

**MEMO**

June 15, 2017

TO: Audit and Reporting Committee

FROM: Mike Harbour 

SUBJECT: Follow up from Audit & Reporting Committee

The following table provides responses to questions raised by Committee members at the last Audit and Reporting Committee meeting.

Requestor	Issue/Question	Response
Board Member Dammeier	Request for presentation on historical context of ARC and the Internal Audit function. What are past audit areas and significant findings and responses?	Staff will present this information at 2 <sup>nd</sup> Quarter ARC meeting.
Board Member Balducci	Can staff identify areas of concern raised by other groups, particularly the Citizen Oversight Panel that ARC could address?	Staff will identify key issues for future ARC agenda and report back at 2 <sup>nd</sup> quarter meeting.
COP Chair Lovell	Suggested that IT security would be a good topic for the ARC.	Staff will add this as a special topic at a future meeting.
Board Member Balducci	Requested that in future reports split out split out performance of North and South Sounder?	Future reports will include N/S breakout.
Board Member Dammeier	Why do we use a different voltage than most light rail systems?	With higher voltage (1500 VDC vs standard 750 VDC) the distance between the Traction Power Substations (TPSS) are increased resulting in fewer required TPSS for the system. Staff can provide additional information at either the ARC or Operations and Administration Committee as needed.
Board Member Johnson	We are underspending in a number of areas? Is this due to lack of adequate staffing?	Underspending of budget are generally due to a variety of factors, including (1) unexpected changes in project scope or technical challenges on project; (2) change in right-of-way acquisition timing; (3) inadequate staffing due to competing priorities; (4) conservative budget forecast. Staff will provide more detailed explanations at future ARC meeting for those projects/accounts will significant underspending.
Board Member Johnson	Can we provide bike cage or more secure parking at UW Station?	Staff will follow up with Board Member Johnson and the Operations and Admin Committee.

Board Member Balducci	Would like to see capital spending data in a graphic format, like a scattergram.	Staff will evaluate the best method to graphically capture project spending levels and incorporate into future reports.
Board Member Dammeier	Competitive contract award – what is long distance service contract?	<p>The \$120,000 contract with Magna 5 (formerly X5 Solutions) covers all conference calling and long distance/international calls made on desk phones for all employees and contractors for the period October 2016 – April 2018. International calling is restricted to employees that require it as part of their job (e.g. Executives, Project Controls and Government Relations staff), and can be activated/deactivated as needed. The contract also covers six redundant telephone lines and the access/subscription charges at Sound Transit sites.</p> <p>Sound Transit has used this “piggy-back” contract with Washington State Department of Enterprise Services since its inception in 1995. Over the years, the State has made changes to its offerings and to outsource to a subcontractor rather than managing the service in-house. They conduct a competitive bid for the services and given that they do have a competitive process we are assured that the rates are fair and reasonable. The rates offered are highly competitive as the State requests bids based on the large pool of agencies and other government entities that utilize the contract. Rates are approximately 50% cheaper per minute than the commercial entities.</p> <p>The most recent change (2015) we have made to the contract was to consolidate all telephone services under this contract, saving us approximately \$4,000/month for the redundant telephone lines that were previously contracted with Century Link. Additionally we discontinued the use of SCAN (access) codes for calling outside of the Agency, saving approximately \$14,000/year as of 2015. The current long-distance costs per month are \$750.</p> <p>The contract also provides for conference calling. This service was selected because it is reliable, tested and has the assurance that it was previously vetted by the State for security and value. Services offered over the internet for “free” are not reliable for quality of the call/connection and the licensing could open the Agency to call “scraping” where the vendor listens in for things they can then sell directed ad space on the web site. Any alternate option would have to be thoroughly vetted by Legal as we do not want to risk the Agency’s security or ability to make reliable conference calls. Also, there is no support provided by the vendor on “free” services. To have support provided by any vendor there is a cost associated with it. We are currently charged a flat rate per minute for each conference call (up to 600 participants) and other services charge per caller participating on the conference call, which can significantly inflate prices. The average costs for conference call per month is \$1,650. The agency makes an average of 690 conference calls per month, with an average cost of \$2.40 per call under the new contract.</p>