



MEMO

OFFICE OF THE INTERNAL AUDITOR

To: All County Council Members and Executive Pollitt
From: Steve Roser
Date: 7/25/2013
Re: Verizon Centrex Contract
Message:

Pursuant to follow-up for the Telecommunications Audit (original reported dated October 18, 2011) IA and the County Purchasing Agent met on July 24, 2013 to discuss an issue arising from the contract in force with Verizon. My current understanding of the facts is as follows:

- Contracts past and present with Verizon for Centrex phone lines have a requirement to maintain a minimum number of phone lines equaling 80% of the number of lines in place at contract inception
- The contract currently in force has a baseline of 387 lines
- The baseline was calculated by Verizon and includes 42 phone lines located and billed to addresses corresponding to liquor stores located in the county
- Per Purchasing, the 42 lines do not appear on any Centrex billing to Wicomico County
- Per Purchasing, Verizon indicates that the county is out of compliance with the minimum phone line requirement in the current contract and wishes to impose shortfall charges to the county based upon contract Exhibit A, §4

IA recalculated compliance with Exhibit A, §4 as follows:

Verizon Calculation:

Baseline	387
Minimum requirement per contract (calculated @ 80%)	310
Current Centrex phone line count	287

Shortfall **23**

Recalculation:

Actual Number of Centrex phone lines in force at contract inception*	345
Minimum requirement (recalculated @ 80%)	276
Current Centrex phone line count	287

Shortfall **None**

**Does not include phone lines located at the liquor stores*

IA plans follow-up with Purchasing on the Verizon contract issue. Additionally, with Council's permission, we would like to perform inquiry of LCB regarding the number of phone lines.