

STAFF REPORT

Date: October 26, 2022

To: Mayor and City Council

Thru: Doug Thornley, City Manager

Subject: Staff Report (For Possible Action): Acceptance of Internal Audit's completion of the Telephone Franchise Fee external audit and acceptance of the Franchise Fee Audit's Financial Recoveries in the amount of \$2,401,032.

From: Emily Kidd

Department: City Manager's Office – Internal Audit

Summary:

Internal Audit is communicating the revenue the City received resulting from an external audit of Telephone Franchise Fees. The franchise fee audit recoveries were deposited in the City's account, Franchise Fee Audit Recoveries. The total recoveries from all three franchisees audited is \$2,401,032.

Alignment with Strategic Plan:

Fiscal Sustainability

Previous Council Action:

There is no recent Council action relevant to this item.

Background:

An agreement for professional auditing services was entered into on February 27, 2019 between the City of Reno and Avenu Insights & Analytics, LLC. Three providers were selected by Avenu and the audit work resulted in underreported business license tax revenues and penalty fees owed to the City.

Discussion:

A rotating schedule of similar franchise fee audits is recommended by Internal Audit.

Financial Implications:

The total recoveries from all three providers audited is \$2,401,032, was booked to the Franchise Fee Audit Recoveries account.

Legal Implications:

Legal review completed for compliance with City procedures and Nevada law.

Recommendation:

Staff recommends Council accept the three audit reports, the settlement adjustment, and recognize the franchise fee recovery funds.

Proposed Motion:

I move to approve staff recommendation.

Attachments:

Audit Report - Charter Fiberlink Audit

Report - Nevada Bell Audit

Report - AT&T Mobility

AT&T Settlement Payment