



Cobb County...Expect the Best!

INTERNAL AUDIT DEPARTMENT

Report Number 2015-019

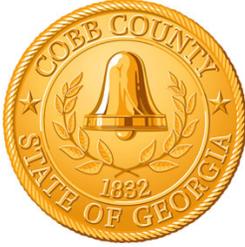
***FINAL REPORT – Audit of Controls over
Cable Franchise Fee Revenue***

September 10, 2015

***Latona Thomas, CPA, Director
Andrea Clayton, Staff Auditor I
Barry Huff, Staff Auditor I (part-time)***

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COBB COUNTY INTERNAL AUDIT

Latona Thomas, CPA

100 Cherokee Street, Suite 250
Marietta, Georgia 30090
phone: (770) 528-2556
latona.thomas@cobbcounty.org

Director

September 10, 2015

MEMORANDUM

TO: David Hankerson, County Manager

FROM: Latona Thomas, CPA, Director 

SUBJECT: **FINAL REPORT** – Audit of Controls over Cable Franchise Fee Revenue

Attached for your review is the subject final report. The overall objective of this review was to determine if controls surrounding the franchise fee payments are adequate to ensure the amount is accurate, reconciled, and collected.

Impact on the Governance of Cobb County

Revenue received for the franchisee fees charged to the cable providers totaled \$7,875,371 for FY2014 and \$6,335,594 for FY2015, as of June 30, 2015. The findings in this report will provide additional assurances to citizens and County leadership that the County receives the total funds due from the cable providers.

Executive Summary

As part of our annual audit plan, we reviewed the controls over cable franchise fee payments. Our review found that payments were received and processed each quarter; however, County personnel does not have access to information needed to determine the accuracy or completeness of the funds received. Periodic audits of the franchisees should be performed to provide reasonable assurance that payments are accurate. We also determined the payment processing procedures were inefficient, there were no resources to monitor if franchisees executed finable offenses, required bonds were not verified, and contract management practices were not followed.

Recommendations

We made seven recommendations to address the issues noted:

- Monitor the current audits through completion and establish a timeframe for future reviews.
- Deliver franchise fee revenue payments and receipts directly to the Finance Department and pursue having the payments remitted via electronic funds transfer.
- Re-classify franchise fee revenue to the Communications Department and maintain supporting documentation in OnBase.
- Evaluate the feasibility of monitoring and enforcing finable violations by cable providers.
- Verify required bonds are in effect and implement a process to verify annually.
- Establish contract management practices.
- Maintain a current needs assessment of the County's cable service requirements and periodically review results with County leadership.

Response

The Communications Director provided a response to our draft report and concurred with each of our seven recommendations. All corrective actions are to be implemented by December 2015 unless otherwise stated. The complete responses to the draft report are included in Appendix VI. We will perform a follow-up in six months on the implementation of corrective actions.

A copy of this report will be distributed to persons affected by the report recommendations. Please contact me at (770) 528-2559 if you have questions.

Background

Franchise Authority

The Cable Communications Policy Act of 1984 is an amendment to the Communications Act of 1934 and was enacted to establish national policy regarding cable communications. The policy includes guidelines for regulation by Federal, State, and local authorities including the establishment of franchise procedures and standards. The act is codified under title 47, chapter 5, subchapter V-A of the United States (US) Code. Section 541(b)(1) of the code states, “*a cable operator may not provide cable services without a franchise.*” Section 541(a)(1) grants the power to a franchising authority to award one or more franchises within its jurisdiction while disallowing the authority to grant exclusive franchises or unreasonably withhold additional competitive franchises. Section 522(10) defines a franchising authority as, “*any governmental entity empowered by Federal, State, or local law to grant a franchise.*”

O.C.G.A. § 36-76-3 indicates a cable service provider may negotiate a franchise agreement with a county franchise authority or, as of January 1, 2008, elect to apply for a state franchise with the Secretary of State. Furthermore, section 22-2 of the Cobb County code authorizes the Board of Commissioners (BOC) to grant cable franchises within the unincorporated areas of Cobb County.

Contracts

As of June 2015, there were three cable providers operating in the County: Comcast (formerly AT&T Broadband and MediaOne Enterprises, Inc.); Charter Communications, LLC; and AT&T Inc. (formerly BellSouth Entertainment, LLC). In addition, there was a fourth cable company, UTI Holdings, LLC that obtained a franchise in 2003 which was subsequently terminated in 2006. Below is a chart which depicts the evolution of the companies due to mergers and name changes since the last contract execution.

Cable Franchise Company History of Name Changes

Contract Name	Contract Date	Post Merger Name	Subsequent Name Change	Current Name
MediaOne; providing services as AT&T Broadband	5/28/2002	AT&T Comcast	Comcast	Comcast
Charter Communications	4/1/2002	N/A	N/A	Charter Communications
Bellsouth Entertainment, LLC	5/9/2006	AT&T	N/A	AT&T
UTI Holdings, LLC	5/13/2003	N/A	N/A	N/A

Table 1 – Source: Contracts and Federal Communications Commission website.

The County implemented standard contracts for all the cable carriers containing the following sections:

1. Grant of Authority
2. The System
3. Service Obligations
4. Fees and Charges
5. Consumer Protection and Customer Service
6. Compensation and Other Payments
7. Oversight and Regulation
8. Restrictions Against Assignments and Other Transfers
9. Specific Rights and Remedies
10. Insurance and Indemnity
11. Miscellaneous

Section six, Compensation and Other Payments, outlines the terms of the franchise fee. All providers are charged a rate of 5% of gross revenue to be paid quarterly with a detailed report of the calculation. The contracts allow an audit of the payments for up to 36 months from each payment period. If the results of an audit reveal a 10% or greater underpayment in any 12 month period, the company is obligated to reimburse the County for all reasonable costs of the audit up to \$10,000¹.

Section nine, Specific Rights and Remedies, allows the County to fine the cable companies for certain violations. The specifics are:

- Failure to complete system construction/upgrade in accordance to agreement: \$1,000 each day the violation continues.
- Failure to extend service to a new subdivision: \$1,000 each day the violation continues.
- Failure to extend service to an individual home: \$100 per day.
- Failure to bury underground drops within 20 days of installation: \$100 per day.
- Failure to comply with provisions for governmental access: \$200 per day
- Violation of customer service standards: \$250 per day.
- Failure to provide data, documents, or reports in a timely manner: \$100 per day.
- Violation of any other material provision of this agreement: \$200 per day.

The contracts required the companies to establish performance and security bonds to ensure the performance of all the obligations within the agreement and provide a means of recovery for any costs, losses or damages incurred by the franchise authority (the County) as well as collection of fines listed above.

¹ There is no limit for reimbursement in the Charter Communications' contract.

The contracts with Comcast, Charter Communications, AT&T, and UTI were executed on various dates. As stated previously, UTI Holdings, LLC's contract terminated on 1/24/2006. At the time of this review, a new contract with Comcast was under negotiation with the County.

Charter Communications and AT&T were granted State of Georgia franchises on September 29, 2008 and February 12, 2008, respectively, which nullified their contracts with the County. The contract history is summarized in the table to the right.

Cable Franchise Contracts

Company	County Contract Date	Term of Contract *	Contract Termination Date	State Franchise Date
Comcast	5/28/2002	10 years	5/28/2012	N/A
Charter Communications	4/1/2002	10 years	9/29/2008	9/29/2008
AT&T	5/9/2006	10 years	2/14/2008	2/14/2008
UTI Holdings	5/13/2003	8 years	1/24/2006	N/A

Table 2 - Source: County Contracts and State of Georgia Certificates of Video Franchise Authority.

* Includes all extensions.

State Franchise

Effective January 1, 2008, cable providers have the option of applying for a state franchise with the Georgia Secretary of State in lieu of agreements with municipal and county franchise authorities. The following provisions apply when operating under a state franchise:

- Pay franchise fee directly to the County within 30 days of the end of each quarter.
- Comply with all applicable laws and ordinances regarding the placement and maintenance of facilities in the public right of way.
- Adhere to the County's authority to audit the companies annually and recover reasonable costs of performing the audit if it determines the franchise fees have been underpaid by 10% or more during any 12 month period.
- Comply with customer service standards set forth in 47 C.F.R. 76.30(c). No franchising authority has the power to require a state franchisee to comply with standards.

Franchise Fee

Under the previously mentioned US title code, section 542, a cable operator may be required to pay a franchise fee based on the terms of the agreement with the franchise authority. The amount of the fee shall not exceed 5% of the company's gross revenue for any 12-month period and the fee is allowed to be itemized and passed to the subscribers on their bill.

Franchise Fee Revenue

Fiscal Year	Franchise Fees Collected
2014	\$7,875,371
2013	\$7,663,999
2012	\$7,220,977
2011	\$6,504,895
2010	\$6,245,789

Table 3 - Source: Advantage Financial

The County's code defines gross revenue as including subscriber fees, installation and reconnection services, equipment sales and leases, advertising revenue, and any other revenues the company derives from the system. To the left is a five-year history of the total fees collected by the County.

Fee Collection

Checks and supporting reports for the fees are remitted from the franchisees to the County's Communications Department on a quarterly basis. The Administrative Supervisor copies the checks for her records and hand delivers them to the Business License Division. The checks are processed through the Accela² system by the Business License Auditor and deposited in the bank. Confirmation of deposit is sent back to Communications via email. Final approval for posting the cash receipt entry into Advantage Financial is performed by an accountant in the Finance Department. The chart to the right is the average quarterly revenue received by each cable provider based on FY2013 and FY2014 data.

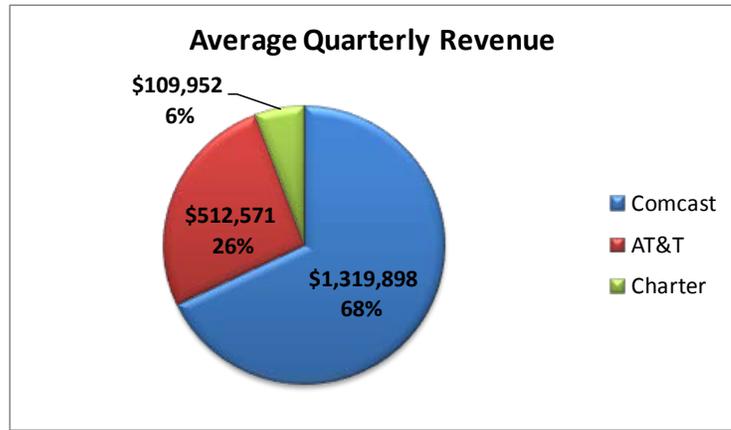


Chart 1 – Source: Advantage Financial.

Public, Educational, and Governmental (PEG) Capital Equipment Grant

In addition to the franchise fee revenue, the County also collects money from the cable providers to be used to purchase equipment to create and broadcast programming through the PEG channels provided by the terms of the contracts. The rate for the PEG fee is \$0.25 per subscriber per month within the franchise area. There is not a PEG fee requirement when operating under a state franchise; however, companies were required to continue paying the fee until the term of their local contract would have expired. As stated previously, Comcast's local contract is in negotiations and AT&T is required to continue payments through May 2016. During FY2014, PEG fees totaling \$373,546 were collected from Comcast and AT&T.

Our audit period covered franchise fee activities during fiscal years 2013 and 2014. Detailed information on our audit objective(s), scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix III.

² A web-based computer software solution that tracks and manages land use and community development activities, including permits, building safety, inspections, investigations, and reviews.

Results of Review

The overall objective of this review was to determine if controls over franchise fee payments are adequate to ensure the amount is accurate, reconciled, and collected. We determined funds were remitted by the cable franchisees and processed by the County each quarter; however, additional reviews and controls are needed to ensure franchise fees are:

- Calculated accurately and includes the complete and total revenue attributable to the subscriber base;
- Processed and deposited effectively.

In addition, a cost/benefit analysis of enforcing fines should be performed, security and performance bonds should be verified, and contract management practices need to be implemented to ensure compliance to terms and conditions.

Monitor Current Audits of Franchisees and Establish a Timetable for Future Audits

Internal Audit reviewed the requirements for determining gross revenue in order to calculate the franchise fee that is due each quarter. Gross revenue includes, but is not limited to, subscription service, installation and activation fees, equipment rental, home shopping commissions, and advertising sales attributed to the subscribers within the unincorporated areas of the County. Although a detailed report which supports the calculation and fees being remitted is required, County personnel does not have access to source information needed to determine the accuracy of the amounts presented. An in-depth review of the subscriber base, monthly billings, and allocation methodology is needed in order to evaluate if the reports are accurate and complete and provide reasonable assurance the County is receiving the correct amount of funds.

The Communications Department engaged Georgia Municipal Association (GMA) to provide cable and telecommunications management services for the County. The service included, but was not limited to, periodic reviews of the franchisees' records to determine compliance with the definition of gross revenue, and assist with the recovery of identified underpayments. An assessment of subscriber base was not included. The audits analyzed the revenue categories and calculations used to determine the franchise fees paid for calendar years 2012 through 2014 and were performed by Local Government Services, LLC. As of May 2015, the audits of Comcast and AT&T were complete with \$51,512 underpayment collected from AT&T. As of the date of this report, the audit of Charter Communications was still pending the execution of a non-disclosure agreement in order to proceed.

Recommendation

The Communications Director should:

Recommendation 1: Monitor each audit through completion and ensure identified underpayments are recovered by the County. Additionally, a timeframe should be established for how often future audits will be performed and should include an assessment of the County's subscriber base.

Auditee Response: Concur

- Position responsible Administrative Supervisor
- Charter Audit 1/1/2012 thru 12/31/2014 completed August 2015. Administrative Supervisor will monitor until settlement amount of \$1,270.33 is collected. Timeframe for collection 10/1/2015.
- Timeframe for future audits will be performed every 2 years by law. Next scheduled cable franchise audits will be summer 2017. Administrative Supervisor will coordinate audits.
- Geographic view of subscriber base for unincorporated Cobb County. Meet with Jennifer Lana GIS Manager to determine if this is cost beneficial or not. Administrative Supervisor will coordinate meeting with GIS by April 4, 2016

Implement Efficient Payment Processing Procedures

We reviewed the process the County utilizes when receiving checks from the cable providers and found the process to be inefficient. Checks are received in the Communications Department and physically driven to the Business License Division for processing and deposit through the Accela system. We believe checks should be sent directly to the Finance Department to process, eliminating the risk of loss during transit and reducing the amount of time to deposit the check in the bank. In addition, we noted the cover sheet with the remittance from Charter Communications offered electronic payment as an option to paper checks. Comcast and AT&T may offer electronic payment as well. Receiving funds electronically eliminates inherent risks with handling paper checks and helps ensure funds are deposited in the bank in a timely manner.

Franchise fee revenue is not budgeted and posted to the department responsible for administering the franchise fee agreement. The Communications Department manages the franchise agreements, but the revenue is credited to the Business License Division of the Community Development Agency. We were unable to locate any justification for the current posting methodology. With the current process, documents supporting the revenue receipt are not retained in OnBase³, which requires additional actions to determine the source of the cash receipt (i.e. vendor name, check date, reporting quarter, and associated reports). Documents are maintained in the Accela system, the cash receipt posted to Advantage Financial, but no information is available for review in OnBase. Having the supporting documentation readily available in OnBase will eliminate the need for manual copies and significantly increase the overall efficiency of the process. This reclassification would have no impact on the General Fund and would not authorize the Communications Department to increase expenditures.

Recommendations

The Communications Director should:

Recommendation 2: Deliver the franchise fee payments directly to the Finance Department for processing and deposit and pursue having funds remitted via electronic funds transfer (EFT).

³ The County's electronic content management system.

Auditee Response: Concur

- Administrative Supervisor- Effective immediately quarterly franchise fee checks will be hand delivered to Finance Department.
- Administrative Supervisor currently coordinating with Finance Department regarding electric funds transfer of franchise fees. Timeframe for completion October 9, 2015

Recommendation 3: Coordinate with the Finance Department to have the franchise fee revenue re-classified and credited to the Communications Department and all supporting documentation maintained in OnBase.

Auditee Response: Concur

- Administrative Supervisor currently working with Finance Department regarding re-classification. Timeframe pending Board of Commissioners approval on September 8, 2015
- Administrative Supervisor- Immediately upon re-classification approved by Board of Commissioners; Franchise fee reports will be emailed to Finance Department. Finance will credit franchise revenue to account 4215 and will upload reports to OnBase. Timeframe pending BOC approval.

Analyze the Feasibility of Enforcing Finable Offenses

As noted in the Background section of this report, there are fines the County can levy against the County franchised cable provider (Comcast) for failure to perform various contractual provisions. We were unable to find any fines or penalties that could be assessed against the two State franchised providers (Charter Communications and AT&T).

The County does not currently have the resources required to determine violations that occur in the field, such as failure to extend service or bury dropped cables. Other infractions for customer service would require information from the cable franchisee to determine compliance to standards; whereas failure to provide reports or violations of the agreement could be incorporated into ongoing contract management practices. It is our understanding that fines have never been assessed against the cable companies. We were unable to determine if there was a loss of revenue due to finable offenses as the information was not readily available. In addition, a cost/benefit analysis has not been performed to determine if it is beneficial for the County to implement the additional controls needed to monitor violations. Not having the resources in place to monitor the franchisees' performance could result in a loss of revenue to the County.

Recommendation

The Communications Director should:

Recommendation 4: Develop a business case for additional resources needed to monitor finable offenses by the cable franchisees. This should include a cost/benefit analysis of doing so and a determination of whether the County should implement the additional control or not.

Auditee Response: Concur

- Administrative Supervisor will consult with Georgia Municipal Association by December 31, 2015, to discuss if additional resources are needed to monitor finable offenses by the cable franchises. Also as to determine if this would be cost/beneficial and whether the County should implement the additional control or not.

Verify the Existence of Required Bonds

As mentioned in the background section, the cable companies are contractually required to establish performance and security bonds from which the County can recover liquidated damages. Comcast, the only County franchisee, was required to have in effect two bonds:

1. A performance bond to ensure the faithful performance of all terms and recovery of any costs, losses, or damages incurred by the County as a result of the cable provider's failure to perform its obligations. An initial amount of \$1,000,000 was required during the construction of a system upgrade. Thereafter, the requirement was lowered to no less than \$10,000 bond for the duration of the contract.
2. A security bond for: 1) performance of the agreement; 2) any damage or loss for not complying with the agreement; 3) payment of all liens, damage, and costs the County incurs due to default of the cable provider; 4) loss of any payments required to be made by the cable provider; and 5) any other costs incurred due to actions or inactions of the cable provider. The amount required is \$100,000 for the life of the contract.

We were able to verify the \$1,000,000 performance bond effective June 1, 2002; however, we could not determine if that bond remained in effect or had been replaced. We were also unable to verify whether the security bond had been issued as documentation was not available.

Validation of the existence of required bonds is necessary to ensure the County has a method of financial recourse should the franchisee fail to meet its obligations or creates liens or damages for which the County could be held liable.

Recommendation

The Communications Director should:

Recommendation 5: Ensure the proper bonds are currently in effect and develop a process to periodically validate their continued existence.

Auditee Response: Concur

- Administrative Supervisor will coordinate with Georgia Municipal Association to obtain current bonds are properly in effect and created a process to periodically validate their continued existence.

Implement Contract Management Practices

Every department in the County is responsible for establishing effective contract management practices and designating staff responsible for overseeing contract compliance. Contract management is critical to ensuring that both parties adhere to all the terms and conditions detailed within contracts. Our review determined current practices were not adequate to ensure that:

- Contract terms were in agreement with Federal, State, and Local laws;
- Contracts were renewed in a timely manner;
- Complete and properly executed copies of the contracts were maintained; and
- Contract services are being fully utilized.

Contract terms conflicted with Federal, State, or County laws

County ordinances regarding cable communications were amended on February 25, 2014, to align with current Federal and State franchise requirements; however, there are penalties in the Comcast contract that exceed the maximum amount allowed per the ordinance and the interest rate⁴ for late fee payments is two percentage points more than the ordinance provides. We did not identify any instances where penalties or late fees were assessed, but contracts must be in compliance with Federal, State, and County regulations in order to mitigate the risk of legal disputes.

Contracts were not renewed in a timely manner

Although there is a continuing obligation clause in the expired contract which provides coverage beyond the term end date, best practices in contract management is to negotiate and implement new contracts on, or prior to, the termination of the existing one. The contract with Comcast expired in 2012 and the County is currently in negotiations, with the assistance of GMA, on a renewed contract. Negotiations should include a consideration of the current benefits received by the County in the referenced agreement. The County is receiving cable service to various locations and related equipment at no charge. The Communications Department estimates the cost of these services to be approximately \$15,000 per month. In addition, the County could see a reduction in the amount of PEG fees received from the \$0.25 per subscriber per month to a rate that is aligned with actual spending for equipment. Negotiations are critical because if Comcast transitions to a state franchise, the County would lose these benefits and have only 45 days to procure other cable services. As such, the County should update its current needs assessment relative to cable services, to include the associated cost. The assessment should include input from all stakeholders and the results periodically discussed with County leadership for guidance.

⁴ The contract states the amount is 1% per month which equals 12% annually.

Complete and properly executed contracts were not available

Copies of complete and executed contracts were not available. Communications had unsigned versions with appendices while the County Clerk's Office retained incomplete signed versions that did not include applicable appendices. Departments cannot ensure that contract terms and condition are being met if they cannot refer to the finalized complete contract.

Contract services were not being fully utilized

Contract services available to the County were not being fully utilized. The County's contract with GMA includes a number of services that are not being utilized. Specifically, GMA agreed to provide 'cellular tower and PCS⁵ tower site consultation' and 'right of way ordinance development' services on an as needed basis. The contract also includes options for GMA to document the franchisee's insurance coverage and the resolution of subscriber complaints, as referred. While the County may have staff to perform these services, utilizing the assistance of existing contracted services could identify or increase efficiencies. The contract administrator should review the contract provisions and communicate the available services to ensure all are fully utilized.

Recommendations

The Communications Director should:

Recommendation 6: Develop written contract management procedures and ensure that designated contract administrators follow best practices in contract management to include:

- Ensuring contracts are in compliance with County ordinances or update the ordinances as appropriate for current industry standards.
- Understanding the mutual obligations of the contract.
- Ensuring the proper implementation of all contract specifications.
- Amending the contract as required or deemed necessary.
- Extending or canceling the contract in a timely manner.
- Ensuring available services are fully utilized.
- Maintaining contract documentation including:
 - Copies of contracts and all amendments;
 - Copies of correspondence (i.e. notes from meetings and phone conversations);
 - Decisions regarding contract extensions, cancellations, or non-renewals.
 - A log of problems, proposed solutions and results.

Auditee Response: Concur

- Administrative Supervisor will coordinate with Communications Director to develop a draft departmental contract policy and procedures. Timeframe October 1, 2015

⁵ Personal communications service.

Recommendation 7: Maintain a current needs assessment, including associated cost, of cable services required by the County. Periodically review and seek guidance from County leadership on the analysis.

Auditee Response: Concur

- Administrative Supervisor currently tracks and updates cable needs upon request.
- Communications Director and Administrative Supervisor to meet with County leadership by November 1, 2015, to seek guidance for other options of cable service in the event Comcast chooses to opt out of local franchise agreement and opt into a state franchise agreement. Communications Director will update county manager quarterly on County's cable service needs.

Detailed Objectives, Scope, and Methodology

We conducted this review as part of our annual audit plan. Our review period covered Fiscal Year 2014 transactions. Our overall objective was to determine if controls over cable franchise fees were adequate to ensure funds received were accurate, reconciled, and collected.

We performed our preliminary survey work to obtain a sufficient understanding of the cable franchise fee revenue process. Our survey included research, interviews, observations, and preliminary testing. Preliminary survey work identified deficiencies in internal processes, limitations of County personnel's access to provider information, and insufficient resources available to properly analyze data and determine the accuracy of payments received. No audit fieldwork was deemed necessary as no additional value would be gained. As such, we judgmentally elected to summarize our findings and recommendations as presented.

Abbreviations

BOC	Board of Commissioners
FCC	Federal Communications Commission
GMA	Georgia Municipal Association

Major Contributors to This Report

Latona Thomas, CPA, Internal Audit Director
Steven Harper, Auditor-in-Charge ⁶
Barry Huff, Review Auditor

⁶ Former employee.

Final Report Distribution List

Sheri Kell, Communications Director
Abbylynn Anderson, Administrative Supervisor, Communications Department
Jim Pehrson, CPA, Finance Director/Comptroller
Cobb County Audit Committee
Internal Audit Department File

Outcome Measures

This appendix presents detailed information on the measurable impact that our recommended corrective action(s) will have on County governance. These benefits will be incorporated into our annual report to the Board of Commissioners, Audit Committee, and County Manager.

Type and Value of Outcome Measure:

- Reliability of Information – Recommendations, when implemented, will provide assurance of the completeness and accuracy of cable franchise fee revenue. (See Pages 5-11).

Methodology Used to Measure the Reported Benefit:

Based on FY2014 payments received, annual franchise fee revenue is approximately \$7.9 million.

Auditee's Response



**COBB COUNTY
COMMUNICATIONS DEPARTMENT**

100 Cherokee Street, Suite 130
Marietta, Georgia 30090-9677
phone: 770-528-2480 • fax: 770-528-2490

Sheri M. Kell
Director

DATE: September 8, 2015

TO: Latona Thomas, CPA, Director, Internal Audit

FROM: Sheri Kell, Communications Director *SK*
Abbylynn Anderson, Administrative Supervisor *aa*

SUBJECT: Response to the Internal Audit Department's Draft Report – Audit of Controls over Cable Franchise Fee Revenue

This memo is in response to the subject report dated August 6, 2015. The review determined periodic audits of the cable companies should be performed; payments should go directly to Finance and we should pursue receiving them electronically; and revenue should be re-classified to the Communications Department with supporting documentation maintained in OnBase. Also, bonds need to be verified, contract management practices need to be established, and the County's cable service needs assessment should be kept up to date and reviewed with County Leadership. You made several recommendations and our response to those recommendations are provided below.

The Communications Director should:

Recommendation 1: Monitor each audit through completion and ensure identified underpayments are recovered by the County. Additionally, a timeframe should be established for how often future audits will be performed and should include an assessment of the County's subscriber base.

Response: Concur

- Position responsible Administrative Supervisor
- Charter Audit 1/1/2012 thru 12/31/2014 completed August 2015. Administrative Supervisor will monitor until settlement amount of \$1,270.33 is collected. Timeframe for collection 10/1/2015.
- Timeframe for future audits will be performed every 2 years by law. Next scheduled cable franchise audits will be summer 2017. Administrative superior will coordinate audits.
- Geographic view of subscriber base for unincorporated Cobb County. Meet with Jennifer Lana GIS Manager to determine if this is cost beneficial or not. Administrative Supervisor will coordinate meeting with GIS by April 4, 2016

Recommendation 2: Deliver the franchise fee payments directly to the Finance Department for processing and deposit and pursue having funds remitted via electronic funds transfer (EFT).

Response: Concur

- Administrative Supervisor- Effective immediately quarterly franchise fee checks will be hand delivered to Finance Department.
- Administrative Supervisor currently coordinating with Finance Department regarding electric funds transfer of franchise fees. Timeframe for completion October 9, 2015

Recommendation 3: Coordinate with the Finance Department to have the franchise fee revenue re-classified and credited to the Communications Department and all supporting documentation maintained in OnBase.

Response: Concur

- Administrative Supervisor currently working with Finance Department regarding re-classification. Timeframe pending Board of Commissioners approval on September 8, 2015
- Administrative Supervisor- Immediately upon re-classification approved by Board of Commissioners; Franchise fee reports will be emailed to Finance Department. Finance will credit franchise revenue to account 4215 and will upload reports to OnBase. Timeframe pending BOC approval.

Recommendation 4: Develop a business case for additional resources needed to monitor finable offenses by the cable franchisees. This should include a cost/benefit analysis of doing so and a determination of whether the County should implement the additional control or not.

Response: Concur

- Administrative Supervisor will consult with Georgia Municipal Association by December 31,2015, to discuss if additional resources are needed to monitor finable offenses by the cable franchises. Also as to determine if this would be cost/beneficial and whether the County should implement the additional control or not.

Recommendation 5: Ensure the proper bonds are currently in effect and develop a process to periodically validate their continued existence.

Response: Concur

- Administrative Supervisor will coordinate with Georgia Municipal Association to obtain current bonds are properly in effect and created a process to periodically validate their continued existence

Recommendation 6: Develop written contract management procedures and ensure that designated contract administrators follow best practices in contract management to include:

Response: Concur

- Administrative Supervisor will coordinate with Communications Director to develop a draft departmental contract policy and procedures. Timeframe October 1,2015

- Ensuring contracts are in compliance with County ordinances or update the ordinances as appropriate for current industry standards.
- Understanding the mutual obligations of the contract.
- Ensuring the proper implementation of all contract specifications.
- Amending the contract as required or deemed necessary.
- Extending or canceling the contract in a timely manner.
- Ensuring available services are fully utilized.

Maintaining contract documentation including

- Copies of contracts and all amendments:
- Copies of correspondence (i.e. notes from meetings and phone conversations)
- Decisions regarding contract extension, cancellations or non-renewals.
- A log of problems, proposed solutions and results.

Recommendation 7: Maintain a current needs assessment, including associated cost, of cable services required by the County. Periodically review and seek guidance from County leadership on the analysis.

Response: Concur

- Administrative Supervisor currently tracks and updates cable needs upon request.

- Communications Director and Administrative Supervisor to meet with County leadership by November 1,2015, to seek guidance for other options of cable service in the event Comcast chooses to opt out of local franchise agreement and opt into a state franchise agreement. Communications Director will update county manager quarterly on County's cable service needs.