



GSAssociates



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



# Table of Contents

**TABLE OF CONTENTS** ..... 2

**INDEPENDENT AUDITOR’S REPORT** ..... 3

**SYSTEM AUDIT REPORT** ..... 3

**OVERVIEW OF SYSTEM AUDIT REQUIREMENTS** ..... 4

**AUDIT PROCESS & PROCEDURES** ..... 5

    PAYPHONE COMPENSATION POLICIES & PROCEDURES ..... 6

    RESPONSIBLE DEDICATED STAFF ..... 7

    DATA MONITORING PROCEDURES ..... 7

    COMPENSATION ASSURANCE PROTOCOLS ..... 7

**COMPENSABLE CALL FILE AND REPORTING** ..... 8

    DISPUTE RESOLUTION PROCEDURES ..... 8

**COMPENSATION VERIFICATION** ..... 9

**AUDIT CONCLUSIONS** ..... 9

    FCC RELEVANT RULES ACCURATELY STATED ..... 9

    ESTABLISHED SECURITY PROTOCOLS ..... 9

    AUDIT FINDINGS ..... 9

**APPENDIX ‘A’ – MANAGEMENT ATTESTATION** .....10



---

---

## 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 'A') 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.

Our conclusion is that, BTS complied, in all material respects, with the aforementioned requirements for the period mentioned through June 30, 2013. 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 2013. Information concerning payments made includes the period through Q4 2012. 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  
July 2, 2013



---

---

## **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) Where 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.

BTS utilizes the services of a payphone compensation clearinghouse, Atlantax, to process payments to PSP’s, however this does not eliminate the liability of BTS for compliance with all points of the order. It is incumbent on BTS to continuously monitor the processes of Atlantax.



## **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.

The scope of this audit as it relates to compensation is through March 31, 2012, 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, 2013.



---

---

***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

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. This attestation is available for review.



---

---

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

BTS has staff responsible for tracking, compensating, reporting and resolving disputes:

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 involved.

### ***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. GSA has determined that BTS, in conjunction with Atlantax 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. Management has attested to continued compliance with these procedures (Appendix 'A').



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

BTS retrieves all data directly from 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. 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. 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 4th Quarter of 2012. Q4 2012 payment files have been matched with Company provided CDR and we have 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. GSA has validated payments made through Q4 of 2012, and 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, 2013.

GSA has determined that the Company will be able to continue to operate their compensation system accurately and consistently in the future.



---

---

## APPENDIX 'A' – Management Attestation



### Report of Management on Compliance with Applicable Requirements of Section 64.1310(a)(1) of the FCC's Rules and Regulations

The management of Business Telecommunications Services, Inc is responsible for establishing and maintaining adequate systems and processes for its Pay Telephone Call Tracking System and for ensuring the Company's compliance with the applicable requirements of Section 64.1310(a)(1) of the FCC Report and Order in CC Docket No. 96-128, released on October 3, 2003, regarding *The Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*.

Management has performed an evaluation of the company's compliance with the applicable requirements of CC Docket No. 96-128 using the criteria in 64.1320(c) as the framework for the evaluation. Based on this evaluation, we assert that as of July 1, 2004, the Company complies with all applicable requirements of CC Docket No. 96-128.

We have prepared the required assertion statements relating to the Company Payphone Call Tracking Systems.

Company is acknowledged as the "Completing Carrier" in the following call scenarios:

- Local Toll and Local Operated assisted calls with the Info Digits (7, 27, and 70) completed by Company ("0" indicator).

All assertions for Company are from the point Company has visibility to the call tracking data.

Company utilizes a payment clearinghouse for payphone compensation settlement. As such, Factors (6) and (7) in their entirety and Factors (8) and (9) collectively are covered under the SAS-70 compliance report issued for the clearinghouse. Company has procedures in place to verify that controls and procedures relating to these assertions have been established and maintained. An independent accounting firm has performed an independent assessment of the effectiveness of such controls.



Company represents the following assertions where it is identified as the Completing Carrier:

**FCC Compliance Factor (1) – Company (“Completing Carrier”) procedures accurately track calls to completion.**

**FCC Compliance Factor (2) – Company (“Completing Carrier”) has a person or persons responsible for tracking, compensating, and resolving disputes concerning payphone-completed calls.**

**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.**

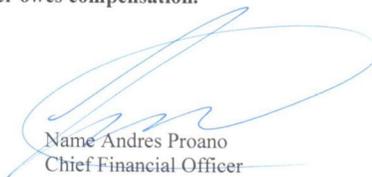
**FCC Compliance Factor (6) – Company (“Completing Carrier”) has procedures to incorporate call data into required reports and making payment to PSPs.**

**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: July 2<sup>nd</sup>, 2013



Name Andres Proano  
Chief Financial Officer

Business Telecommunications Services, Inc

2620 S.W. 27<sup>th</sup> Avenue, Miami, Florida 33133  
Telephone: 305.358.5850 Facsimile: 305.358.5848