

**How much \$\$\$ is left on the table?**



# An Audit Should

Quantify what is currently being billed

Optimize what is currently being billed

Adjust rate structure to suit profile

Recapture overpayments

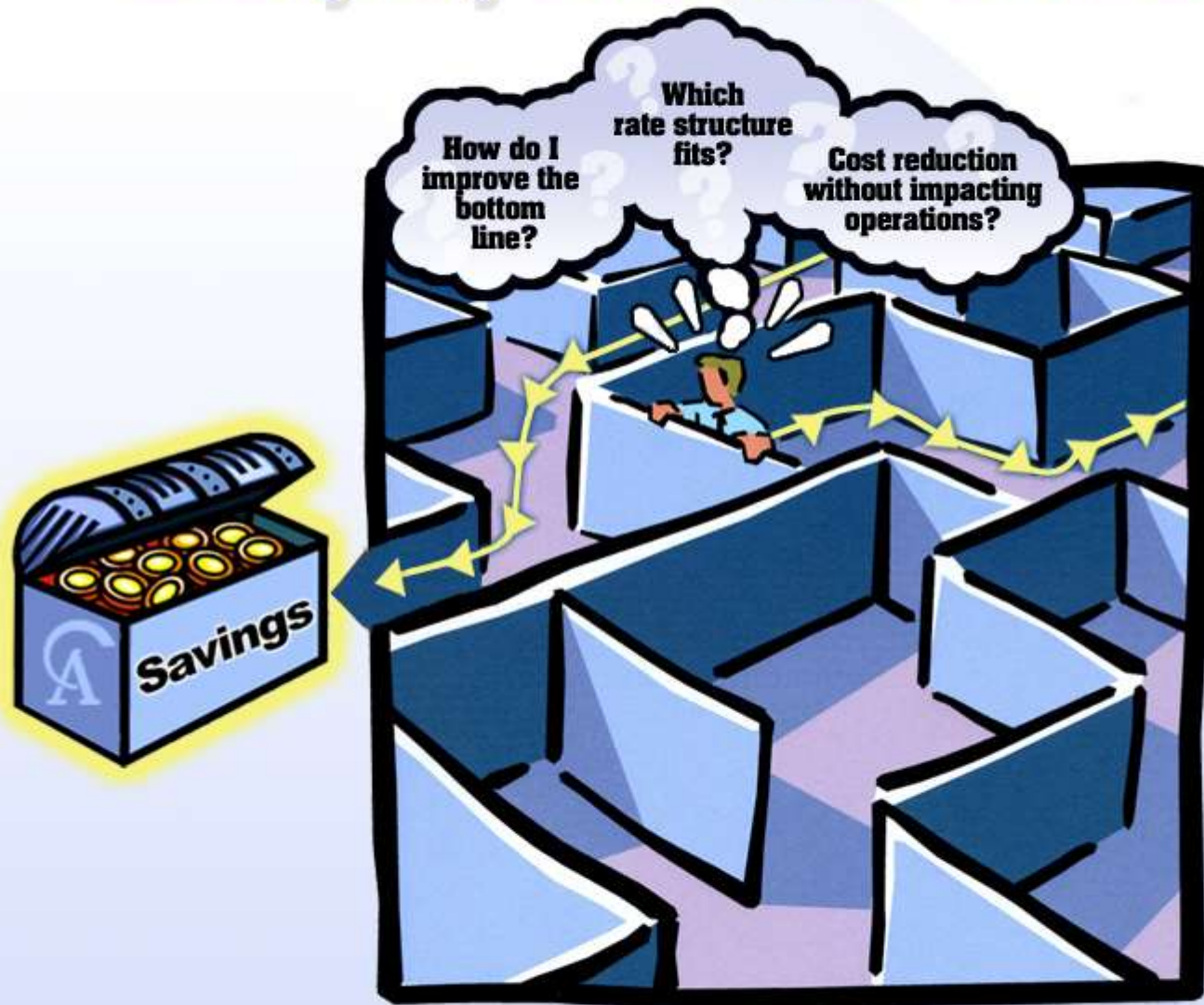
Identify stranded assets

Supplement your team's efforts with independent auditors

Provide customized results

Contingency Based - No savings? No fee!

# Everyday Business Challenges



An effective audit points you in the right direction

# **Practices of a Quality Audit**

**Outline a specific statement of work**

**Independent consultants should work for/with you, not with the providers**

**Increase the level of service for expenditure**

**Display exact savings figures, not approximations**

# Why Audit?

Corporate accountability

Daily struggle to realign in response to challenges

Support decisions with independent, verifiable results

Validate what you are being told is actually happening

Significantly improve the bottom line without losing service

# Audit Experience

## **Vice President, Telecom**

30 years in the telecommunications industry; 18 years with Sprint, AT&T & Bell South

## **Senior Telecom Auditor**

21 years in the telecommunications industry; 18 years with Sprint, Convergent, University of Florida

## **Senior Telecom Auditor**

22 years in the telecommunications industry; 15 years with Electronic Data Systems and MasTec Communications

## **Senior Telecom Auditor**

15 years in the telecommunications industry; 11 years with AT&T

## **Vice President, Natural Gas Services**

39 years in the natural gas industry; 36 years with Consolidated Edison and GASMARK

## **Director, Electric Services**

15 years in the electric service industry; 10 years with GPU Energy

## **Director, Electric & Natural Gas Services**

38 years at Honeywell, Allied/AlliedSignal

## **Director, Waste & Bio-Waste Services**

12 years in the waste industry, including Waste Management

# Choosing An Audit Firm

## **Experience:**

How long has the firm been performing audits ?

Auditor experience

Association partnerships

Who can you engage at the firm?

## **Fee:**

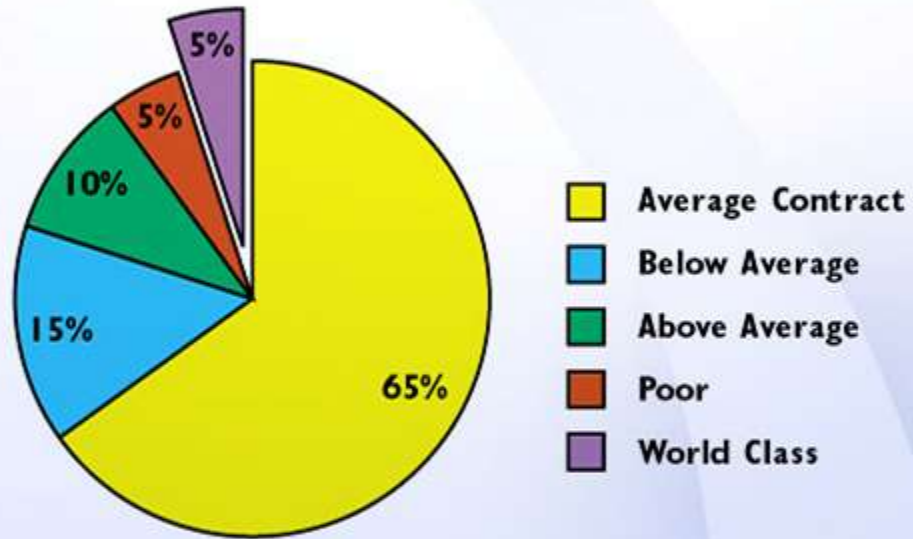
Fixed cost is no incentive for an auditor

Pay for performance aligns auditor to your needs

The audit team should exhaust every avenue as a means of saving money

# Telecom Industry Standards

“How competitive are telecom contracts in general? 85% of companies get poor-to-average rates from their carriers.”



- Source: Gartner Group

# **A Utility Audit Will Peel Back the Layers**

- Analysis of usage patterns
- Application of the resulting usage pattern to available rate structures
- Advise of the most economical rate that can and should be assigned for current vendor
- Access to broad database of price options where shopping for rate is allowed
- Advise as to when the market might be favorable for either fixed or floating agreements
- Recover errors and overcharges going back three years

The local utility rep is not being paid to help the customer save money

# Waste Not, Want Not!

Reduce solid and medical waste cost

Increase recycling revenues

Enhance services in your agreements

Analyze all waste equipment

Identify more creative and efficient methods of waste removal

Recover erroneous charges and overcharges going back five years

Waste haulers are not necessarily your friend

Audit variable-cost waste invoices



# **The Audit Process**

**Copy invoices to avoid disrupting your staff**

**Conduct the audit in our offices, not yours**

**Within 60 days preliminary findings review**

**Implement the opportunities you choose**

**All refunds, credits or reductions are confirmed before billing**

**Sustainable, financial improvement in 3 - 6 months**

# Audit Areas

## POWER & GAS

- Optimize the load profile
- Adjust rate structure to suit the load profile
- In deregulated areas, shop for the best rate

## TELECOM

- Line audit inventory
- Audit of local, long distance, cell phones and data
- Network design evaluation

## SOLID & BIO WASTE

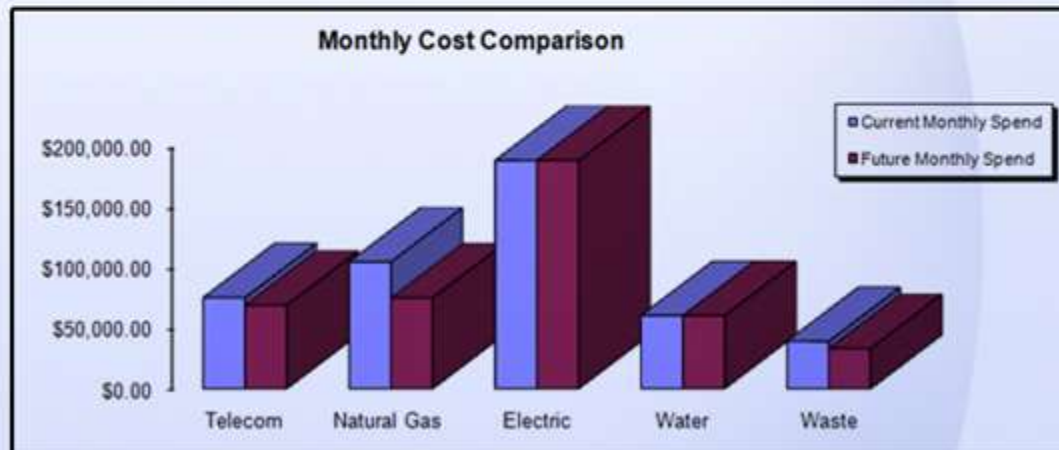
- Capture better rates, including bio-waste
- Implement changes with existing vendors 90% of the time
- Containers, red-bag waste, tonnage review, hauling services, etc.

Database

# What You See Is What You Get

## Executive Summary

<u>Audit Area</u>	<u>Current Monthly Spend</u>	<u>Future Monthly Spend</u>	<u>One-time Credits</u>	<u>Monthly Ongoing Savings</u>	<u>% Savings</u>	<u>Annual Ongoing Savings</u>
Telecom	\$75,456.65	\$69,204.12	\$4,681.20	\$6,252.54	8.3%	\$75,030.47
Natural Gas	\$105,117.20	\$75,236.42	\$0.00	\$29,880.78	28.4%	\$358,569.36
Electric	\$189,351.15	\$189,351.15	\$6,281.40	\$0.00	0.0%	\$0.00
Water	\$60,626.88	\$60,626.88	\$0.00	\$0.00	0.0%	\$0.00
Waste	\$39,240.61	\$33,320.63	\$25,216.18	\$5,919.98	15.1%	\$71,039.76
<b>Total</b>	<b>\$469,792.49</b>	<b>\$427,739.20</b>	\$36,178.78	\$42,053.30	9.0%	\$504,639.59
AuditHead Fees	Savings Up to \$50,000		\$12,662.57	\$14,718.65		\$17,500.00
	Savings Over \$50,000					\$136,391.88
	Subtotal Fees					\$153,891.88
<b>Net Savings</b>			<b>\$23,516.21</b>	<b>\$27,334.64</b>		<b>\$350,747.71</b>



# Segment Audit Detail

Telecom: **AT&TLD**

Account	Item	Current			Recommendation	Proposed			Savings	
		Qty or # Min	Unit Cost	Total Cost		Qty or # Min	Unit Cost	Total Cost	Monthly	Annual
131 034 7133 073	800 Readyline	1	\$30.00	\$30.00	No usage - move to primary if number is still needed.	1	\$0.00	\$0.00	\$30.00	\$360.00
899 356-1357	Fed UCC	1	\$3.02	\$3.02		1	\$0.00	\$0.00	\$3.02	\$36.24
Directed to	Admin Expense Fee	1	\$0.26	\$0.26		1	\$0.00	\$0.00	\$0.26	\$3.12
344 481-4062	Property tax allotment	1	\$0.82	\$0.82		1	\$0.00	\$0.00	\$0.82	\$9.84
	Fed Reg Fee	1	\$0.70	\$0.70	1	\$0.00	\$0.00	\$0.70	\$8.40	

**Gas: Constellation Energy**

Account	Current			Proposed			Savings	
	dt	Supply	Total Cost	dt	Supply	Total Cost	Monthly	Annual
	August-08	5,878	\$52,252.31	\$57,423.70	5,878	\$57,600.38	\$62,771.77	-\$5,348.07
	September-08	6,263	\$55,678.78	\$60,850.17	6,263	\$56,223.04	\$61,394.43	-\$544.26
	October-08	7,961	\$70,774.53	\$75,945.92	7,961	\$64,125.86	\$69,297.25	\$6,648.67
	November-08	10,946	\$97,311.01	\$102,482.40	10,946	\$77,190.94	\$82,362.33	\$20,120.07
	December-08	12,270	\$94,970.65	\$100,142.04	12,270	\$91,668.76	\$96,840.15	\$3,301.89
	January-09	12,709	\$82,989.77	\$88,161.16	12,709	\$85,390.50	\$90,561.89	-\$2,400.73
	February-09	10,170	\$58,272.61	\$63,444.00	10,170	\$51,447.70	\$56,619.09	\$6,824.91

**Electric: Constellation Energy**

Account	Rate	Current				Proposed				Savings	
		Bill KW	KVA	KWH	Cost	Bill KW	KVA	KWH	Cost	Monthly	Annual
2-1975-0101-6179	90	206	335	82,350	\$9,349.45	206	335	82,350	\$8,764.38	\$585	\$7,021
2-2100-7521-1089	20	197	212	81,690	\$7,343.35	197	212	81,690	\$7,343.35	\$0	\$0
2-2100-7521-0902	20	134	140	53,850	\$6,142.87	134	140	53,850	\$6,142.87	\$0	\$0
2-2100-5780-5759	20	61	62	35,632	\$2,653.55	61	62	35,632	\$2,653.55	\$0	\$0
2-1898-0002-3307	20	87	98	33,790	\$3,238.08	87	98	33,790	\$3,238.08	\$0	\$0
2-2100-7532-4897	20	111	115	33,751	\$3,813.86	111	115	33,751	\$3,813.86	\$0	\$0
2-1898-0003-9678	20	74	104	27,800	\$2,695.75	74	104	27,800	\$2,695.75	\$0	\$0
2-1975-0111-2257	9	60	67	25,643	\$2,763.22	60	67	25,643	\$2,454.52	\$309	\$3,704

**Waste: Stericycle**

Location	Account	Current		Proposed		Savings	
		Cost	Cost	Per Stop	Monthly	Annually	

**CPI Base Cost Savings**

390 Shea St	6064783	\$9,769.20	\$9,501.75	\$267.45	\$3,209.40
201 Osborn Rd	6067842	\$8,045.49	\$7,825.23	\$220.26	\$2,643.12
<b>Sub-total</b>		<b>\$17,814.69</b>	<b>\$17,326.98</b>	<b>\$487.71</b>	<b>\$5,852.52</b>

Energy Charge Savings	Energy Chg	Energy Chg	Energy Chg	Per Stop	# of Pickups				
					Per Stop	Pickups			
390 Shea St	✓ 0003219	\$10.92	\$229.32	\$6.09	\$127.89	\$4.83	21	\$101.43	\$1,217.16
397 Shea St	✓ 0004219	\$10.92	\$131.04	\$6.09	\$73.08	\$4.83	12	\$57.96	\$695.52
7400 Peak Pkwy	✓ 7078920	\$10.92	\$98.28	\$6.09	\$54.81	\$4.83	9	\$43.47	\$521.64
7400 Peak Pkwy	✓ 007418	\$10.92	\$240.24	\$6.09	\$133.98	\$4.83	22	\$106.26	\$1,275.12

# Action Steps

#	Recommendation	Plan	Responsible Party	Completion Date	Approved (Y/N)
1.	Convert Verizon Plans to Sprint	Upon approval, AuditHead will request the changes	AuditHead		
2.	Remove zero, low use pagers, if possible	Upon approval, AuditHead will request the changes	AuditHead		
3.	Recommendation made and accepted to change primary dedicated LD from Verizon to BCN, providing a Verizon dedicated pipe. BCN pricing is better than pricing available from Verizon. Contract has been provided to Scottsdale Health, and as soon as it is signed, will be processed by AuditHead.	Client to sign contract	Client and AuditHead		
4.	Recommendation made and accepted to change all directory assistance calls to Spectracorp. As soon as authorization is provided, AuditHead will handle the change.	Upon approval, AuditHead will request the changes	AuditHead		
5.	Recommendation made and accepted to eliminate American Messaging pagers as shown. AuditHead will handle the elimination and follow up with the vendor.		AuditHead		
6.	Recommendation made and accepted to remove all AT&T and MCI long distance accounts. These are unused accounts billing minimum use charges.		AuditHead		
7.	AuditHead to eliminate all taxes billing in error on Qwest invoices.		AuditHead		

# Credits

Audit Area	Confirmed Credits	Potential Credits	Ongoing Monthly Reductions	Annual Expense Reductions
Telecom		\$890.00	\$25	\$300
Natural Gas	\$7,600.00		\$900	\$10,800
Electricity	\$3,222.46		\$500	\$6,000
Water	\$8,331.00		\$300	\$3,600
Waste	<u>\$2,171.10</u>		<u>\$26</u>	<u>\$312</u>
<b>TOTAL</b>	<b><u>\$21,324.56</u></b>	<b><u>\$890.00</u></b>	<b><u>\$1,751</u></b>	<b><u>\$21,012</u></b>

COMMENTS:

Telecom Qwest's procedure is to create an open ticket for each account correction. They will process over 100 credits. Awaiting results.

Natural Gas  
Southwest Gas \$7,600.00 900

Electric  
APS \$3,222.46 500

Water  
City of Scottsdale \$8,331.00 300

Waste  
Waste Management \$2,110.79 26  
Stericycle 60.31