

# GSAssociates

Business Partners and Certified Public Accountants



Independent Auditor's System Report  
For Payphone Compensation  
As required by FCC Order 03-235  
Docket No. 96-128

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## Independent Auditor's Report System Audit Report

Senior Management  
Business Telecommunications Services, Inc.

At the request of the management of Business Telecommunications Services, Inc. (BTS), we have examined the call tracking systems of BTS for payphone calls in compliance with FCC Order 03-235, Docket No 96-128. BTS management is responsible for compliance with those requirements. (See Appendix 'B') Our responsibility is to express an opinion on BTS's compliance based on our examination.

Our examination included procedures to obtain reasonable assurance about whether the controls included in our audit were suitably designed to achieve the control objectives – namely, that the call tracking system of BTS accurately tracks payphone calls to completion and that BTS satisfactorily complied with and applied these controls and such controls will be placed in operation consistently in the future.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence of 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 BTS's compliance with specified requirements.

In our opinion, BTS complied, in all material respects, with the aforementioned requirements for the period mentioned through June 30, 2009. BTS has sufficient controls in place to provide reasonable assurance to achieve the control objectives namely that the BTS's call tracking system accurately tracks payphone calls to completion.

The description of policies & procedures concerning Payphone Compensation at BTS, as well as information concerning tests of the operating effectiveness includes the period of Q2 2009. Information concerning payments made includes the period through Q4 2008 which is the latest quarter that BTS has processed and remitted compensation to payphone service providers. Future projection of such information is subject to the inherent risk that, because of change, the description may no longer portray those procedures in existence. The potential effectiveness of specific controls at BTS is subject to inherent limitations and, accordingly, errors or fraud may occur and not be detected. Furthermore, the projection of any conclusions, based on our findings, to future periods is subject to the risk that, (1) changes made to the system or controls, (2) changes in processing requirements, or (3) changes required because of the passage of time may alter the validity of such conclusions.

This report is intended solely for the information and use of BTS, and is not intended to be and should not be used by anyone other than the specified party.

*GSAssociates, CPAs*

GSAssociates  
October 1, 2009



## **Overview of System Audit Requirements**

This System Audit Report covers FCC Order (03-235, Docket No 96-128), effective July 1, 2004 (the “Order”), requiring Interexchange Carriers (“IXCs”), incumbent local exchange carriers (“LECs”), competitive local exchange carriers (“CLECs”) and Switch Based Resellers (herein collectively or individually referred to as a “Carrier”), to establish and maintain a comprehensive Call Tracking System (“CTS”) which accurately reports and compensates Payphone Service Providers (“PSPs”).

The Order calls for an independent third party audit report in conformity with AICPA standards. The independent auditor’s report shall conclude whether the SBR, LEC, or IXC complied, in all material respects, with the factors set forth (below) regarding the CTS as follows:

- 1) Whether the SBR’s procedures accurately reflect the Commission’s rules, including the attestation reporting requirements.
- 2) Whether the SBR has a person or persons responsible for tracking, compensating, and resolving disputes concerning payphone completed calls.
- 3) Whether the SBR has effective data monitoring procedures.
- 4) Whether the SBR adheres to established protocols to ensure that any software, personnel, or any other network changes do not adversely affect its payphone call tracking ability.
- 5) Whether the SBR has created a compensable payphone call file by matching call detail records against payphone identifiers.
- 6) Whether the SBR has procedures to incorporate call data into required reports.
- 7) Whether the SBR has implemented procedures and controls needed to resolve disputes.
- 8) Whether the independent third-party auditor can test all critical controls and procedures to verify that errors are insubstantial, and
- 9) Whether the SBR’s have adequate and effective business rules for implementing and paying payphone compensation.



## **Audit Process & Procedures**

Our audit tests and reports on all nine (9) factors listed in the Order. The guidelines used to conduct and prepare the report are established in the AICPA's Statements on Standards for Attestation Engagements ("SSAE"), specifically, SSAE 10, AT Section 101 Attest Engagements and AT Section 601 Compliance Attestation.

Those standards required that we:

- 1) Have adequate technical training and proficiency in the attest function.
- 2) Perform the attest function using practitioners having adequate knowledge of the subject matter.
- 3) Evaluate the subject matter against suitable criteria such as:
  - a) *Objectivity* – free of bias
  - b) *Measurability* – reasonable consistent measurements, qualitative or quantitative, of subject matter.
  - c) *Completeness* – sufficiently complete so that relevant factors that would alter a conclusion about subject matter are not omitted.
  - d) *Relevance* – criteria relevant to the subject matter.
- 4) Maintain an Independent mental attitude in all matters relating to the engagement.
- 5) Exercise due professional care in the planning and performance of the engagement.
- 6) Obtain sufficient evidence to provide reasonable basis for our conclusion expressed in the report.

BTS has been compensating PSP's through Atlantax Systems, Inc. (ATLANTAX), a payphone clearinghouse since the inception of the Order. Prior; BTS was compensating PSP's through opt in agreements with its carriers. BTS has contracted with ALANTAX for payment clearinghouse services. The use of an outside clearinghouse for payment services does not relinquish ultimate responsibility for payments to PSP's. As such it is important that BTS continuously monitor the process and results of the clearinghouse to be sure that disputes do not arise.

The scope of this audit as it relates to compensation is through March 31, 2009, which is the latest quarter that BTS has processed and remitted compensation to PSP's. The scope of this audit as it relates to BTS's processes and procedures subject to the Order is through June 30, 2009.



***PAYPHONE COMPENSATION Policies & Procedures***

BTS has established and documented policies & procedures in compliance with the Dial Around Compensation FCC order. These include, but are not limited to:

1. Backup Policy
2. Core Security Policy
3. Software Quality Testing Process
4. Change Control Policy
5. Host / Server Security Policy
6. Physical Security Policy
7. Password Policy
8. Information Access Control Policy
9. Monitoring Policy
10. Firewall Policy

BTS has in place a detailed process document which outlines the steps necessary to retrieve and consolidate data for transfer to ATLANTAX. This procedure guarantees that the integrity of data on a month by month/quarter by quarter basis will be consistent. This document includes but is not limited to:

1. Responsible parties
2. Location of databases
3. Steps for uploading data to clearing house.

GSA has validated that they are still in use and current. BTS has provided GSA with written attestation that there have been no unauthorized or significant changes to company policies which would affect the processing of payphone compensation. BTS further attests that no changes can be made to the software controlling the call tracking system without appropriate approvals.



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### ***Responsible Dedicated Staff***

BTS has dedicated staff responsible for tracking, compensating, reporting and resolving disputes concerning completed calls as follows:

1. CFO, Andres Proano, is responsible for drafting necessary business requirements.
2. CIO, Luis Benavente is responsible for developing & maintaining systems to create payphone call records from switch records.
3. CIO, Luis Benavente is responsible for implementing & maintaining procedures that check the validity of identified payphone records.
4. CIO, Luis Benavente is responsible for implementing & maintaining procedures that create final compensation data sets.
5. CIO, Luis Benavente is responsible for developing compensation tracking reports.
6. CFO, Andres Proano is responsible for dispute resolutions.

These individuals have expertise regarding the systems and procedures and are involved on day to day basis with the process.

### ***Data Monitoring Procedures***

BTS has developed a systematic reporting process that can generate daily, monthly and quarterly reports on payphone call counts, numbers called, and info digits used as a subset of their total CDR accumulation. Currently BTS is utilizing the services of ATLANTAX, a payphone compensation clearinghouse to fulfill its requirements to PSP's. As such, ATLANTAX has provided to BTS formats and data requests to facilitate the transfer of data and the processing and payment of compensation to PSP's. GSA has determined that BTS can produce reports on a regular basis that reflect:

- a) Trends of switch traffic volumes entering their payphone compensation systems.
- b) Possible fraud on potential illegitimate payphone calls.
- c) Trends of excluded calls.
- d) The capability to develop customized reports to help resolve disputes.
- e) Capacity for other appropriate trending reports.

BTS regularly reviews carrier CDR in relation to its switch CDR, errors are immediately addressed with the carrier in question, and corrections are made.



### ***Compensation Assurance Protocols***

BTS has established procedures which guarantee that the company will remain in compliance with current FCC requirements. These procedures ensure that software, personnel, or any other network changes or additions to the payphone compensation process are done in accordance with guidelines and approvals documented in the aforementioned procedure section and do not adversely affect its call tracking capabilities.

GSA has previously reviewed these documented procedures and management has attested to the continued compliance with these procedures (Appendix 'B').

### ***Compensable Call File and Reporting***

BTS retrieves all data directly from carrier and company CDR and prepares online reports for utilization in the compensation process. BTS compiles the appropriate call detail in a predetermined format required by Atlantax, and electronically transmits this data to the clearinghouse for matching and payment. This process, including the various queries utilized to extract the data, have been documented by the Company. BTS provided samples of CDR, and also provided to GSA the raw switch data from their server and the ATLANTAX formatted data for comparison and also provided CDR specifically for test calls that GSA made for review. We determined that these files contained all of the necessary data that is required by the clearinghouse to perform the ANI match and to prepare detailed reports for compensation. BTS achieved 100% accuracy with test calls conducted.

### ***Dispute Resolution Procedures***

BTS has also drafted and implemented a dispute resolution process which includes but is not limited to:

1. Responsible parties
2. Data file Retention period
3. Compensation file Retention period
4. Compensation reporting requirements

The Company has assigned Andres Proano as the responsible party for handling any disputes that may arise from the compensation process. ATLANTAX through its contract with BTS will handle all disputes that arise from the matching and payment of payphone compensation. It is their obligation to keep current data for payphone ownership to insure accurate and timely payments. Disputes that do not arise from matching or ownership questions are forwarded to the Company.



## **Compensation Verification**

GSA has determined that BTS has properly compensated PSP's through the 1<sup>st</sup>. Quarter of 2009.

GSA has reviewed Q1 2009 payment files and verified those files against Company provided CDR and found no discrepancies. In addition, Atlantax has verified that funds were received and remitted to the appropriate PSPs.

## **Audit Conclusions**

### ***FCC Relevant Rules Accurately Stated***

BTS has established, defined, and documented in accordance with relevant FCC Rules each of the following:

- Per-call rate.
- Per-phone requirements.
- Calls included as compensable calls
- Definition of completed call.
- Reporting requirements.
- Dispute resolution
- Data Storage Requirements.

### ***Established Security Protocols***

BTS has implemented security protocols to limit access to call tracking systems in a controlled environment to authorized personnel.

Monitoring tracking systems have been installed to limit access to the company's call tracking system.

Access to compensation systems is controlled and monitored as well as limited to authorized personnel through security measures which have been implemented.



### *Audit Findings*

BTS, a Florida Corporation, with principal operations in Miami, Florida since 2001, is a provider of prepaid telecom products and services. BTS provides these services from its operations in Miami, Florida as well as from co-location facilities at Terramark in Miami Florida. GSA has validated payments made through Q1 of 2009, and received verification that payments were made for previous quarters in 2008, as such GSA has determined that BTS is in compliance with all factors of FCC Order 03-235, Docket No 96-128. for the period audited and compensation has been appropriately made to the PSPs or Aggregators through March 31, 2009.

GSA has verified that BTS has a viable compensation system that accurately tracks and reports payphone calls. We have determined that the Company will be able to continue to operate their compensation system accurately and consistently in the future.



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## APPENDIX 'A' – Atlantax SAS 70

### Independent Service Organization Auditor's Report

Board of Directors  
Atlantax Systems, Inc.

We have examined the accompanying description of compensation system controls (and policies and procedures) of Atlantax Systems, Inc. ("Atlantax") for payphone calls in compliance with FCC Order 03-235, Docket No 96-128, for the period of April 1, 2005 to March 31, 2006, applicable to recordkeeping, reporting, and payment services provided by Atlantax to its clients. Our examination included procedures to obtain reasonable assurance about whether (1) the accompanying description presents fairly, in all material respects, the aspects of Atlantax's controls relevant to the FCC Order (2) the controls included in the description were suitably designed to achieve the control objectives specified in the description, if those controls were complied with satisfactorily, and (3) such controls had been placed in operation as of March 31, 2006. The control objectives were specified by Atlantax's management. Our examination was performed in accordance with standards established by the American Institute of Certified Public Accountants and included those procedures we considered necessary in the circumstances to obtain a reasonable basis for rendering our opinion.

In our opinion, the accompanying description of the aforementioned controls presents fairly, in all material respects, the relevant aspects of Atlantax's controls that had been placed in operation as of March 31, 2006. Also, in our opinion, the controls, as described, are suitably designed to provide reasonable assurance that the specified control objectives would be achieved if the described controls were complied with satisfactorily.

In addition to procedures we considered necessary to render our opinion as expressed in the previous paragraph, we applied tests to specific controls, listed in the **Control Objectives** section, to obtain evidence about their effectiveness in meeting the control objectives during the period from April 1, 2005 to March 31, 2006. The specific controls and the nature, timing, extent, and results of the tests are listed in the **Controls & Results** section. This information has been provided to Atlantax's user organizations and to their auditors to be taken into consideration, along with information about the internal control structure at Atlantax. In our opinion, the controls that were tested, as described in the **Controls & Results** section, were operating with sufficient effectiveness to provide reasonable, but not absolute, assurance that the control objectives were achieved during the period examined.

The relative effectiveness and significance of specific controls at Atlantax and their effect on assessments of control risk at Atlantax client users are dependent on their interaction with internal controls, and other factors present at individual user clients. We have performed no procedures to evaluate the effectiveness of internal controls at individual user clients.

The description of controls concerning Payphone Compensation at Atlantax as of March 31, 2006, as well as information concerning tests of the operating effectiveness and payments made includes the period of Q3 2005. Future projection of such information is subject to the inherent risk that, because of change, the description may no longer portray those procedures in existence. The potential effectiveness of specific controls at Atlantax is subject to inherent limitations and, accordingly, errors or fraud may occur and not be detected. Furthermore, the projection of any conclusions, based on our findings, to future periods is subject to the risk that, (1) changes made to the system or controls, (2) changes in processing requirements, or (3) changes required because of the passage of time may alter the validity of such conclusions.

This report is intended solely for the information and use of Atlantax Systems, Inc. and is not intended to be and should not be used by anyone other than the specified party.

*GSAssociates, CPAs*

GSAssociates, LLC  
June 30, 2007



**GSAssociates**

Business Partners and Certified Public Accountants

Payphone Compensation Audit

Business Telecommunications Services, Inc.

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## **APPENDIX 'B' – Management Attestation**

# FCC Compliance Factor (8) – Critical controls Company (“Completing Carrier”) to verify that

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Business Telecommunications Services, Inc.

# FCC Compliance Factor (9) – Company (“C



Business Telecommunications Services, Inc.

FCC Compliance Factor (3) - Company (“Completing Carrier”) has effective data monitoring procedures.

FCC Compliance Factor (4) - Company (“Completing Carrier”) adheres to established protocols to ensure that any software, personnel, or any other network changes do not adversely affect its payphone call tracking ability.

FCC Compliance Factor (5) – Company (“Completing Carrier”) creates a compensable payphone call file by using internal customer information matched to toll free records. This file contains all payphone traffic with payphone identifiers.

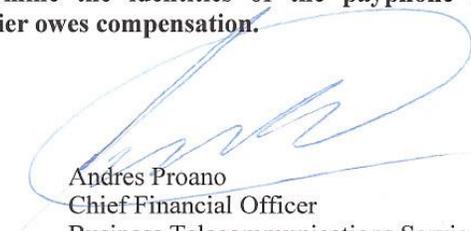
FCC Compliance Factor (6) – Company (“Completing Carrier”) has procedures to incorporate call data into required reports and making payment to PSPs.

FCC Compliance Factor (7) - Company (“Completing Carrier”) has implemented procedures and controls needed to resolve payphone compensation disputes.

FCC Compliance Factor (8) – Critical controls and procedures have been tested by Company (“Completing Carrier”) to verify that errors are insubstantial.

FCC Compliance Factor (9) – Company (“Completing Carrier”) has in place adequate and effective business rules for implementing and paying payphone compensation, including rules used to: (i) identify calls originated from payphones; (ii) identify compensable payphone calls; (iii) identify incomplete or otherwise non-compensable calls; and (iv) determine the identities of the payphone service providers to which Completing carrier owes compensation.

Dated: May 30, 2008

  
Andres Proano  
Chief Financial Officer  
Business Telecommunications Services, Inc.

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Dated: May 30, 2008

  
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