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June 30, 2008

Via Electronic Submission

Ms. Marlene Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554

RE: Pay Telephone Reclassification and Compensation Provisions of the  
Telecommunications Act of 1996, CC Docket 96-128

Dear Ms. Dortch:

Pursuant to the Commission Report and Order, CC Docket 96-128 released October 3, 2003, AT&T Inc. ("AT&T"), on behalf of its Incumbent Local Exchange Companies, submits the attached AT&T ILEC Payphone Per Call Compensation Audit Report which was completed by the Engel Consulting Group.

As required by Section 64.1320(e) of the Order, AT&T provides the name, address, and phone number of the person responsible for handling the Completing Carrier's payphone compensation and for resolving disputes with payphone service providers over compensation.

AT&T Wholesale Compliance  
One AT&T Plaza  
208 S. Akard, Room 3120.08  
Dallas, Texas 75202  
866-556-5055

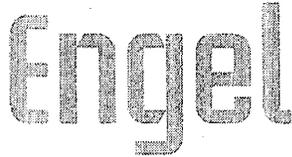
If you have any questions, please contact the undersigned at 202-457-3039.

Sincerely,

A handwritten signature in black ink, appearing to read "Toni Acton", written in a cursive style.

Toni R. Acton

Attachment



## Independent Accountant's Report

We have examined management's assertions, included in the accompanying "*FCC Audit Assertions 2008 – AT&T Payphone Per Call Compensation (PCC) Operations*," that AT&T, the Incumbent Local Exchange Carrier (ILEC) as represented by Finance Operations, remains in compliance with the payphone call tracking system audit criteria pursuant to section 64.1310 (a) (1) of the Final Rules of the FCC's Report and Order of October 3, 2003 (CC Docket No. 96-128) in the Matter of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996 which provides that Completing Carriers perform an independent third-party audit of the AT&T call tracking system that supports the payphone compensation payments. The order requires each Switch-Based reseller ("SBR") to establish its own call tracking system and to have a third party attest that the system accurately tracks payphone calls to completion.

Further, we have examined management's assertions that AT&T remains in compliance with the following requirements in accordance with FCC 03-235/CC Docket No. 96-128, and FCC 04-251/CC Docket No. 96-128:

- FCC 03-235/CC Docket No. 96-128 provides that Completing Carriers are responsible for payment of PCC, must provide the PSPs with a quarterly sworn statement by the CFO of PCC accuracy, and must provide to PSPs quarterly reports of 8YY calls completed by the Carrier.
- FCC 04-251/CC Docket No. 96-128 clarifies that Completing Carriers are responsible for retaining records for payment of PCC for 27 months and are only responsible for providing to PSPs on quarterly reports those 8YY numbers for calls completed by the Carrier and maintained by the LEC

AT&T Management is responsible for compliance with those requirements. Our responsibility is to express an opinion on management's assertions about AT&T's compliance based on our examination.

Our examination was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about AT&T's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on AT&T's compliance with specified requirements.

In our opinion, management's assertions that AT&T complied with the aforementioned requirements are fairly stated in all material respects.

A handwritten signature in black ink, reading "Stephen B. Cuzzo, CPA".

Engel Consulting Group  
June 30, 2008

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**AT&T ILEC  
Payphone Per Call Compensation  
2008 FCC Audit Report and Attestation**

**June 30, 2008**

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## 1.0 Introduction

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AT&T engaged the services of the Engel Consulting Group to perform the annual system audit and attestation of the Payphone Per Call Compensation (PCC) processes and procedures to validate that no material changes have occurred since the filing of the June 29, 2007 PCC System Audit Report. The audit includes an attestation of AT&T's continued compliance with the Federal Communications Commission (FCC) criteria to establish a call tracking system to compensate Payphone Service Providers (PSPs) for IntraLATA 8YY calls completed by AT&T.

This examination is in accordance with the provisions set forth in Appendix C – Final Rules of FCC 03-235/CC Docket No. 96-128 dated October 3, 2003, which obligates Completing Carriers to engage an independent third-party auditor to verify on an annual basis that no material changes have occurred concerning the Completing Carrier's compliance with the prior year's System Audit Report and the FCC audit criteria.

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## 2.0 Executive Summary

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To fulfill the audit requirements and criteria for a Per Call Compensation system specified in §64.1310 and §64.1320 of FCC 03-235/CC Docket No. 96-128, the Engel Consulting Group was engaged by AT&T to audit the processes and procedures for payment of PCC to PSPs for IntraLATA 8YY calls where AT&T is the Completing Carrier. AT&T Management has asserted that no substantive operational or procedural changes to its PCC practices and procedures have occurred since the June 29, 2007 audit and that the payphone compensation processes remain in compliance with the aforementioned criteria.

The 2008 PCC audit plan was designed by mapping a specific validation test with each of the AT&T assertions of compliance with the FCC criteria. The validation consisted of interviewing AT&T Management responsible for Payphone Compensation, reviewing process documentation and correspondence, inspecting control reports and files, and examining compensation files and reports. In addition, sample disputes were traced through the dispute tracking and resolution process to validate that the process continues to meet the requirements documented by the FCC. The quarterly CFO statements of PCC accuracy were also examined for compliance with the reporting criteria.

To validate that the PCC processes continue to operate properly, the Audit Team conducted an end-to-end test where call detail for a sample of payphone ANIs was independently processed and traced through the systems to PSP payment and quarterly reporting. No deficiencies were noted and the number of calls for which PCC was applicable matched the number of calls for which PCC was paid and the number of compensable calls reflected on the quarterly reports. Since the Southeast Region contracts with the National Payphone Clearinghouse (NPC) for its PCC payment and report processing, the end-to-end test compared the compensable file created by the audit team with the compensable records sent to the NPC.

Based upon the data and procedures examined and tested during the audit process, the audit team concludes that the AT&T Management Assertions of Compliance with the FCC criteria specified in §64.1320 of the Final Rules are fairly stated and the Audit Team attests that the AT&T PCC call tracking system remains in compliance with the stated criteria.



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### 3.0 Background

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The FCC in its Order in Docket No. 96-128 dated October 3, 2003, In the Matter of *The Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*, adopted new rules placing liability for compensating PSPs on the Completing Carriers for calls originating from payphones and completing on their networks. To ensure that the PSPs are fairly compensated, the Order also imposed new audit, certification, and reporting requirements requiring each Completing Carrier to establish its own call tracking system and to engage a third party to attest that the system accurately tracks calls to completion.

AT&T engaged the services of Engel Consulting in 2004 to conduct the initial attestation engagement, and the first System Audit Report on the AT&T PCC tracking system was filed with the FCC on June 30, 2004. In addition, Engel was engaged to conduct the 2005, 2006, and 2007 Audits per Appendix C – Final Rules of the FCC Order, where, on an annual basis, the Completing Carrier is obligated to engage an independent third-party auditor to:

- 1) *Verify that no material changes have occurred concerning the Completing Carrier's compliance with the criteria of the prior year's System Audit Report; or*
- 2) *If a material change has occurred concerning the Completing Carrier's compliance with the prior year's System Audit Report, verify that the material changes do not affect compliance with the audit criteria.*

An initial System Audit Report was also filed with the FCC by Independent Auditors engaged by the former BellSouth (AT&T Southeast Region) in 2004 followed by subsequent Audits for 2005 and 2006. The 2007 Audit of the AT&T PCC processes and procedures conducted by Engel included the processes in place within the Southeast Region.

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### 4.0 Audit Approach and Test Plan

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The objective of this audit was to validate through testing and other means deemed appropriate that AT&T remains in compliance with the audit requirements and call tracking system criteria specified in §64.1310 and §64.1320 of FCC 03-235/CC Docket No. 96-128 and that any material changes occurring after June 29, 2007 do not affect compliance with the aforementioned criteria. AT&T Management asserted that there have been no substantive operational or procedural changes since the conclusion of the Audit as of June 29, 2007.

The test plan for the audit as of June 30, 2008 was designed to validate AT&T's continued compliance with the FCC criteria outlined in the Final Rules of FCC 03-245/CC 96-128 and that the call tracking system continues to meet the requirements in FCC Orders 03-235/CC 96-128, FCC 04-182/WC 03-225, and FCC 04-251/CC 96-128. Following the American Institute of Certified Public Accountants (AICPA) Standards for attestation engagements, Engel utilized an approach which 1) examined process documentation, compensation files, quarterly reports, control reports, and correspondence, 2) inspected CDR details and the application of the compensation business rules, and 3) interviewed AT&T Management accountable for critical deliverables in the compensation process.

The test to validate that the end-to-end process continues to meet the compliance criteria was conducted by tracing a sample of payphone Call Detail Records (CDRs) through the entire process through to PSP

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payment and quarterly reporting<sup>1</sup>. This was accomplished by independently processing a sample of call detail records extracted from the front-end of the AT&T systems for 52 unique ANIs, applying the AT&T business rules for compensation, creating a compensable file, and comparing the results with the actual compensation paid and the quarterly reports. In the case of the AT&T Southeast Region, the results were compared with the compensable records sent to the National Payphone Clearinghouse (NPC). Differences, if any, were then investigated and analyzed.

## 5.0 Validation Tests and Results

### 5.1 Assertion #1: Payphone Call Tracking

Management Assertion	Validation Test	Test Results
AT&T has procedures in place to accurately track payphone calls to completion	<ol style="list-style-type: none"> <li>1. Interviewed AT&amp;T Management to determine if there were any changes to the procedures</li> <li>2. Examined process documentation to validate that the procedures for identifying and tracking completed payphone calls are outlined</li> <li>3. Traced sample of payphone CDRs to observe call completion indicators on the initial record through to appearance on the compensation file or report</li> </ol>	No deficiencies or exceptions were noted

The Audit Team interviewed AT&T Management who asserted that the procedures for identifying and tracking completed payphone calls has remained the same as the procedures Engel reviewed in the 2007 audit. The process documentation, *PSP PCC Subscriber Toll Free Processing Rules AT&T 22-State*, was examined and it was confirmed that AT&T continues to identify payphone ANIs by the payphone Class of Service USOCs (Universal Service Order Codes) and that payphone calls are considered completed if the Attempt (completion) Indicator is '0' on the Call Detail Records (CDRs).

A sample of CDRs from payphone ANIs was traced through the process from call origination to appearance on the compensation files and quarterly reports. All IntraLATA 8YY CDRs with Attempt Indicator = 0 which were completed by AT&T appeared on the compensation files and quarterly reports with the exception of one call where the Toll Free number called was Exempt from PCC. (See Results of Assertion #9 for Exclusion process).

### 5.2 Assertion #2: Dispute Resolution Contact

Management Assertion	Validation Test	Test Results
AT&T has assigned a specific person or persons responsibility for tracking, compensating, and resolving disputes concerning payphone completed calls	<ol style="list-style-type: none"> <li>1. Interviewed AT&amp;T Management to determine if there were any changes to the dispute resolution contact information</li> <li>2. Examined dispute process documentation to validate the existence of the contact information</li> </ol>	No deficiencies or exceptions were noted

<sup>1</sup> For the Southeast Region, the CDRs were traced to the compensable records sent to the NPC

AT&T Management asserted that there have been no changes to the contact information for PCC Dispute Resolution. Examining the process documentation, *FCC Per Call Compensation (PCC) Dispute Resolution Process*, confirmed that PCC disputes for all Regions continue to be forwarded to [PCCDISPUTE@att.com](mailto:PCCDISPUTE@att.com). The contact information is also posted on the AT&T website, <https://primeaccess.att.com>. Since AT&T contracts with the NPC for the Southeast Region, some disputes for that region will continue to go to the NPC as described on the NPC website, <https://www.npc.cc/>.

### 5.3 Assertion #3: Data Monitoring Procedures

Management Assertion	Validation Test	Test Results
AT&T has effective data monitoring procedures in place	<ol style="list-style-type: none"> <li>1. Interviewed AT&amp;T Management to determine if there were any changes to the procedures</li> <li>2. Examined process documentation to validate the procedures are outlined</li> <li>3. Examined control reports to verify the results of the data monitoring</li> </ol>	No deficiencies or exceptions were noted

Extensive controls have been established at multiple levels and in all phases of the PCC processes. The controls range from the system controls that monitor the accuracy of the transactions flowing through the AT&T operational systems to the specialized PCC controls which monitor the data hand-offs at critical points in the PCC processes. These controls include: volume tracking, deviation and variance reports, duplicate / missing file identification, data validation edits, process logs, and fraud detection. Data alerts continue to be used to identify and resolve service order, compensation processing, and quarterly reporting issues. The Audit Team examined several samples of the control reports which are used to monitor and track trends in the PCC processes as well as to identify issues requiring further investigation and analysis.

### 5.4 Assertion #4: Protocols for Change Control

Management Assertion	Validation Test	Test Results
AT&T adheres to established protocols to ensure that any software, personnel, or network changes do not adversely affect its payphone call tracking ability	<ol style="list-style-type: none"> <li>1. Interviewed AT&amp;T Management to determine if there were any changes to the process for managing changes</li> <li>2. Examined documentation to determine how changes are handled</li> </ol>	No deficiencies or exceptions were noted

The Wholesale Compliance Compensation Team responsible for PCC continues to be part of the change management communications process within AT&T. Change notifications are received for all network and system changes affecting CDR processing including modifications to Automatic Message Accounting (AMA) and Exchange Message Interface (EMI) formats and specifications. Updates to the Local Exchange Routing Guide (LERG) are incorporated into the PCC processes and systems to ensure the accuracy and integrity of the data.

Meetings of the Wholesale Compliance Compensation Team continue to be held on a regular basis and the discussion topics, items for follow-up, and decisions reached are documented and shared with the team. These meetings provide forums for communication of system and network changes as well as resolution of issues identified through trend analysis and control reports.



## 5.5 Assertion #5: Compensable File Creation

Management Assertion	Validation Test	Test Results
AT&T has created compensable payphone call files by matching call detail records against payphone identifiers	<ol style="list-style-type: none"> <li>1. Interviewed AT&amp;T Management to determine if there were any changes to the creating the compensable files to be used to pay compensation or to send to the NPC</li> <li>2. Examined process documentation to verify the procedures for matching call detail with the payphone identifiers are outlined</li> <li>3. Traced a sample of call detail records through the process to observe consistency with the payphone identifiers and call completion indicators</li> <li>4. Examined the NPC traffic analysis and submission reports to determine any deficiencies in the compensable files sent by the Southeast Region</li> <li>5. Examined control reports to determine the procedures to ensure the accurate creation of the compensable file</li> </ol>	No deficiencies or exceptions were noted

The process for creating compensable payphone call files remains the same as what was audited in 2007. As examined in the *PCC Subscriber Toll Free Processing Rules AT&T 22-State* documentation, the Payphone ANIs are identified by the Class of Service USOCs specifically reserved for payphones. The second step of the process is to capture all of the call detail for the Payphone ANIs which is done on a daily basis. The last step is to run the compensation edits and rules against the call detail which is done monthly.

A sample of payphone call detail records was used to create a compensable file using the AT&T business rules for compensation. This file was then compared with the records on the compensation files and quarterly reports and, in the case of the Southeast Region, with the compensable records sent to the NPC. The CDRs on the compensable file created by the Audit Team included only completed IntraLATA 8YY calls where AT&T was the Completing Carrier and these matched the CDRs of the compensable records determined by AT&T.

For the Southeast Region, as outlined in the PCC processing documentation, AT&T gathers call detail on a monthly basis for 8YY calls originating from payphones. The compensable calls are then compiled into a file sent to the NPC on a quarterly basis. The NPC has prescribed the format of the compensable file and sends a control report to AT&T each quarter specifying receipt of the file and the counts of the records accepted. AT&T sends back confirmation that the record counts match. A copy of the compensable file specifications and record layout along with a sample of the NPC submission reports for 4Q2007 was reviewed as part of this examination. All documentation was in order and there were no discrepancies or exceptions observed.

## 5.6 Assertion #6: FCC Reports

Management Assertion	Validation Test	Test Results
AT&T has procedures in place that incorporate payphone call	<ol style="list-style-type: none"> <li>1. Interviewed AT&amp;T Management to determine if there were any changes to the</li> </ol>	No deficiencies or exceptions were noted



data into required FCC reports	process for creating reports 2. Examined documentation for the reports process to verify the controls that ensure the call data is accurately reflected in the reports 3. Traced a sample of compensable calls from the call detail at the front-end of the process to their appearance on the quarterly reports 4. Examined the SAS 70 report on the NPC to verify that no exceptions were noted in their controls for providing the quarterly reports on behalf of AT&T	
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Examination of the *FCC Per Call Compensation (PCC) Quarterly Report Processing Rules AT&T 22-State* confirmed that the process for incorporating the payphone call data into the quarterly reports remains the same as what was audited in 2007. Controls exist to reconcile the data from the payment files with the reports to ensure the accuracy and completeness of the data. Samples of the quarterly reports along with the readme files were examined and were found to be in compliance with the report requirements specified by the FCC. In addition to providing information on the paid calls, AT&T also provides as an extra service to PSPs a count of the number of calls not paid for each ANI with a status code of “F” for calls completed by Facilities-Based CLECs and “E” for calls to an Exception Number such as for Teletypewriter (TTY) services.

Controls are in place to identify and resolve report delivery problems. Email failures are investigated and a hard copy of the report is sent to the PSP. For returned mail, the PSP is contacted and, if appropriate, the delivery preference is updated in the Master Preference Table. Samples of both types of failures were reviewed along with the resolution of the problem.

As part of the end-to-end test, the calls which were determined to be compensable by the Audit Team were compared with the calls appearing on the quarterly reports. In all cases, the count of compensable calls matched along with the specific ANI-8YY combinations.

Since the Southeast Region contracts with the NPC for both processing PCC payments and providing the quarterly reports, the end-to-end test compared the calls determined to be compensable by the Audit Team with the compensable calls sent to the NPC. In all cases, the numbers matched. The Audit Team also examined the SAS 70 report on the NPC controls to verify that the independent auditor did not identify any deficiencies or exceptions in the NPC quarterly reports process.

**5.7 Assertion #7: Dispute Resolution Procedures and Controls**

Management Assertion	Validation Test	Test Results
AT&T has implemented procedures and controls needed to resolve disputes	1. Interviewed AT&T Management to determine if there were any changes to the process for managing and resolving disputes 2. Examined dispute process documentation to verify the procedures and controls are outlined 3. Traced sample disputes through the process from PSP initiation through resolution	No deficiencies or exceptions were noted



The guidelines and procedures for dispute initiation and resolution is maintained in the *FCC Per Call Compensation (PCC) Dispute Resolution Process* documentation. All disputes continue to be logged and tracked electronically and documentation is readily available to the Wholesale Compliance Compensation team. In addition to containing information about the dispute process and how a PSP should initiate a dispute, the AT&T documentation also provides examples of the types of disputes that might arise and the process for resolution.

To assist in resolving disputes, payphone data including calls detail records is retained for a minimum of 27 months per the data retention policy stated in the *PSP Per Call Compensation Subscriber Toll-Free Processing Rules AT&T 22-State* documentation. This policy complies with the FCC data retention requirements.

Sample disputes were traced through the process from initiation by the PSPs through to resolution. All disputes were logged and tracked appropriately per the documentation.

### 5.8 Assertion #8: Compensation Critical Controls and Procedures

Management Assertion	Validation Test	Test Results
AT&T has implemented critical controls and procedures to verify payphone compensation errors are insubstantial	<ol style="list-style-type: none"> <li>1. Interviewed AT&amp;T Management to provide examples of the controls around the compensation process</li> <li>2. Examined the documentation to validate the processes for error management and control</li> <li>3. Traced samples of errors through to resolution</li> </ol>	No deficiencies or exceptions were noted

AT&T has established extensive controls of the PCC process to provide reasonable assurance that the payphone call tracking system is compensating PSPs accurately and completely. Daily controls are in place to track call volumes and provide deviation and variance reports which are then investigated to determine the cause of the volume fluctuations and resolve any issues. Controls to identify and resolve data anomalies and errors at different points in the process are well documented.

The Audit Team examined the document entitled, *PSP Per Call Compensation Error Correction AT&T 22-State*, which describes the key controls and error reports and outlines the investigation and resolution process for each. Accounting controls are in place for PCC payment processing which specify authorization and approval levels as well as procedures for identifying checks which have not been cashed or have been returned. A sample of the notification of a returned check was examined along with the procedures for resolving the issue. Controls for identifying and resolving discrepancies within the service order process resulting in late posting or other anomalies which might impact compensation processing are also well documented. Samples of control reports identifying the error were examined as well as the follow-up action required.

### 5.9 Assertion #9: Compensable Call Business Rules

Management Assertion	Validation Test	Test Results
AT&T has implemented adequate and effective business rules to identify and	<ol style="list-style-type: none"> <li>1. Interviewed AT&amp;T Management to determine if there were any changes to the business rules for identifying and paying on</li> </ol>	No deficiencies or exceptions were noted



pay correctly on compensable payphone calls	compensable calls 2. Examined process documentation to verify the existence of the business rules 3. Traced a sample of CDRs through the process and apply the compensable call business rules to validate the process is working correctly	
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The specific business rules for determining compensable calls are outlined in the *PSP Per Call Compensation Subscriber Toll-Free Processing Rules AT&T 22-State* documentation. In addition, the process for determining whether an 8YY call is completed by a Facilities-Based CLEC which would exempt the call from compensation by AT&T and place responsibility for compensation on the CLEC is detailed and includes a description of the process and a corresponding flow chart.

The payphone compensation business rules remain unchanged since the 2007 audit and specify that compensable calls must be AT&T IntraLATA Toll Free (8YY) calls that are Completed (Attempt Indicator = 0) and contain a CIC (Carrier Identification Code) of "0000," "9000," or "5233." Certain Exclusions apply including: 1) Test Lines, 2) Polling Numbers, 3) TTY/TDD Numbers, and 4) Calls terminated to Facilities-Based CLECs. In the Southeast Region, some low volume exclusions are paid. To validate that the business rules continue to be applied correctly, the Audit Team identified a sample of payphone ANIs, collected call detail for the 4Q2007 reporting period, determined the compensable calls using the AT&T business rules, and compared the results with the AT&T compensation files or, in the case of the Southeast Region, with the compensable records sent to the NPC. In all cases, the compensable calls determined by the Audit Team matched the compensable calls determined by AT&T.

### 5.10 Assertion #10: CFO Statement of Accuracy

Management Assertion	Validation Test	Test Results
AT&T has implemented and continues to post after the close of each quarter, the chief financial officer's sworn statement of accuracy, based on 100% of call completed calls, to the website mentioned in the letter	1. Examined the quarterly CFO statements of PCC accuracy as posted on the website	No deficiencies or exceptions were noted

The Audit Team reviewed the CFO sworn statements of PCC accuracy made for the 2Q2007, 3Q2007, 4Q2007, and 1Q2008 reporting periods which were found on the AT&T website, <https://primeaccess.att.com>. All documents were in order and no issues were uncovered during this examination.

### 5.11 End-to-End Testing Results

A sample of 52 ANIs from a random number of PSPs from three of the AT&T ILEC Regions from the 4Q2007 processing cycle was selected for the end-to-end test. This test was designed to trace call detail records from the beginning of the process at the call recording at the switch to the end of the process as a call on the compensation files and quarterly reports or, in the case of the Southeast Region, as a compensable call on the file sent to the NPC. Using the business rules to determine PCC as outlined in



AT&T's process documentation, the Audit Team independently processed the selected CDRs for all 52 ANIs and created a compensable call file which was then compared with the calls appearing on the compensation files and quarterly reports or the compensable call file sent to the NPC.

The results of the initial compare yielded a small number of differences which, upon AT&T investigation, were determined to have been caused by timing differences between the service order and / or ANI ownership processes and the PCC processes. In all cases, AT&T provided evidence of the effective dates of the service orders as well as the documentation as to which PSP "owned" the payphone ANI and in what time frame. Upon resolution of the date issues, the Audit Team validated that the records AT&T determined to be compensable matched the records in the compensable file which had been independently created.

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## 6.0 Audit Conclusions and Findings

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Based on the results of the detailed examination of the PCC processing, reports, and dispute resolution documentation as well as the end-to-end testing of the AT&T overall PCC processes and procedures, the Audit Team concludes that AT&T and the call tracking system for PCC remains in compliance with the FCC audit requirements and criteria specified in §64.1310 and §64.1320 of the Final Rules of FCC 03-235/CC Docket No. 96-128 and that AT&T's assertions of compliance with the aforementioned requirements and criteria are fairly stated in all material respects as of June 30, 2008.

### 6.1 Contact Information

Please direct any questions regarding this audit to the AT&T Wholesale Compliance Compensation Team:

- Email ([PCCDISPUTE@att.com](mailto:PCCDISPUTE@att.com))
- Hotline (866-556-5055)

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## 7.0 Appendices

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### Appendix

### Document

- |   |   |
|---|---|
| A | FCC Audit Assertions 2008, AT&T Payphone Per Call Compensation (PCC) Operations |
|---|---|



## AT&T Finance Operations

FCC 03-235/CC 96-128, FCC 04-182/WC 03-225 & FCC 04-251/CC 96-128

### FCC Audit Assertions 2008 AT&T Payphone Per Call Compensation (PCC) Operations

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#### **Introduction**

The FCC's Report and Order of October 3, 2003 (FCC 03-235/CC Docket No. 96-128) in the Matter of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, which provides that Completing Carriers perform an independent third-party audit of the AT&T call tracking system that supports the payphone compensation payments. The order requires each switch-based reseller ("SBR") to establish its own call tracking system and to have a third party attest that the system accurately tracks calls to completion.

#### **2008 AUDIT – GENERAL ASSERTIONS**

2008-1. No material changes have been made to any documentation, policies, procedures, processes or data formats audited subsequent to the FCC PCC Audits concluded on June 29, 2007. Audit Assertions (FCC Order (FCC 03-235/CC Docket No. 96-128) APPENDIX C – FINAL RULES, Section 64.1320 Payphone Call Tracking System Audits), #1 through #9, apply to and support PCC operations associated with the mandated business processes in place subsequent to June 29, 2007..

2008-2. Therefore, AT&T asserts that all AT&T PCC areas audited in prior years remain in compliance to date and are not included in the scope of the 2008 audit.

2008-3. All corporate standards and controls asserted previously audited are still in place in 2008.

#### **AT&T GENERAL 2008 ASSERTIONS AS AUDITED**

The following were found to be in compliance by the Independent Auditor as filed (Audit Report, APPENDIX A) with the FCC on June 30, 2004 June 30, 2005 and June 30, 2006 and June 29, 2007. These assertions continue to apply and remain in compliance in 2008.

1. The AMA/EMR /EMI records are correct.
2. The quarterly report is limited to 8YY access numbers dialed from payphones in AT&T territory and call volumes related to completed 8YY access calls by 8YY number.
3. AT&T accurately pays PSPs per call compensation.
4. Quarterly ANI verification reports and processes are outside the scope of this audit.
5. This audit does not represent processes relative to the LEC's long distance operations (SBCLD and/or AT&TLD).

## AT&T Finance Operations

FCC 03-235/CC 96-128, FCC 04-182/WC 03-225 & FCC 04-251/CC 96-128

### FCC Audit Assertions 2008

#### AT&T Payphone Per Call Compensation (PCC) Operations

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6. The AT&T Finance Operations data retention standard of retaining all payphone data for a minimum of two (2) years is adhered to relative to ANI identification, call detail records, and payment of PCC.
7. The AT&T Finance Operations AMA “conversion” to call detail results in a standardized record across all AT&T Regions.

#### FCC Order (FCC 03-235/CC Docket No. 96-128) APPENDIX C – FINAL RULES, Section 64.1320 Payphone Call Tracking System Audits

The following were found to be in compliance by the Independent Auditor as filed (Audit Report, APPENDIX A) with the FCC on June 30, 2007<sup>1</sup>. These assertions continue to apply and AT&T remains in compliance.

1. AT&T has procedures in place to accurately track payphone calls to completion.

No substantive change.

2. AT&T has assigned a specific person or persons responsibility for tracking, compensating, and resolving disputes concerning payphone completed calls.

No substantive change. Group name changed to Wholesale Compliance Compensation Team.

3. AT&T has effective data monitoring procedures in place.

No substantive change. Minor report name changes for ease of the user. Formats slightly changed to standardize across regions.

4. AT&T adheres to established protocols to ensure that any software, personnel, or network changes do not adversely affect its payphone call tracking ability.

No substantive change.

5. AT&T has created compensable payphone call files by matching call detail records against payphone identifiers.

No substantive change.

6. AT&T has procedures in place that incorporate payphone call data into required FCC reports.

No substantive change.

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## AT&T Finance Operations

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7. AT&T has implemented procedures and controls needed to resolve disputes.

No substantive change.

8. AT&T has implemented critical controls and procedures to verify payphone compensation errors are insubstantial.

No substantive change. Some minor report name changes and some reports have moved to a more secure, encrypted web access.

9. AT&T has implemented adequate and effective business rules to identify and pay correctly on compensable payphone calls.

No substantive change

10. AT&T has implemented and continues to post after the close of each quarter, the chief financial officer's sworn statement of accuracy, based on 100% of all completed calls, to the website that is mentioned in said letter.

No substantive change.

**AT&T Management asserts that AT&T Finance Operations has business and technical processes and personnel in place to maintain ongoing compliance in accordance with "FCC Order (FCC 03-235/CC Docket No. 96-128) APPENDIX C – FINAL RULES, Section 64.1320 Payphone Call Tracking System Audits", Items 1 through 9, (as noted below**

#### **FCC Order Verbiage – Previously Audited**

FCC Order (FCC 03-235/CC Docket No. 96-128) APPENDIX C – FINAL RULES, Section 64.1320 Payphone Call Tracking System Audits., Paragraph (d)(1):

“(d) Consistent with standards established by the American Institute of Certified Public Accountants for attestation engagements, the System Audit Report shall consist of: (1) the Completing Carrier's representation concerning its compliance; and (2) the independent Auditor's opinion concerning the Completing Carrier's representation of compliance. The Completing Carrier's representation must disclose (i) its criteria for identifying calls originating from payphones; (ii) its criteria for identifying compensable payphone calls; (iii) its criteria for identifying incomplete or otherwise noncompensable calls; (iv)

## **AT&T Finance Operations**

**FCC 03-235/CC 96-128, FCC 04-182/WC 03-225 & FCC 04-251/CC 96-128**

### **FCC Audit Assertions 2008**

#### **AT&T Payphone Per Call Compensation (PCC) Operations**

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its criteria used to determine the identities of the payphone service providers to which the completing carrier owes compensation; (v) the identity of any clearinghouses the Completing Carrier uses; and (vi) the types of information that the Completing Carrier needs from the payphone service providers in order to compensate them.”

AT&T, as the Completing Carrier, represents that it will disclose the following as required in Paragraph (d) above:

- (i) its criteria for identifying calls originating from payphones;
- (ii) its criteria for identifying compensable payphone calls;
- (iii) its criteria for identifying incomplete or otherwise noncompensable calls;
- (iv) its criteria used to determine the identities of the payphone service providers to which the completing carrier owes compensation;
- (v) the identity of any clearinghouses the Completing Carrier uses; and
- (vi) the types of information that the Completing Carrier needs from the payphone service providers in order to compensate them.

AT&T Management asserts that Paragraph (d), (i) through (vi), remain in compliance