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Ms. Marlene H. Dortch, Secretary
Attn: Office of the Secretary
Federal Communications Commission
9300 East Hampton Drive
Capitol Heights, MD 20743

RE: Operator Service Company, LLC
Letter of Attestation for Compliance with FCC Dial-Around Compensation Requirements
Docket No. 96-128

Pursuant to 47 C.F.R. §64.1320(f), enclosed on behalf of Operator Service Company, LLC ("OSC") is the annual Letter of Attestation by an Independent Auditor concerning OSC's ongoing compliance with the Commission's Payphone Compensation Rules.

Please acknowledge receipt of this filing by returning a date stamped copy of the enclosed cover letter duplicate in the return self-addresses, stamped envelope that is provided for this purpose.

Please direct any questions you may have regarding this filing to be at 407-740-3005 or via email to Swarren@tminc.com.

Sincerely,

Sharon R. Warren
Consultant to Operator Service Company, LLC

cc: Jennifer Hinojosa – OSC
Michelle Maurer - OSC
file: OSC - FCC
tms: FCCx1402

RN/lm

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**Attestation of the Independent Auditor
To the Management of
kgb Carrier New York, Inc.
Bethlehem, PA, USA**

In the matter of

*Conformance to the Pay Telephone
Reclassification & Compensation Provisions of
The Telecommunications Act of 1996
FCC 03-235*

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July, 2011

Letter of Attestation

We have examined management's assertions, included in the accompanying "KGB Management Report on Compliance with Applicable Requirements of the FCC's Rules and Regulations", that it believes that, for the period July 1, 2010, through June 30, 2011, KGB's controls over its review methods, procedures and systems deployed for compliance with FCC Dial-Around Compensation (DAC) requirements, are effective in providing reasonable assurance that FCC reporting requirements are properly followed, summarized and reported to Payphone Service Providers (PSP's). The company's management is responsible for maintaining effective controls over its measurement and reporting function. Our responsibility is to express an opinion on management's assertion based on our examination.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAO GAGAS, IT). 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 observations. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Because of inherent limitations in controls, errors or fraud may occur, and not be detected. Also, projections of any evaluation of controls over the measurement and reporting function to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

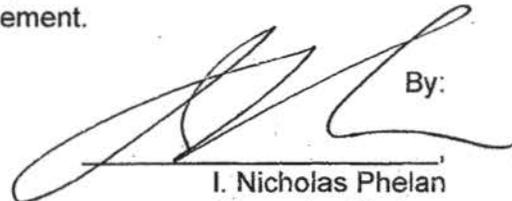
In our opinion, management's assertion that it believes that, as of June 30, 2012, the company's controls over its measurement and reporting function as it relates to review methods, procedures and systems deployed by management for compliance with FCC requirements are effective in providing reasonable assurance that FCC requirements are properly recorded, summarized and reported, is fairly stated, in all material respects, based on the criteria specified in management's report.

Completion of this audit as noted is not intended to imply that all payphone calls to this completing carrier have been actually compensated (that is, compensation has been paid to any payphone provider in a timely manner, or, at all). The objective of the audit is to assert that appropriate processes to insure correct calculation of payments due are being used by the

completing carrier and the processes meet FCC requirements. It is beyond the scope of this audit to assure those payments were, in fact, actually made to payphone providers.

This report is intended for compliance purposes, and, as such, the information contained herein and its use is solely at the discretion of the company's management.

By:

A handwritten signature in black ink, appearing to read 'I. Phelan', written over a horizontal line.

I. Nicholas Phelan
Managing Partner

July 1, 2011
Princeton Associates, LLC
Phoenix, Arizona, USA

Report to kgb Carrier New York Management

Audit – July 2010
to June 2011

**AUDIT OF PSP
DIAL AROUND
COMPENSATION
COMPLIANCE**

**Management Report
on Compliance with
Applicable Requirements
of the
FCC's Rules and
Regulations**

Section 64.1310(a)(1)
In the Matter of the
Pay Telephone Reclassification and Compensation
Provisions of The Telecommunications Act of 1996



Princeton Associates

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Highlights

COMPLIANCE

To comply with FCC regulations, KGB makes the following assertions, where KGB is identified as the Completing Carrier:

KGB, Inc. is in compliance.

FCC compliance § 64.1320(c) Subsection (1) -
Whether the Completing Carrier's procedures accurately track calls to completion.

FCC compliance § 64.1320(c) subsection (2)
- Whether the Completing Carrier has a person or persons responsible for tracking, compensating, and resolving disputes concerning payphone completed calls.

FCC compliance § 64.1320(c) subsection (3) -
Whether the Completing Carrier has effective data monitoring procedures.

FCC compliance § 64.1320(c) subsection (3) -
Whether the Completing Carrier has effective data monitoring procedures.

FCC compliance § 64.1320(c) subsection (5) -

Whether the Completing Carrier has created a compensable payphone call file by matching call detail records against payphone identifiers.

FCC compliance § 64.1320(c) subsection (6) -
Whether the Completing Carrier has procedures to incorporate call data into required reports.

FCC compliance § 64.1320(c) subsection (7)
- *Whether the Completing Carrier has implemented procedures and controls needed to resolve payphone compensation disputes.*

FCC compliance § 64.1320(c) subsection (8) -
Whether the independent third-party auditor can test all critical controls and procedures to verify that errors are insubstantial.

FCC compliance § 64.1320(c) subsection (9)
- *Whether the Completing Carriers has in place adequate and effective business rules for implementing and paying payphone compensation, including rules used to:*

(i) Identify calls that 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 the Completing Carrier owes compensation.

INTRODUCTION

Since the implementation of the Telecommunications Act of 1996, there have been ongoing discussions among carriers ("Inter Exchange Carriers"¹ and "Completing Carriers") and payphone service providers (PSPs) as to how best to ensure PSPs are fairly compensated for all completed coinless calls originating from their payphones.

On September 30, 2003, the Federal Communications Commission (FCC) released its Report and Order in CC Docket No. 96-128 (FCC 03-235) titled *The Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*. In this latest ruling, the FCC adopted new payphone compensation rules.

These rules place responsibility on the completing carrier to establish a call-tracking system and to compensate PSPs for coinless payphone-originated calls that are completed by that carrier. Carriers are required to:

- Establish call tracking systems,
- Have an independent third-party auditor attest that the system accurately tracks payphone calls to completion, and
- Pay PSPs directly, based on the carrier's own call tracking data.

¹ IXCs Inter-Exchange Carrier

The FCC rules also define new reporting requirements for intermediate carriers, although no attestation is required.

The requirements set forth by the FCC take effect the first day of the first full quarter after the new rules became effective. These rules became effective July 1, 2004.

KGB USA

Information taken completely from <http://www.KGB.com/>

KGB USA is in the business of helping people to know more

KGB USA has been in the knowledge business for over 15 years. We are dedicated to providing callers with up-to-the-minute pinpoint accurate answers 24 hours a day 365 days a year.

We believe that customers want a simpler, faster, more efficient way to find the information they need. We offer these products to help customers

Our recent name change to **KGB** from **INFONXX** reflects the expansion and evolution of our Company. Our new name, **KGB**, is designed to be intriguing and challenging. It reflects our mission to exceed expectations.

InfoNXX's Excell Services division

Information taken completely from <http://www.excellsvcs.com/about/default.aspx>

About Excell Services

Excell Services, a Platinum Equity company, is America's largest independent provider of Directory Assistance (DA), Operator Services (OS), and Inbound Customer Care (CRM) to the telecommunications industry.

Excell Service was formed by combining two established industry players, Operator Service Company ("OSC") and Excell Services Agent Services. The integration of the two companies provides Excell Services with the size and scale to service the needs of the largest wireless and wireline carriers in the United States.

Excell Services' goal is to deliver superior service at a price that will improve our customer's bottom line. We strive for service quality and expertise that is unsurpassed in the marketplace, as embodied in the company's new corporate motto: "Trust in every call."

Excell Services' diverse product suite enables customers to aggregate their DA, OS, and CRM volume with one provider to create a superior value opportunity at the highest levels of quality and competitive pricing. Excell Services provides the best value in the industry by leveraging the most efficient call center network in North America.

Excell Services is a proven leader in quality and delivery of outsourced services through its call centers located across North America. The company is known for its strong commitment to value and service, enabling clients to increase revenue, improve service quality, and reduce costs.

Please note this article from the web site of INFONXX:

One such company, directory assistance and enhanced information services provider INFONXX, with a mindset of growing its presence not only in the U.S., but globally as well, has completed two acquisitions that will help the firm continue to expand. Excell Services, a U.S.-based independent

provider of directory assistance, operator services, and inbound customer service, and Conduit Limited, a European information services company will become part of INFONXX (News - Alert). With the addition of these two firms, INFONXX proclaims it will process more than one billion directory assistance inquiries this year.

"These acquisitions progress the INFONXX growth strategy, bringing innovative service development and an extension of our global network of capabilities and markets," said Robert Pines, Global CEO and Founder of INFONXX. "The expanded reach and resources of INFONXX will be good for customers and employees alike."

INFONXX products include 411 Plus enhanced directory assistance, TeleMas Spanish language services, Text Direct, a two-way SMS directory assistance listing, txt//ad in the United Kingdom, an innovative Pay-Per-Text ad channel enabling advertisers to reach potential customers via SMS, and many more.

Excell Services provides directory assistance (DA), operator services (OS), and inbound customer services (CRM) to the telecommunications, healthcare and retail food industries from call centers throughout North America and the Philippines. The acquisition of Excell increases capabilities, momentum, and adds more service options for current INFONXX customers.

"The depth of our pooled resources now equips us to provide our customers with a comprehensive service offering unavailable anywhere else," said Charles M. Anderson, President of Excell Services.

BACKGROUND

Prior to the new rules becoming effective, carriers were required to follow the rules as set forth in the FCC's previously issued Second Order on Reconsideration (CC Docket No. 96-128), released April 5, 2001 "New rules ensure competing payphone providers are compensated for coinless calls". For many carriers, current network and billing system processes and procedures implemented to comply with the Second Order of Reconsideration may already support compliance with portions of the FCC's latest ruling. However, when the new rules became effective, carriers were required to implement a more detailed level of data gathering, analysis, storage, and reporting, as well as monitor compliance with the new rules.

Each completing carrier will be required to file a report from the independent auditor regarding the completing carrier's compliance with the FCC's rules by the effective date of such rules. Generally consistent with standards established by the American Institute of Certified Public Accounts (AICPA) and/or USG GAO GAGAS² 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.³

² Standards for financial audits issued by the Comptroller General of the United States through the U.S. Government Accountability Office

This report must be filed with the FCC Commission's Secretary in CC Docket No. 96-128 and made available to each PSP⁴ for which the completing carrier completes calls and with each facilities-based long distance carrier from which it receives payphone calls.⁵

Section 64.1300:

(a) Except as provided herein, the first facilities-based interexchange carrier to which a completed coinless access code or subscriber toll-free payphone call is delivered by the local exchange carrier shall compensate the payphone service provider for the call at a rate agreed upon by the parties by contract.

Section 26.1310:

(a) It is the responsibility of the first facilities-based interexchange carrier to which a compensable coinless access code or subscriber toll-free payphone call is delivered by the local exchange carrier to track, or arrange for the tracking of, each such call so that it may accurately compute the compensation required by Section 64.1300(a). The first facilities-based interexchange carrier to which a compensable coinless payphone call is delivered by the local exchange carrier must also send back to each payphone service provider at the time dial around compensation is due to be paid a statement in computer readable format indicating the toll-free and access code numbers that the LEC has delivered to the carrier, and the volume of calls for each toll-free and access number each carrier has received for each of that payphone service provider's payphones, unless the payphone service provider agrees to other arrangements.

Section 64.1310

(b) The first facilities-based interexchange carrier to which a compensable coinless payphone call is delivered by the local exchange carrier may obtain reimbursement from its reseller and debit card customers for the compensation amounts paid to payphone service providers for calls carried on their account and for the cost of tracking compensable calls. Facilities-based carriers and resellers may establish or continue any other arrangements that they have with payphone service providers for the billing and collection of compensation for calls subject to Section 64.1300(a), if the involved payphones service providers so agree.

⁴ PSP: Payphone Service Provider – owner of pay phone

⁵ Please see Appendix B, 64.1310 Payphone compensation procedures.

FCC REQUIREMENTS for COMPLIANCE

The FCC has set down specific directives for reporting compliance with the rules.

§ 64.1320 Payphone Call Tracking System Audits.

(a) As a precondition to tendering payment pursuant to section 64.1310(a), all Completing Carriers must undergo a system audit of their section 64.1310(a)(1) tracking system by an independent third party auditor whose responsibility shall be, using audit methods approved by the American Institute for Certified Public Accountants, to determine whether the call tracking system accurately tracks payphone calls to completion.

(b) By the effective date of these rules, each Completing Carrier in paragraph (a) must file an audit report from the auditor (the "System Audit Report") regarding the Completing Carrier's compliance with section 64.1310(a)(1) as of the date of the audit with the Commission's Secretary in CC Docket No. 96-128 and with each payphone service provider for which it completes calls and with each facilities-based long distance carrier from which it receives payphone calls.

(c) The Completing Carrier must comply with, and the third-party auditor must verify, the Completing Carrier's compliance with the following factors in establishing a call tracking system pursuant to section 64.1310(a)(1):

(1) Whether the Completing Carrier's procedures

accurately track calls to completion;

(2) Whether the Completing Carrier has a person or persons responsible for tracking, compensating, and resolving disputes concerning payphone completed calls;

(3) Whether the Completing Carrier has effective data monitoring procedures;

(4) Whether the 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;

(5) Whether the Completing Carrier has created a compensable payphone call file by matching call detail records against payphone identifiers;

(6) Whether the Completing Carrier has procedures to incorporate call data into required reports;

(7) Whether the Completing Carrier has implemented procedures and controls needed to resolve payphone compensation 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 Completing Carriers 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 the Completing Carrier owes compensation.

(d) Consistent with standards established by the American Institute of Certified Public Accounts 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 non-compensable 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.

(e) At the time of the filing of System Audit Report with the Commission, the Completing Carrier shall file with the Commission's Secretary, and the facilities-based long distance carriers and payphone service providers identified in section 64.1320(b), a statement that includes the name of the Completing Carrier, and the name, address and phone number for the person or persons responsible for handling the Completing Carrier's payphone compensation and for resolving disputes with payphone service providers over compensation, and this statement shall be updated within 60 days of any changes of such persons.

(f) One year after the filing of the System Audit Report, and annually thereafter, the Completing Carrier shall 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 set forth in subparagraph (c). The Completing Carrier must fully disclose any material changes concerning its call tracking system in its representation to the auditor. The Completing Carrier shall file and provide copies of all System Audit Reports pursuant to the procedures set forth in subparagraph (b).

(g) Subject to protections safeguarding the auditor's and the Completing Carrier's confidential and proprietary information, the Completing Carrier shall provide, upon request, to the payphone service provider for inspection any documents, including working papers, underlying the System

The management of KGB_USA is responsible for establishing and maintaining adequate systems and processes for its payphone call tracking system, and for ensuring KGB_USA's compliance with the applicable requirements of Section 64.1310(a)(l) 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* as referenced above

KGB_USA 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 August 2013, KGB_USA complies with all applicable requirements of CC Docket No. 96-128 for the audit period July 2010 through June 2011.

As required, we have prepared the required assertion statements relating to KGB_USA's Payphone Call Tracking Systems.

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

- Call Type 1 (Completed by KGB_USA) - Operator Service Calls
- Call Type 2 (Completed by KGB_USA) - 8XX Toll Free Calls
- Call Type 3 (Completed by KGB_USA) - Calling Card & Other Calls

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

KGB_USA has no ACA (Alternative Compensation Agreements)⁶ as defined by the rules.

All potentially compensable calls received at KGB_USA's switches are delivered by KGB_USA's IXCs.

⁶ The rules also permit Completing Carriers and PSPs to opt out of the rules. A Completing Carrier may employ **alternative** reporting and **compensation** arrangements, other than those mandated by the rules, so long as the PSP agrees to these arrangements.

KGB_USA makes its own arrangements to pay for payphone compensation settlement with PSP's. It does not use any payphone compensation clearinghouse.

Auditor's Note

Completion of this audit is not intended to imply that all payphone calls to this carrier have been actually compensated (that is, compensation has been paid to a payphone provider). The objective is to assert that the processes used by the completing carrier meet FCC requirements.

Payphone providers who feel they may not have been compensated for calls request call records from IXCs. The IXC-provided call record indicates the name of the completing carrier. But the total number of calls from the payphone provider to the completing carrier does not necessarily reflect "completed calls" irrespective of the amount of time logged on the IXC call record.

The problem for the payphone provider is that it only has visibility to the originating call as provided by the participating IXC, not the completing carrier call record, so it can only guess what happened to the call after it was handled by the IXC. There is no indication on the IXC call record as to the final disposition of the call.

The completing carrier should understand that the existence of this audit does not absolve it from demonstrating to payphone providers that its (the PSPs) particular payphone-originated calls have been compensated. That issue is between the completing carrier and the payphone provider. The audit simply states that the processes used by the completing carrier, and, the other FCC requirements, are met.

This distinction is not easy to understand and is the cause of much confusion between completing carrier and payphone provider. Any such confusions should be negotiated out by both parties.

MANAGEMENT ASSERTIONS

To comply with FCC regulations, KGB_USA management makes the following assertions, where KGB_USA is identified as the Completing Carrier:

FCC compliance § 64.1320(c) Subsection (1) – Whether the Completing Carrier's procedures accurately track calls to completion

- KGB_USA's definition of the "per-call rate" of \$0.24 is in compliance with prior (as of July 2004) FCC rules for compensation for those periods.
- KGB_USA's definition of the "per-call rate" of \$0.494 is in compliance with current (as of December 22, 2005) FCC rules.
- KGB_USA's definition of a "Compensable Call" (payphone-originated call that completes over KGB_USA's network in which KGB_USA identifies itself as the Completing Carrier) is in compliance with the FCC rules⁷.
- KGB_USA's definition of a "Completed Call" (call that is answered by the called party) is in compliance with the FCC rules.
- KGB_USA's systems, or its contracted partner systems, are able to generate the following reports, on a monthly, quarterly, or on-demand, basis:
 - A list of the toll free and access numbers dialed,

⁷ See Appendix for definitions

- and completed, from each PSP's payphones, with the ANI for each payphone.
- The volume of calls for each toll free, and access, number that was completed by KGB_USA.
- The names, addresses, and phone numbers of the persons responsible for handling KGB_USA's payphone compensation.
- The CIC code, or Trunk routing group, of all facilities based LD carriers that routed calls to KGB_USA categorized according to toll-free and access code numbers.
- KGB_USA's archival data storage requirement is in compliance with FCC rules.*
- KGB_USA's systems procedures for identifying PSPs are complete and have accurate rules.
- KGB_USA's procedures for validating payphone ANIs are complete and have accurate rules.

FCC compliance § 64.1320(c) subsection (2) – Whether the Completing Carrier has a person or persons responsible for tracking, compensating, and resolving disputes concerning payphone completed calls.

- KGB_USA has designated personnel responsible for drafting the business requirements associated with tracking, compensating, and resolving disputes concerning payphone-compensated calls rules.
- KGB_USA has designated personnel responsible for the development and maintenance of

systems used in the collection and reporting of payphone call data.

- KGB_USA has designated personnel responsible for the implementation and maintenance of procedures that are utilized in creating final compensation data rules.
- KGB_USA has designated personnel who are responsible for developing compensation-tracking reports.
- KGB_USA has designated personnel who are responsible for payphone compensation dispute resolution.

FCC compliance § 64.1320(c) subsection (3) – *Whether the Completing Carrier has effective data monitoring procedures.*

- KGB_USA has the ability to prepare monthly, quarterly, or ad hoc, reports on payphone call counts, PSP identities and numbers-dialed.
- KGB_USA performs data monitoring procedures on call record volumes entering the payphone compensation systems.
- KGB_USA has the ability to produce trend reports of excluded calls.
- KGB_USA performs fraud-monitoring procedures to identify potentially illegitimate payphones.
- KGB_USA has the ability to investigate and resolve PSP disputes.

FCC compliance § 64.1320(c) subsection (4) – *Whether the 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

- KGB_USA has documented security controls in place to control access to, and monitor, call-tracking data.
- KGB_USA has documented security controls in place to control access to, and monitor, the payment disbursement system rules.
- KGB_USA has a department responsible for making software changes that affect payphone compensation.
- KGB_USA has established protocols to implement and test software changes affecting payphone compensation.
- KGB_USA has application controls in place to ensure that network changes, external to payphone compensation, do not negatively impact payphone compensation.

FCC compliance § 64.1320(c) subsection (5) – *Whether the Completing Carrier has created a compensable payphone call file by matching call detail records against payphone identifiers.*

- KGB_USA utilizes switch data and industry standard SQL⁸ to populate the date, originating ANI, dialed number, and aggregate data

⁸ SQL (Structured Query Language) A specialized language for sending queries to databases. Most industrial-strength data bases and many smaller database applications can be addressed using SQL. Each specific application will have its own slightly different version of SQL implementing features unique to that application, but all SQL-capable databases support a common subset of SQL strength and many smaller database applications can be addressed using SQL. Each specific application will have its own slightly different version of SQL implementing features unique to that application, but all SQL-capable databases support a common subset of SQL

into a Compensable Call File.

- KGB_USA uses payphone specific identifiers (info digits) to identify a compensable payphone call record.
- KGB_USA applies validation and control procedures to compile the Compensable Call File.

FCC compliance § 64.1320(c) subsection (6) - *Whether the Completing Carrier has procedures to incorporate call data into required reports.*

- KGB_USA's SQL systems, or its contracted partner systems, are able to generate the following reports on a quarterly basis:
 - A list of the toll free and access numbers dialed and completed from each PSPs payphones, along with the ANI for each payphone except as noted in the details section.
 - The volume of calls for each toll free and access number that was completed by KGB_USA's switches.
 - The CIC code or Trunk routing group of all facilities based LD carriers that routed calls to KGB_USA' switches categorized according to toll-free and access code numbers
- KGB_USA, or its contracted partner systems, possesses a reasonably valid list of payphone owners identified by ANI.
- KGB_USA has a system listing the names, addresses, and phone numbers of the person(s) responsible for handling payphone compensation.

FCC compliance § 64.1320(c) subsection (7) - *Whether the Completing Carrier has implemented procedures and controls needed to resolve payphone compensation disputes.*

- KGB_USA maintains required call tracking data (archival information) from at least 27 months back.
- KGB_USA has the ability to investigate and resolve PSP disputes.
- KGB_USA has designated personnel who are responsible for payphone compensation dispute resolution.

FCC compliance § 64.1320(c) subsection (8) - *Whether the independent third-party auditor can test all critical controls and procedures to verify that errors are insubstantial.*

- KGB_USA has procedures to identify payphone-originated calls.
- KGB_USA has procedures to capture dial-around calls.
- KGB_USA has procedures to exclude incomplete calls from the compensable call file.
- KGB_USA has procedures to accurately populate call record data in the compensable call file.
- KGB_USA has procedures to exclude non-compensable calls from the compensable call file.

FCC compliance § 64.1320(c) subsection (9) - *Whether the Completing Carriers has in place adequate and effective business rules for implementing and paying payphone compensation, including rules used to:*

- (i) Identify calls which 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 the Completing Carrier owes compensation.*

- KGB_USA has business rules that identify calls originated from payphones.
- KGB_USA has business rules that identify compensable payphone calls.
- KGB_USA has business rules that exclude incomplete calls.
- KGB_USA has business rules to determine the identities of the payphone service providers to which KGB_USA owes compensation.

REQUIRED DISCLOSURES

KGB_USA' required disclosures per FCC 64.1320(d)

- KGB_USA' criteria for identifying calls originating from payphones include call record info-digit identification numbers "27", "29" or "70". In addition, originating ANI⁹ is also recorded in the CDR record to be used later to identify payphone by the company accounting system or the billing compensation clearinghouse.
- KGB_USA' criteria for identifying compensable payphone calls include all calls with info-digits 27, 29 or 70, and call duration parameters as noted in the sample SQL scripts¹⁰ (SQL section and

⁹ ANI (Automatic Number Identification) is a system utilized by telephone companies to identify the DN (Directory Number) of a calling subscriber.

ANI serves a function similar to Caller-ID, but utilizes different underlying technology. In addition, although Caller-ID can be blocked by prefixing a call with *67, ANI is (usually) impossible to block.

ANI was originally developed for telephone company billing purposes. ANI technology is also now offered to commercial customers who may benefit from knowing who is calling them. In addition, ANI is one of the core technologies behind the 911 emergency service.

ANI data is usually transmitted in-band using multi-frequency (MF) signaling. However, ANI data can also be transmitted separately if you have an ISDN PRI.

¹⁰ "Adjunct to Management Report on Compliance

customer service record layouts). KGB_USA has some alternative compensation agreements (ACA) in place as noted previously so some calls are excluded from the Compensable Call File.

- KGB_USA's criteria for identifying incomplete or otherwise non-compensable calls include:
 - 1) Calls that do not have info-digits 27, 29 or 70 (not from a payphone-identified originating ANI),
 - 2) Calls which last less than, or are equal to, 60 seconds
 - 3) Calls with invalid completion codes
 - 4) Calls with ANIs not part of the KGB_USA payphone ANI databases.
- KGB_USA's criteria used to determine the identities of the PSPs to which KGB_USA owes compensation is established by KGB_USA's internal IT department for settlements.
- The type of information that KGB_USA needs from the PSPs in order to compensate the PSPs is determined by KGB_USA's Oracle Financials settlement requirements.
- KGB_USA maintains, and has maintained, since 2005, databases of payphone providers and owners as received by KGB_USA from the payphone owners themselves, payphone associations and consolidators, and other sources to allow for circumstances when there is corrupt or missing Info-Digit information.
- KGB_USA has tried to use

with Applicable Requirements of the FCC's Rules and Regulations"

Alternative Compensation Agreements with its payphone providers to assure proper payment. Due to its many acquisitions in the past several years, maintaining these ACA's has been problematic.

===== End of Document =====

APPENDIX A

GAGAS

1. Relationship between GAGAS and AICPA and other standards

(excerpt)

1.09 GAGAS may be used in conjunction with professional standards issued by other authoritative bodies. For example, the American Institute of Certified Public Accountants (AICPA) has issued professional standards that apply in financial audits and attestation engagements performed by certified public accountants (CPA). GAGAS incorporate the AICPA's field work and reporting standards and the related statements on auditing standards for financial audits unless specifically excluded, as discussed in chapters 4 and 5. GAGAS incorporate the AICPA's general standard on criteria, and the field work and reporting standards and the related statements on the standards for attestation engagements, unless specifically excluded, as discussed in chapter 6. To meet the needs of users of government audits and attestation engagements, GAGAS also prescribe requirements in addition to those provided by the AICPA for these types of work.

1.08 Auditors may provide professional services, other than audits and attestation engagements, that consist solely of gathering, providing, and explaining information requested by decision makers or by providing advice or assistance to officials of the audited entity. GAGAS are not applicable to non-audit services, which are described more fully in chapter 2. However, providing non-audit services may affect an audit organization's independence to conduct audits, which is discussed in chapter 3

1.07 Even if not required to do so, auditors may find it useful to follow GAGAS in performing audits of federal, state, and local government programs as well as in performing audits of government awards administered by contractors, nonprofit entities, and other non-government entities. Many audit organizations not formally required to do so, both in the United States of America and in other countries, voluntarily follow GAGAS

APPENDIX B

References & Definitions as Required by this Report

(*) except as noted in the details (Supplemental information) section. In some cases, there may appear to be minor deviations to the regulations. For example, the rules imply the completing carrier have several persons doing specific jobs: A switch engineer (contact), and an IT manager (contact). In some carriers, this is the same person. Where this completing carrier exhibits these small discrepancies, they are so noted in the Supplemental Information section. They do not affect the integrity of the audit or the validity of the data.

Dial Around Compensable Rate:

The amount paid to the payphone operator by the completing carrier for a completed DAC call. The rate is currently included in the KGB_USA, accounting procedures. Changes will be made when required by the FCC.

Compensable Call:

A compensable call is a completed coinless payphone-originated call.

Completed Call:

A call is considered completed when it has been answered. But the definition is considerably more complicated than it would appear. Calls from many of KGB_USA' customers are to destinations worldwide, in many cases where reliable call completion (answer supervision) may not always be available, reliable, or is "simulated" by the foreign ILEC due to antiquated CPE equipment. In the absence of positive answer supervision, or in addition to it, it appears completing carriers use a 60-second time period, which begins at the time the customer presses the last digit of the called telephone number, and includes all the switching times on the outbound leg plus on-hook ringing times at the receiver's end, and makes allowances for the lack of answer supervision signaling. In some cases the call actually never completes and the caller is left hanging with dead space in his ear. In this case, KGB_USA does not charge the caller, but, because the call exceeds 60 seconds, does consider the call compensable and includes

the call in its compensable call record file.

This process varies widely by completing carrier. The details of the KGB_USA process are included in the Supplemental Information materials.

Clearinghouse

Third party entity that performs some of the functions required to compensate payphone owners

UTC:

Universal Coordinated Time (formerly known as Greenwich Mean Time)

Supplemental Information Section

As an adjunct to this audit, a significant amount of material is attached, including graphics and diagram plates, explaining each step in the data flow process. References in this portion of the audit to "details" are to this material. There are some references above to "exceptions". This is due to the wording of the FCC rulings where there might be some margin for interpretation. In some of the "exception" notations, the reasons are that the completing carrier uses a third party DAC provider like Billing Concepts, Inc. This means that, although responsibility still lies with the completing carrier, the PSP usually starts with BSG for compensation issues. If BSG cannot resolve the issues on behalf of the completing carrier, then the officer in charge at the completing carrier is brought into the loop. In many cases, BSG is able to handle the inquiry and the completing carrier is never even aware of the issue.

Similarly, the third party compensation service produces reports which aren't available to the completing carrier. The third party compensation service also has access to PSP ANI's which are not available to the completing carrier.

These constitute "exceptions" to a possible strict interpretation of the rules and are so noted above, although they are not in any way implying a "failure to comply" by the completing carrier.

The Supplemental Information is available to the inquiring PSP at the completing carrier's offices.

APPENDIX C

Federal Communications Commission FCC 03-235

64.1310 Payphone compensation procedures.

64.1310 Payphone compensation procedures.

(a) Unless the payphone service provider agrees to other compensation arrangements, each Completing Carrier identified in section 64.1300(a) shall compensate the payphone service provider as follows:

(1) Each Completing Carrier shall establish a call tracking system that accurately tracks coinless access code or subscriber toll-free payphone calls to completion..

(2) Each Completing Carrier shall pay compensation to payphone service providers on a quarterly basis for each completed payphone call identified in the Completing Carrier's quarterly report required by section 64.1310(a)(4).

(3) At the conclusion of each quarter, the chief financial officer of the Completing Carrier shall submit to each payphone service provider to which compensation is tendered a sworn statement that the payment amount for that quarter is accurate and is based on 100% of all completed calls that originated from that payphone service provider's payphones.

(4) At the conclusion of each quarter, the Completing Carrier shall submit to the payphone service provider, in computer readable format, a report on that quarter that includes:

(A) A list of the toll-free and access numbers dialed from each of that payphone service provider's payphones and the ANI for each payphone;

(B) The volume of calls for each number identified in subparagraph (a)(4)(A) that were completed by the Completing Carrier; and

(C) The name, address, and phone number of the person or persons responsible for handling the Completing Carrier's payphone compensation.

(D) The carrier identification code ("CIC")

of all facilities-based long distance carriers that routed calls to the Completing Carrier, categorized according to the subparagraph (a)(4)(A) list of toll-free and access code numbers.

(b) For purposes of this subpart, an Intermediate Carrier is a facilities-based long distance carrier that switches payphone calls to other facilities-based long distance carriers.

(c) Unless the payphone service provider agrees to other reporting arrangements, each Intermediate Carrier shall provide the payphone service provider with quarterly reports, in computer readable format, that include:

(1) A list of all the facilities-based long distance carriers to which the Intermediate Carrier switched toll-free and access code calls;

(2) For each facilities-based long distance carrier identified in paragraph (b)(1), a list of the toll-free and access code numbers that all local exchange carriers have delivered to the Intermediate Carrier and that the Intermediate Carrier switched to the identified facilities-based long distance carrier;

(3) The volume of calls for each number identified in paragraph (b)(2) that the Intermediate Carrier has received from each of that payphone service provider's payphones, identified by their ANIs, and switched to each facilities-based long distance carrier identified in paragraph (b)(1); and

(4) The name, address and telephone number and other identifying information of the person or persons for each facilities-based long distance carrier identified in paragraph (b)(1) who serves as the Intermediate Carrier's contact at each identified facilities-based long distance carrier.