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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

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MAY 31 1973

The Honorable Birch Bayh, Chairman
Subcommittee on the District of Columbia
Committee on Appropriations
United States Senate



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Dear Mr. Chairman:

R In your Subcommittee's report dated June 12, 1972, on the District of Columbia appropriation bill for fiscal year 1973, the General Accounting Office was requested to review the District's expenditures for telephone services and the adequacy of its controls over such services.

We believe that the District could substantially reduce its telephone service costs by reducing the number of telephone lines and associated equipment and by strengthening its internal controls over long-distance calls.

The Department of Highways and Traffic is responsible for the District's telephone communication system. The Department's Telephone Communications Division is responsible for planning, directing, and implementing telephone services. The Division reviews and, if appropriate, approves requests for changes in telephone service; receives all bills for telephone service (about 1,400 bills a month); and forwards the bills to the respective agencies for payment. The Chesapeake and Potomac Telephone Company (C&P) provides the telephone services.

The District's telephone services costs for fiscal year 1973 were about \$3.7 million--about \$3.3 million for local service and about \$373,000 for long-distance calls.

UNNECESSARY TELEPHONE SERVICE

In June 1972, shortly after your Subcommittee's report was issued, the Department of Highways and Traffic established, for the first time, guidelines for use by District agencies in determining their telephone needs. The two significant guidelines were:

- No more than one telephone line for three employees.
- No more than eight telephone instruments for 10 employees.

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Instructions were issued to the agencies requiring them to determine if their telephone services were in line with the guidelines and to justify retention of telephone service in excess of the guidelines or to request its discontinuance. Through November 1972, District agencies had not responded to these instructions.

In December 1972, as a result of congressional and GAO interest in the District's telephone costs, the Commissioner requested all District agencies to cooperate with the Office of Planning and Management in making a study of the District's telephone services. The Commissioner emphasized the opportunities to achieve economies by eliminating unneeded telephone lines and equipment, reducing unnecessary long-distance and local telephone calls, and substituting lower for higher cost equipment.

Concurrent with the initiation of this study, the Office of Planning and Management revised the June 1972 guidelines to conform to the standards for telephone instruments recommended by the General Services Administration for use by Federal agencies. The revised guidelines increased the number of allowable telephone lines from one line for three employees to one line for two employees and generally decreased the number of allowable telephone instruments from 8 instruments for 10 employees to 5 instruments for 10 employees. Each District agency was requested to determine its telephone needs using the new guidelines and to report to the Office of Planning and Management any reductions that could be made in its telephone services and the corresponding annual savings.

Our application of the revised guidelines to 157 telephone lines, randomly selected from those used by five District agencies, and to the equipment associated with the lines, showed that the District was incurring costs for lines and equipment in excess of those allowable under the guidelines. Of about 12,000 telephone lines used by the District, 8,750 were used by the five agencies. These agencies incurred about \$2.4 million in local telephone costs for fiscal year 1972. Of the selected 157 telephone lines, 24 were in excess of the allowable guideline of one line for two employees; of the associated telephone instruments, 108 were in excess of the allowable guideline of one for two employees. At 7 of the 44 locations we visited there was a total of 98 telephone instruments but only 81 employees. On the basis of these sampling results, we estimated that the five agencies had at least 870 telephone lines and 835 telephone instruments, costing about \$129,000 a year, in excess of those allowable under the revised guidelines.

Forty-five District organizational units reported their telephone needs to the Office of Planning and Management. The reports showed that

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about 1,000 telephone lines, 800 telephones, 640 call directors, and certain other related equipment were not needed based on the revised guidelines and could be eliminated at an annual savings of about \$228,000. Some organizational units reported that no changes were needed in either telephone lines or equipment.

Because your office wanted our report on the District's telephone services for use during the 1974 appropriation hearings, we did not have time to evaluate the District's study. Nevertheless, we believe that the action taken by the District in establishing the revised guidelines and in conducting the study to determine what services could be eliminated should result in reducing its telephone services costs.

The Commissioner's request (see p. 2) stated that the Office of Planning and Management would be responsible for monitoring the application of the revised guidelines.

CONTROL OVER LONG-DISTANCE CALLS

Of the long-distance calls selected at random from C&P bills covering the period January through June 1972, about 80 percent were not supported by adequate records to enable us to determine whether the calls were for official business. However, our examination of the bills and the available records and our interviews of employees indicated that at least 10 percent of the sampled calls were not for official business.

We believe that documenting information on long-distance calls, such as the name of the person who made the call and the name of the person to whom the call was made, would enable officials to identify official and unofficial calls; such data would also be useful in reviewing C&P billings before payment and in preventing unofficial calls.

Long-distance calls may be made either through the District's main switchboard or by using direct-dialing lines. District instructions require that all long-distance calls from telephones connected to the main switchboard be placed through the switchboard operator. The operator is required to maintain a record of the calls for use by the agencies in verifying the C&P charges and in controlling long-distance calls. The instructions also provide that each agency head is responsible for establishing controls over long-distance calls placed over direct-dialing lines.

A Department of Highways and Traffic study of long-distance calls for the month of January 1973 showed that about 36 percent of the long-distance calls over telephone lines connected to the main switchboard

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were made without going through the switchboard operator. Therefore, no records of these calls would have been prepared by the District operator. An official of the Telephone Communications Division informed us that instructions to all agencies have been developed to minimize the number of nonoperator-assisted calls and that the instructions emphasize the purpose of requiring the operator to maintain a record of calls. He also advised us that District agencies will be required to maintain records on all long-distance calls made over direct-dialing lines.

In our opinion the actions proposed by the District, if effectively carried out, should improve the control over long-distance calls.

As requested by your office, we have not obtained comments from the District on the matters discussed in this report. We do not plan to further distribute this report unless you agree or publicly announce its contents.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "James B. Axtell". The signature is written in dark ink and is positioned above the typed name and title.

Comptroller General
of the United States