



Date: November 2, 2007
To: Mitchell Johnson, City Manager
From: Internal Audit Division
Subject: Time Warner Cable Database Review

The Internal Audit Division has performed a review of the Time Warner Cable Database administered by the Engineering & Inspections Department. Attached you will find our review report; the departmental response; and our replies to their responses. We feel that our recommendations have been sufficiently addressed as we move forward. If you have any questions or need additional information, please let us know. Thanks.

A handwritten signature in black ink, appearing to read 'Len Lucas'.

Len Lucas
Internal Audit Director

Cc: Ben Brown, Assistant City Manager for Economic Development
Walter Simmons, Director of Engineering & Inspections



October 3, 2007

Date:

Walter Simmons, Director of Engineering and Inspections

To:

Internal Audit

From:

Subject: Time Warner Cable Database Review

Time Warner Cable (TWC) has welcomed the Piedmont Triad Region into an exciting digital era providing the best variety and value in home entertainment and information. Committed to providing a high quality product along with service and programming which is responsive to the diverse needs of its consumers, TWC provides its customers with the most advanced, technically sophisticated cable television system available. They serve over 350,000 customers throughout the Piedmont Triad region and areas of Virginia. TWC is a division of Time Warner Cable, Inc., which is a subsidiary of Time Warner, Inc.

We have performed a review of TWC's database containing customer service addresses located in both the City of Greensboro and Guilford County. The scope and objective of our review included a review of any additions to TWC's customer database (from March 17, 2006 to April 30, 2007) for possible coding of addresses to the incorrect jurisdiction. This involved determining if these additions properly reflected all addresses within the Greensboro city limits, including all effective annexations, as well as newly developed areas within the City. This also involved identifying any addresses included in their "City" files, which actually belonged to Guilford County.

Methodology

On May 9, 2007, we requested an electronic file of all additions made to TWC's database since March 16, 2007 (the cutoff date of our last review) through April 30, 2007. The database, containing subscribers, former subscribers and non-subscribers for both the City and the County was received via email on March 31, 2007. The file contained approximately 5,500 records.

- First, we researched each address listed in TWC's database using our Building Inspections' "AddressQuery" computer application. This program prompts the user to input an address. Upon pressing the "enter" key, the program provides relevant data associated with the property, including whether the property is located within City limits. There were some limitations to the use of this program. To retrieve data for address, the address must be spelled exactly as it was entered in the program's database. During this manual process, we noted 20 addresses that were undeterminable as to whether they were located in the City or County.

- Next, we engaged the help of the Planning Department in performing a similar task electronically for the “undeterminable” residences. Using the City’s GIS software, which consists of geocoding, city limits layering, and tax parcel identification, Planning personnel was able to determine the jurisdictions of the addresses.

Results of the Internal Audit Division Manual Process and Methods by the City’s Planning Department

In the comparison of TWC’s database with the City’s resources, we noted 338 residences that appeared to be miscoded.

- 265 residences contained in TWC’s “County” file appear to be City residences: 62 were non-subscribers, 192 were active subscribers, and 11 were former subscribers.
- 73 residences contained in TWC’s “City” file appear to be County residences: 39 were non-subscribers and 33 were active subscribers, and 1 former subscriber.

Based on these comparisons, we conveyed the 338 addresses to TWC, who forwarded the addresses in question to Guilford County for review and confirmation. Guilford County used the Guilford County Name and Address Master Database, as well as Guilford County Zoning Maps and Tax Department information for the verification process.

Results of Guilford County’s Review

Guilford County confirmed:

- 230 of the 265 addresses as belonging to the City from the “County” file; but took exception to the remaining 35 addresses. These addresses will remain in Guilford County’s file, as originally assigned by TWC.
- 57 of the 73 addresses as belonging to the County from the “City” file; but took exception to the remaining 16 addresses. These addresses will remain in the City’s database, as originally assigned by TWC.

We concur with these changes made by Guilford County.

Final Results

Through joint efforts with Guilford County, we determined that 230 addresses contained in TWC’s “County” file should be moved to the “City” file; of which 177 residences are active subscribers. Also, it was determined that 57 addresses contained in the “City” file should be moved to the “County” file; of which 27 residences are active subscribers. The net results for active subscribers are 150 residences in the City’s favor.

We offer the following recommendations:

- TWC make the necessary changes for the 287 confirmed addresses to their existing database.
- TWC and the City's Franchise Administrator should work together to determine the reimbursement amount, if any, for all City residences contained in the "County" database, from the time the subscriber's account was established.
- TWC should continuously review and improve their procedures on entering and "coding" addresses in their database. Information/changes provided by both the City and the County (annexations, newly recorded plats, etc.) should be handled upon notification from the franchise authority to maintain the accuracy of the database; and ultimately reduce or eliminate the need to reclassify addresses and the retroactive reimbursement of franchise fees.

We would like to thank the staffs at Time Warner Cable and the City of Greensboro's Engineering & Inspections and Planning Departments for the courtesy and cooperation shown us during this review. We request a response of corrective actions to be taken by Time Warner and the Engineering and Inspections Department regarding our recommendations by Wednesday, October 17, 2007. If you have any questions or concerns, please contact us at 373-4528.



Tina McKoy
Internal Auditor II



Len Lucas
Internal Audit Director

Cc: Ben Brown, Assistant City Manager for Economic Development
Julia Slaydon, Time Warner Cable, Vice President of Finance
Darlene Matteucci, Time Warner Cable, Accounting Manager

DRAFT

October 5, 2007

Tina McKoy, Internal Auditor II
City of Greensboro
PO Box 3136
Greensboro, NC 27402-3136

Dear Tina,

Based on the findings in your drafted audit report dated September 18, 2007,
I have enclosed a spreadsheet outlining the calculations for settlement of franchise fees due.

The calculated difference between what was paid and what should have been paid is \$2,083.36 for the period
April 2006 - September 2007. As soon as we get your final Audit papers we will draft a check and submit it to
the City of Greensboro.

If you have any questions please feel free to contact me.

Sincerely,

Darlene Matteucci
Accounting Manager

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10/9/2007

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City of Greensboro												
Audit Results and Reimbursement Schedule												
Before Audit												
Months:	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Total		
Basic Sub Count-Active	75,565	75,230	75,012	74,621	74,756	75,034	75,038	74,869	74,941			
Franchise Fee Reported and Paid	\$ 206,132.32	\$ 205,324.32	\$ 202,560.20	\$ 200,041.42	\$ 201,102.09	\$ 202,101.76	\$ 205,599.63	\$ 206,815.72	\$ 206,701.06			
Average Franchise Fee per Sub	\$ 2.73	\$ 2.73	\$ 2.70	\$ 2.68	\$ 2.69	\$ 2.69	\$ 2.74	\$ 2.76	\$ 2.78			
Incremental active subs per audit												
Additional Basic Sub Count-Active Net	12	24	36	48	60	72	84	96	108			
Incremental Franchise Fee	\$ 32.73	\$ 65.50	\$ 97.21	\$ 128.68	\$ 161.41	\$ 193.93	\$ 230.15	\$ 264.93	\$ 300.77	\$ 1,475.31		
Before Audit												
Months:	Jan-07	Feb-07	Mar-07	April-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07			
Basic Sub Count-Active	74,621	75,125	75,389	75,452	75,766	74,823	74,649	74,982	75,563			
Franchise Fee Reported and Paid	\$ 31,553.97	\$ 32,115.26	\$ 33,139.73	\$ 34,221.46	\$ 33,944.96	\$ 32,875.98	\$ 35,691.93	\$ 34,892.55	\$ 35,279.39			
Average Franchise Fee per Sub	\$ 0.42	\$ 0.43	\$ 0.44	\$ 0.45	\$ 0.45	\$ 0.44	\$ 0.48	\$ 0.47	\$ 0.47			
Incremental active subs per audit												
Additional Basic Sub Count-Active Net	120	132	144	159	159	159	159	159	159			
Incremental Franchise Fee	\$ 50.74	\$ 56.43	\$ 63.30	\$ 72.11	\$ 71.80	\$ 69.44	\$ 76.02	\$ 73.89	\$ 74.22	\$ 608.05		
Total April 2006-September 2007	\$ 2,083.36											

Assumption: Addresses were added to database on a consistent basis over audit period.

Lucas, Len

From: McKoy, Tina W
Sent: Friday, October 05, 2007 4:53 PM
To: Lucas, Len
Subject: FW: City of Greensboro Audit 2007 Franchise Fee Settlement

FYI.

Tina W. McKoy
Internal Audit
373-4528

Conserve water, too!

From: Matteucci, Darlene [mailto:darlene.matteucci@twcable.com]
Sent: Friday, October 05, 2007 4:52 PM
To: Gribble, John
Cc: McKoy, Tina W
Subject: RE: City of Greensboro Audit 2007 Franchise Fee Settlement

Thanks for responding so quickly. I will get that check request out of here on Monday and will have it sent to your attention. Have a nice weekend.

Darlene Matteucci
Accounting Manager
Tina W. McKoy
City of Greensboro
336-317-3527

From: Gribble, John [mailto:John.Gribble@greensboro-nc.gov]
Sent: Friday, October 05, 2007 4:34 PM
To: McKoy, Tina W; Matteucci, Darlene
Cc: Lucas, Len
Subject: RE: City of Greensboro Audit 2007 Franchise Fee Settlement

Darlene,

Please send to my address below. Thank you for TW's assistance in Tina's audit.

John Gribble, Franchise & R-O-W Management
City of Greensboro: Engineering & Inspections Department
300 W. Washington Street
P.O. Box 3136, Greensboro, NC 27402-3136
Phone: 336-373-2464 Fax: 336-373-2338
<http://www.greensboro-nc.gov>

From: McKoy, Tina W
Sent: Friday, October 05, 2007 4:33 PM

10/9/2007

To: Matteucci, Darlene
Cc: Gribble, John; Lucas, Len
Subject: RE: City of Greensboro Audit 2007 Franchise Fee Settlement

Darlene,

John Gribble and I briefly looked over your spreadsheet, and we agreed that the calculations are reasonable. Please submit payment to John Gribble in your usual manner.

Thanks for everything and it has been a pleasure working with you!

Tina W. McKoy
Internal Audit
373-4528

Consultant - under contract

From: Matteucci, Darlene [mailto:darlene.matteucci@twcable.com]
Sent: Friday, October 05, 2007 4:12 PM
To: McKoy, Tina W
Subject: RE: City of Greensboro Audit 2007 Franchise Fee Settlement

I went up front and sure enough it was there. Just review the spreadsheet and unless you don't agree we will get the payment process started on Monday.

Darlene Matteucci
Accounting Manager
Time Management
Greensboro, NC
336-737-5428

From: McKoy, Tina W [mailto:Tina.McKoy@greensboro-nc.gov]
Sent: Friday, October 05, 2007 3:05 PM
To: Matteucci, Darlene
Cc: Lucas, Len
Subject: RE: City of Greensboro Audit 2007 Franchise Fee Settlement

Darlene-

You should be receiving the final draft of the audit letter very soon. It was placed in the mail on 10/3/07. Thanks!

Tina W. McKoy
Internal Audit
373-4528

Consultant - under contract

From: Matteucci, Darlene [mailto:darlene.matteucci@twcable.com]
Sent: Friday, October 05, 2007 2:59 PM
To: McKoy, Tina W
Cc: Slaydon, Julia; Yarborough, Buck; McLaughlin, Dk; Gribble, John; Thaxton, Vicky
Subject: City of Greensboro Audit 2007 Franchise Fee Settlement

10/9/2007

Time Warner Cable
721-A North Regional Road
Greensboro, NC 27409
PO Box 35568
Greensboro, NC 27425-5568



October 12, 2007

Mr. John Gribble, Franchise & R-O-W Management
City of Greensboro: Engineering & Inspections Department
300 W. Washington Street
PO Box 3136
Greensboro, NC 27402-3136

Dear Mr. Gribble,

Enclosed please find a check in the amount of \$2,083.36 which represents the 2007 Audit settlement to the City of Greensboro for the period April 2006 through September 2007. I have also enclosed a copy of the calculation summary for your records.

If you have any questions please feel free to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Darlene Matteucci".

Darlene Matteucci
Accounting Manager
336-217-3524

Cc: DK McLaughlin

Enclosures: 2

Check Date: Oct/10/2007

Vendor Number: 0000027624

Check No. 0001952138

Payment Handling: SP

Invoice Number	Invoice Date	Business Unit	Voucher ID	Gross Amount	Discount Taken	Paid Amount
100807208336	Oct/08/2007	16010	00171680	2,083.36	0.00	2,083.36
<i>City of Greensboro Audit 2007, Overnight to Div to Darlene Matteucci</i>						
<i>Send via overnight mail.</i>						

Check Number	Date	Total Gross Amount	Total Discounts	Total Paid Amount
0001952138	Oct/10/2007	\$2,083.36	\$0.00	\$2,083.36

Check Date: Oct/10/2007

Vendor Number: 0000027624

Check No. 0001952138

Payment Handling: SP

Invoice Number	Invoice Date	Business Unit	Voucher ID	Gross Amount	Discount Taken	Paid Amount
100807208336	Oct/08/2007	16010	00171680	2,083.36	0.00	2,083.36

*City of Greensboro Audit 2007, Overnight to Div to Darlene Matteucci
Send via overnight mail.*

Check Number	Date	Total Gross Amount	Total Discounts	Total Paid Amount
0001952138	Oct/10/2007	\$2,083.36	\$0.00	\$2,083.36

THE FACE OF THIS CHECK HAS A COLORED BACKGROUND



TIME WARNER CABLE
SHARED SERVICE CENTER
 7800 CRESCENT EXECUTIVE DRIVE
 CHARLOTTE, NC 28217
 1-866-892-8923

MELLON BANK
 500 Ross Street
 Pittsburgh, PA 15262-0001
 60-160/433

0001952138

Date Oct/10/2007

Pay Amount \$2,083.36***

Pay ****TWO THOUSAND EIGHTY-THREE AND 36 / 100 DOLLAR****

NOT VALID AFTER 180-DAYS

To The
 Order Of **CITY OF GREENSBORO**
1201-A COLISEUM BLVD
GREENSBORO, NC 27403

J. K. Hester Jr.
[Signature]

THE ORIGINAL DOCUMENT HAS AN ARTIFICIAL WATERMARK ON THE BACK

HOLD AT AN ANGLE TO VIEW WHEN CHECKING THE ENDORSEMENT

⑈0001952138⑈ ⑆043301601⑆ 008⑈5083⑈

City of Greensboro
 Audit Results and Reimbursement Schedule

Before Audit	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Total
Months:										
Basic Sub Count-Active	75,565	75,230	75,012	74,621	74,756	75,034	75,036	74,669	74,941	
Franchise Fee Reported and Paid	\$ 206,132.32	\$ 205,324.32	\$ 202,660.20	\$ 200,041.42	\$ 201,102.09	\$ 202,101.76	\$ 205,589.63	\$ 206,615.72	\$ 208,701.08	
Average Franchise Fee per Sub	\$ 2.73	\$ 2.73	\$ 2.70	\$ 2.68	\$ 2.69	\$ 2.69	\$ 2.74	\$ 2.78	\$ 2.78	
<u>Incremental active subs per audit</u>										
Additional Basic Sub Count-Active Net	12	24	36	48	60	72	84	96	108	
Incremental Franchise Fee	\$ 32.73	\$ 66.50	\$ 97.21	\$ 128.60	\$ 161.41	\$ 193.63	\$ 230.15	\$ 264.93	\$ 300.77	\$ 1,475.31
<u>Before Audit</u>										
Months:	Jan-07	Feb-07	Mar-07	April-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	
Basic Sub Count-Active	74,621	75,125	75,389	75,452	75,165	74,823	74,649	74,982	75,563	
Franchise Fee Reported and Paid	\$ 31,553.97	\$ 32,115.26	\$ 33,138.73	\$ 34,221.45	\$ 33,944.96	\$ 32,675.98	\$ 35,681.93	\$ 34,892.65	\$ 35,279.39	
Average Franchise Fee per Sub	\$ 0.42	\$ 0.43	\$ 0.44	\$ 0.45	\$ 0.45	\$ 0.44	\$ 0.48	\$ 0.47	\$ 0.47	
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Additional Basic Sub Count-Active Net	120	132	144	159	159	159	159	159	159	
Incremental Franchise Fee	\$ 50.74	\$ 58.43	\$ 63.30	\$ 72.11	\$ 71.80	\$ 69.44	\$ 76.02	\$ 73.99	\$ 74.22	\$ 608.05

Total April 2006-September 2007

Assumption: Addresses were added to database on a consistent basis over audit period.

\$2,083.36

City of Greensboro
North Carolina

October 19, 2007

Tina McKoy
Internal Auditor II

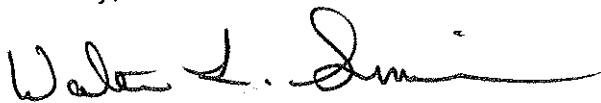
Re: Time Warner Cable Database Review

Tina:

This response acknowledges receipt of annual Time Warner Cable Database Review of service addresses in both the City and Guilford County. City staff has contacted Time Warner and subsequently received payment due to the City, from audit findings.

See attached documentation, as amount collected and deposited totals \$2,083.36.

Sincerely,



Walter L. Simmons, Director of Engineering & Inspections

Cc: Len Lucas, Internal Audit
Ute Munro, Engineering & Inspections
John Gribble, Engineering & Inspections



October 22, 2007

Date:

To: Walter Simmons, Director of Engineering and Inspections

From: Internal Audit

Subject: Time Warner Cable Database Review - Reply to Responses dated October 12, 2007 and October 19, 2007

As shown in the attached documents, the City of Greensboro has received payment in the amount of \$2,083.36 from Time Warner Cable, which represents settlement of 159 active addresses (coded to Guilford County's customer database in error) for the period April 2006 to September 2007.

We would like to thank the Time Warner Cable for their prompt payment, and the City of Greensboro's Engineering & Inspections and Planning Departments for the courtesy and cooperation shown us during this review. If you have any questions or concerns, please contact us at 373-4528.

A handwritten signature in cursive script that reads 'Tina McKoy'.

Tina McKoy
Internal Auditor II

A handwritten signature in cursive script that reads 'Len Lucas'.

Len Lucas
Internal Audit Director

Attachments

Cc: Ben Brown, Assistant City Manager for Economic Development
Julia Slaydon, Time Warner Cable, Vice President of Finance
Darlene Matteucci, Time Warner Cable, Accounting Manager