



City of San Antonio

Agenda Memorandum

File Number:17-2318

Agenda Item Number: 4.

Agenda Date: 3/28/2017

In Control: Audit Committee

AUDIT COMMITTEE SUMMARY

March 28, 2017

Audit of the Finance Department

Right of Way Charges to Telecom Companies

Report Issued January 18, 2017

Audit Objective

Determine if the Time Warner Cable and AT&T telecom providers are assigning customers to the correct municipality for the purpose of remitting telecom ROW fees to the City.

Background

Texas Local Government code establishes a uniform method for telecom providers to compensate municipalities for use of rights-of-way (ROW). This method is based on the number of access lines in use. An access line includes traditional telephone lines as well as Voice over Internet Protocol (VOIP), private branch exchange (PBX), switched and non-switched lines, and lines used for burglar alarms. It does not include cell phone services.

The Public Utilities division of the City's Finance Department monitors and collects all rights-of-way compensation from telecom providers operating within the City limits. Oversight of these entities includes the assurance that they are in compliance with state, federal, and City laws, rules, regulations, and policies.

Audit Scope & Methodology

The audit scope was from October 2014 through December 2014 and included four companies: two belonging to the AT&T group (Southwestern Bell Telephone Company and AT&T Communications of Texas, LLC) and two belonging to the Time Warner Cable group (TWC and TW Telecom). TW Telecom was acquired by Level 3 Communications after the scope period.

We interviewed staff of the Finance Department and the four telecom providers. We also reviewed documentation and mapped service locations (or billing addresses) using geographic information system (GIS) software to compare telecom provided customer addresses to City mappings in order to determine exceptions and estimate error rates.

Audit Conclusions

Time Warner Cable and AT&T are correctly assigning customers to the correct municipality for the purposes of remitting telecom ROW fees. We found an insignificant number of errors. Thus, we determined that overall, Time Warner Cable and AT&T are assigning customers to the correct municipality for purposes of remitting telecom ROW fees.

As we had no findings, we made no recommendations.