



# **Status Report on the Telecommunications Utility Audit & Related Cost Recovery Efforts through July 2009**

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**Office of the County Auditor**  
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## **Executive Summary**

This report provides an update on the audit of the County telecommunications network (the "Network"). We previously reported on this project on June 20, 2006, Board Agenda Item #71.

Management of the County's telecommunications network requires extensive knowledge of operational needs, available technology, and the utility rate/tariff structure. Accordingly, Broward County utilizes Telcom Corporation ("Telcom"), an independent third party, to provide technical audit services.

Audit objectives were to identify opportunities for cost recovery and/or cost savings related to telecommunication services purchased by the County.

Since our 2006 report, County staff have been working to evaluate and implement audit recommendations and "optimize" the County telecommunications network. As a result,

- 1. The County has recovered approximately \$1.4 million in refunds and annual cost savings through the implementation of audit recommendations.**
- 2. Enterprise Technology Services (ETS) has implemented audit recommendations from the 2006 status report and taken initiatives to achieve additional cost savings of approximately \$1.8 million annually.**
- 3. ETS staff continue to evaluate the feasibility of outstanding audit recommendations and pursue initiatives for redesigning the Network and attaining further cost savings.**

Our office will continue to collaborate with staff from the affected agencies to obtain cost savings through efficient use of telecommunications and monitoring of related billing for services.

## Background

On average, from 2005 to 2008, the County expended \$8.8 million annually for telecommunications services provided by AT&T. These services are administered by staff within Enterprise Technology Services' (ETS) Communications Division and Business Office. Telecommunication services are provided under the Telephone Network Transmission ("TNT") Services Agreement, an agreement between Broward County and AT&T. The TNT agreement provides discounts to the County for annual revenue commitments and volume and term of eligible services used.

In order to verify the accuracy of AT&T billings and compliance with the TNT contract and applicable tariffs, the Board of County Commissioners (Board) approved a contract with Telcom to provide independent utility audit services. The Telcom Audit Contract compensates Telcom on a "Contingency Fee Basis" of thirty-nine and one-half percent (39.5%) for:

- 1.) All actual recovered overcharges in the form of refunds or credits and
- 2.) One year's actual future savings in the form of reduction in utility bills resulting from implemented recommendations.

All findings and recommendations by Telcom are evaluated by staff from ETS and the affected customer agency. Staff may reject the recommendations based on their analysis of suitability and business need.

## Objectives, Scope & Procedures

Audit objectives were to identify opportunities for cost recovery and/or cost savings related to telecommunication services purchased by the County.

Audit activities since our previous status report included reviews of actual usage (traffic) of the existing County telecommunications network and outstanding bills not previously provided.

## Findings

- 1. The County has recovered approximately \$1.4 million in refunds and annual cost savings through the implementation of audit recommendations.**

AT&T has refunded the County \$470,081 based on Telcom audit findings. Refunds were principally related to billing errors, including rate discrepancies.

In our previous status report in June 2006, we noted approximately \$900,000 in potential refunds and cost savings had been identified. As of July 2009, expenditures for recurring





