

**METRO**

***Telecommunications  
Joint Project***

**June 2004**

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A Report by the Office of the Auditor



**METRO**

PEOPLE PLACES

OPEN SPACES

**Alexis Dow, CPA**  
**Metro Auditor**

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METRO

## OFFICE OF THE AUDITOR

June 28, 2004

To the Metro Council and Metro-Area Citizens:

The Metro Auditor, together with Metro Chief Financial Officer William Stringer, engaged Solberg/Adams, LLC to audit the billings, contracts, customer service records and other information related to Metro's telecommunication expenses.

The objective for this review was to evaluate the practices in place to determine areas where telecommunication expenses could be reduced or eliminated.

Solberg/Adams, LLC identified several areas for improvement and made specific recommendations which will result in a one-time refund of \$11,511.93 and ongoing cost savings of up to \$5,100 per month depending on options exercised by Metro management. These recommendations include:

- Apply Federal Tax Exemption based on governmental body status.
- Adjust AT&T Wireless plans to reduce unnecessary costs.
- Replace AT&T Local service T-1s with X5 Local Service T-1s to achieve lower access rates and lower long distance rates.
- Elect 60 month Term Pricing on Tie Line.
- Disconnect telecommunication service lines no longer in use.

Metro Chief Operating Officer Michael Jordan agrees with these recommendations and many are already implemented. Mr. Jordan's responses are attached.

Detail worksheets supporting each of Solberg/Adams, LLC's findings and recommendations are available upon request.

I appreciate the opportunity to work with management on this project and am pleased to be instrumental in identifying cost savings for Metro.

Very truly yours,

Alexis Dow, CPA  
Metro Auditor

## **Response to the Recommendations**

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**Audit: Telecommunications Expenses – Solberg/Adams**

**Date: May 2004**

## **AUDIT RESPONSE**

**Recommendation 1**

Apply Federal Tax Exemption based on governmental body status

**Agree**

Yes

**What** action will be taken (if any)?

Directed Solberg-Adams to contact vendors to receive refund and apply Federal tax exemption.

**Who** will take action?

Solberg-Adams

**When** will action be accomplished?

April 2004

**Follow-up** necessary to correct or prevent reoccurrence.

Contact telephone coordinators in departments to ensure they note federal tax exemption when ordering lines.

**Audit: Telecommunications Expenses – Solberg/Adams**

**Date: May 2004**

## **AUDIT RESPONSE**

**Recommendation 2**

Adjust AT&T Wireless plans to reduce unnecessary costs

**Agree**

Yes: plans were found to be already most advantageous to Metro departments.

**What** action will be taken (if any)?

None

**Who** will take action?

No one.

**When** will action be accomplished?

Not necessary (Solberg-Adams agreed we were already using lowest pricing.)

**Follow-up** necessary to correct or prevent reoccurrence.

None

**Audit: Telecommunications Expenses – Solberg/Adams**

**Date: May 2004**

## **AUDIT RESPONSE**

### **Recommendation 3**

Replace AT&T Local service T-1s with X5 Local Service T-1s to achieve lower access rates and lower long distance rates

### **Agree**

No

Review by MRC Operations Manager and Solberg-Adams consultant indicated Metro already was using best plan (State of Oregon contract) . Further contact with Solberg-Adams agreed with that analysis.

### **What** action will be taken (if any)?

None

### **Who** will take action?

No one

### **When** will action be accomplished?

N/A

### **Follow-up** necessary to correct or prevent reoccurrence.

Periodic review by Information Technology (which was already being done; comparison between Solberg-Adams and Information Technology indicated no changes were necessary.)

**Audit: Telecommunications Expenses – Solberg/Adams**

**Date: May 2004**

## **AUDIT RESPONSE**

<b>Recommendation 4</b> Elect 60 month Term Pricing on Tie Line
<b>Agree</b> Yes
<b>What</b> action will be taken (if any)?  None
<b>Who</b> will take action?  Information Technology
<b>When</b> will action be accomplished?  No action necessary (long term pricing already in place)
<b>Follow-up</b> necessary to correct or prevent reoccurrence.  None

**Audit: Telecommunications Expenses – Solberg/Adams**

**Date: May 2004**

## **AUDIT RESPONSE**

<p><b>Recommendation 5</b> Disconnect telecommunication service lines no longer in use</p>
<p><b>Agree</b></p> <p>Yes</p>
<p><b>What</b> action will be taken (if any)?</p> <p>Will review with individual facilities</p>
<p><b>Who</b> will take action?</p> <p>Business Services Manager</p>
<p><b>When</b> will action be accomplished?</p> <p>June 2004</p>
<p><b>Follow-up</b> necessary to correct or prevent reoccurrence.</p> <p>Periodic follow-up</p>





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# Metro Auditor Report Evaluation Form

## Fax... Write... Call... Help Us Serve Metro Better

Our mission at the Office of the Metro Auditor is to assist and advise Metro in achieving honest, efficient management and full accountability to the public. We strive to provide Metro with accurate information, unbiased analysis and objective recommendations on how best to use public resources in support of the region's well-being.

Your feedback helps us do a better job. If you would please take a few minutes to fill out the following information for us, it will help us assess and improve our work.



**Name of Audit Report:** Telecommunications Joint Project

Please rate the following elements of this report by checking the appropriate box.

	Too Little	Just Right	Too Much
Background Information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Details	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Length of Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Clarity of Writing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Potential Impact	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Suggestions for our report format: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Suggestions for future studies: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Other comments, ideas, thoughts: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Name (optional): \_\_\_\_\_

**Thanks for taking the time to help us.**

Fax: 503.797.1831  
Mail: Metro Auditor, 600 NE Grand Avenue, Portland, OR 97232-2736  
Call: Alexis Dow, CPA, Metro Auditor, 503.797.1891  
Email: dowa@metro.dst.or.us

**Suggestion Hotline:** 503.230.0600, MetroAuditor@metro.dst.or.us

# Metro

*People places • open spaces*

Clean air and clean water do not stop at city limits or county lines. Neither does the need for jobs, a thriving economy and good transportation choices for people and businesses in our region. Voters have asked Metro to help with the challenges that cross those lines and affect the 24 cities and three counties in the Portland metropolitan area.

A regional approach simply makes sense when it comes to protecting open space, caring for parks, planning for the best use of land, managing garbage disposal and increasing recycling. Metro oversees world-class facilities such as the Oregon Zoo, which contributes to conservation and education, and the Oregon Convention Center, which benefits the region's economy.

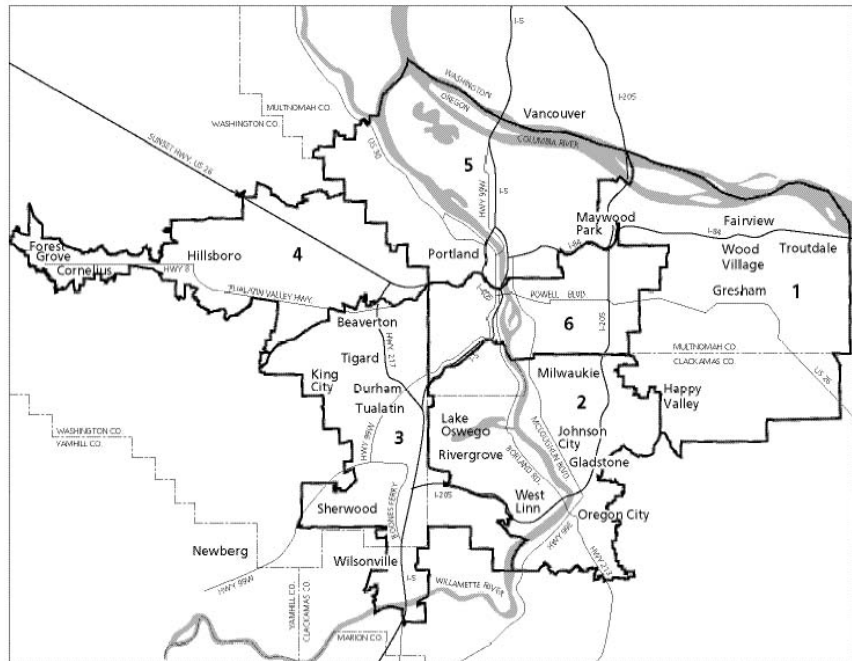
## Your Metro representatives

Metro Council President – David Bragdon

Metro Councilors – Rod Park, District 1; Brian Newman, deputy council president, District 2; Carl Hosticka, District 3; Susan McLain, District 4; Rex Burkholder, District 5; Rod Monroe, District 6.

Auditor – Alexis Dow, CPA

**Web site: [www.metro-region.org](http://www.metro-region.org)**



**Council districts**

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**Metro Auditor**

Metro Regional Center  
600 NE Grand Avenue  
Portland, OR 97232-2736

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or copies of past reports, please call

**Metro Auditor Alexis Dow, CPA**  
**(503) 797-1891**

**Metro Auditor Suggestion Hotline:**  
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