

**Nassau County**  
**Office of the Comptroller**



**Limited Review of E911**  
**Emergency Telephone System**  
**Surcharge Revenues**

**GEORGE MARAGOS**

*Comptroller*

**December 8, 2015**

**NASSAU COUNTY**  
**OFFICE OF THE COMPTROLLER**

**George Maragos**  
*Comptroller*

**James Garner**  
*Chief Deputy Comptroller*

Raymond J. Averna  
*Deputy Comptroller*

Jostyn Hernandez  
*Director of Communications*

Review Staff

JoAnn Greene  
*Director of Field Audit*

Aurora Scifo  
*Assistant Director of Field Audit*

Janis McDermott  
*Field Auditor V*

William Holtmeyer  
*Field Auditor II*

## Executive Summary

---

### **Introduction:**

The Comptroller's Office conducted a review of the County's Emergency Telephone ("E911") System surcharge revenues received by the Nassau County Police Department ("Police Department"). From 2012 to 2014, 138 landline, VoIP<sup>1</sup> and wireless carriers collected E911 fees which were sent to the Police Department and recorded as revenue.

### **Purpose:**

The primary purpose of the review was to examine and confirm the underpayments of E911 surcharge revenues by Verizon, which had been identified through a Police Department review of monthly Verizon statements. The audit also reviewed E911 revenue received paid to the County by all communication carriers.

### **Key Findings:**

- Verizon owes the County \$466,919 because it failed to pay part of the monthly surcharge on phone bills due to the County. The review noted that from the period 2001 through 2014, Verizon improperly deducted an amount ranging from approximately 1% to 3% beyond the 2% administrative fee permitted by law.
- E911 surcharge revenue from eight communications carriers totaling over \$85,600 was not accrued in 2014 at year end.
- Most communications service providers were not providing the County with annual accountings of the surcharge amounts billed and collected and with the names and addresses of customers who have refused or failed to pay the surcharge, as both NYS County Law and the Nassau County Administrative Code provide for. In addition, the Police Department has not established written procedures for the E911 surcharge revenue collection process.
- The Nassau County Administrative Code needs updating to include VoIP service and stronger reporting requirements.

### **Key Recommendations:**

- We recommend that the NCPD take the necessary legal action to collect from Verizon the amount identified in the audit as being withheld in excess of the 2% administrative fee that is allowed by law.

---

<sup>1</sup> Voice over Internet Protocol (VoIP) is a methodology for the delivery of voice communications over Internet Protocol (IP) networks, such as the Internet.

## Executive Summary

---

- The NCPD should develop internal accounting controls to ensure that anticipated payments that have not been received from communication carriers by year end are accrued.
- We recommend that the NCPD take the necessary steps to ensure that the annual accountings of the E911 surcharge revenues collected are obtained and reviewed in a timely manner. All communications service suppliers should be notified that they must include the name, address and amount due from each customer refusing or failing to pay the surcharge with each monthly remittance. In addition, written policies and procedures should be developed for the E911 surcharge revenue collection process.
- The Administrative Code should be updated to include the collection of E911 surcharge revenues from VoIP providers, require that annual accountings from communications carriers be furnished to the NCPD and to mirror the revised definition of system costs in NYS County Law.

\*\*\*\*\*

The matters covered in this report have been discussed with the officials of the Nassau County Police Department. On September 24, 2015 we submitted a draft report to the Police Department for their review. The Police Department provided their response on November 16, 2015. Their response and our follow up to their response are included as an Appendix to this report.

---

## Table of Contents

---

	<u>Page</u>
<b>INTRODUCTION.....</b>	<b>1</b>
Background.....	1
Audit Scope, Objectives and Methodology .....	6
<b>FINDINGS AND RECOMMENDATIONS .....</b>	<b>8</b>
(1) Verizon Withheld \$466,919 in Excess of the Allowed 2% Administrative Fee.....	8
(2) E911 Surcharge Revenue Receivables of More Than \$85,600 from Eight Communications Carriers were not Accrued for 2014 at Year End .....	9
(3) The Police Department Failed to Ensure that the Communication Service Providers are in Compliance with NYS County Law and the Nassau County Administrative Code.....	9
(4) The Nassau County Administrative Code Needs Updating to Include VoIP Service and Better Reporting Requirements.....	11
<b>Appendix.....</b>	<b>13</b>

## Introduction

---

### **Background**

The County's Emergency Telephone ("E911") System is an enhanced emergency telephone service which automatically connects a person dialing the digits 911 to an established public service answering point, providing automatic phone number and location identification. Operators at the County's Public Safety Center in Westbury receive the emergency calls, and the system identifies the appropriate police, fire, and/or ambulance unit that should respond to the call.<sup>2</sup>

The current 911 system was installed in 2007 and consists of two major functions, call handling and response. The VESTA Meridian E911 call handling system is designed for high volume communication centers and manufactured by Airbus DS Communications<sup>3</sup>. The Computer Aided Dispatch ("CAD") system is a response system provided by Intergraph Corporation. VESTA answers and distributes calls to an available operator, looks up the caller's location, displays the information on a terminal screen and sends the address for response to the CAD system. The CAD system then recommends the appropriate response (Police, Fire, Ambulance) for the emergency. VESTA was upgraded in 2010, doubling the number of workstations where operators can answer phones from 19 to 38.

In December 2014, the County implemented Smart911, a web-based public safety service. Smart911 allows the public to create a safety profile identifying information about themselves, family members, pets, medical issues and vehicles that will automatically display on the 911 operator's screen when an emergency call is made.

Exhibit I summarizes E911 surcharge revenues received by the County for calendar years 2012 through 2014.

---

<sup>2</sup> Depending on the caller's location and type of phone service (landline, cell phone, etc.) an emergency call may be routed to the Nassau County Public Safety Center, or to a local village's Police Department's call center.

<sup>3</sup> Airbus DS Communications was formerly Cassidian Communications.

---

**Introduction**

---

**Exhibit I**

**Nassau County  
E911 Emergency Telephone System Surcharge Revenue  
2012 - 2014**

<u>Provider Type</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Landline Phones/VOIP*	\$ 2,982,404	\$ 3,141,771	\$ 2,954,680
Cell Phones/Wireless	3,650,494	4,239,462	3,972,743
<b>Total</b>	<b><u>\$ 6,632,898</u></b>	<b><u>\$ 7,381,233</u></b>	<b><u>\$ 6,927,423</u></b>

Source: NIFS, Sub-Objects RE911 and RE912.

\*Voice-over-Internet Protocol is a methodology for the delivery of voice communications over Internet Protocol (IP) networks, such as the Internet.

The above revenue slightly offsets the costs of 911 operations listed below in Exhibit II.

**Exhibit II**

**Nassau County Police Department  
Communications Bureau**

<u>Description</u>	<u>2013</u>	<u>2014</u>
Salaries	\$ 18,562,495	\$ 18,778,870
Fringe Benefits	8,909,998	9,013,858
Contractual Expenses	3,870,602	3,740,479
Utilities	2,307,758	2,767,245
General Expenses	62,232	182,454
Equipment	<u>2,769</u>	<u>0</u>
<b>Total</b>	<b><u>\$ 33,715,854</u></b>	<b><u>\$ 34,482,906</u></b>

Source: The NCPD

## Introduction

---

### **Landline and Voice-over-Internet Protocol (“VoIP”) Surcharge Revenue**

Municipalities in New York State (“NYS”) are authorized by NYS County Law<sup>4</sup> to impose a monthly surcharge not to exceed \$.35 per access line on the local exchange access (landline) customers of communications service providers within the municipality. In accordance with this provision, the Nassau County Administrative Code<sup>5</sup> follows the NYS County Law by authorizing, empowering and directing each telephone service provider in Nassau County to impose the \$.35 surcharge on each of their subscribers in Nassau County. The surcharge revenues collected by the County are to be used to pay for the costs associated with implementing, installing and maintaining the E911 system. Service suppliers are entitled to retain an administrative fee equal to two percent of their collections of the surcharge.<sup>6</sup>

In 2014, the auditors identified 89 companies<sup>7</sup> providing landline and VoIP services that charged the surcharge to their Nassau County customers and remitted the amounts collected to the County. Some of the smaller companies used the services of a clearing house, such as KMPG LLC or Compliance Solutions, Inc., to remit the surcharge collected to the Police Department on their behalf. The count of companies remitting the surcharge to the County varies from month to month because some companies (particularly the smaller ones) may not have a customer in Nassau County during the month and therefore, a surcharge contribution is not required.

### **Wireless Surcharge Revenue**

Nassau County is authorized by NYS County Law<sup>8</sup> to impose a monthly surcharge not to exceed \$.30 on each wireless communications device provided to a customer whose place of primary use is within Nassau County. The Nassau County Administrative Code<sup>9</sup> mirrors the State Law, requiring each wireless communications service supplier serving Nassau County to begin adding a \$.30 per month surcharge to the billings of their customers beginning on January 2, 2003. The wireless surcharge revenues collected by the County are to be expended only for the payment of system costs or costs associated with the design, construction, operation, maintenance and administration of the County’s public safety communications network. Each wireless communications service supplier is entitled to retain, as an administrative fee, an amount equal to two percent of its surcharge collections.<sup>10</sup>

In 2014, the Auditors identified 21 companies<sup>11</sup> that remitted wireless surcharge revenues to the County. Similarly to landline service providers, some of the wireless providers use the assistance

---

<sup>4</sup> NYS County Law, §300-308 of Article 6.

<sup>5</sup> Nassau County Administrative Code, Title H, Enhanced Emergency Telephone System Surcharge, §8-100.0 to §8-100.4.

<sup>6</sup> Nassau County Administrative Code, Title H, §8-100.2 (B).

<sup>7</sup> Based on surcharge revenue received during 2014.

<sup>8</sup> NYS County Law, §308-a of Article 6.

<sup>9</sup> Nassau County Administrative Code, Title H-1, §8-105.0 - §8-105.6. (Added by Local Law No. 19-2002, November 15, 2002).

<sup>10</sup> Ibid.

<sup>11</sup> Based on surcharge revenue received during 2014.



## Introduction

---

of a clearing house such as Compliance Solutions, Inc. to remit the surcharge collections to the Police Department.

Exhibits III and IV summarize the County's E911 surcharge revenue for 2012 – 2014 by major landline, VoIP and wireless service provider.

### Exhibit III

#### Nassau County E911 Emergency Telephone Surcharge Revenue Landlines and VOIP<sup>1</sup>

<u>Provider Name</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>3 Year Total</u>	<u>% of Total</u>
Cablevision	\$ 1,221,190	\$ 1,437,765	\$ 1,300,101	\$ 3,959,056	43.61%
Verizon NY	1,310,340	1,190,852	1,200,781	3,701,973	40.78%
Cablevision Lightpath	166,800	181,355	165,981	514,136	5.66%
Vonage America	78,993	94,022	80,754	253,769	2.80%
AT&T Comm	47,456	47,995	36,699	132,150	1.46%
Granite Comm	26,490	32,032	29,793	88,315	0.97%
Paetec Comm	19,989	36,217	24,135	80,341	0.88%
Broadview Networks	23,090	22,354	15,654	61,098	0.67%
MCI Metro Access Trans Serv	13,469	14,959	14,078	42,506	0.47%
Level 3 Comm	9,920	12,951	12,077	34,948	0.38%
All Others <sup>2</sup>	64,667	71,269	74,627	210,563	2.32%
<b>Total</b>	<b>\$ 2,982,404</b>	<b>\$ 3,141,771</b>	<b>\$ 2,954,680</b>	<b>\$ 9,078,855</b>	<b>100.00%</b>

Source : NIFS, Index Code PDH1500, Sub Object RE911 (2012-2014)

<sup>1</sup> Voice over Internet Protocol (VoIP) is a methodology for the delivery of voice communications over Internet Protocol (IP) networks, such as the Internet.

<sup>2</sup> All Others include 97 providers from 2012 through 2014.

## Introduction

### Exhibit IV

#### Nassau County E911 Emergency Telephone Surcharge Revenue Wireless

<u>Provider Name</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>3 Year Total</u>	<u>% of Total</u>
NY SMSA Ltd Partnership	\$ 1,607,907	\$1,949,003	\$ 1,814,475	\$ 5,371,385	45.28%
New Cingular Wireless PCS	1,125,771	1,413,653	1,319,987	3,859,411	32.53%
Sprint Spectrum	346,241	423,012	395,159	1,164,412	9.82%
T-Mobile North East	353,001	404,593	402,554	1,160,148	9.78%
MetroPCS NY	122,092	-	-	122,092	1.03%
Nextel of NY	68,155	10,366	-	78,521	0.66%
Consumer Cellular	14,610	20,777	22,853	58,240	0.49%
Great Call	6,422	9,016	8,621	24,059	0.20%
OnStar	4,041	4,639	4,004	12,684	0.11%
Working Assets Funding Service	890	1,121	906	2,917	0.02%
All Others <sup>1</sup>	1,364	3,282	4,184	8,830	0.07%
<b>Total</b>	<b>\$ 3,650,494</b>	<b>\$4,239,462</b>	<b>\$ 3,972,743</b>	<b>\$11,862,699</b>	<b>100.00%</b>

Source : NIFS, Index Code PDH1500, Sub Object RE912 (2012-2014)

<sup>1</sup> All Others include 21 providers from 2012 through 2014.

The Nassau County Office of Emergency Management advised that in December 2014 there were 482,093 residential and business telephone lines in Nassau County<sup>12</sup>. All phones are registered in the E911 system with caller location information. Suppliers of landline communications services are certified by the NYS Public Service Commission, while VoIP and wireless service providers are regulated by the Federal Communications Commission (“FCC”).

#### **Public Safety Answering Points**

Public Safety Answering Points (“PSAPs”) are local call centers where 911 calls are routed, and in Nassau County are located at both local and County levels. As of September 2015, there are 14 village and two city PSAPs within Nassau County:

- Floral Park Police Department
- Freeport Police Department
- Garden City Police Department
- City of Glen Cove Police Department
- Great Neck Estates Police Department
- Hempstead Village Police Department
- Kings Point Police Department

<sup>12</sup> This data excludes excess phone lines, i.e., multiple lines for every hospital room. §8-100.1 (C) of the Nassau County Administrative Code provides for the surcharge to be imposed on no more than 75 exchange access lines per customer, per location.

## **Introduction**

---

- Lake Success Police Department
- City of Long Beach Police Department
- Lynbrook Police Department
- Malverne Police Department
- Old Brookville Police Department
- Old Westbury Police Department
- Port Washington Police Department
- Rockville Centre Police Department
- Sands Point Police Department

Nassau County supports the local PSAPs with upgrades and improvements to equipment and workstations nearing the end of useful life. The village police departments also receive assistance through grants.

### **Audit Scope, Objectives and Methodology**

At the request of the Nassau County Police Department, the Comptroller's Office conducted a review of the County's E911 surcharge revenues. The primary purpose of the review was to examine and confirm the underpayments of E911 surcharge revenues by Verizon, which had been identified through a Police Department review of monthly Verizon statements. Additional objectives of the review were to:

- verify the Police Department's compliance with Article 6 of New York State County Law and with Title H and Title H-1 of the Nassau County Administrative Code covering landline and wireless communication service surcharges;
- verify the Police Department's list of current Landline, VoIP and Wireless communication carriers and determine if all communications service providers were remitting monthly surcharge revenue to the County, in compliance with New York State and Nassau County law;
- determine the amount of landline and wireless communications surcharge revenue for the period January 1, 2012 through December 31, 2014 and confirm that the surcharge revenues remitted to the County were properly recorded, accrued and accounted for; and
- determine if expenditures of surcharge revenues were made in accordance with New York State County Law and the Nassau County Administrative Code.

The review primarily covered the period January 1, 2012 through December 31, 2014; however, at the request of the Police Department, E911 surcharge revenues remitted by Verizon were reviewed for the period July 2000 through December 2014.

## **Introduction**

---

Our review consisted primarily of an examination of County and Police Department records, a review of the State and County law, and interviews with staff of Police Department Support Services and the Personnel and Accounting Bureau. Using documentation provided by the Police Department, the auditors compiled a list of communications carriers remitting surcharge revenues to the County.

We believe our review provides a reasonable basis for the findings and recommendations contained herein.

---

## Findings and Recommendations

---

### **Audit Finding:**

#### **(1) Verizon Withheld \$466,919 in Excess of the Allowed 2% Administrative Fee**

Our review revealed that other amounts were withheld by Verizon in excess of the 2% administrative fee from 2006-2014, totaling \$356,701. A further review of available payment records from September 2001 through December 2005 found other excess deductions totaling \$110,218, increasing the total excess deductions to \$466,919. The total excess amount withheld could still increase because 27 months of receivable detail were unavailable for this period (2001-2005). The review also noted that the excess monthly amounts withheld ceased from November 2013 through December 2014. Exhibit V summarizes the excess amounts withheld by Verizon from 2001-2014.

### **Exhibit V**

#### **Amount Withheld by Verizon in Excess of 2% Administrative Fee 2001 - 2014**

<u>Year</u>	<u>Amount</u>
2001	\$ 16,109
2002	18,445
2003	11,559
2004	16,301
2005	47,805
2006	63,772
2007	53,016
2008	50,815
2009	45,167
2010	40,030
2011	40,890
2012	32,719
2013	30,465
2014	(174)
<b>Total</b>	<b><u>\$ 466,919</u></b>

### **Audit Recommendation(s):**

We recommend that the Police Department take the necessary legal action to:

- a) collect from Verizon the amount identified in the audit as being withheld in excess of the 2% administrative fee that is allowed by law; and

## **Findings and Recommendations**

---

- b) obtain and review the receivable data for the 27 months that were not available during our audit and determine if there were excess amounts withheld during the period that are due to the County.

### **Audit Finding:**

#### **(2) E911 Surcharge Revenue Receivables of More Than \$85,600 from Eight Communications Carriers were not Accrued for 2014 at Year End**

At year end, Police Department fiscal staff prepare accruals to record E911 surcharge revenue receivables in NIFS, the County's accounting system. The auditors reviewed the 2014 E911 surcharge revenue receivable information from 110 communications carriers and determined that December 2014 revenue collections of \$85,632 were remitted to the County in February 2015. However, accrual entries were not prepared to record the 2014 receivables. As a result, E911 surcharge revenues were understated by \$85,632 for 2014, and correspondingly overstated by the same amount for 2015. The December surcharge revenue receivables related to three wireless carriers, totaling \$73,795 and five landline carriers totaling \$11,837.

### **Audit Recommendation:**

We recommend that the Police Department develop internal accounting controls to ensure that anticipated payments that have not been received from communication carriers by year end are accrued.

### **Audit Finding:**

#### **(3) The Police Department Failed to Ensure that the Communication Service Providers are in Compliance with NYS County Law and the Nassau County Administrative Code**

Both NYS County Law<sup>13</sup> and the Nassau County Administrative Code<sup>14</sup> provide for landline and wireless service providers to annually give the County an accounting of the surcharge amounts billed and collected. Our review determined that the Police Department does not have written procedures to monitor compliance, test the accuracy of the amounts remitted by the communication carriers, ensure that surcharge revenue is received and properly allocated in a timely manner, and that appropriate collection efforts are taken to ensure payments are received. Additionally, we noted that the carriers were not complying with the reporting requirements and

---

<sup>13</sup> NYS County Law §308-a.3.

<sup>14</sup> Nassau County Administrative Code Title H §8-100.3 (B) and Title H-1 §8-105.3 (e).

---

## Findings and Recommendations

---

the Police Department did not have a process in place to require any follow up be performed. Specially, we noted the following exceptions:

- Only three of the 110 communication carriers (3%) provided the County with the annual accountings of E911 surcharge revenue billed and collected, for 2014 as required by NYS Law and the Nassau County Administrative Code. As noted in Audit Finding 1, the auditors determined that Verizon withheld additional fees over and above the allowable 2% administrative fee from 2001 to 2013. The excess withholding of fees could have been detected much sooner and corrected had the Police Department followed up to obtain and review the required annual accounting. Once the auditors inquired about the annual accountings, the Police Department contacted the communication carriers and approximately 41% (45 out of 110) provided the required documentation.
- Communication service providers did not provide the names, addresses and amounts due from customers who did not pay the surcharge for 2012-2014, the period of the audit scope. Police Department officials advised the auditors that the Department did not request this information from the service providers. Although the NYS Law and the Nassau County Administrative Code states that communication service providers do not have any legal obligation to enforce the collection of the surcharge, they do not prohibit the County Attorney from pursuing the collection of these monies.

### **Audit Recommendation(s):**

We recommend that the Police Department take the necessary steps to ensure that:

- a) the annual accountings of the E911 surcharge revenue collected are obtained from all landline, wireless and VoIP service suppliers in a timely manner and are reviewed as an additional means of determining that each service provider correctly remitted all amounts due to the County;
- b) all communications service suppliers are notified that they must include the name, address and amount due from each customer refusing or failing to pay the surcharge with each monthly remittance, as required by law. The Police Department should coordinate collection efforts with their legal staff and the County Attorney's Office; and
- c) written policies and procedures are developed for the E911 surcharge revenue collection process, which include collecting, reviewing and accounting for the surcharge collections, establishing and monitoring accounts receivable and identifying all service providers subject to the surcharge.

## Findings and Recommendations

---

### **Audit Finding:**

#### **(4) The Nassau County Administrative Code Needs Updating to Include VoIP Service and Better Reporting Requirements**

The County collects E911 surcharge revenues from the following types of communications service providers:

- Telephone direct landlines: \$.35 per access line, per month
- Voice over Internet Protocol (“VoIP”): \$.35 per access line, per month
- Wireless phones: \$.30 per wireless communication device, per month

The following instances were noted where the Nassau County Administrative Code<sup>15</sup> is in need of updating and/or providing more clarity:

- Although Nassau County is currently collecting monthly \$.35 surcharges from seven VoIP communications companies, the County has not amended the provisions of Title H of the Nassau County Administrative Code covering Enhanced Emergency Telephone System Surcharges to specifically include VoIP services<sup>16</sup>. In contrast, the auditors noted that in 2009, another NYS County amended their Administrative Code to include the providers of VoIP services (within their 911 service area) as service suppliers on which their monthly \$.35 surcharge per access line is imposed.
- The Administrative Code currently states that landline communications service suppliers are to annually provide the Nassau County Comptroller with an accounting of the surcharge amounts billed and collected. In practice, the Police Department had historically assumed this function as the recipient of the surcharge revenues. The Administrative Code also states that wireless communications service suppliers are to provide their annual accountings to the County of Nassau. The Code does not specifically require that the annual accountings by carriers be provided to the County Department that actually receives the revenue and is responsible for reviewing the accuracy and timeliness of the amounts remitted, the Police Department.
- The Police Department follows NYS Law<sup>17</sup> by including the operational expenditures of its Communications Bureau<sup>18</sup>, including salaries, fringe benefits, radio and communications, and utilities in calculating the expenditures funded by E911 surcharge revenues. This revision to the state law was implemented in 1996. As the County is using the State’s 1996 amendment to support its computation of E911 funded expenditures, the

---

<sup>15</sup> Nassau County Administrative Code, Title H, §8-100.2 (D) and Title H-I, §8-105.3 (f).

<sup>16</sup> Title H of the Nassau County Administrative Code was established by Local Law 3-2000, effective February 16, 2000.

<sup>17</sup> Chapter 309 of the Laws of 1996 amended Section 301 (8) of the NYS County Law.

<sup>18</sup> The Police Department’s Communications Bureau protects public safety in Nassau County by answering and dispatching the public’s 911 emergency calls.



## **Findings and Recommendations**

---

Administrative Code needs updating to mirror the NYS Law. NYS Law defines system costs as the costs associated with all operations and maintenance of an E911 system. Specifically, the Law states: “...the costs associated with obtaining and maintaining the telecommunications equipment, all operations and maintenance costs and telephone service costs necessary to establish and provide an E911 system.” However, the Nassau County Administrative Code<sup>19</sup>, which covers landline telephone E911 surcharges, defines system costs as “the costs associated with obtaining and maintaining the telecommunication equipment and the telephone services costs necessary to establish and provide an E911 system”. The Administrative Code does not specifically mention “operations”.

### **Audit Recommendation(s):**

We recommend that the County consider updating Title H of the Nassau County Administrative Code, as follows:

- a) revise the Administrative Code to specifically include the collection of E911 surcharge revenues from VoIP providers;
- b) revise the Administrative Code to require that the annual accountings from landline and wireless communications service suppliers be furnished to the Police Department; and
- c) revise the Administrative Code to mirror the revised definition of system costs in NYS County Law for the expenditure of landline surcharges, since the Police Department relies on the language in the State Law in identifying the appropriate use of the E911 surcharge revenues.

---

<sup>19</sup> Section 8-100.0 (D) of Title H of the Nassau County Administrative Code.

**Audit Finding:**

**(1) Verizon Withheld \$466,919 in Excess of the Allowed 2% Administrative Fee**

**Audit Recommendation(s):**

We recommend that the Police Department take the necessary legal action to:

- a) collect from Verizon the amount identified in the audit as being withheld in excess of the 2% administrative fee that is allowed by law; and
- b) obtain and review the receivable data for the 27 months that were not available during our audit and determine if there were excess amounts withheld during the period that are due to the County.

**NCPD Response:**

Correspondence relating to this audit finding has been sent to the County Attorney’s office for their immediate review. The Police Department will take all actions to recover funds as directed by the County Attorney. Additionally we will attempt to locate the missing receivable data and will advise if additional amounts are identified.

**Auditor’s Follow-up Response:**

*We concur with the responses from NCPD regarding their planned actions to recover the funds with the aid of the County Attorney and to locate the related receivable data.*

**Audit Finding:**

**(2) E911 Surcharge Revenue Receivables of More Than \$85,600 from Eight Communications Carriers were not Accrued for 2014 at Year End**

**Audit Recommendation:**

We recommend that the Police Department develop internal accounting controls to ensure that anticipated payments that have not been received from communication carriers by year end are accrued.

**NCPD Response:**

At the close of the County “month 13” for 2015 in January of 2014, the Police Department processed an accrual for all amounts identifiable and quantifiable for this revenue item. Actual collections came in higher. A Personnel and Accounting Bureau supervisor will perform an

---

## **Appendix – NCPD Response and Auditor’s Follow-up**

---

additional review prior to booking the 2015 accrual in January of 2016 to ensure an accurate accrual.

### **Auditor’s Follow-up Response:**

*We agree with the NCPD’s plan to implement a supervisory review of year end accruals. We reiterate the need to establish internal accounting controls that include the accrual process. We recommend that a current listing of high activity/high dollar volume communication carriers be maintained to assist with this effort.*

### **Audit Finding:**

#### **(3) The Police Department Failed to Ensure that the Communication Service Providers are in Compliance with NYS County Law and the Nassau County Administrative Code**

### **Audit Recommendation(s):**

We recommend that the Police Department take the necessary steps to ensure that:

- a) the annual accountings of the E911 surcharge revenue collected are obtained from all landline, wireless and VoIP service suppliers in a timely manner and are reviewed as an additional means of determining that each service provider correctly remitted all amounts due to the County;
- b) all communications service suppliers are notified that they must include the name, address and amount due from each customer refusing or failing to pay the surcharge with each monthly remittance, as required by law. The Police Department should coordinate collection efforts with their legal staff and the County Attorney’s Office; and
- c) written policies and procedures are developed for the E911 surcharge revenue collection process, which include collecting, reviewing and accounting for the surcharge collections, establishing and monitoring accounts receivable and identifying all service providers subject to the surcharge.

### **NCPD Response:**

Although formal letters clearly outlining the Nassau County administrative code had been sent previously to the service suppliers, these letters were sent approximately 10 years ago. New letters describing the code and all requirements are being reviewed by the Police Department Legal Bureau and will be sent to those Landline, VoIP and cellular service providers on record on a reoccurring basis. Also, the Police Department will take steps to document procedures and policies applicable to E911 revenues.

**Auditor’s Follow-up Response:**

*We concur with the NCPD’s decision to issue new letters summarizing the Administrative Code and its requirements to the communications carriers. We also concur with NCPD’s plan to document the policies and procedures for the E911 revenue collection process.*

**Audit Finding:**

**(4) The Nassau County Administrative Code Needs Updating to Include VoIP Service and Better Reporting Requirements**

**Audit Recommendation(s):**

We recommend that the County consider updating Title H of the Nassau County Administrative Code, as follows:

- a) revise the Administrative Code to specifically include the collection of E911 surcharge revenues from VoIP providers;
- b) revise the Administrative Code to require that the annual accountings from landline and wireless communications service suppliers be furnished to the Police Department; and
- c) revise the Administrative Code to mirror the revised definition of system costs in NYS County Law for the expenditure of landline surcharges, since the Police Department relies on the language in the State Law in identifying the appropriate use of the E911 surcharge revenues.

**NCPD Response:**

The Police Department will ensure the final report is sent to the County Attorney for consideration. We will provide assistance if they determine that the Nassau County Administrative Code needs to be updated.

**Auditor’s Follow-up Response:**

*We reiterate the need for the NCPD and County Attorney to ensure that updates to the Administrative Code include:*

- *the collection of E911 surcharge revenues from VoIP providers;*
- *the requirement that annual accountings be furnished to the NCPD; and*
- *that it mirrors the revised definitions of system costs in NYS County Law.*