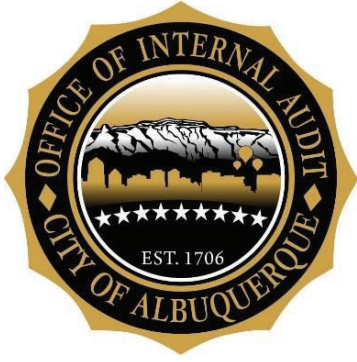




April 9, 2025

Performance Audit

Comcast Franchise Fees Compliance Audit

Finance & Administrative Service Department

Report No. 23-103B



COMCAST

**CITY OF ALBUQUERQUE
OFFICE OF INTERNAL AUDIT**

City of Albuquerque - Office of Internal Audit

Comcast Franchise Fees Compliance Audit

Compliance Audit

April 9, 2025

Audit #23-103B

Executive Summary

The Office of Internal Audit (OIA) conducted a compliance audit of Comcast operated by the Finance & Administrative Service Department (DFAS). The audit was included in the fiscal year 2023 approved audit plan and requested by the City Administration. The objectives were to determine whether:

- Comcast paid franchise fees and Public, Educational, and Government contributions accurately and timely, and,
- Comcast paid franchise fees and PEG contributions in accordance with the agreement's terms and conditions.

The audit scope included the period of fiscal years 2021 through 2023 with data analytics performed for the previous five fiscal years from January 2018 through June 2023.

Comcast entered a franchise fee agreement with the City of Albuquerque (City) in 2002. Since the agreement's inception, Comcast is required to pay the City a percentage of its gross revenues from cable services and to provide PEG contributions, which are monthly access channel fees. The most recent updated agreement signed in December 2018, (Ord. 2019-009) was revised for another ten years to reflect the following:

- Maintain the gross revenue rate percentage of 5 percent; and,
- Amend the PEG contribution fee schedule to include increases from \$0.44 to \$0.62 during the period of 2018 through 2023, and increases from \$0.65 to \$0.68 during the period of 2024 through 2026.

The agreement is due for renewal in 2028.

OIA identified the following:

- DFAS has not fully enforced compliance with Comcast's franchise fee reporting and payment obligations.
- Opportunities exist to provide clarity for Comcast customer complaint quarterly report data.

Recommendations

DFAS should:

- Collaborate with Comcast to obtain the three missing Annual Franchise Fee Reports for the time period of calendar years 2021 through 2023
- Investigate the eight late quarterly franchise fee and PEG contribution payments to confirm their lateness.
- Define the process for the receipt of Comcast's quarterly franchise fee and PEG contribution payments.
- Establish a process to review and reconcile the Annual Franchise Fee Reports received from Comcast to verify the accuracy and completeness of reported revenue.
- Communicate with Comcast to determine the correct recipient and the delivery process for the Annual Franchise Fee Reports.
- Collaborate with Comcast to determine if an electronic payment process can be implemented for franchise and PEG contribution remittances.
- Review each Quarterly Franchise Fee Report to ensure that payments are accurately calculated.

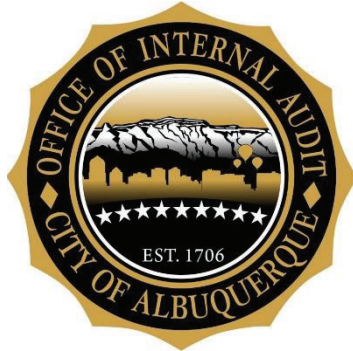
Legal should:

- Consider updating § 13-5-3-7 to clarify the complaint category options that Comcast must report.
- Partner with DTI to create a form on the City's website that allows citizens to file complaints regarding Comcast service.
- Collaborate with the Cable Board and DTI to assist in educating the public on Comcast service complaint resources.

DFAS and Legal concur and partially concur with all findings and recommendations. Their response is attached as an appendix. The OIA will work with the department to follow up every six months on the status of the open recommendations made in this report.

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City of Albuquerque

Office of Internal Audit

April 9, 2025

Accountability in Government Oversight Committee
P.O. Box 1293
Albuquerque, New Mexico 87103

Audit: Comcast Franchise Fees Compliance Audit
Treasury/DFAS
Audit No. 23-103B

INTRODUCTION

The Office of Internal Audit (OIA) conducted a compliance audit of the franchise fee agreement between Comcast and the City of Albuquerque (City) as operated by the Finance & Administrative Service Department (DFAS). The audit was included in the fiscal year 2023 approved audit plan and requested by the City Administration.

The objectives were to determine whether:

- Comcast paid franchise fees accurately and timely;
- Comcast paid franchise fees in accordance with the agreement's terms and conditions.

The audit scope included the period of fiscal years 2021 through 2023 with data analytics to be performed for the previous five fiscal years from January 2018 through June 2023. Further information pertaining to the audit objectives, scope, and methodology can be found in **Appendix A**.

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BACKGROUND

Comcast entered a franchise agreement (Ord. 24-2002) with the City of Albuquerque (City) in 2002. Comcast provides a wide variety of service including internet, telephone, mobile, home security, TV, and streaming for residential and commercial City customers, which is a choice amongst several providers within the city.

According to the Albuquerque Code of Ordinances § 13-5-3-2, the “Grant of Franchise” to Comcast,

“The city hereby grants to grantee a nonexclusive authorization to make reasonable and lawful use of the right-of-way within the city to construct, operate, maintain, reconstruct and rebuild a cable system for the purpose of providing cable service or any other lawful service subject to the terms and conditions set forth in this franchise and in any prior utility or use agreements entered into by grantee with regard to any individual property. This franchise shall constitute both a right and an obligation to provide the cable services required by and to fulfill the obligations set forth in the provisions of this franchise.”

Franchise Fees and PEG Contributions

Per the agreement, Comcast is required to pay the City franchise fees on a quarterly basis. The franchise fees are a percentage of its gross revenues from cable service sales including subscribers of cable and video services, franchise fees, advertising, and home shopping services to residential and commercial subscribers. Additionally, Comcast must provide PEG contributions, which are monthly access channel fees included in video service fees. PEG contributions support the costs associated with local PEG channel fees paid quarterly.

The agreement was revised in December 2018 (Ord. 2019-009) for another ten (10) years to reflect the following;

- Maintain the existing gross revenue rate percentage of 5 percent; and,
- Amend the PEG contribution fee schedule to include increases from \$0.44 to \$0.62 during the period of 2018 through 2023, and increases from \$0.65 to \$0.68 during the period of 2024 through 2026.

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Billing and Address Mapping

Comcast video service billing for the City of Albuquerque is managed by Cable Services Group (CSG), a third-party program. CSG is comprised of four teams that are responsible for managing new and existing customer service accounts. These teams are known as agents and below is an overview of their roles and responsibilities.

Agent Revenue & Franchise Fees

- The City of Albuquerque's designated agents oversee revenue collection related to franchise fees.
- The franchise fee is calculated based on Comcast's billing systems and CSG software, which allows for tracking in the general ledger.
- Agents follow mapping guidelines established within the division's database, which dictates franchise revenue rules and rates.

Agent Assignments & Customer Mapping

- Each customer is assigned to an agent, and multiple agents can exist within a single franchise authority.
- Location services determine agent assignments based on customer addresses.
- The billing system maps addresses to the corresponding agent to calculate franchise fee allocation.

Comcast submits quarterly franchise and PEG fee payments by mail and emails a Quarterly Franchise Fee Report to the Treasury Division of DFAS. According to the agreement, "in the event any payment due quarterly is not received within 45 days from the end of the calendar quarter, grantee shall pay interest on the amount due (at the prime rate as listed in the *Wall Street Journal* on the date the payment was due), compounded daily, calculated from the date the payment was originally due until the date the city receives the payment."

Per the agreement, Comcast shall provide the City Annual Franchise Fee Reports. These reports include a gross revenue statement, a summary of the previous year's cable system developments, the number of homes passed, a statement of planned construction, and a copy of the most recent annual report filed with the Securities and Change Commission (SEC) or other governing body. These reports are due within 60 days of calendar year end.

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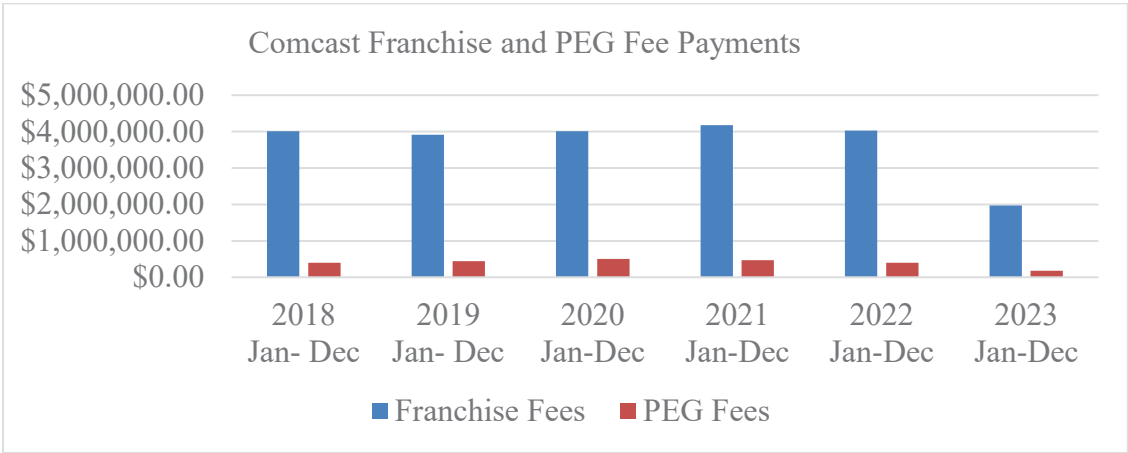
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Franchise Fee Collection Procedures

The process for collecting and managing the franchise fees is done by the Treasury Division within DFAS to ensure payments are received on time each month. The department has overarching policies and procedures in place for collecting, monitoring, and reconciling the franchise fee revenue. Although DFAS has detailed policies and procedures in place for monthly franchise fees, they do not address quarterly franchise fees.

Total Franchise Fees Collected

The graph below represents all franchise and PEG fee payments collected from January 1, 2018 through June 30, 2023. Comcast's annual reports for 2022 and 2023 indicate a decline in subscribers, attributed to increased competition and the growing popularity of video streaming services. This trend aligns with OIA’s review of franchise and PEG fee payments, which also showed a decline in 2022 and 2023.



Source: Quarterly Franchise Fee Reports provided by Comcast to Treasury.

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FINDINGS

1. DFAS HAS NOT FULLY ENFORCED COMPLIANCE WITH COMCAST'S FRANCHISE FEE REPORTING AND PAYMENT OBLIGATIONS.

Among payments received from Comcast for the time period of January 1, 2018 through June 30, 2023, the audit focused on for a total amount received of \$22 million in franchise fees and for a total amount received of \$2 million in PEG contributions. While detailed testing did not identify discrepancies, OIA identified that the Annual Franchise Fee Reports for calendar years 2021 through 2023 were not on-file with either Treasury or Legal. These reports could be utilized to ensure revenue reported on remittances received throughout the year was complete and accurate.

Additionally, OIA reviewed the 22 quarterly franchise fee and PEG payments remitted to the City during that time period and found that, while Comcast made all payments that were due, eight were deposited between six and 22 days (on average 13 days) beyond the due date for each quarterly payment. This results in an estimated amount of \$14,312 in related earned interest lost to the City¹. The details are in the table below:

Late Payments

Number of Late Payments	Quarter of Late Payment	Days Late	Quarterly Payment Amount	Wall Street Journal Prime Rate as of Payment Date	Interest on Late Payment Potential Impact
1 st	Q4 2018	7	\$1,017,808	5.50%	\$1,074
2 nd	Q4 2020	15	\$1,031,074	3.25%	\$1,377
3 rd	Q1 2021	9	\$1,034,184	3.25%	\$829
4 th	Q2 2021	6	\$1,041,097	3.25%	\$556
5 th	Q3 2021	17	\$1,045,561	3.25%	\$1,583
6 th	Q4 2021	11	\$1,051,877	3.25%	\$1,030
7 th	Q4 2022	14	\$981,249	7.75%	\$2,917
8 th	Q2 2023	22	\$965,506	8.50%	\$4,947
Total:			\$8,168,356		\$14,313

¹ The audit team took the late payment amounts and calculated the daily interest on days late with the Wall Street Journal rates for the late payment time frame to arrive at the possible interest rate payment loss.

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Criteria:

According to 13-5-3-7, annual reports are due “within 60 days of the City's written request, grantee shall submit to the city a written report in a form acceptable to the City which shall include... a gross revenue statement...; a summary of the previous year’s activities in the development of the cable system...; the number of homes passed, beginning and ending plant miles, any services added or dropped, and any significant technological changes occurring in the cable system; a statement of planned construction, if any, for the next year; and a copy of the most recent annual report grantee filed with the SEC or other governing body.”

Furthermore, the agreement states that the “grantee's franchise fee payments to the city shall be computed quarterly for the preceding calendar quarter ending March 31, June 30, September 30, and December 31. Each quarterly payment shall be due and payable no later than 45 days after said dates.”

Cause:

DFAS has not been requesting or documenting the Annual Franchise Fee Reports provided from Comcast annually to verify that reported revenue on remittances is complete and accurate, nor are they ensuring that payments are received on time. Additionally, DFAS’ overarching policies and procedures for franchise fee payments do not specifically address Comcast’s quarterly payments or the late payment process as defined in the agreement. While the agreement specifies due dates for quarterly payments, the mailroom processes payments upon receipt, making it difficult to verify their timeliness. Furthermore, Comcast's reliance on mailing paper checks may contribute to delays in remittance receipt.

Effect:

The lack of verification by DFAS to ensure that Annual Franchise Fee Reports and quarterly franchise fee and PEG payments are received and documented on time could cause reduced financial transparency and accountability. Without these reports, the City cannot verify the accuracy of franchise fee and PEG contribution payments, increasing the risk of underpayments or revenue loss. Additionally, failing to enforce the late payment process outlined in the agreement may result in missed revenue opportunities, such as \$14,313 for the eight instances noted. Continued noncompliance could weaken the City’s ability to enforce the agreement with Comcast or other similar franchise fee providers.

RECOMMENDATIONS:

The Finance & Administrative Service Department should:

1. Collaborate with Comcast to obtain the three missing Annual Franchise Fee

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Reports for the time period of calendar years 2021 through 2023. Additionally, verify that any future reports are submitted within 60 days of the calendar year-end.

2. Investigate the eight late quarterly franchise fee and PEG contribution payments to confirm their lateness. Consult with the Legal Department to address any discrepancies appropriately.
3. Define the process for the receipt of Comcast's quarterly franchise fee and PEG contribution payments in established policies and procedures, including adherence to the late payment process.
4. Establish a process to review and reconcile the Annual Franchise Fee Reports received from Comcast to verify the accuracy and completeness of reported revenue. Any discrepancies or non-compliance should be appropriately addressed and involve Legal.
5. Communicate with Comcast to determine the correct recipient and the delivery process for the Annual Franchise Fee Reports to ensure they are sent to the appropriate location and properly filed.
6. Collaborate with Comcast to determine if an electronic payment process can be implemented for franchise and PEG contribution fee remittances to ensure timely and efficient quarterly payments.
7. Consult with the Legal Department to determine if the franchise agreement needs to be updated to reflect changes in the payment process.
8. Review each Quarterly Franchise Fee Report to ensure that payments are accurately calculated based on the reported revenue and in compliance with the franchise agreement.

2. OPPORTUNITIES EXIST TO PROVIDE CLARITY FOR COMCAST CUSTOMER COMPLAINT QUARTERLY REPORT DATA

While performing this audit, OIA was contacted by the Albuquerque Cable, Internet, and PEG Advisory Board (Cable Board). The Board oversees the City's Cable Franchise Ordinance and Cable Customer Bill of Rights, addressing customer complaints regarding Comcast/Xfinity services from 2019 to 2029. The Board also advises on the optimal use of Public, Educational, and Governmental (PEG) channels and assesses the state of electronic

technology, cable television, and data transmission. Additionally, it serves as a forum for community education on issues related to cable and internet services, including topics like internet access and net neutrality².

The Cable Board’s concern was that there were discrepancies between customer complaint data reported by Comcast and complaints submitted through the Cable Board’s City-provided website. OIA responded by reviewing all complaints received via the Cable Board’s web form³ for quarter one of 2022 through quarter four of 2024. OIA compared these complaints to Comcast’s customer complaint statements submitted via email to the Cable Board for quarters three and four of 2024. The Cable Board’s website recorded 13 complaints in quarter three of 2024 and 89 complaints in quarter four 2024, whereas Comcast reported only one complaint in quarter three and none in quarter four. The details are in the table below.

Complaint Reports

Cable Board Website Complaints			Comcast Customer Complaint Statement		
Type of Complaint	Q3 2024	Q4 2024	Type of Complaint	Q3 2024	Q4 2024
Accessibility	0	0	Accessibility	0	0
Billing, Credit, and Refunds	3	6	Billing, Credit, and Refunds	0	0
Courtesy	3	0	Courtesy	0	0
Drop Bury	1	1	Drop Bury	0	0
Installation	0	0	Installation	0	0
Notices/Easement Issues (Non-Rebuild)	1	0	Notices/Easement Issues (Non-Rebuild)	0	0
Pedestal	0	0	Pedestal	0	0
Of Problem Resolution	0	0	Problem Resolution	1	0
Programming	0	0	Programming	0	0
Property Damage (non-Rebuild)	1	1	Property Damage (non-Rebuild)	0	0
Rates	0	5	Rates	0	0
Rebuild/Upgrade Damage	1	1	Rebuild/Upgrade Damage	0	0
Rebuild/Upgrade Notices/Easement Issues	0	0	Rebuild/Upgrade Notices/Easement Issues	0	0
Reception/Signal Quality	1	0	Reception/Signal Quality	0	0
Safety	0	2	Request for Disconnection	0	0

2 City of Albuquerque, “Albuquerque Cable, Internet, and PEG Advisory Board,” < <https://www.cabq.gov/cable-franchise/albuquerque-cable-internet-peg-advisory-board>>, accessed March 18. 2025.

3 The City’s Technology Department DTI created the line ‘Total Reports via Cable Board Web Form’ for each quarter from the from the complaints submitted to the Cable Board website.

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Service and Install Appointments	0	1	Safety	0	0
Service Interruptions	4	76	Service and Install Appointments	0	0
Serviceability	0	2	Service Interruptions	0	0
Ad Hoc Categories			Serviceability	0	0
Cable	1	0	Total Reports via Comcast Statement	1	0
Phone	0	0			
Internet	3	76			
Other	10	13			
Total Reports via Web Form	13	89			

Criteria:

Ordinance O-21-55, enacted on May 3, 2021, amended Section 13-5-2-1 of the Revised Ordinances of Albuquerque (ROA 1994) to expand the Cable Board's duties as follows.

- Advisory Role: The Board advises the Mayor and City Council on matters that might warrant revocation of franchise authority or constitute Federal Communications Commission (FCC) violations requiring sanctions against a cable television franchisee or permittee.
 - Complaint Resolution: It attempts to resolve disputes between cable service providers and customers that cannot be settled directly, ensuring adherence to the Customer Service Standards ("Customer Bill of Rights").
 - PEG Oversight: The Board reviews operations to ensure fair distribution of resources among PEG channels and recommends optimal use based on these reviews.
 - Public Engagement: It provides a forum for public participation during franchise renewal processes and educates the public on services affected by or affecting the delivery of cable services, such as internet access and net neutrality.
2. PEG Appeal Process:
- The ordinance establishes a formal process for handling complaints and appeals from PEG community producers or the public regarding disciplinary actions or denials of access. The Board conducts public hearings on such matters and renders written decisions, ensuring transparency and accountability.

These amendments aim to enhance the Board's effectiveness in overseeing cable and internet services in Albuquerque, ensuring they meet community needs and comply with relevant regulations.

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Furthermore, § 13-5-3-7 states, “grantee shall keep an accurate and comprehensive file of any complaints regarding the cable system in a manner consistent with the privacy rights of the subscribers and grantee’s actions in response to those complaints.”

Cause:

The current agreement lacks clarity on the types of complaint categories that can be reported, affecting the information provided to the Cable Board upon request. Additionally, Comcast does not report all avenues of customer complaint data from various channels including email, phone, chat, app, and web portals. As a result, discrepancies exist between complaints submitted through the Cable Board’s website and Comcast’s reports, limiting the Board’s ability to assist the public effectively. In response to an OIA inquiry, Comcast stated that it only provides cable service-related complaints and not complaints related to internet outages, which may not fully address all concerns brought to the Board by cable TV subscribers⁴.

Effect:

As Comcast does not track or report customer complaints related to internet outages, including those affecting cable service, the City lacks insight into the full scope of service disruptions affecting residents. This limits the Board’s ability to monitor service quality, identify patterns, and address community concerns. Additionally, without comprehensive customer complaint data and internet outage data, the City may experience reduced awareness and leverage in discussions or negotiations regarding service reliability and potential improvements, diminishing public trust from residents and accountability from franchise providers. Clarifying reporting requirements in the agreement could enhance transparency and support the Board’s oversight responsibilities.

RECOMMENDATIONS:

The Legal Department should:

9. Consider updating the language in the Grant of Cable Franchise Renewal § 13-5-3-7 to clarify and possibly revise the complaint category options that Comcast must report, including internet outages that cause disruptions to cable service and the reporting of all customer complaint data received by Comcast via email, phone, chat, app, and web portals.
10. Partner with the Technology & Innovation Department to create an easily

⁴ Per Comcast/Xfinity’s website, Xfinity offers both cable TV and streaming service, Xfinity Stream, allowing customers to watch live TV and on-demand content. The Xfinity Streaming TV is only available online to current Comcast/Xfinity internet customers.

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accessible online form on the City's website for citizens to file Comcast service complaints, including detailed category options.

11. Collaborate with the Cable Board and Technology & Innovation Department to provide assistance on educating the public on resources available to file complaints regarding Comcast service.

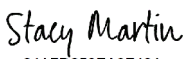
CONCLUSION

By implementing the recommendations detailed in this report, the City can improve its ability to effectively administer, manage, and monitor Comcast franchise fees. DFAS and the Legal Department's responses to the recommendations made are included in APPENDIX B of the report. We greatly appreciate the assistance of Comcast, DFAS, Legal, Albuquerque Geographic Information System (AGIS)-Planning, and the Cable Board throughout this audit as all parties made their staff and requested documents readily available.

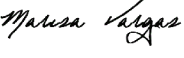
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Accountability in Government Oversight Committee Chairperson

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APPENDIX A

OBJECTIVE

The audit objectives were to determine:

- Comcast paid franchise fees and PEG contributions accurately and timely, and,
- Comcast paid franchise fees in accordance with the agreement's terms and conditions.

SCOPE AND LIMITATIONS

The audit scope covered the City's duties and responsibilities with regards to Comcast franchise fees and PEG contributions for the period of fiscal years 2021 through 2023 with data analytics performed for the previous five fiscal years, from January 2018 through June 2023.

This report and its conclusions are based on information taken from a sample of financial records, systems, and users and does not represent an examination of all related financial records, systems, and users for the franchise fee payments. The audit report is based on our examination of functions and activities through the completion of fieldwork in February 2025 and does not reflect events after that date. City management is responsible for establishing and maintaining effective internal control and complying with laws and regulations.

In performance audits, a deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct (1) impairments of effectiveness or efficiency of operations, (2) misstatements in financial or performance information, or (3) noncompliance with applicable laws, regulations, standards, guidelines, and/or best practices. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective is not met. In the performance audit requirements, the term significant is comparable to the term material as used in the context of financial statement engagements. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

Our consideration of internal control was for the limited purpose described in our audit objectives and was not designed to identify all deficiencies in internal control. Therefore, unidentified

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deficiencies may exist. Accordingly, we do not express an opinion on the effectiveness of Treasury/DFAS internal controls.

As part of the performance audit, we tested the DFAS and Comcast's compliance with applicable laws, requirements, and regulations. Noncompliance with these requirements could directly and significantly affect the objectives of our audit. However, opining on compliance with all provisions was not an objective of our performance audit, and accordingly, we do not express an opinion.

We conducted this performance audit in accordance with generally accepted government auditing standards for performance audits, as prescribed in *Government Auditing Standards*, 2018 revision, issued by the Controller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

METHODOLOGY

Methodologies used to accomplish the audit objectives include but are not limited to the following.

- Interviewed management and staff regarding franchise fees procedures and processes;
- Gained an understanding of internal controls and relevant laws, and regulations relating to the franchise fees with DFAS and Comcast;
- Reviewed 100% of all payments provided Quarterly from Comcast to the City for scope of January 2018 through June 2023.
- For fiscal years 2021 and 2023, selected 50 samples of 25 random and 25 judgmental billing statements to perform the following:
 - Ensured payments were made for the correct amounts;
 - Ensured the rate charged for the franchise and PEG fees were in alignment with the agreement;
 - Verified billing addresses were appropriate and within the City of Albuquerque's jurisdictional boundaries.
- Examined 22 payments of franchise fees with a total amount received \$22 million and PEG contributions with a total amount received of \$2 million for all payments remitted to the City for fiscal years 2018 through 2023 and performed the following:
 - Ensured required documentation was provided;
 - Ensured payments were made for the correct amounts;
 - Verified payments were timely; and
 - Ensured the rate charged for franchise fees was correct.

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- For fiscal years 2021 through 2023, selected a random sample of three (3) quarterly franchise fees and performed the following:
 - Identified which revenue accounts are included and excluded in the calculation of franchise fees gross revenues;
 - Confirmed that the agreement provides options for changes or modifications, if applicable;
 - Verified transactions are reasonable and appropriate;
 - Compared balance from the Quarterly Franchise Fee Report to the customer revenue walkthrough reports.
- Analyzed trends in the payments, gross receipts, write-offs, bad debts, and other miscellaneous items reported during the period of July 2020 through June 2023.
- Reviewed complaint documents and report provided by Chair of Cable, Internet, and PEG board.
- Evaluated the risk of fraud, waste, and abuse regarding activities related to the audit objectives.

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APPENDIX B

Recommendations and Responses

For each recommendation, the responsible agency should indicate in the column labeled *Department Response* whether it concurs, does not concur, or partially concurs and provide a brief explanation. If it concurs with the recommendation, it should indicate the expected implementation date and implementation plan. If the responsible agency does not concur or partially concurs, it should provide an explanation and an alternate plan of action to address the identified issue.

Recommendation	Responsible Party	Department Response	<u>OIA Use Only</u> Status Determination*
1. Collaborate with Comcast to obtain the three (3) missing Annual Franchise Fee Reports for the time period of calendar years 2021 through 2023. Additionally, verify that any future reports are submitted within sixty (60) days of the calendar year-end.	Finance & Administrative Services Department	☒ Concur ☐ Do Not Concur ☐ Partially Concur “DFAS has requested the missing Annual Franchise Fee Reports from Comcast for calendar years 2021 through 2023. For future reports, DFAS will verify that the internal process includes tracking mechanisms and deadline reminders to ensure compliance. Additionally, DFAS will periodically review submission timelines and ensure that all future reports are submitted within sixty (60) days of the calendar year-end.” <u>ESTIMATED COMPLETION DATES</u> “September 2025”	☒ Open ☐ Closed ☐ Contested

Recommendation	Responsible Party	Department Response	<u>OIA Use Only</u> Status Determination*
2. Investigate the eight (8) late quarterly franchise fee and PEG payments to confirm their lateness. Consult with the Legal Department to address any discrepancies appropriately any discrepancies.	Finance & Administrative Services Department	☒ Concur ☐ Do Not Concur ☐ Partially Concur “DFAS will review, investigate, and confirm whether the identified eight (8) quarterly franchise fee and PEG payments were submitted late. This process will include comparing the provided records with journal entries to verify the payment timelines. Any discrepancies will be addressed with the Legal Department.” <u>ESTIMATED COMPLETION DATES</u> “September 2025”	☒ Open ☐ Closed ☐ Contested

Recommendation	Responsible Party	Department Response	<u>OIA Use Only</u> Status Determination*
3. Define the process for the receipt of Comcast's quarterly franchise fee and PEG payments in established policies and procedures, including adherence to the late payment process.	Finance & Administrative Services Department	☒ Concur ☐ Do Not Concur ☐ Partially Concur "DFAS-Treasury has an established policy and procedure for collecting franchise fees. Treasury will update the current policy and procedure manual to include: 1. Receipt and Recording – Payments are received and recorded in the financial system. 2. Verification and Reconciliation – Treasury compares Comcast's payments to journal entries for accuracy. 3. Late Payment Monitoring – Treasury will monitor payment deadlines, identify late payments, and inform the Legal department to notify Comcast of any applicable penalties." <u>ESTIMATED COMPLETION DATES</u> "September 2025"	☒ Open ☐ Closed ☐ Contested

Recommendation	Responsible Party	Department Response	<u>OIA Use Only</u> Status Determination*
4. Establish a process to review and reconcile the Annual Franchise Fee Reports received from Comcast to verify the accuracy and completeness of reported revenue. Any discrepancies or non-compliance should be appropriately addressed and involve Legal.	Finance & Administrative Services Department	☒ Concur ☐ Do Not Concur ☐ Partially Concur “DFAS-Treasury will establish a process to review and reconcile the Annual Franchise Fee Reports received from Comcast. This process will be incorporated into the Franchise Fees policy and procedures to ensure the accuracy and completeness of reported revenue. The following process will include: 1. Review & Reconciliation– Treasury will verify the reported revenue in the Annual Franchise Fee Reports by comparing it with actual franchise fee payments and corresponding journal entries. 2. Discrepancies – If discrepancies or non-compliance are found, Treasury will document the findings and inform the Legal Department. 3. Policy Documentation – The reconciliation process will be documented and incorporated into Treasury’s policy and procedure manual to ensure consistency and compliance in future reviews. Treasury will then examine any provided records from Comcast verifying and reconciling information and comparing Comcast’s payments to journal entries to verify the accuracy and completeness of reported revenue. If discrepancies or non-compliance are found, Treasury will document the findings and consult with the Legal Department to determine appropriate action.” <u>ESTIMATED COMPLETION DATES</u> “September 2025”	☒ Open ☐ Closed ☐ Contested

Recommendation	Responsible Party	Department Response	<u>OIA Use Only</u> Status Determination*
5. Communicate with Comcast to determine the correct recipient and the delivery process for the Annual Franchise Fee Reports to ensure they are sent to the appropriate location and properly filed.	Finance & Administrative Services Department	☒ Concur ☐ Do Not Concur ☐ Partially Concur “DFAS-Treasury will request from Comcast to include Treasury in the distribution and provide a copy of the Annual Franchise Fee Reports and any other relevant reports.” <u>ESTIMATED COMPLETION DATES</u> “September 2025”	☒ Open ☐ Closed ☐ Contested

Recommendation	Responsible Party	Department Response	<u>OIA Use Only</u> Status Determination*
6. Collaborate with Comcast to determine if an electronic payment process can be implemented for franchise and PEG fee remittances to ensure timely and efficient quarterly payments	Finance & Administrative Services Department	☒ Concur ☐ Do Not Concur ☐ Partially Concur “DFAS-Treasury will contact Comcast to offer EFT payment options. While the Comcast Franchise Fee Agreement does not require electronic payment, DFAS hopes Comcast will voluntarily participate in this effort to facilitate timely and efficient payment processing.” <u>ESTIMATED COMPLETION DATES</u> “September 2025”	☒ Open ☐ Closed ☐ Contested
7. Consult with the Legal Department to determine if the franchise agreement needs to be updated to reflect changes in the payment process.	Finance & Administrative Services Department	☒ Concur ☐ Do Not Concur ☐ Partially Concur “DFAS-Treasury will collaborate with the Legal Department to amend the franchise fee agreement to include EFT payment as an option. Any changes to the payment method will be reflected in the Franchise Fee Policy and Procedures Manual.” <u>ESTIMATED COMPLETION DATES</u> “September 2025”	☒ Open ☐ Closed ☐ Contested

Recommendation	Responsible Party	Department Response	<u>OIA Use Only</u> Status Determination*
8. Review each Quarterly Franchise Fee Report to ensure that payments are accurately calculated based on the reported revenue and in compliance with the franchise agreement.	Finance & Administrative Services Department	☒ Concur ☐ Do Not Concur ☐ Partially Concur “DFAS-Treasury will review each Quarterly Franchise Fee Report to confirm that payments are correctly calculated based on reported revenue by Comcast. Treasury will also verify and reconcile all submitted records, including comparing Comcast’s quarterly payments to journal entries. Additionally, Treasury will use the reports to validate revenue amounts and ensure compliance with the franchise agreement.” <u>ESTIMATED COMPLETION DATES</u> “September 2025”	☒ Open ☐ Closed ☐ Contested

Recommendation	Responsible Party	Department Response	<u>OIA Use Only</u> Status Determination*
9. Consider updating the language in the Grant of Cable Franchise Renewal § 13-5-3-7 to clarify and possibly revise the complaint category options that Comcast must report, including internet outages that cause disruptions to cable service and the reporting of all customer complaint data received by Comcast via email, phone, chat, app, and web portals.	Legal Department	☐ Concur ☐ Do Not Concur ☒ Partially Concur “Legal is willing to work with the Cable Board and Administration on possible updates to the language of this ordinance, but needs to analyze and review the legality of any potential updates and their enforceability. Specifically, Legal needs to consider any possible issues with requiring Comcast/Xfinity to report and specify these outages when they are not required by any other ISP providers within the City.” <u>ESTIMATED COMPLETION DATES</u> “Legal will work to complete its analysis by approximately September 2025; should any changes to the ordinance be recommended, the process will take more time, including drafting, approving, and submitting the amended ordinance to City Council for their approval. Legal also notes that any proposed ordinance amendments may take several months to work through the Council process. Finally, the current ordinance will need to be renewed in 2028.”	☒ Open ☐ Closed ☐ Contested

Recommendation	Responsible Party	Department Response	<u>OIA Use Only</u> Status Determination*
10. Partner with the Technology & Innovation Department to create an easily accessible online form on the City's website for citizens to file Comcast service complaints, including detailed category options.	Legal Department	☒ Concur ☐ Do Not Concur ☐ Partially Concur "Legal will work with DTI to create an appropriate complaint form that is easily accessible on the City's website." <u>ESTIMATED COMPLETION DATES</u> "July 2025"	☒ Open ☐ Closed ☐ Contested
11. Collaborate with the Cable Board and the Technology & Innovation Department to provide assistance in educating the public on the resources available to file complaints regarding Comcast service.	Legal Department	☐ Concur ☐ Do Not Concur ☒ Partially Concur "Generally, the Legal Department cannot advise the public because it can blur the lines of representation and an attorney's ethical duties to their client. In Legal's capacity as legal advisors for the Cable Board, Legal can work with the Board and DTI to create resources and presentations that they can provide to the public." <u>ESTIMATED COMPLETION DATES</u> "Approximately September 2025"	☒ Open ☐ Closed ☐ Contested