



DIVISION OF INSPECTOR GENERAL
Ken Burke, CPA
Clerk of the Circuit Court and Comptroller
Pinellas County, Florida



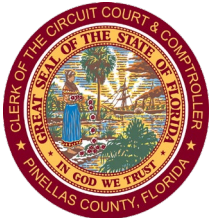
AUDIT OF UTILITY AND TELECOMMUNICATIONS BILLING



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REPORT NO. 2021-19
SEPTEMBER 17, 2021



Ken Burke, CPA

CLERK OF THE CIRCUIT COURT AND COMPTROLLER
PINELLAS COUNTY, FLORIDA

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Recorder of Deeds
Clerk and Accountant of the Board of County Commissioners
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September 17, 2021

Jeanette Phillips, Chief Deputy Director, Finance Division
Susan Krause, Fiscal Affairs Director, Pinellas County Sheriff's Office (PCSO)

With our assistance, CliftonLarsonAllen, LLP (CLA) has conducted a limited scope audit of Utility and Telecommunications Billing.

A summary of the CLA audit results and our assistance with the audit are presented in this report.

We appreciate the cooperation shown by the staff of the Clerk of the Circuit Court and Comptroller Finance Division, Business Technology Services, and Pinellas County Sheriff's Office Fiscal Affairs during the course of this review.

Respectfully Submitted,

Melissa Dondero
Inspector General/Chief Audit Executive

cc: The Honorable Chairman and Members of the Board of County Commissioners
Ken Burke, CPA, Clerk of the Circuit Court and Comptroller
Barry Burton, County Administrator
Jill Silverboard, Deputy County Administrator and Chief of Staff
Jeff Rohrs, Chief Information Officer, Business Technology Services
Joe Lauro, Director, Administrative Services
Anne Lawler, Manager, Financial Accounting, Finance Division
Lance Schmidt, Principle, CliftonLarsonAllen LLP



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INTRODUCTION

Abbreviations

AT&T	American Telephone & Telegraph Wireless Network Operator
BTS	Business Technology Services
City	City of St. Petersburg
CLA	CliftonLarsonAllen, LLP
Clerk	Pinellas County Clerk of the Circuit Court and Comptroller
County	Pinellas County
Finance	Clerk's Finance Division
Frontier	Frontier Communications Corporation
PCSO	Pinellas County Sheriff's Office
Spectrum	Charter Spectrum Telecommunications And Mass Media Company
Sprint	Sprint Corporation Wireless Network Operator
Telecom	Telecommunications
T-Mobile	T-Mobile US, Inc. Wireless Network Operator
Verizon	Verizon Communications Inc. Wireless Network Operator

Executive Summary

On May 8, 2020, CliftonLarsonAllen, LLP (CLA) and the Pinellas County Clerk of the Circuit Court and Comptroller (Clerk) entered into agreement # 20-018-A for auditing services. According to the agreement, CLA analyzed utility and telecommunications expenditures that flow through the Clerk's Finance Division (referred to as Pinellas County expenditures) and Pinellas County Sheriff's Office (PCSO) Fiscal Affairs (the Sheriff agreed to participate in the audit).

The objectives of the audit were to:

1. Identify utility and telecommunications billings refund or reimbursement opportunities as a result of over charges or billing errors.
2. Identify utility and telecommunications billings cost avoidance/savings opportunities as a result of CLA recommendations.

We assisted CLA in the identification of applicable utility and telecommunications expenditures and related vendors within the scope of the review. We coordinated and provided this information, along with relevant supporting documents, to CLA for the examination.

Overall, CLA's initial audit of the Pinellas County (County) telecommunications expenditures identified total potential saving of \$15,701.96 monthly (\$188,423.52 annually) for both Spectrum and Frontier services.

CLA suggested changes to Spectrum services for 39 accounts which would have resulted in a new monthly cost of \$20,380 (\$244,560 annually). On January 12, 2021, the County signed a renegotiated contract with Spectrum. During the negotiations, the County was able to reduce the cost for the 39 accounts by \$4,380 monthly more than CLA suggested. As a result, the County was able to reduce the Spectrum billing for the 39 accounts from \$31,479 monthly to \$16,000 monthly, a 49% decrease or annual savings of \$185,748.

For Frontier services, CLA suggested switching from the \$42 flat rate business phone lines, which include unlimited calls, to \$30 measured rate business phone lines, where each phone call cost 11 cents. After review by the County of the identified lines, it was determined the proposed changes would not result in savings, but rather cost the County even more due to the call volume each phone line handles per month. As a result, the County decided not to consider CLA suggestion related to Frontier billing. During the Frontier services review, the County staff identified and disconnected one Frontier phone line realizing \$42 per month (\$504 annual) savings. In addition, per a CLA suggestion, the County staff removed taxes from two phone lines, and received a \$85.53 in 90-day tax exemption credit.

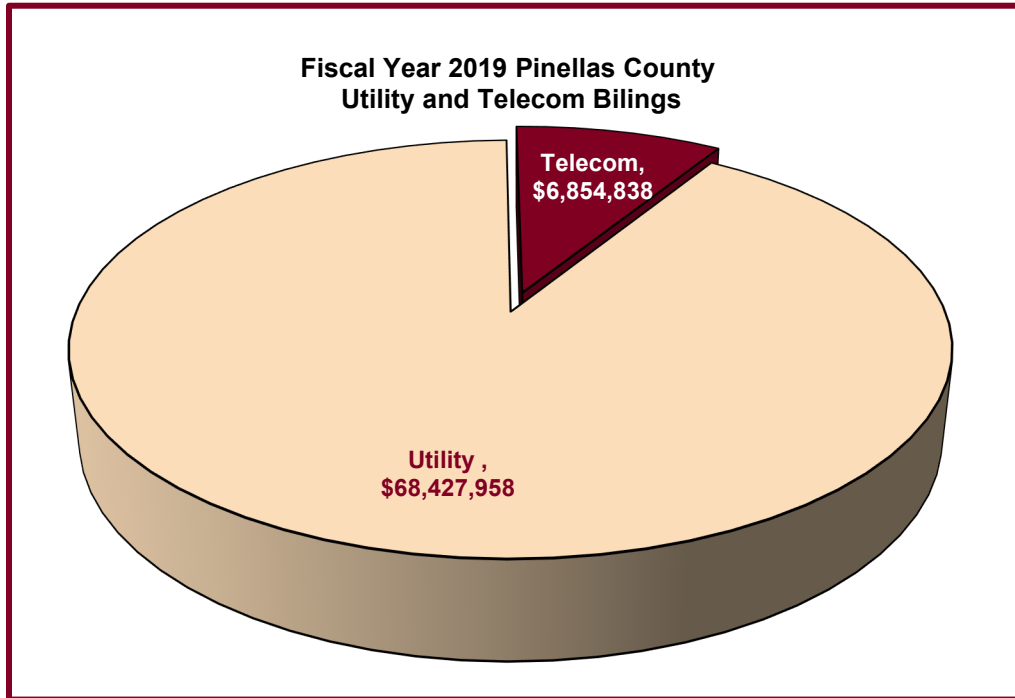
Billing for wireless providers is decentralized and handled by each department. Each County department has an authorized individual with access to the wireless virtual portal, which contains billing information. Wireless providers could not provide blanket access to all County portals. Consequently, CLA did not review AT&T and Verizon billing.

The suggested cost avoidance/savings opportunities for the PCSO amounted to \$5,232 monthly (\$62,784 annually). However, PCSO decided not to use CLA services due to the anticipated administrative efforts.

The agreement with CLA was terminated on July 19, 2021, with no costs incurred by the County or the PCSO for the services CLA provided. There was no direct cost to the County for this audit, as payment was to be made to CLA solely from funds recovered under the agreement.

Background

Based on the estimate obtained from the general ledger, Pinellas County spent \$75,282,796 for utility and telecommunications (telecom) services during fiscal year 2019.



PCSO Fiscal Affairs estimated \$650,000 per year in telecom expenditures.

Due to the nature of the audit, we determined engaging an outside firm with expertise in the field would be best. The City of St. Petersburg (City) recently procured utility bill and telecom audit services from CLA. Upon review of the City's solicitation and agreement with CLA, we determined that piggybacking off that agreement would be the most efficient procurement method. CLA offered a complimentary review of one month's utility and telecom invoices. We accepted the complimentary review and provided a sample of County utility and telecom invoices with a March 2019 general ledger posting date. The sample utility invoices from 21 vendors were valued at \$5,928,102 and telecom invoices from 31 vendors amounted to \$1,860,428.

Based on the review performed by CLA, they indicated there were telecom savings opportunities, primarily Spectrum, in the conservative amount of approximately \$145,000 annually. The savings opportunities were based on potential double billing, inactive services, taxes/surcharges/fees the County should not pay, unpublished plans the County could take advantage of, and promotional discounts. Per CLA representatives, an additional \$100,000 in savings was possible with a more detailed examination of the invoices.



The review indicated there were utility savings opportunities in the conservative amount of approximately \$50,000 annually. CLA representatives explained they expected more invoices for our size County. Since only one month of invoices was provided, the sample may not have represented all utility services. CLA representatives stated they would review rates and regulations to leverage for savings on electric, gas, water, sewer, and waste management services.

We reached out to the PCSO with an offer to participate in the audit, which was accepted. The contract between the County and CLA was executed on May 8, 2020.

According to the agreement, payment to CLA for the audit services was a fixed fee of 18% based on the actual cost savings realized or actual refund received from service providers. The County or PCSO would pay CLA the fixed fee after receiving the refund/credit or once cost savings were realized.

SCOPE AND METHODOLOGY

The scope of the audit included CLA's review of utility and telecom expenditures that flow through the Clerk's Finance Division and PCSO Fiscal Affairs.

The audit period was June 1, 2020, through June 30, 2020.

CLA performed an audit of utility and telecom expenditures for the County and telecom (wireless services) expenditures for the PCSO by reviewing charges in excess of charges and costs allowed by contracts, tariffs, rate changes and other similar factors or as a result of billing errors.

To assist CLA meet their audit objectives, we worked with County departments and the PCSO to provide requested documentation, and coordinated discussions with applicable County and PCSO staff, as needed.

OBJECTIVES AND OUTCOMES

The objectives of the audit were to:

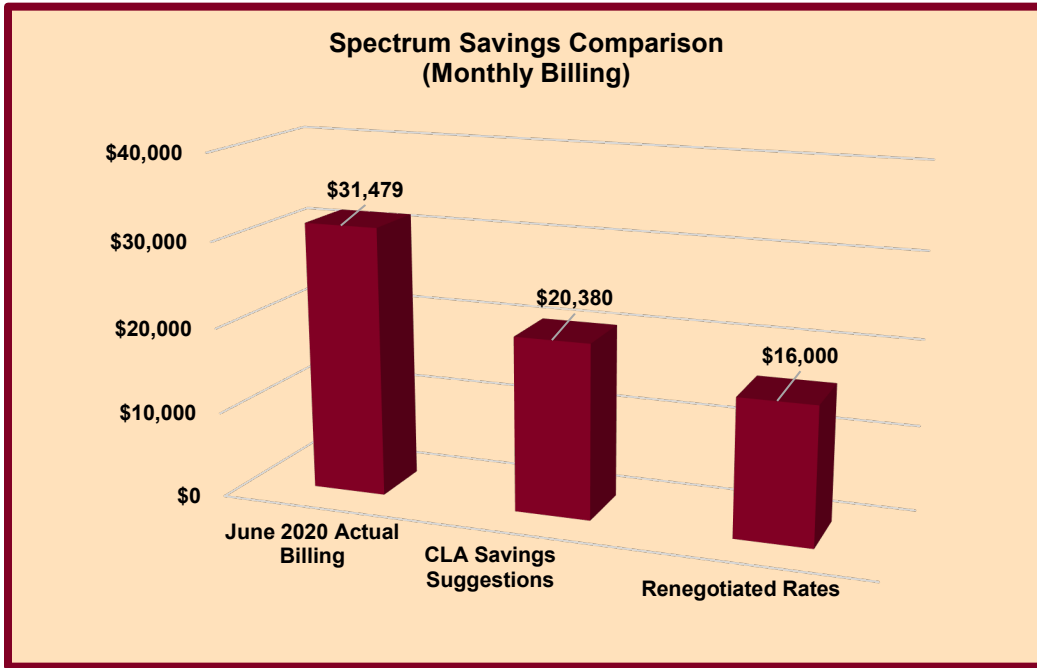
1. Identify utility billing refund or reimbursement opportunities as a result of over charges or billing errors.
2. Identify utility billing cost avoidance/savings opportunities as a result of CLA recommendations.
3. Identify telecom billing refund or reimbursement opportunities as a result of over charges or billing errors.
4. Identify telecom billing cost avoidance/savings opportunities as a result of CLA recommendations.

As a result of the initial audit, CLA:

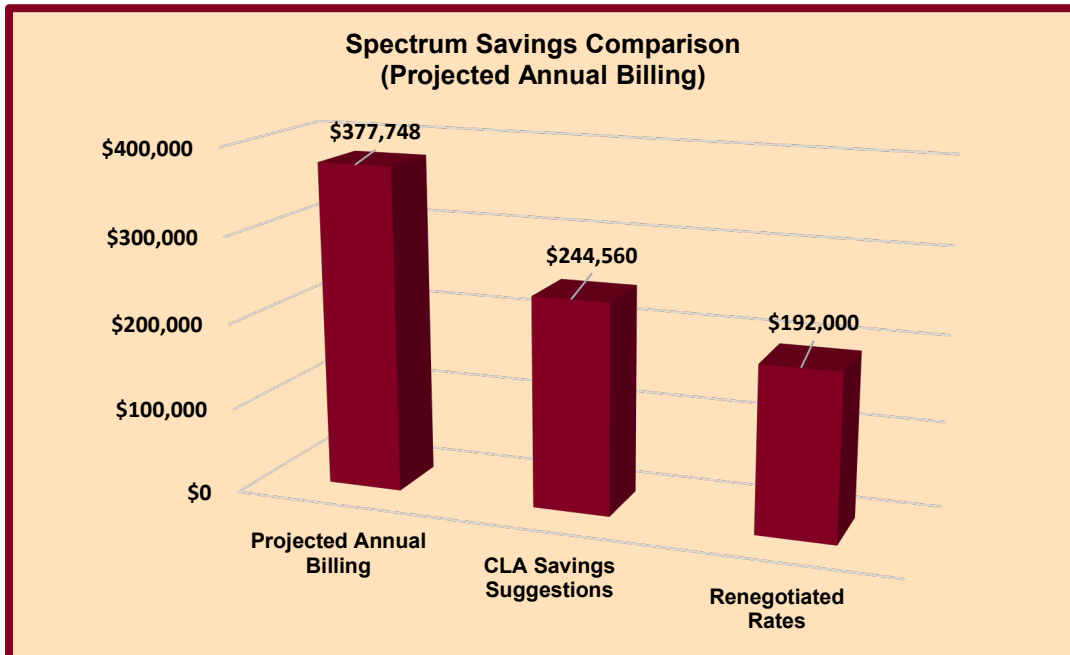
1. On July 24, 2020, provided potential cost savings of approximately \$5,232 monthly (approximately \$62,784 annually) for PCSO wireless services. However, PCSO opted out of pursuing the cost savings.
2. On December 8, 2020, provided:
 - a. Potential cost savings for the County's Spectrum services of approximately \$15,266 monthly (approximately \$183,192 annually). Discrepancies noted in the initial cost savings document, including an extra phone line and lines previously disconnected, were discussed with CLA. As a result, the document was updated on February 3, 2021, and distributed to County departments for review. The County's contract renewal with Spectrum occurred on January 12, 2021. As a result of the renewal negotiations, the County was able to directly negotiate with Spectrum better rates than what CLA suggested, resulting in annual savings of \$185,748.
 - b. Potential cost savings for the County's Frontier services of approximately \$435 per month (approximately \$5,220 annually). However, after further review and analysis by Business Technology Services (BTS) and discussions with Frontier, it was determined the changes suggest by CLA would result in higher per month costs than what the County currently pays.
3. Did not identify any wireless services billing refunds, reimbursements, cost avoidance or savings, for the County.
4. Did not identify any utility billing refunds, reimbursements, cost avoidance or savings for the County and did not perform the utility billing review for the PCSO due to PCSO opting out of pursuing the wireless services cost savings suggestions.

CLA reviewed and evaluated potential savings opportunities for 81 phone/network accounts (40 Spectrum and 41 Frontier accounts). The recommendations related to the services included removing unnecessary features, rate renewal or aggregate service, and applying tax exemption.

On January 12, 2021, the County signed a renegotiated contract with Spectrum. The actual costs for 39 accounts (new rate was not available for one account listed on CLA savings spreadsheet) under the previous Spectrum contract was \$31,479 or \$377,748 annually. CLA suggested potential savings reducing the Spectrum billing to \$20,380 per month or \$244,560 annually.



The renegotiated Spectrum contract rates were \$16,000 per month or \$192,000 annually for the selected 39 accounts. These savings translate to \$4,380 per month or \$52,560 annually more savings than CLA suggested rates and represent a 49% reduction in billing. Therefore, the



County did not accept any potential saving suggestions related to Spectrum from CLA because of the new, significantly lower rates already in effect.

The identified and implemented Frontier billing refund and cost avoidance/savings opportunities for the County included \$42 per month for one removed phone line and \$85.53 in 90-day tax exemption credits for two phone lines.

As it relates to the review of utility billing, CLA stated the individual who was the lead for the utility billing review was no longer with the company. CLA added:

“It is our understanding that there was not much of a savings on the invoices we were able to review and it was cost prohibitive to continue on.”

The suggested cost avoidance/savings opportunities for PCSO amounted to \$5,232 monthly (\$62,784 annually). However, PCSO decided not to use CLA services due to the anticipated administrative efforts. In addition, PCSO did not provide the utility billing to CLA and was not interested in the utility billing review.

As negligible savings were confirmed and implemented for the County and PCSO chose not to pursue the suggested savings, the agreement with CLA was terminated on July 19, 2021, with no costs incurred by the County or PCSO for the services CLA provided.

This audit confirmed County staff is a prudent custodian of taxpayers’ funds. It is evident that County staff does a thorough job reviewing and timely renegotiating agreements to ensure utility and telecom rates are competitive.

PROJECT ASSISTANCE AND OBSERVATIONS

The Division of Inspector General's role in this audit was to assist CLA in obtaining audit documentation and coordinate communication between CLA, County departments, and the PCSO. As this was an outsourced limited scope audit, we did not identify specific opportunities for improvement related to utility and telecom billing internal controls or processes. However, the following observation was made during the engagement.

Project Assistance

We downloaded 162 June 2020 utility and telecom invoices and provided them to CLA along with five vendor contracts. We communicated with PCSO staff and assisted with submitting their billing documentation to the CLA. We also coordinated work with the County Attorney's Office and Clerk's management to provide CLA with a Letter of Authorization allowing CLA access to the County virtual wireless portals. In addition,



we worked with BTS, Finance, and County procure to pay services departments. BTS staff were instrumental in assisting us and numerous County departments evaluated the business necessity of their phone lines. BTS staff also greatly contributed to coordinating and completing all necessary research and assessment of the CLA proposed savings opportunities. BTS staff communicated with AT&T and Verizon account representatives regarding CLA blanket access to the County virtual wireless portals. However, such access was not attainable due to the decentralization of the wireless services billing. In addition, BTS staff communicated with Frontier and assessed CLA suggested saving opportunities.

We extend our sincere gratitude and appreciation to the BTS staff for their involvement during this audit and providing us with expert knowledge related to telecommunication services.

Observations

The department points-of-contact are authorized to access virtual wireless provider portals and complete transactions such as monthly bill payments and modifications, including adding and deleting phone lines. While assisting CLA in obtaining access to the wireless virtual portals, we noted BTS does not maintain a list of County departments' points-of-contact for virtual wireless provider portals including AT&T, Sprint/T-Mobile. The existing Verizon Wireless lists of County departments' point-of-contact users is outdated.

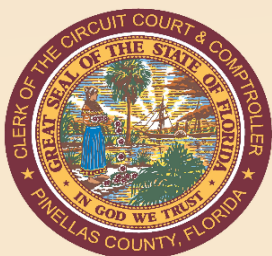
Since the lists are not updated periodically, there are authorized point-of-contact users, who left the departments or their employment with the County, and still have login and password to access the virtual wireless portals. These users can make edits in the wireless service accounts including additions or deletions of the phone numbers and changes to the phone plans.

In cases when wireless service interruption or other issues arise, BTS staff coordinates between County departments and the wireless service providers. Therefore, BTS may consider maintaining current lists of County departments' point-of-contact authorized users for each wireless service provider. Maintaining such documents will allow BTS to promptly communicate with the appropriate individual to address a wireless service issue.

As a result, the County may be at risk of not responding timely to the wireless service issues due to inability to promptly connect with the appropriate department point-of-contact.

We suggest BTS coordinate with the wireless providers and applicable departments to develop and implement a process to maintain an up-to-date list of County departments' employees authorized to access wireless virtual portals. The process may include BTS:

- a. Coordinate with virtual providers develop and periodically update the lists of points of contacts.
- b. Require County departments' management timely updating BTS, when there is a change in the authorized employee access.



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KEN BURKE, CPA
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