

**Los Angeles County
Metropolitan Transportation Authority
Office of the Inspector General**

Audit of Telephone Usage and Billings

Improvements are needed concerning reviewing telephone bills for non-Metro telephone calls, preventing inappropriate or unauthorized calls, and overseeing circuits.

Report No. 15-AUD-01

January 30, 2015






Metro

DATE: January 30, 2015

TO: Metro Chief Executive Officer
Metro Board of Directors

FROM: Karen Gorman
Inspector General 

SUBJECT: Draft Report: Audit of Telephone Usage and Billings
(Report No: 15-AUD-01)

The Office of the Inspector General performed an audit of landline telephone usage and billings. We found that overall most telephone call charges were properly billed for, Metro had effective controls to prevent collect and pay-for-service phone calls, and we did not find any evidence of inactive phone lines. The audit did identify opportunities to strengthen controls in the following areas:

- Telephone bills need to be more thoroughly reviewed,
- Controls to preclude inappropriate and unauthorized calls need improvement, and
- Better controls over the inventory of circuits are needed.

Metro is in the process of implementing a new telephone call accounting system that will allow better management and control over telephone calls and bills, and assist management in resolving the deficiencies found in this report.

Metro management agreed with 10 of the 12 recommendations in the report and indicated that corrective actions will be taken. For the remaining 2 recommendations, management either initiated alternative corrective action or reviewed the matter and determined that the questioned calls are legitimate. A copy of the management response is attached to this report.

If you have any questions, please contact Yvonne Zheng, Audit Manager at (213) 244-7301.

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INTRODUCTION

The Office of the Inspector General (OIG) performed an audit of landline (or “wired”) telephone usage and billings. This audit was conducted as part of our ongoing program to assist the Los Angeles County Metropolitan Transportation Authority (Metro) to improve the efficiency of operations and implement an effective internal control system to deter fraud, waste, and abuse.

We found that overall most telephone call charges were properly billed for, Metro had effective controls to prevent collect and pay-for-service telephone calls, and we did not find any evidence of inactive telephone lines. The audit identified opportunities to strengthen controls in the following areas:

- Telephone bills need to be more thoroughly reviewed,
- Controls to preclude inappropriate and unauthorized calls need improvement, and
- Better controls over the inventory of circuits are needed.

Metro’s Information Technology Service Department (ITS) is in the process of implementing a new telephone call accounting system that will allow Metro staff to better manage and control telephone calls and bills. This system, once fully implemented, would assist management in resolving the deficiencies found in this report.

OBJECTIVES, SCOPE, AND METHODOLOGY OF AUDIT

The purpose of the audit was to evaluate Metro’s controls and oversight of landline telephone usage and charges. Specifically, our objectives were to determine whether:

1. Telephone bills were being properly reviewed before payments were made,
2. Controls were in place to prevent and detect unauthorized or inappropriate use of the telephone system, and
3. Controls over data and voice circuits were adequate and charges for the circuits were accurate.

To accomplish these objectives, we reviewed telephone activities for a sample period of September 1, 2013 to November 30, 2013 (if we found an issue in an area, we expanded the time frame). As part of this audit, we analyzed AT&T telephone bills, reviewed the Calnet II contract price lists, interviewed Metrolink and Expo officials and Metro staff, and interviewed an AT&T representative. We also reviewed policies, procedures, and guidelines applicable to telecommunications.

This audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

BACKGROUND

The ITS Department is responsible for all data and voice lines that connect to the Metro network. Under this department, the ITS Planning and Administration section manages the billing, contract, and other administrative responsibilities for telecommunication services. The ITS Systems Architecture & Technology Integration section manages the technical operation service components for telecommunication services. Metro uses the California State Master Service Agreement for telecommunication services, referred to as Calnet II, which offers pre-negotiated rates for voice, data, video, and long distance services with AT&T. Metro's budget for telecommunications utilities totaled \$2.1 million for fiscal years (FYs) 2014 and 2013. The majority of telephone costs are equipment or infrastructure charges and about 8 percent are for telephone calls. In calendar year 2013, AT&T charged Metro \$949,953 for telecommunication services. Of that amount, \$72,553 was for telephone calls and \$554,699 was spent on circuit-related charges.

RESULTS OF AUDIT

ISSUE 1: ITS Did Not Thoroughly Review AT&T Telephone Bills

We reviewed the AT&T bills for September, October, and November 2013 to determine if AT&T charged Metro the proper rates agreed upon in the Calnet II contract and to ensure that the charges were appropriate. Most calls were properly billed. However, we found some instances where AT&T:

- Charged Metro for non-Metro calls,
- Charged Metro for calls made from fictitious telephone numbers, and
- Overcharged Metro using higher rates for telephone calls than the rates specified in the contract.

A. AT&T Charged Metro for Non-Metro Calls

We compared telephone numbers listed on the AT&T November bill to telephone numbers on Metro's dialing plan (listing of all Metro telephone numbers) to determine if Metro was charged for calls from non-Metro numbers. We found numerous instances where Metro paid for non-Metro calls as discussed below:

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1. Calls from Southern California Regional Rail Authority (“Metrolink”) Telephones. In early 2011, Metrolink and Metro signed a lease agreement that provided office space to Metrolink in Metro’s Gateway building. Metrolink employees moved into Gateway in May 2011. Metro’s ITS Department helped facilitate Metrolink getting telephone service from AT&T. The ITS Department informed AT&T that Metro would not be responsible for Metrolink’s telephone service. However, during our review, we found that from June 2011 to June 2014 (3 years), AT&T charged Metro \$50,457 for over 100,000 Metrolink calls. These calls included local, long distance, international, and directory assistance calls. Metrolink and Metro’s ITS officials were not aware that AT&T was charging Metro for Metrolink calls until we brought this matter to their attention during the audit. Both agreed that Metro is not responsible to pay for Metrolink calls. ITS immediately contacted AT&T and asked them to cease charging Metro for Metrolink calls and to issue Metro a credit for the improper charges.

A Metrolink executive stated that according to his AT&T representative, AT&T has been charging Metrolink for their telephone calls. However, in spite of numerous requests, Metrolink did not provide us any copy of their bills. Therefore, we were unable to determine if AT&T was charging both Metro and Metrolink for the same calls or if AT&T was charging Metrolink for calls for different telephone numbers.

2. Calls from Exposition Metro Line Construction Authority (“Expo”) Telephones. ITS helped facilitate Expo getting telephone service from AT&T. During our audit, we found that AT&T charged Metro for Expo intrastate and local (intralata¹) calls. (Expo’s long-distance calls were billed directly to Expo.) We reviewed the January 2013 to December 2013 AT&T bills and found that Metro was charged for over 5,000 Expo calls (\$462) during these 12 months. Neither Metro nor Expo officials were aware that Metro was paying for Expo calls. Metro and Expo officials both agreed that Expo is responsible for paying for their own calls. AT&T stated they properly configured Expo in their system in December of 2009 (4 and a half years ago). AT&T believes it is possible there is a problem with Metro’s primary rate interface (PRI)² and how ITS set up the routing of Expo’s calls. AT&T plans to do further research into the issue. We estimate that Metro paid \$2,079 for Expo’s local/intrastate calls over the past 4 and a half years. ITS should work with AT&T to determine why Metro is being charged for Expo calls and how to prevent it from happening in the future. If it is determined that AT&T is responsible, ITS should request a refund from AT&T of the money paid for Expo calls. If not, Metro should charge Expo for the amounts paid.

3. Calls Originating from Telephones Belonging to Outside Businesses. In addition to the Metrolink and Expo telephone calls, we also found 509 calls (\$35) from 66 other non-Metro telephone numbers that were charged to Metro on the AT&T November bill. The calls

¹ Intralata refers to calls within a region.

² PRI is a system of circuits and equipment that enables traditional telephone lines to carry voice and data.

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totaled 24 hours, ranging from 2 hours and 12 minutes to a few seconds. Calls made from some of these numbers appear on AT&T telephone bills for other months as well. We called two of the numbers to determine who they were. One was a local law firm and the other was a local legal services office. Both said they were not affiliated with Metro. We provided the list of 509 non-Metro calls to ITS. ITS should work with AT&T to determine (a) why non-Metro telephone calls were charged on Metro bills, (b) if it is appropriate to request a refund from AT&T, and (c) how to prevent these inappropriate charges from appearing on future Metro telephone bills. While these 509 overcharges may not have amounted to a large expense, if these charges have occurred for many months, and if they continue to occur, the monthly costs could add up over time.

4. Calls with 0000 Telephone Numbers. During our review of the AT&T bills, we noticed AT&T charged Metro for calls made from numerous telephone numbers that ended in "0000." For example, (350) 500-0000. On the July 2013 to June 2014 AT&T bills (12 months), there were 12,302 calls (totaling about 431 hours) made from 237 different "0000" telephone numbers costing \$614. When we called some of the 0000 numbers to determine who was making the calls, we only heard an error beep.

We found 0000 telephone numbers as far back as the February 2010 bill; therefore, the 0000 telephone numbers were not created recently. ITS staff speculated that AT&T's system had a "glitch" that lost the original Metro telephone numbers and put in the 0000s to fill in the gaps. However, when we contacted AT&T, the representative stated that Metro's ITS must have created the fictitious 0000 telephone numbers. We provided a listing of the 0000 telephone calls to ITS. ITS should work with AT&T and determine why these 0000 telephone numbers are included on the AT&T bills and if they are legitimate Metro telephone calls. If these are not Metro calls, Metro should seek a refund, and take steps to stop being billed for any non-Metro calls in the future.

ITS was not aware that Metro was paying for Metrolink, Expo, and other non-Metro calls until our audit because ITS staff only performed cursory reviews of the monthly bills to determine if the overall amounts were reasonable. They do not review the call charges on the telephone bills and do not distribute a list of calls and charges to the Metro department heads for review. ITS management told us that they had not devoted much time or resources to reviewing the bills because the amount spent on telephone calls were relatively low in comparison to the overall telecommunications budget. However, they agreed that it is still important to have good internal controls over the telephone calls. As a result of not reviewing the telephone calls, Metro paid for telephone calls it was not responsible for. ITS is in the process of installing a new call accounting system called VeraSmart. ITS should determine if VeraSmart has capabilities that would allow it to identify non-Metro telephone numbers on the bills. If this is not possible, ITS could also periodically spot check a sample of telephone numbers on the bills to ensure they belong to Metro. We request Metro notify the OIG when the new program becomes fully operational.

B. AT&T Overcharged Metro for Some Calls

As part of our audit, we reviewed the September to November 2013 bills to ensure Metro was paying the Calnet II contracted rates for calls. AT&T charged Metro for nine different “usage” types: Intrastate, Interstate, Intralata, Local Zone 1 & 2, Local Zone 3, Canada, Directory Assistance, and Local Toll. We reviewed the charges for all nine types and found that the correct rates were charged for most calls. However, we found that AT&T overcharged Metro for some intrastate calls (calls within the state). Some examples are:

- A Metro employee made a call to Pomona, CA. AT&T charged Metro \$20.90 (\$1.49 a minute) for the 14-minute call when it should have charged a total of only 33 cents. This resulted in an overpayment of \$20.57 for this call.
- A Metro employee made a 1-second call to Fontana, CA. AT&T charged \$1.47 for the call when it should have charged 1 cent (rounded up from the .024 cents per minute rate listed in the contract).
- A Metro employee made a 2 minute call to Irvine, CA. AT&T charged Metro \$4.12 (\$2.09 per minute) when it should have charged a total of 5 cents (based on the .024 cents per minute rate listed in the contract).

For the 3-month period we reviewed, we found that AT&T overcharged Metro nearly \$100 for 33 intrastate calls. AT&T investigated our concerns and agreed that they had overcharged Metro. They explained that their system miscoded some Metro calls which caused the calls to be charged at a higher rate. They are currently working to correct the problem. AT&T issued a credit for the October and November 2013 overcharges in Metro’s February and March 2014 bills respectively. When we asked how long this issue had been going on, AT&T representative told us they did not know, and it would be very time consuming to go back through the bills to find the erroneous charges. We found evidence of overcharges on an April 2012 bill. According to ITS, AT&T’s policy is to correct errors that are discovered within 6 months of the error. ITS did not find the overcharges prior to our audit because they do not review telephone calls and do not compare telephone charges on the bills to the Calnet II rates.

According to ITS, the VeraSmart program will verify that the rates charged on the bills match the rates agreed upon in the contract and will flag ITS if there is a discrepancy. After VeraSmart is fully implemented, ITS should use VeraSmart to verify that the rates charged on the monthly telephone bills match the rates in the contract.

ISSUE 2: Controls to Preclude Inappropriate/Unauthorized Calls Need Improvement

We reviewed the September, October, and November 2013 AT&T telephone bills to determine if there were inappropriate or unauthorized calls. We found that Metro has effective controls that prevent collect calls and pay-per-service (900/976) calls. However, we found that employees made lengthy personal calls and made unauthorized calls to Canada. We also found a large number of directory assistance calls were made.

A. Personal Telephone Calls

Metro's Employee Code of Conduct ("Code") allows some limited personal use of Metro resources including telephones. However, Section 5-15-110 of the Code prohibits excessive use of Metro telephones for personal reasons. We reviewed a sample of 35 calls (34 long distance/local calls that were over 1 hour and an international call over 30 minutes) to determine if there were any personal calls. We researched the telephone numbers on the internet, called the telephone numbers, and contacted the Metro employees who made the calls. Of the sample of 35 calls, 11³ (31 percent) were personal calls. These personal calls were made from telephones at various Metro departments.

For example, we found that a Division employee violated Metro policies when he used Metro telephones to make 174 calls to the owner of his secondary job. These calls totaled 81 hours over a 9-month period and ranged up to 4 hours and 29 minutes in duration. (Two of the calls were over 4 hours long; six calls were from 2 to 4 hours; and twenty calls were from 1 to 2 hours.) We issued a supplemental report on this issue to Metro management (*Misuse of Metro Telephones and Time for Personal Gain*, Case No. 2014-0018, June 4, 2014). As a result of this misconduct, the employee was terminated from Metro employment.

Lengthy personal calls were not detected because no one reviewed call charges, and supervisors/managers are not provided copies of bills showing calls made from their departments to review. Monthly bills from AT&T are over 2,000 pages long. ITS staff stated that the current call accounting system does not allow them to separate the calls by department. As a result of no one reviewing the telephone calls, Metro not only experienced a monetary loss due to paying for employees' lengthy personal calls but also suffered a loss of employee time and productivity.

As previously mentioned, ITS is in the process of installing a new call accounting system called VeraSmart. VeraSmart has capabilities that will allow ITS to distribute the bills by department. However, an ITS official stated that due to supervisors often changing positions, it would be cumbersome to determine who to send the listing of telephone calls to and to train supervisors on how to access their reports. An alternative to distributing the listing of

³ 10 local calls and 1 international call.

telephone calls to supervisors every month is to send out “exception” reports. VeraSmart will allow ITS to extract anomalies, such as when calls are over 30 minutes long. If ITS identifies excessive or questionable telephone usage, they could forward the information to the appropriate department head/supervisor for investigation.

B. Unauthorized Calls to Canada

Metro employees who are assigned telephones are automatically given access to call within the United States. ITS’s Voice Administration section programs all telephones’ access through the telephone switch system. Access to call within the United States is coded into the telephone switch system as “NCOS 5” (NCOS – Network Class of Service). Anyone needing access to call Canada (NCOS 6) or the rest of the world (NCOS 7) must have their supervisor submit a request to ITS. To determine if the callers/telephones⁴ from which international calls were made were listed on the approved list, we obtained a listing of telephones approved to call internationally (including Canada) and compared them to all international calls listed on the September, October, and November 2013 bills. Of the 103 telephones from which international calls were made, 5 were on the approved list and 98 were not. One of the 98 callers admitted to us that his call to Canada was personal.

The Voice Administration Department asked Metro’s contracted telephone maintenance vendor to investigate this matter. The vendor determined that calls to Canada had never been properly coded as an international telephone call. As a result, any employee with NCOS 5 access could call Canada, and AT&T would charge Metro for these calls at the international rates for Canada. Voice Administration staff believe this improper coding has been in place since the telephone switch system was put in place 15 to 25 years ago. Calls to Canada are more expensive than calls within the United States. According to ITS staff, properly coding Canada as international can be done by the telephone maintenance vendor at no extra cost to Metro and would be considered part of the contract.

C. Directory Assistance Calls

Many employees have access to computers and can look up telephone numbers on the internet. Making a directory assistance call should only be used when no alternatives are left. On the September, October, and November 2013 AT&T bills, 515 directory assistance calls were made. These calls cost Metro between \$1.99 to .45 cents per call, depending on the directory assistance provider and the information the caller was seeking. Because of how the bill is structured, we were unable to identify who was making the telephone calls to directory assistance. ITS should block directory assistance calls or advise employees not to use directory assistance unless absolutely necessary.

⁴ Some Metro phones are not assigned to a particular person, such as those in conference rooms or other common areas.

ISSUE 3: Better Controls Over Circuits Are Needed

Every month, AT&T charges Metro for costs related to circuits⁵, such as maintenance, the installation of new circuits, and other services. AT&T billed Metro \$554,699 for circuit-related charges from January 2013 to December 2013. We were unable to separate the data circuit charges from the voice circuit charges, so we reviewed both. Metro had problems in the past with AT&T charging for circuits that were disconnected. When we asked ITS for a current listing of their circuits, they provided three different documents that had erroneous and out-dated information. ITS does not maintain a comprehensive inventory and no one has been assigned to periodically verify that the circuits listed on the AT&T bills are accurate.

To ensure AT&T was only charging Metro for circuits that were in use, we compared the listing of circuits AT&T charged Metro on the November 2013 bill to Metro's listings of circuits. The AT&T bill showed Metro was charged \$46,593 for 194 circuits. Out of 194 circuits, we could only find 59 (30 percent) of the circuits on various Metro inventory listings. ITS management felt certain the inventory lists provided to us were incomplete. No one was reviewing and verifying the listing of circuits on the bills because of staffing limitations. As a result, Metro could have paid for circuits that are no longer in use. Monthly maintenance charges for circuits can cost several hundred dollars. A Voice Administration employee used to periodically review the circuits charged on the bills, but she retired in 2011. All of the records of her reviews and how she performed them are no longer available. ITS does not have a standard operating procedure (SOP) for this function. Voice Administration used to have four full-time employees, and is currently down to one employee. ITS should consider capturing knowledge for important procedures and tasks in a SOP for continuity of operations.

Because Metro spends a large amount of money on circuits, better controls over the inventory of circuits should be maintained. ITS plans to input the list of circuits charged to Metro by AT&T into the VeraSmart system. VeraSmart is designed to keep a comprehensive inventory of the circuits and will notify ITS when a disconnected circuit is being charged for by AT&T. ITS should conduct a full physical count of all the circuits to ensure that the information input into VeraSmart is accurate.

CONCLUSION

Our audit found that ITS had effective controls to prevent people from making collect calls or pay-for-service calls. We also found that most calls were properly billed for. Some improvements over telephone billings and usage controls were needed:

- Telephone bills need to be more thoroughly reviewed

⁵Circuits are lines or conduits by which information is transmitted. They are for data and voice.

- Metro was improperly charged for and paid over \$50,000 for Metrolink calls over 3 years.
- Metro was improperly charged for and paid Expo intrastate and local calls.
- Metro was charged for some calls that originated from outside businesses.
- Metro was charged for calls made from fictitious telephone numbers.
- AT&T did not use the contract rate to bill Metro for some calls; thus Metro was overcharged for these calls.
- Controls to preclude inappropriate and unauthorized calls need improvement
 - Employees made personal calls that were over 1 hour.
 - Most international calls to Canada were made by Metro staff who were not authorized to make such calls.
 - Metro staff made numerous directory assistance calls that were billed to Metro. Staff should use free sources, such as the internet, to preclude incurring charges whenever possible.
- Better controls over circuits are needed
 - Most of the data and voice circuits on the AT&T bills were not shown on any Metro inventory list.

The audit uncovered problems as a result of our review of a 3-month sample period. There could be additional issues that occurred outside this frame. Although telephone calls account for only a portion of the telecommunications budget, ITS should take steps to improve its oversight. Metro should be diligent in maintaining the public's trust by ensuring it pays for only legitimate and proper expenses that benefit Metro.

RECOMMENDATIONS

We recommend that Chief Information Officer should:

1. Ensure that AT&T no longer charges Metro for calls from Metrolink telephones, and refunds are received from AT&T for Metrolink calls paid by Metro since 2011.
2. Ensure that AT&T no longer charges Metro for Expo calls.
 - a. If AT&T is at fault for the erroneous charges, request a refund from AT&T for calls from Expo telephones paid by Metro since 2009.
 - b. If AT&T is not at fault for the erroneous charges, request a reimbursement from Expo for calls from Expo telephones paid by Metro since 2009.
3. Work with AT&T to determine why 509 telephone calls from outside companies were charged on Metro bills, determine if it is appropriate to request a refund from AT&T, and determine how to prevent these inappropriate charges from appearing on future Metro telephone bills.

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4. Develop a method to detect if AT&T charges Metro for any calls originating from non-Metro telephone numbers.
5. Work with AT&T to determine why Metro is being charged for calls originating from 0000 telephone numbers and whether they are legitimate Metro telephone calls. If these are non-Metro calls, Metro should seek a refund, and take steps with AT&T to ensure Metro is not billed for these calls in the future.
6. Ensure that VeraSmart, which is currently being implemented, properly verifies that the correct contract call rates are being charged on the AT&T bills.
7. Consider using VeraSmart to facilitate providing Metro managers with lists of telephone calls for their departments, posting telephone bills for management to review, and/or performing exception reporting on bills to identify questionable calls, such as calls over 30 minutes and provide to the appropriate department heads/supervisors for their review.
8. Request the telephone maintenance vendor correctly code Canada as an international call in the telephone switch system.
9. Consider blocking directory assistance telephone calls or send a notification to employees to use no-cost alternative means of seeking needed telephone numbers, such as the internet.
10. Conduct a complete physical inventory of all data and voice circuits to verify the information in VeraSmart is correct. When VeraSmart is operational:
 - a. Use VeraSmart to maintain an inventory of circuits and identify when a circuit is discontinued.
 - b. Compare the inventory of circuits in VeraSmart to AT&T charges for circuits on monthly bills.
11. Consider developing standard operating procedures for important telecommunication related tasks to ensure lessons learned and institutional knowledge is not lost when employees who retire or transfer are replaced.
12. Complete the full implementation of VeraSmart as soon as possible. Also, advise the OIG when VeraSmart is anticipated to be fully operational and when it is actually operational thereafter.

METRO MANAGEMENT COMMENTS

On September 3, 2014, we provided Metro management a draft report. On January 23, 2015, the Chief Information Officer completed a response that agreed with 10 of the 12 recommendations in the report. For the remaining 2 recommendations, management either initiated alternative corrective action or reviewed the matter and determined that the questioned calls are legitimate. Management comments to each of recommendation are:

- Recommendation 1. ITS will work with AT&T to ensure that the Metrolink billing phone charges are correctly routed to their bill and that past incorrect charges to Metro, from AT&T, are reversed.
- Recommendation 2. The Expo telephone switch (PBX) was originally configured to send specific calls through the Metro PBX to reduce overall cost through a “least cost routing” process. As a result, some Expo phone calls appeared on Metro’s invoices. ITS will program all Expo calls to route through Expo’s PBX. Metro will request a refund of \$2,079 resulting from calls Metro paid for from the last 4.5 years.
- Recommendation 3. ITS provided the OIG with a coordinated network PBX dialing plan which is part of the overall Metro Agency dialing plan. Metro has many other phone numbers. ITS will review the OIG’s list of potential non-Metro numbers against the complete set of Metro phone numbers. Once the final list is validated, ITS will work with AT&T to correct the billing statements of any numbers not belonging to Metro and will request a refund.
- Recommendation 4. ITS already has a telecommunications expense management system (TEM), called VeraSmart. ITS will use this system to develop a variance report to identify non-Metro telephone numbers.
- Recommendation 5. ITS reviewed this matter and determined that the telephone numbers appeared this way due to a Metro PBX configuration issue. Staff reviewed the numbers and determined the calls are legitimate.
- Recommendation 6. ITS will work to populate the rates in VeraSmart and develop an exception report to identify incorrect billing rates going forward.
- Recommendation 7. ITS will develop exception reports based on factors such as unusual length, rate, destination, number of directory assistance calls, and/or unusual repetition and develop a process to alert managers.

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- Recommendation 8. ITS recommends a different way to address this issue in that many departments within Metro conduct legitimate business with parties in Canada. Rather than prohibiting calls from being made to Canada, ITS will add Canadian calls to the exception report developed in Recommendation 7.
- Recommendation 9. Metro will block directory assistance telephone calls.
- Recommendation 10. As a planned step in VeraSmart implementation, ITS will conduct a location-by-location physical inventory of all circuits and ensure that the data in VeraSmart is tagged with appropriate asset information.
- Recommendation 11. Standard operating procedures will be updated and/or developed as necessary and will be maintained by the technical staff.
- Recommendation 12. ITS will provide a status of the VeraSmart application implementation by April 28, 2015.

A copy of the entire management response is provided at Attachment A.

EVALUATION OF METRO MANAGEMENT COMMENTS



Management's proposed corrective actions are responsive to the findings and recommendations in the report. We, therefore, consider all issues related to the recommendations resolved based on the corrective action plan. However, staff should follow up on completing the implementation of the recommendations.

Metro Management Comments to Draft Report



Metro

Interoffice Memo

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| Date | January 23, 2015 |
| To | Karen Gorman Inspector General |
| Through | Arthur T. Leahy  Chief Executive Officer |
| From | David C. Edwards  Chief Information Officer |
| Subject | Response to OIG Draft Report on Telephone Usage and Billings (Report No. 15-AUD-01) |

OVERVIEW

ITS has reviewed the results of the subject draft report and has prepared the following management response to the recommendations.

PROPOSED CORRECTIVE ACTIONS

- In response to recommendation 1: *Ensure that AT&T no longer charges Metro for calls from Metrolink telephones, and ensure that refunds are received from AT&T for Metrolink calls paid by Metro since 2011.*

ITS concurs with this recommendation. ITS will work with AT&T to ensure that the MetroLink billing phone charges are correctly routed to their bill and that past incorrect charges to Metro, from AT&T, are reversed. This will be completed by 5/1/15.

- In response to recommendation 2: *Ensure that AT&T no longer charges Metro for Expo calls. (a) If AT&T is at fault for the erroneous charges, request a refund from AT&T for calls from Expo telephones paid by Metro since 2009. (b) If AT&T is not at fault for the erroneous charges, request a reimbursement from Expo for calls from Expo telephones paid by Metro since 2009.*

ITS concurs with this recommendation. AT&T is not at fault for the charges. The Expo telephone switch (PBX) was originally configured to send specific calls through the Metro PBX to reduce overall cost through a "least cost routing" process. As a result, some Expo phone calls appeared on Metro's invoices. ITS will program all Expo calls to route through Expo's PBX. Metro will request a refund of \$2,079 resulting from calls Metro paid for from the last 4.5 years. This will be completed by 5/1/15.

Metro Management Comments to Draft Report

- In response to recommendation 3: *Work with AT&T to determine why 509 telephone calls from outside companies were charged on Metro bills, determine if it is appropriate to request a refund from AT&T, and determine how to prevent these inappropriate charges from appearing on future Metro telephone bills.*

ITS concurs with this recommendation. The calls in question that require additional analysis constitute approximately \$35/month in cost. During the audit, ITS provided the OIG with a coordinated network PBX dialing plan which is part of the overall Metro Agency dialing plan. Metro has many other phone numbers. ITS will review the OIG's list of potential non-Metro numbers against the complete set of Metro phone numbers. Once the final list is validated, ITS will work with AT&T to correct the billing statements of any numbers not belonging to Metro and will request a refund. This will be completed by 5/1/15.

- In response to recommendation 4: *Develop a method to detect if AT&T charges Metro for any calls originating from non-Metro telephone numbers.*

ITS concurs with this recommendation. ITS already has a telecommunications expense management system (TEM), called VeraSmart. ITS will use this system to develop a variance report to identify non-Metro telephone numbers. This will be completed by 7/31/15.

- In response to recommendation 5: *Work with AT&T to determine why Metro is being charged for calls originating from 0000 telephone numbers and whether they are legitimate Metro telephone calls. If these are non-Metro calls, Metro should seek a refund, and take steps with AT&T to ensure Metro is not billed for these calls in the future.*

ITS reviewed this matter and determined that the telephone numbers appeared this way due to a Metro PBX configuration issue. Staff reviewed the numbers and determined the calls are legitimate. Therefore no further action needs to be taken.

The display problem occurred because AT&T expected to receive 10 digit source numbers to identify the calls. In the cases noted in the audit, the "least cost routing" program only sent AT&T the 5 digit extension numbers. AT&T took the 5 digit extension number and appended five zeros to the end of the telephone extension to display a 10 digit telephone number on the bill. For example, the phone number with the highest number of minutes (1075) on the OIG report, 323-563-5298, was processed by the PBX "least cost routing" algorithm and appeared on the bill as 352-980-0000.

- In response to recommendation 6: *Ensure that VeraSmart, which is currently being implemented, properly verifies that the correct contract call rates are being charged on the AT&T bills.*

Metro Management Comments to Draft Report

ITS concurs with this recommendation. ITS will work to populate the rates in VeraSmart and develop an exception report to identify incorrect billing rates going forward. This will be completed by 7/31/15.

- In response to recommendation 7: *Consider using VeraSmart to facilitate providing Metro managers with lists of telephone calls for their departments, posting telephone bills for management to review, and/or performing exception reporting on bills to identify questionable calls, such as calls over 30 minutes and provide to the appropriate department heads/supervisors for their review.*

ITS concurs with this recommendation. ITS will develop exception reports based on factors such as unusual length, rate, destination, # of directory assistance calls and/or unusual repetition and develop a process to alert managers. This will be completed by 5/31/15.

- In response to recommendation 8: *Request the telephone maintenance vendor correctly code Canada as an international call in the telephone switch system.*

ITS recommends a different way to address this issue in that many departments within Metro conduct legitimate business with parties in Canada. Rather than prohibiting calls from being made to Canada, ITS will add Canadian calls to the exception report developed in Recommendation 7.

- In response to recommendation 9: *Consider blocking directory assistance telephone calls or send a notification to employees to use no-cost alternative means of seeking needed telephone numbers, such as the internet.*

ITS concurs with this recommendation. Metro will block directory assistance telephone calls. This will be completed by 2/6/15.

- In response to recommendation 10: *Conduct a complete physical inventory of all data and voice circuits to verify the information in VeraSmart is correct. When VeraSmart is operational: (a) Use VeraSmart to maintain an inventory of circuits and identify when a circuit is discontinued. (b) Compare the inventory of circuits in VeraSmart to AT&T charges for circuits on monthly bills.*

ITS concurs with this recommendation. As a planned step in VeraSmart implementation, ITS will conduct a location-by-location physical inventory of all circuits and ensure that the data in VeraSmart is tagged with appropriate asset information. This will be completed by 11/30/15.

- In response to recommendation 11: *Consider developing standard operating procedures for important telecommunication related tasks to ensure lessons learned and institutional knowledge is not lost when employees who retire or transfer are replaced.*

Metro Management Comments to Draft Report

ITS concurs with this recommendation. Standard operating procedures will be updated and/or developed as necessary and will be maintained by the technical staff. This will be completed by 11/30/15.

- In response to recommendation 12: *Complete the full implementation of VeraSmart as soon as possible. Also, advise the OIG when VeraSmart is anticipated to be fully operational and when it is actually operational thereafter.*

ITS concurs with this recommendation. ITS will provide a status of the VeraSmart application implementation by 4/28/2015.

Should you have any questions, please feel free to call me.

Thank you.

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