disposed of. However, IT does not maintain sufficient information and documentation on the physical disposition of each returned mobile device, thereby increasing the risk that devices may be lost, stolen, or otherwise unaccounted for during the disposal process.

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AUDIT OF DEPARTMENT OF INNOVATION AND TECHNOLOGY MOBILE COMMUNICATION DEVICE MANAGEMENT Report IT011-2526-003

BACKGROUND

The city issues mobile communication devices (mobile devices) to authorized employees to facilitate the performance of official business. These mobile devices are categorized into three classifications based on their operational function and network connectivity:

1. **Mobile Phones**

Handsets utilizing cellular networks for voice and data connectivity.

2. **Tablets**

Mobile computing devices assigned dedicated telephone numbers, enabling them to function similarly to smartphones with cellular data plans, messaging, and voice capabilities.

3. **Embedded Chips**

Cellular components—such as Wireless Wide Area Network (WWAN) modules—integrated into hardware like ruggedized laptops to ensure sustained data connectivity during field operations.

Pursuant to city policy IT 151.1, the Department of Innovation and Technology (IT) manages the full lifecycle of the city's mobile devices across four core functional areas:

- **Procurement & Assignment:** Processing mobile device requests, verifying required internal management approvals, purchasing equipment, and distributing devices to authorized departments and personnel.
- **Inventory Management:** Maintaining a comprehensive, accurate system of record for all active and inactive mobile devices throughout their operational lifecycles.
- **Device Retrieval:** Managing the physical collection and decommissioning of mobile devices from separating employees.
- **Data Sanitization & Disposal:** Ensuring all retired mobile devices undergo secure data sanitization and wiping protocols prior to device reassignment or final physical disposal.

IT utilizes the ServiceNow platform to maintain its centralized inventory records for mobile devices. These system records are designated to track hardware specifications (make, model, and serial number), individual user assignment data, and associated mobile network identifiers. To maintain financial oversight, IT provides device activation and deactivation data to the Finance Department, which uses this information to verify the accuracy of monthly service invoices prior to processing payments.

As of October 2025, the city had 1,946 active mobile devices. Total mobile device service charges from November 2024 through October 2025 were \$851,813. The active mobile device inventory and associated service charges are broken down by mobile device classification in the tables below:

Table 1: Active mobile devices as of October 2025

Device Type	Number of Active Devices
Mobile Phones	1,124
Tablets	395
Embedded Chips	427
TOTAL	1,946

Table 2: Total service charges (statements dated Nov 2024 – Oct 2025)

Device Type	Total Service Charges
Mobile Phones	\$387,822
Tablets	\$263,735
Embedded Chips	\$200,256
TOTAL	\$851,813

OBJECTIVES AND RESULTS

Our audit objectives and corresponding testing results were as follows:

Objective: Determine whether monthly mobile service charges are being appropriately reviewed for accuracy and whether IT’s mobile device records are complete and accurate.

- **Result:** City staff are appropriately reviewing and confirming the accuracy of mobile service charges prior to payment. However, our comparative analysis of IT’s mobile device inventory records identified missing and inaccurate entries. See **Finding #1**.

Objective: Analyze the usage of the city’s mobile devices to identify lines with little or no utilization and determine whether the continued necessity of these devices is being periodically evaluated by management.

- **Result:** Our analysis identified mobile devices with little or no recorded activity that may no longer be operationally needed. Determining whether these devices should remain active is the responsibility of department management. However, departments do not currently receive mobile device assignment or utilization reports, limiting their ability to evaluate ongoing need. Providing periodic usage reports would enable management to identify devices that are no longer required and capture cost savings. See **Finding #2**.

Objective: Determine whether mobile devices are being appropriately approved by department management prior to assignment and properly retired upon return to IT, in compliance with established city policy.

- **Result:** Not all assignments and approvals of mobile devices are being processed through the mandatory electronic workflow process in ServiceNow as required by policy. Additionally, while mobile devices are being properly data-sanitized and reset upon return to IT, we identified improvements needed in the recording, tracking, and verification of the final physical disposition of these devices. See **Finding #3**.

SCOPE AND METHODOLOGY

The scope of our work was limited to evaluating management controls within the context of the audit objectives. Testing procedures relied primarily on service charges incurred within the November 2024 through October 2025 monthly statement cycles.

Our audit methodology included the following procedures:

- Conducting interviews with city management and operational staff
- Reviewing applicable city policies, administrative directives, and operational procedures
- Testing compliance with the city’s Mobile Device Management Policy and Procedure (IT 151.1)
- Performing a detailed data comparison of mobile devices recorded in IT’s inventory records against service provider billing data (service charges)
- Reviewing and testing phone approval and retirement/disposal records
- Conducting a utilization analysis of mobile device activity

The final fieldwork date of this audit was June 2, 2026.

AUDIT TEAM

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FINDINGS AND RECOMMENDATIONS

1. Incomplete Mobile Device Records

Mobile Device Management and Oversight

The IT Department manages the full lifecycle of the city's mobile devices - including acquisition, maintenance, and retirement - while coordinating with telecommunication vendors to manage active service lines. IT maintains a centralized inventory of mobile devices within the ServiceNow platform, recording the following information for each device:

- Assigned users
- Associated service lines
- Device specifications and current status (e.g., active, retired)

Accuracy of Mobile Device Records Testing

To evaluate the accuracy and completeness of IT's inventory records, we performed a comparative analysis of the ServiceNow records against service charges. This analysis encompassed all 2,707 communication devices that appeared on the November 2024 through October 2025 billing statements. The evaluated baseline consisted of the following hardware categories:

- 1,338 mobile phones
- 795 tablets
- 574 embedded chips

The comparative analysis yielded the following results:

Table 3 – ServiceNow records vs. service charges data testing

Results	Device Count	Percentage
Accurate Records (ServiceNow records agreed with service charges)	2,633	97.3%
Missing Records (Included in service charges but not in ServiceNow records)	74	2.7%

Additionally, the analysis identified one device listed as "active" within ServiceNow that had already been deactivated and correctly removed from the billing statements by the wireless service provider. This variance indicates that ServiceNow was not updated to reflect an "inactive" status for this device following the official termination of service.

Results:

Not all mobile devices charged to the city were properly accounted for in IT's mobile device inventory records. However, the testing found no evidence of improper billing activity.

Absence of Reconciliation Requirement

The root cause of these inventory discrepancies is that IT personnel do not regularly perform a formal reconciliation of the ServiceNow mobile device records against service charges. Furthermore, IT management has not established or documented an internal policy requiring that such a routine reconciliation take place.

Inaccurate, incomplete, or outdated mobile device inventory records can hinder the city's ability to maintain effective operational and financial oversight of its mobile devices. Without a periodic reconciliation of mobile device inventory records to service charges, the city's exposure to the following organizational risks is increased:

- **Unnoticed Billing Errors:** Continued automated payment for unauthorized plan changes, line additions, or lingering charges for inactive service lines.
- **Security and Hardware Vulnerabilities:** An elevated potential for undetected hardware theft, loss, or unauthorized data use.

Recommendations

- 1.1 IT management should conduct a comprehensive reconciliation of all current ServiceNow mobile device inventory records against active service charges and investigate and resolve any differences.
- 1.2 IT management should document and implement a procedure to require periodic reconciliations of the ServiceNow mobile device inventory records against active service charges to ensure ongoing data integrity.

2. Potentially Underutilized Mobile Devices

Effective oversight of mobile devices includes periodically reviewing usage to assess whether devices with little or no activity remain necessary. Within the city, department management is best positioned to perform this assessment. However, no policies or procedures currently require that mobile device usage information be provided to departments to support such evaluations. While our team cannot determine the operational necessity of individual mobile devices, we conducted an analysis to identify the number of devices with minimal or no usage using service charge data from November 2024 through October 2025.

Utilization Analysis

We identified the following number of mobile devices with no activity including no calls, texts, or data transmission throughout the period.

Table 4 – Devices with no recorded activity (Nov 2024 – Oct 2025)

Device Type	Count	Service Charges
Mobile Phones	49	\$5,948
Tablets	225	\$32,570
Embedded Chips	101	\$46,429
TOTAL	375	\$84,947

We also identified mobile devices with no calls or texts and very low data usage - defined as averaging under 500 MB per month:

Table 5 – Devices with low recorded activity (Nov 2024 – Oct 2025)

Device Type	Count	Service Charges
Mobile Phones	16	\$2,543
Tablets	120	\$42,738
Embedded Chips	79	\$23,986
TOTAL	215	\$69,267

Note: Because mobile device billing records do not capture network traffic conducted over Wi-Fi, actual utilization of these devices may be higher than what is reflected in the billing records.

Results:

Our analysis identified mobile devices that may be underutilized or unnecessary and, if no longer needed, could result in cost savings for the city. Neither our team nor IT staff can determine whether these devices are operationally necessary. That determination must be made by department management. Devices with little or no recent activity may still be required for emergency purposes or other specific operational needs. To support an informed evaluation, we recommend that IT periodically provide departments with mobile device assignment lists and usage data for their review.

Recommendation

- 2.1 IT management should document and implement procedures to periodically distribute mobile device assignments and usage data reports to department management. IT should request that department leadership review these reports and confirm whether all assigned mobile devices remain necessary. IT should promptly deactivate any mobile devices or service lines identified by the departments as unnecessary or obsolete to capture identified cost savings.

3. Inadequate Approval and Disposal Records

Effective lifecycle management of mobile communication devices requires robust internal controls at both the onboarding and offboarding phases, including management approvals for new devices and proper disposal procedures for decommissioned devices. To test these controls, we judgmentally selected a sample of 20 employees with mobile phones who separated from city employment between November 2024, and October 2025. Using this sample of phones, we determined whether:

1. Approvals from department management were properly obtained and documented.
2. Records regarding the final disposition of the mobile phones were maintained.

Note: Although our sample included only mobile phones, the approval and disposal process for tablets is the same. Tablets generally have a longer service life and are retired less frequently. Embedded chips do not store data and are discarded by IT when they are no longer needed.

Mobile Phones –Approval Testing

The established process for obtaining a mobile phone begins with the requesting department completing an online request form via the IT self-service portal. Management approvals are then obtained online and formally captured and stored within ServiceNow.

For the 20 phones included in the test sample, our approval testing yielded the following results:

Table 6 – Mobile phone approvals testing

Results	Device Count	Percentage
Approvals captured and recorded in ServiceNow	16	80%
Approval obtained outside standard process (via email)	3	15%
No record of approval found	1	5%

Results:

Multiple phone approvals (20%) were either obtained outside of the established automated workflow or were missing. As a result, definitive evidence of department authorization was not captured within IT’s official system of record.

By accepting email-based approvals outside of the ServiceNow platform rather than enforcing the standard automated workflow, evidence of approvals is not readily accessible for all mobile phones for retrieving records or verifying policy compliance.

Mobile Phones – Retirement and Disposal Testing

Upon the departure of an employee with an assigned mobile phone, or when a mobile phone is exchanged for an upgraded model, IT is responsible for resetting the returned hardware. IT must then either reassign the device to another employee or transfer it to a third-party recycler (recycler).

Reassignments, disposals, and updates to asset status (e.g., "retired") are required to be recorded in ServiceNow.

A review of the technical process followed by IT personnel for wiping and resetting mobile devices indicates that these procedures are clearly documented, effectively executed, and supported by appropriate audit trails. However, a review of the final disposal records for the 20 sample phones revealed inadequate supporting documentation:

Table 7 – Mobile phone disposals testing

Results	Device Count	Percentage
Identified as reassigned to another employee	5	25%
Evidence of disposal via third-party recycler	1	5%
Retired with no specific evidence of disposal	14	70%

Results:

No documentation exists showing the final disposition of 14 of the 20 phones tested. While IT personnel represented that they were sent to the recycler, there is no documentation of when they were shipped and if they were received by the recycler.

While IT systematically records the initial device reset, the department does not maintain sufficient information regarding the final physical disposition of each mobile phone. There is currently no traceability between individual phone serial numbers and specific shipment dates to the recycler. Furthermore, the receipts provided by the recycling vendor only list aggregate phone counts by brand and model, omitting unique hardware identifiers. This lack of individualized tracking documentation increases the risk that retired phones could be lost, stolen, or otherwise unaccounted for during the disposal lifecycle.

Recommendations

- 3.1 IT management should document and implement a procedure requiring all new mobile device assignments be processed exclusively through the existing automated electronic workflow in ServiceNow. Email-based approvals should be discontinued to preserve a single system of record.
- 3.2 IT management should document and implement a procedure to maintain a clear audit trail for mobile devices shipped to the recycler. Unique identifiers such as serial numbers and asset tags, along with the corresponding shipping date, should be recorded for every device sent to the recycler. While the recycler receipts may lack unique hardware identifiers, IT personnel should, at a minimum, perform a formal reconciliation comparing the exact count and types of devices sent to the recycler against the aggregate totals listed on the receipt.

MANAGEMENT RESPONSE

1. Incomplete Mobile Device Records

- 1.1 IT management should conduct a comprehensive reconciliation of all current ServiceNow mobile device inventory records against active service charges and investigate and resolve any differences.

Management Action Plan:

IT completed a comprehensive reconciliation of ServiceNow mobile device inventory records against active carrier billing records in March 2026 as part of a broader review of the City's mobile device program. Discrepancies identified during the reconciliation were investigated and corrected as appropriate. The reconciliation established a validated inventory baseline and supports ongoing inventory management activities.

Estimated Date of Completion: Completed March 2026

- 1.2 IT management should document and implement a procedure to require periodic reconciliations of the ServiceNow mobile device inventory records against active service charges to ensure ongoing data integrity.

Management Action Plan:

To support ongoing inventory accuracy, IT implemented and published a documented mobile device reconciliation procedure in March 2026. The procedure requires periodic reconciliation of ServiceNow mobile device inventory records against active carrier billing records and establishes responsibilities for identifying, investigating, and resolving discrepancies. IT will continue performing reconciliations in accordance with the established procedure and monitor compliance with the process.

Estimated Date of Completion: Implemented March 2026; Ongoing

2. Potentially Underutilized Mobile Devices

- 2.1 IT management should document and implement procedures to periodically distribute mobile device assignments and usage data reports to department management. IT should request that department leadership review these reports and confirm whether all assigned mobile devices remain necessary. IT should promptly deactivate any mobile devices or service lines identified by the departments as unnecessary or obsolete to capture identified cost savings.

Management Action Plan:

IT initiated a department-level mobile device review process in April 2026 to validate device assignments, evaluate usage, and identify devices that may no longer be required. Departments were provided mobile device inventory, usage, and cost information and asked to confirm ongoing business need. Responses received through the review process are being evaluated, and identified disconnects, reassignments, and record updates will be completed as part of the ongoing review effort.

To formalize this practice, IT has developed a Mobile Device Department Review and Validation procedure that establishes an annual review process, defines departmental responsibilities, and documents requirements for validating device necessity and implementing resulting actions. The procedure is currently undergoing final review and publication.

Estimated Date of Completion: December 31, 2026

3. Inadequate Approval and Disposal Records

3.1 IT management should document and implement a procedure requiring all new mobile device assignments be processed exclusively through the existing automated electronic workflow in ServiceNow. Email-based approvals should be discontinued to preserve a single system of record.

Management Action Plan:

IT formalized the mobile device procurement and assignment process through a documented procedure published in February 2026 and updated in March 2026 to strengthen control requirements. The procedure establishes ServiceNow as the system of record for mobile device requests and requires device procurement and inventory activities to be initiated, tracked, and documented through the ServiceNow workflow.

IT will continue reinforcing use of the approved workflow and will limit email communications to informational purposes rather than approval or authorization of mobile device requests. Any necessary exceptions will be documented within ServiceNow to maintain a complete audit trail.

Estimated Date of Completion: Implemented March 2026; Ongoing

3.2 IT management should document and implement a procedure to maintain a clear audit trail for mobile devices shipped to the recycler. Unique identifiers such as serial numbers and asset tags, along with the corresponding shipping date, should be recorded for every device sent to the recycler. While the recycler receipts may lack unique hardware identifiers, IT personnel should, at a minimum, perform a formal reconciliation comparing the exact count and types of devices sent to the recycler against the aggregate totals listed on the receipt.

Audit of Department of Innovation and Technology
Mobile Communication Device Management
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June 25, 2026

Management Action Plan:

IT implemented a documented Device Return and Retirement Procedure in November 2025 to govern the return, retirement, carrier credit, and disposition of mobile devices. The procedure requires use of ServiceNow to document device retirement activities, maintain asset records, process shipment requests, and retain supporting documentation associated with device disposition activities.

IT will review and, where necessary, strengthen documentation requirements to ensure shipment records clearly identify devices included in each return shipment and support reconciliation between devices transferred and vendor receipts. These requirements will be incorporated into the existing process to further enhance the disposal audit trail.

Estimated Date of Completion: September 30, 2026