

Thursday, April 13, 2017

Via Electronic Filing

Missouri Public Service Commission
200 Madison Street
Jefferson City, MO 65102

RE: FCC Part 54.420 ETC Biennial Audit Report

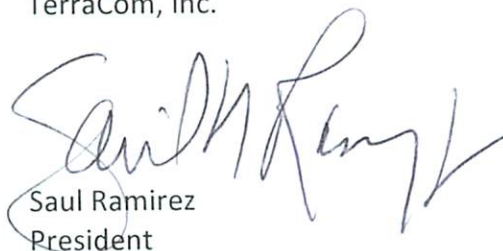
Dear Secretary,

As outlined in "Section II Engagement Plan, 15. Time Tables" of the 2015 Biennial Audit Plan, Universal Service Fund – Lifeline Program, we have enclosed a final copy of the 2015 Attestation Report for YourTel America, Inc., d/b/a TerraCom Wireless. As outlined in the same section, "within 30 days of receipt of the final report from the audit firm, but no later than August 10, 2017 YourTel America, Inc., d/b/a TerraCom Wireless must submit the final report to USAC, the FCC, and all relevant state and Tribal governments." Please let this serve as the requirement to submit the final report to the Missouri Public Service Commission.

Please update your records to show that our address is now 933 E Britton Rd, Oklahoma City, OK 73114. Please review and let me know if you have any questions. I can be reached at 405-479-8920.

Sincerely,

TerraCom, Inc.



Saul Ramirez
President

DS/na
Enclosure

TERRACOM, INC.

OKLAHOMA CITY, OK

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

For the Year Ended December 31, 2015

Independent Accountants' Report
On Applying Agreed-Upon Procedures
TerraCom, Inc.
For the Year Ended December 31, 2015

To the Management of TerraCom, Inc., the Universal Service Administrative Company (USAC), and the Federal Communications Commission (FCC or Commission) (the responsible and specified parties):

We have performed the procedures enumerated in Attachment A, which were agreed to by the FCC's Wireline Competition Bureau (Bureau) and Office of Managing Director (OMD) in the Lifeline Biennial Audit Plan or as otherwise directed by the Bureau, solely to assist you in evaluating TerraCom, Inc.'s compliance with certain regulations and orders governing the Low Income Support Mechanism (also known as the Lifeline Program) of the Universal Service Fund, set forth in 47 C.F.R. Part 54, as well as other program requirements, including any state-mandated Lifeline requirements (collectively, the Rules) detailed in the Lifeline Biennial Audit Plan for the calendar year ended December 31, 2015. TerraCom, Inc.'s management is responsible for compliance with the Rules. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and Generally Accepted Government Auditing Standards (GAGAS) issued by the Government Accountability Office (2011 Revision). The sufficiency of these procedures is solely the responsibility of the Bureau and OMD. Consequently, we make no representation regarding the sufficiency of the procedures described in Attachment A either for the purpose for which this report has been requested or for any other purpose.

Specific procedures and related results are enumerated in Attachment A to this report. In compliance with the Lifeline Biennial Audit Plan, this report does not contain any personally identifiable information or individually identifiable customer proprietary network information.

No limitations were imposed on us by TerraCom, Inc. or any other affiliate of TerraCom, Inc. that would affect our findings.

We were not engaged to, and did not, conduct an examination of the subject matter, the objective of which would be the expression of an opinion on TerraCom, Inc.'s compliance with the Rules. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to assist the management of TerraCom, Inc., USAC, and the FCC (the responsible and specified parties) in evaluating TerraCom, Inc.'s compliance with certain regulations and orders governing the Lifeline Program, and is not suitable for any other purpose. This report becomes a matter of the public record upon filing of the final report with the FCC. The final report is not confidential.

Curtis Blakely & Co., P.C.
Curtis Blakely & Co., P.C.
Longview, Texas

February 17, 2017

Curtis Blakely & Co., P.C.
Agreed-Upon Procedures Report – Attachment A
TerraCom, Inc.

Attachment A enumerates the agreed-upon procedures for TerraCom, Inc., the associated results, and any management responses obtained in relation to the exceptions identified.

Objective I: Carrier Obligation to Offer Lifeline. To determine if TerraCom, Inc. has procedures in place to make Lifeline services available to qualifying low-income consumers with mandated disclosures regarding requirements to participate in the Lifeline program, and procedures for de-enrolling subscribers when they are no longer eligible to receive Lifeline services.

Procedure 1

We inquired of TerraCom, Inc.'s management and obtained TerraCom, Inc.'s policies and procedures in response to Item 4 of Appendix A (Requested Documents) of the Lifeline Biennial Audit Plan for offering Lifeline service to qualifying low-income consumers.

We examined TerraCom, Inc.'s policies and procedures, and compared those policies and procedures, as well as management's responses to the inquiries, to the Commission's Lifeline rules set forth in Appendix F of the Lifeline Biennial Audit Plan.

We noted no discrepancies between TerraCom, Inc.'s policies and procedures, management's responses to the inquiries, and the Commission's Lifeline rules.

No exceptions were noted.

Procedure 2

We inspected 10 examples of TerraCom, Inc.'s marketing materials describing the Lifeline service (print and web materials used to describe or enroll in the Lifeline service offering, including, application and certification forms), as provided in response to Items 4, 6 and 7 of Appendix A of the Lifeline Biennial Audit Plan. We examined the examples to determine if they included the following:

- a. The service is a Lifeline service, which is a government assistance program;
- b. The service is non-transferable;
- c. Only eligible subscribers may enroll;
- d. Only one Lifeline discount is allowed per household; and
- e. The eligible telecommunications carrier (ETC)'s name or any brand names used to market the service.

We noted the inspected marketing materials contained the required information.

No exceptions were noted.

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Agreed-Upon Procedures Report – Attachment A
TerraCom, Inc.

Procedure 3

- a. We review the carrier's responses to the background questionnaire regarding the carrier's policies for (1) how subscribers notify the carrier of the subscriber's intent to cancel service or give notification that s/he is no longer eligible to receive Lifeline service and (2) when de-enrollment for such notifications occurs. We verify these policies are designed to (1) allow subscribers to make the notifications required by 47 C.F.R. §§ 54.410(d)(3)(ii) and (iv) and (2) prevent the carrier from claiming ineligible subscribers on the FCC Form 497 or subscribers who wish to cancel service.
- b. In addition, we called the customer care numbers provided in response to Item 8 of Appendix A, as well as any customer care numbers identified in the marketing materials provided in response to Item 6 of Appendix A, or on the websites provided in response to Item 7 of Appendix A.

Explanation:

Each telephone number was operational. Per Terracom management, one number had been used by Terracom in 2015 but had been disconnected prior to the 2015 audit as it was no longer needed. We called this number and it was in service, however, it made no mention of Terracom or its services. The number progressed through a series of advertisements for various companies, none of which were Terracom. Based on this we accept Terracom's explanation for this number and no further testing was possible or necessary.

Procedure 4

We inspected applicable policies and procedures regarding de-enrollment from the program, including when TerraCom, Inc. will de-enroll subscribers based on lack of eligibility, duplicative support, non- usage, and failure to recertify, as further described below.

- a. We inspected TerraCom, Inc.'s policy and procedures for de-enrollment where TerraCom, Inc. has information indicating that a Lifeline subscriber no longer meets the criteria to be considered a qualifying low-income consumer under 47 C.F.R. §54.409, as provided in response to Item 4 of Appendix A. We noted whether the policy and procedures detail the process for communications between the subscriber and TerraCom, Inc. regarding de-enrollment, including, but not limited to: (1) notifying subscribers of impending termination of service; (2) allowing subscriber to demonstrate continued eligibility; and (3) termination of service for failure to demonstrate eligibility.

We noted no discrepancies between TerraCom, Inc.'s policies and procedures, management's responses to the inquiries, and the Commission's Lifeline rules pertaining to de-enrollment for no longer meeting criteria of a qualifying low-income consumer.

No exceptions were noted.

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TerraCom, Inc.

- b. We inspected TerraCom, Inc.'s policies and procedures for de-enrolling subscribers that are receiving Lifeline service from another ETC or where more than one member of a subscriber's household is receiving Lifeline service (duplicative support). We noted if the policy and procedures state that TerraCom, Inc. will de-enroll subscribers within five business days of receiving notification from USAC program management that a subscriber or a subscriber's household is receiving duplicative Lifeline support, as required by §54.405(e)(2) of the Commission's rules.

We noted no discrepancies between TerraCom, Inc.'s policies and procedures, management's responses to the inquiries, and the Commission's Lifeline rules pertaining to de-enrollment for subscribers that are receiving Lifeline service from another ETC or where more than one member of a subscriber's household is receiving Lifeline service (duplicative support).

No exceptions were noted.

- c. We inspected TerraCom, Inc.'s policies and procedures for de-enrolling subscribers for non-usage (i.e., where a Lifeline subscriber fails to use Lifeline service for 60 consecutive days), including the process of how TerraCom, Inc. monitors and identifies subscribers who are non-users of Lifeline service but enrolled in the program, as well as non-usage termination notifications provided in response to Item 18 of Appendix A. We examine the policy and procedures and non-usage termination notifications to verify if the termination notifications explain that the subscriber has 30 days following the date of the impending termination notification to use the Lifeline service.

We noted no discrepancies between TerraCom, Inc.'s policies and procedures, management's responses to the inquiries, and the Commission's Lifeline rules pertaining to de-enrolling subscribers for non-usage (i.e., where a Lifeline subscriber fails to use Lifeline service for 60 consecutive days). We noted that the non-usage termination notification template complies with section 54.405(e)(3) of the Commission's Rules.

No exceptions were noted.

- d. We reviewed TerraCom, Inc.'s policy and procedures for de-enrolling a Lifeline subscriber that does not respond to TerraCom, Inc.'s attempts to obtain recertification, as part of the annual eligibility recertification process, as well recertification requests provided in response to Item 19 of Appendix A. Examine the policy and procedures and recertification requests to verify if the communications explain that the subscriber has 30 days following the date of the notice to demonstrate continued eligibility or the carrier will terminate the subscriber's Lifeline service. In addition, examine the recertification requests and the carrier's responses to the background questionnaire and verify that the recertification requests were sent by a method separate from the subscriber's bill (if a customer receives a bill from the carrier).

- ii. We noted no discrepancies between TerraCom, Inc.'s policies and procedures, management's responses to the inquiries, and the Commission's Lifeline rules

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pertaining to de-enrolling subscribers that do not respond to attempts to recertify. We noted the inspected notice of impending de-enrollment template and other communications contained the information required by section 54.405(e)(4) of the Commission's rules and that the communications were sent by a method separate from the subscriber's bill.

No exceptions were noted.

Objective II: Consumer Qualification for Lifeline. To determine if TerraCom, Inc. has procedures in place to limit Lifeline service to qualifying low-income consumers and ensure that Lifeline service is limited to a single subscription per household.

Procedure 1

We inquired of management and obtained TerraCom, Inc.'s policies and procedures for limiting Lifeline support to a single subscription per household as provided by TerraCom, Inc. in response to Item 4 of Appendix A. We examined the policies and procedures. We compared management responses and TerraCom, Inc.'s policies and procedures with the Commission's Lifeline rules set forth in §54.409(c) (Appendix F).

We noted no discrepancies between TerraCom, Inc.'s policies and procedures for limiting Lifeline support to a single subscription per household, management's responses to the inquiries, and the Commission's Lifeline rules.

No exceptions were noted.

Procedure 2

We reviewed procedures TerraCom, Inc. has in place to ensure it has accurately completed the FCC Form 497 including inquiries of management to describe the process for completing the FCC Form 497. The procedures or process should include the following:

- The position title of the person responsible for obtaining data for the FCC Form 497;
- The process for determining which subscribers should be included monthly in the FCC Form 497. Verify the procedures include cut-off and billing cycle dates, and only those subscribers active as of the start or end of the month;
- That a corporate officer signature is required for the FCC Form 497;
- That a verification process exists to perform an independent review; that is, the person reviewing or validating the form's data is different from the person completing the form;
- Provides the billing system name used to generate completion of the form; and
- If applicable, describe the process for completing the Tribal Link Up portions of the FCC Form 497.

The inspected procedures for accurately completing the FCC Form 497 contained the required information.

No exceptions were noted.

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TerraCom, Inc.

Procedure 3

We obtained the Subscriber List in response to Item 1 of Appendix A and obtained TerraCom, Inc.'s FCC Form 497(s) for each study area in the selected states (Oklahoma, Arizona and Kansas for September, 2015). We examined the number of subscribers claimed on the Form(s) 497 and compared to the number of subscribers contained on the Subscriber List for each study area noting all were in agreement.

No exceptions were noted.

Procedure 4

Using Microsoft Excel data sorting and conditional formatting functions, we examined the Subscriber List and noted if there were any duplicate addresses with different subscribers. We then created a sample list reflecting these results. This list was then used in Procedure 5.

Procedure 5

From the list completed in Procedure 4 above, we randomly selected 30 subscribers and requested copies from TerraCom, Inc. of the one-per-household certification form or the original Lifeline certification form, for each of the selected subscribers. Because subscribers must only complete a one-per-household certification form if existing Lifeline recipients reside at the same address, the selected subscribers were not the first subscribers residing at the address based on the Lifeline start date in the subscriber listing. We verified that the selected subscribers certified to only receiving one Lifeline-supported service in his/her household using the one-per household worksheet or the original Lifeline certification form, unless they were the first subscriber in the household. There were no missing or incomplete certifications.

No exceptions were noted.

Objective III: Subscriber Eligibility Determination and Certification. To determine if TerraCom, Inc. implemented policies and procedures for ensuring that their Lifeline subscribers are eligible to receive Lifeline services.

Procedure 1

We inquired of management and obtained carrier policies and procedures for ensuring that its Lifeline subscribers are eligible to receive Lifeline services as provided by TerraCom, Inc. in response to Item 4 of Appendix A. We examined the policies and procedures. We compared management responses and carrier policies and procedures with the Commission's Lifeline rules set forth in §54.410 (Appendix F).

We noted no discrepancies between TerraCom, Inc.'s policies and procedures, management's responses to the inquiries, and the Commission's Lifeline rules pertaining to ensuring that TerraCom, Inc.'s Lifeline subscribers are eligible to receive Lifeline services.

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No exceptions were noted.

- a. We inspected TerraCom, Inc.'s policies looking for evidence as to whether they include a policy that TerraCom, Inc. does not retain copies of subscribers' proof of income or program based eligibility.

We noted TerraCom, Inc. does have a policy to not retain copies of subscribers' proof of income or program based eligibility.

No exceptions were noted.

- b. We inspected TerraCom, Inc.'s policies looking for evidence as to whether they include a policy or procedure that TerraCom, Inc. must fully verify the eligibility of each low-income consumer prior to providing Lifeline service to that consumer, and that TerraCom, Inc. or its agents may not provide the consumer with an activated device intended to enable access to Lifeline service until that consumer's eligibility is fully verified and all other necessary enrollment steps have been completed.

We noted TerraCom, Inc. does have a policy that TerraCom, Inc. must fully verify the eligibility of each low-income consumer prior to providing Lifeline service to that consumer, and that TerraCom, Inc. or its agents may not provide the consumer with an activated device intended to enable access to Lifeline service until that consumer's eligibility is fully verified and all other necessary enrollment steps have been completed.

No exceptions were noted.

Procedure 2

We examined TerraCom, Inc.'s policies and procedures for training employees and agents for ensuring that TerraCom, Inc.'s Lifeline subscribers are eligible to receive Lifeline services, including any policies regarding how the company ensures employees and agents have completed the training.

Following is a summarization of TerraCom, Inc.'s policies and requirements relative to the above.

TerraCom, Inc. contracts its application process, including certification and recertification to VCare Corporation, a 3rd party vendor. VCare trains its employees on the use of its activation system, use and interaction with NLAD including limiting access to NLAD, lifeline rules and regulations including eligibility requirements, and privacy and security. In instances where a state administrator or eligibility database is used (i.e., Nebraska, Texas) the same limitations are employed as well as the same standard of training as applicable.

TerraCom, Inc. employees are also trained and sign a code of conduct that details how employees should interact with customers.

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Training is provided to all new hires and on an as needed basis which is usually when there are substantial changes to the policies and procedures. All employees at VCare and TerraCom, Inc. are required to complete (and pass) tests following training. The tests are dated and records are kept to indicate which employees have completed the process.

Additionally, "VCare Training Snapshot" is used by VCare to track representative training and who has completed the required testing. Representatives that do not successfully pass the testing must complete an additional round of training (and be re-tested) before beginning or continuing work.

An internal training site TerraCom University is maintained and updated regularly as a resource to both VCare and TerraCom, Inc. Employees.

No exceptions were noted.

Procedures 3

We randomly selected 100 subscribers from the Subscriber List and for the first 50 of the sampled subscribers, performed the tests described below, for each of the subscriber's certification and recertification forms.

- a. We examined the subscriber certification and recertification forms or other forms of communication, if any, to verify the forms contain the following information:
 - i. Lifeline is a federal benefit and that willfully making false statements to obtain the benefit can result in fines, imprisonment, de-enrollment or being barred from the program;
 - ii. Only one Lifeline service is available per household;
 - iii. A household is defined, for purposes of the Lifeline program, as any individual or group of individuals who live together at the same address and share income and expenses;
 - iv. A household is not permitted to receive Lifeline benefits from multiple providers;
 - v. Violation of the one-per-household limitation constitutes a violation of the Commission's rules and will result in the subscriber's de-enrollment from the program;
 - vi. Lifeline is a non-transferable benefit and the subscriber may not transfer his or her benefit to any other person;
 - vii. Require each prospective subscriber to provide the following information:
 1. The subscriber's full name;
 2. The subscriber's full residential address;
 3. Whether the subscriber's residential address is permanent or temporary;
 4. The subscriber's billing address, if different from the subscriber's residential address;

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5. The subscriber's date of birth;
 6. The last four digits of the subscriber's social security number, or the subscriber's Tribal identification number, if the subscriber is a member of a Tribal nation and does not have a social security number;
 7. If the subscriber is seeking to qualify for Lifeline under the program-based criteria, as set forth in §54.409, the name of the qualifying assistance program from which the subscriber, his or her dependents, or his or her household receives benefits; and
 8. If the subscriber is seeking to qualify for Lifeline under the income-based criterion, as set forth in §54.409, the number of individuals in his or her household.
- viii. Require each prospective subscriber to certify, under penalty of perjury, that:
1. The subscriber meets the income-based or program-based eligibility criteria for receiving Lifeline, provided in §54.409;
 2. The subscriber notified TerraCom, Inc. within 30 days if for any reason he or she no longer satisfies the criteria for receiving Lifeline including, as relevant, if the subscriber no longer meets the income-based or program-based criteria for receiving Lifeline service, the subscriber is receiving more than one Lifeline benefit, or another member of the subscriber's household is receiving a Lifeline benefit.
 3. If the subscriber is seeking to qualify for Lifeline as an eligible resident of Tribal lands, he or she lives on Tribal lands, as defined in §54.400(e);
 4. If the subscriber moves to a new address, he or she will provide that new address to TerraCom, Inc. within 30 days;
 5. The subscriber's household will receive only one Lifeline service and, to the best of his or her knowledge, the subscriber's household is not already receiving a Lifeline service;
 6. The information contained in the subscriber's certification form is true and correct to the best of his or her knowledge;
 7. The subscriber acknowledges that providing false or fraudulent information to receive Lifeline benefits is punishable by law; and
 8. The subscriber acknowledges that the subscriber may be required to recertify his or her continued eligibility for Lifeline at any time, and the subscriber's failure to recertify as to his or her continued eligibility will result in de-enrollment and the termination of the subscriber's Lifeline benefits pursuant to §54.405(e)(4).
- b. We compared TerraCom, Inc.'s subscriber eligibility criteria on the certification and recertification forms or other forms of communication, to the federal eligibility criteria listed in per 47 C.F.R. §54.409, as well as any additional state eligibility criteria identified in Item 4 of Appendix A.
- c. We verified the subscriber completed all the required elements as identified in Objective III – 3 a. above, including signature and initialing/checkbox requirements contained in the certification and recertification forms and other forms of communication.
- d. We examined the subscriber's certification/recertification form to verify the forms are dated prior to the end of the selected Form 497 data month. If the provided subscriber

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TerraCom, Inc.

certification/recertification form is the subscriber's initial certification form, we verified that the initial certification form is dated prior to or on the same day as the Lifeline start date per the Subscriber List.

- e. If applicable, we verified subscribers who received Tribal Lifeline support certified to residing on Tribal lands.
- f. We reviewed the list of the data source or documentation the ETC reviewed to confirm the subscriber's eligibility obtained using Appendix E. We verify the recorded data sources are eligible data sources per 47 C.F.R. § 54.410, such as (1) income or program eligibility databases, (2) income or program eligibility documentation, or (3) confirmation from a state administrator.

We noted certification and recertification forms and other forms of communication, included the above required information, were properly dated, and that the data sources are eligible. We noted one recertification that did not include date of birth. Because this was a recertification, the DOB was already in TerraCom Inc.'s system. Since the DOB cannot change and TerraCom, Inc. had the DOB in its records we did not consider this a finding.

Findings:

From the first sample of 50 we found a total of 1 sample item that had an exception. The exception was that the recertification did not indicate whether their address is permanent or temporary.

Because the error rate was less than 5%, the second sample of 50 was not required.

The total monetary effect of the above errors for 2015 if Lifeline support were denied for this subscriber is \$101.75.

TerraCom Response:

The subscriber was taken through certification by a live agent. The live agent inadvertently skipped the attestation of permanent versus temporary. The use of live agents has been greatly reduced since the audit period.

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TerraCom, Inc.

Objective IV: Annual Certifications and Recordkeeping by Eligible Telecommunications Carriers.
To determine if TerraCom, Inc. has made and submitted to the Universal Service Administrative Company the required annual certifications, under penalty of perjury, relating to the Lifeline program by an officer of the company and maintained recordkeeping requirements.

Procedure 1

We inquired of management and obtained carrier policies and procedures for ensuring that TerraCom, Inc. has made and submitted the annual certifications required under §54.416 and §54.422 of the Commission's rules. We examined these policies and procedures.

We noted no discrepancies between TerraCom, Inc.'s policies and procedures, management's responses to the inquiries, and the Commission's Lifeline rules relative to submitting the annual certifications.

No exceptions were noted.

Procedure 2

We examined TerraCom, Inc.'s FCC Forms 555 that were filed the January following the audit period. We verified TerraCom, Inc. made all of the following certifications. An officer of TerraCom, Inc. certified that he or she understands the Commission's Lifeline rules and requirements and that TerraCom, Inc.:

- a. Has policies and procedures in place to ensure that its Lifeline subscribers are eligible to receive Lifeline services;
- b. Is in compliance with all federal Lifeline certification procedures; and
- c. In instances where TerraCom, Inc. confirms consumer eligibility by relying on income or eligibility databases, as defined in 47 C.F.R. §54.410(b)(1)(i)(A) or (c)(1)(i)(A), the representative must attest annually as to what specific data sources TerraCom, Inc. used to confirm eligibility.

The Form 555 does not include a place to certify that the officer understands the Commissions' Lifeline rules and requirements. TerraCom, Inc. believes this is implicit to the officer certifying the Form 555.

No exceptions were noted.

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Agreed-Upon Procedures Report – Attachment A
TerraCom, Inc.

Procedure 3

We examined TerraCom, Inc.'s organization chart provided in response to Item 5 of Appendix A. We verified that the certifying officer on the FCC Forms 555 for the selected states is an officer per the organizational chart or other publicly available documents.

No exceptions were noted.

Procedure 4

We verified that the subscriber counts per the FCC Forms 555 for the selected states agree with the total subscriber counts per the February Forms 497.

Finding:

For Oklahoma SAC 439042, the Form 555 amount of 7,648 exceeded the Form 497 amount by 1. The other 6 SACs agreed.

TerraCom Response:

The 555 data was filed correctly based on the eligible subscribers for February 2015. The 497 was filed with a typo on subscriber count. The actual eligible subscribers were 7,648.

Procedure 5

We verified that the recertification data reported on the FCC Form 555 agrees with the detailed recertification results provided by the carrier in response to Item 9 of Appendix A.

No exceptions were noted.

Procedure 6

We verified that the non-usage data reported on the FCC Form 555 for the selected month agrees with the detailed non-usage results provided by the carrier in response to Item 10 of Appendix A.

No exceptions were noted.

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Agreed-Upon Procedures Report – Attachment A
TerraCom, Inc.

Procedure 7

We reviewed TerraCom, Inc.'s annual ETC certification Form 481, as provided in Item 13 of Appendix A. We verified that TerraCom, Inc. reported all the information and made all the applicable certifications required by 47 C.F.R. §54.422(a)(b).

No exceptions were noted.

Procedure 8

Because TerraCom, Inc.'s ETC designation is by state and not by the FCC, TerraCom, Inc. is not required to provide information about outages, complaints, and compliance with quality standards so the requirement to review supporting schedules is not applicable.

Procedure 9

We inquired of management and obtained carrier policies and procedures for maintaining records that document compliance with the Lifeline program rules, as provided by TerraCom, Inc. in response to Item 4 of Appendix A. We examined the policies and procedures. We compared the management responses and carrier policies with recordkeeping rules set forth in 47 C.F.R. §54.417.

No exceptions were noted.