

Key Control Objective – Data is stored for a period at least as long as required by FCC rules.

Policy or Procedure

BCI, as specified in the DAC Services Agreement, maintains call data records and relating reports for a period of two years.

Tests Performed

PS&Co. inquired of appropriate personnel as to the time the data files and relating information is stored, noting agreement of the stated policy.

Key Control Objective – Procedures are in place to establish proper PSP ownership.

Policy or Procedure

See the detail processing narrative above, which details the processes for creating the ANI Master Database. In summary, on a quarterly basis, BCI receives PSP ownership submissions directly from PSPs listing all ANIs that the submitting PSP claims as owned. BCI populates a database using these submissions, which arrive in several formats, including paper, e-mail, electronic transmission, or files on disk or CD.

To validate PSP ownership of the ANIs being claimed, every LEC is required by the FCC to provide a list of payphone ANIs and owners for whom the LEC provided dial tone service on the last day of each quarter. The LECs also provide lists of ANIs that have been disconnected during the quarter. Most submit complete quarterly data, but in the absence of current quarter LEC data, previous quarter information must be presumed valid. BCI populates a second database of all the LEC submissions.

BCI matches the LEC information with the PSP data to determine the actual owner of each ANI. When software cannot determine the owner of an ANI, DAC staff members will examine the ANI data to determine (if possible) the true owner. One consideration in the system processing is that the LECs are required to submit only data that has changed from quarter to quarter.

Once the validated ANI Master Database is created, each PSP receives a status report of the ANIs submitted. Where the owner of an ANI could not be determined (mismatched data or no LEC data), the PSP must contact the servicing LEC to have proper documentation submitted. This documentation is used by the DAC staff for assigning the proper PSP owner to the ANIs.

Tests Performed

In order to test the creation of the ANI Master Database, PS&Co. inquired of appropriate personnel as to the specific procedures performed, noting agreement with the stated policy. To test the actual file, PS&Co. selected a sample of PSP submissions from source documents and agreed pertinent information to the PSP ANI ownership database. In addition, PS&Co. selected

a sample of PSPs from the PSP ownership database and agreed pertinent information to the source document. The same tests were performed for the LEC submissions. PS&Co. also inquired as to the matching of the previous quarter validated ANI Master Database to the new quarter's validated ANI Master Database. Any ANIs not included in the current quarter that have not been reported as disconnected are added to the current quarter listing.

Key Control Objective – Specific personnel have been identified as responsible for drafting and maintaining necessary business requirements relating to BCI's DAC System requirements.

Policy or Procedure

BCI has assigned responsibility to members of the DAC Group. Primary responsibility for the DAC Group's daily responsibilities has been assigned to the DAC Manager.

Tests Performed

PS&Co. made inquiries of appropriate personnel, noting primary responsibility has been assigned to the DAC Manager.

Key Control Objective – BCI has identified specific personnel responsible for developing compensation tracking reports.

Policy or Procedure

BCI has assigned the responsibility for the development of compensation tracking reports to the DAC Management IS Analyst and the DAC Manager.

Tests Performed

PS&Co. made inquiries of appropriate personnel, noting primary responsibility has been assigned to the DAC Management IS Analyst and the DAC Manager.

Key Control Objective – BCI has identified specific personnel responsible for handling the initial customer service role in dispute resolution.

Policy or Procedure

BCI has assigned the responsibility for dispute resolution to the DAC Manager and the Customer Service Manager.

Tests Performed

PS&Co. made inquiries of appropriate personnel, noting primary responsibility for dispute resolution has been assigned to the DAC Manager and the Customer Service Manager.

Key Control Objective – Quarterly reports are prepared for each user organization on payphone call counts, PSP identities, numbers called, and infodigits (if used).

Policy or Procedure

See the detailed process narrative above for more detail. In summary, on a quarterly basis, BCI processes each user organization's call record file in order to determine originated calls from validated ANIs, nonvalidated ANIs, potentially fraudulent calls, and calls from ANIs with an ownership dispute. Reports are prepared which summarize the detail of the processed records.

Tests Performed

For selected users, PS&Co. obtained call record files and performed an analysis to self-determine the number of calls placed by originating ANI and identification of the ANI owner. Using the compensation report generated by PS&Co. from the original completed call files submitted by the selected users, PS&Co. agreed selected PSP call totals and ANI lists to those included in the compensation file generated by BCI.

Key Control Objective – Reports are prepared that identify potentially fraudulent calls and are submitted to carriers for resolution.

Policy or Procedures

BCI runs a report on each call record file to determine whether any call volumes for a particular ANI exceed the specified call volume threshold established by the user. For all ANIs that have originating calls in excess of this threshold, BCI prepares a fraud report that is submitted to the user which includes the PSP, ANI, and call count.

Tests Performed

PS&Co. inquired of appropriate personnel as to the procedures relating to the fraud reporting process, noting agreement with the stated procedures. In addition, PS&Co. obtained a fraud report that had been prepared for a selected user and determined the applicable information had been included for submission to the user.

Key Control Objective – Reports are available for users to monitor call trends.

Policy or Procedure

Data is maintained as set forth in the DAC Services Agreement for a period of two years. The data retained includes the original call record data submitted and all reports generated. As users request, IS can run various adhoc reports specifically designed to provide summary information requested by the user. To ensure the data is properly maintained, BCI regularly runs control totals on stored data to ensure the call record totals remain unchanged.

Tests Performed

PS&Co. inquired of appropriate personnel, noting data is maintained for a period of at least two years in order to run any reports requested by the users to research and identify trends, and the data is reviewed on a regular basis to ensure call record totals remain unchanged. In addition, we noted the IS department receives occasional requests from users to generate specific reports, and the reports are created and run on a customized basis.

Key Control Objective – Policies and procedures are in place to provide the availability to create customized reports to assist customer service and the user organizations to assist in the resolution of disputes. Such reports and call data are maintained for at least six quarters.

Policy or Procedure

Data is maintained as set forth in the DAC Services Agreement for a period of two years. The data retained includes the original call record data submitted and all reports generated. To ensure the data is properly maintained, BCI regularly runs control totals on stored data to ensure the call record totals remain unchanged. This information is available to be researched for use in resolution of disputes.

Tests Performed

PS&Co. inquired of appropriate personnel, noting data is maintained for a period of at least two years in order to run any reports requested by the users to research and resolve disputes, and the data is reviewed on a regular basis to ensure call record totals remain unchanged. In addition, we noted the IS department receives occasional requests from users to generate specific reports, and the reports are created and run on a customized basis.

Key Control Objective – Payments are authorized by users and controls are in place that limit access to the disbursement system.

Policy or Procedure

Once compensation files are created, they are submitted to the user for review and payment authorization. Once payments are authorized, payments are submitted by the DAC Manager to BCI's Accounting Department. All payments to PSPs are made directly by the Accounting Department, and the DAC group has no access to the disbursement system.

Tests Performed

PS&Co. inquired of appropriate personnel as to access to the disbursement system, noting access is properly limited and segregated from those having direct access to the DAC System.

Key Control Objective – Policies and procedures are in place regarding controls over changes to applicable software, including persons responsible, management of the changes, and validation of such changes, ensuring the changes do not negatively affect integrity of the records processed or the results of processing such records.

Policy or Procedure

BCI has established policies and procedures regarding system changes, including specific policies regarding:

- Formal system change requests
- System change approval
- Monitoring/evaluation of changes to other systems
- Identification of responsible persons
- System security controls
- Program security controls
- Capabilities to test changes and compare to known results

Tests Performed

PS&Co. obtained and reviewed written documentation regarding the policies and procedures in place to control, execute, and implement system changes, including limitation of access to make changes without proper authorization. In addition, PS&Co. made inquiries of appropriate DAC and IS personnel, noting consistency with stated policies.

PS&Co. also observed DAC and IS personnel accessing the system through the use of unique user IDs and passwords. Additionally, we observed a BCI employee, who is not part of the DAC personnel, attempting to access the DAC system without success. We also noted we were not able to physically enter into BCI's facilities without the use of a key card obtained from BCI management. Finally, we noted there were sprinklers and fire alarms throughout the building that houses the DAC system.

Key Control Objective – Policies and procedures are in place to properly report compensable calls originated from valid payphone ANIs. In addition, such reports are maintained for the period required by the FCC.

See above control objectives for more detailed description of key control objectives, related policies and procedures, and tests performed.