

SUPPORTING STATEMENT

A. Justification:

1. Under the Communications Act of 1934, as amended by the Telecommunications Act of 1996, Congress granted the Commission exclusive jurisdiction over the United States' portion of the North American Numbering Plan (NANP). *See* 47 U.S.C. § 251(e). Consistent with this authority, the Commission adopted an audit requirement to preserve numbering resources and codified it at 47 CFR § 52.15(k). For the purpose of this information collection, the Commission will conduct random audits of compliance with its numbering rules. Random audits are unscheduled audits generated by the Commission.

All telecommunications carriers are subject to random audits. The purpose of the audit is to monitor telecommunications carriers' compliance with the Commission's numbering rules and to verify the accuracy and validity of the numbering data submitted to the Commission. The audits will also allow the Commission to identify inefficiencies in the manner in which carriers use numbers, including excessive use of certain categories of numbers. By ensuring compliance with Commission rules that promote efficient number usage, the numbering audits will help preserve the nation's numbering resources.

The Commission staff developed a standardized audit program for conducting random audits. This standard audit program consists of audit procedures, an internal controls questionnaire, and a corresponding data request. The independent auditor will conduct audits using these tools. The audit procedures generally require the audited carrier to respond to requests for information from the independent auditor. The internal controls questionnaire and the data requests require audited carriers to respond to specific requests for information during the audit. The independent auditor will report its audit findings to the Commission. The Commission will use the standard audit program to collect information from approximately 10 carriers annually.

The Commission staff will review and modify the audit program on an on-going basis. We expect that our experience will show ways to reduce the burden on the telecommunications carriers to be audited. We do not foresee that such modifications will substantially impact the audited carriers or the telecommunications industry as a whole. Accordingly, we also request approval to modify the audit program as needed without further OMB review.

This information collection does not affect individuals or households; thus, there are no impacts under the Privacy Act.

The statutory authority for this collection is contained in: sections 1, 3, 4, 201-205, 251 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 153, 154, 201-205, and 251.

2. This collection is necessary to determine whether the audited carriers are complying with the Commission's rules, and whether the audited carriers' numbering data submitted on Commission FCC Form 502 are accurate and valid. To the extent that the Commission finds evidence of potential violations, enforcement action may be taken.

Section 52.15(k), Numbering Utilization and Compliance Audit

3. The audited carrier may respond to applicable audit procedures by running its existing electronic numbering resources record-keeping and/or other operating systems to generate or verify numbering information mechanically or electronically. Typically, carriers maintain this information in a centralized computer system. Any information made available on a website is also acceptable as an electronic submission. The Commission encourages automated, electronic, and mechanical collection techniques because they reduce the burden on the audited carrier as well as increase the efficiency of the audits. In addition, we limited the number of audits to approximately 10 carriers per year, out of the approximately 1,500 telecommunications carriers.
4. The audits will not duplicate any efforts. There is no other comprehensive method currently in place to verify the accuracy and validity of the numbering data submitted by telecommunications carriers. Also, there is no other comprehensive method currently in place to monitor compliance with Commission numbering rules and regulations applicable industry guidelines.
5. The impact of the audits on small entities is minimal. We expect that no more than 10 entities will be selected for audits annually.
6. If the audits are not conducted, or are conducted less frequently, there would be no comprehensive, systematic, and coordinated effort to ensure industry compliance with the Commission's numbering rules. In addition, there would be no independent verification measure to ensure the accuracy and validity of the numbering resource usage data collections. This could harm competition and cause substantial confusion and frustration to telecommunications consumers.
7. Each audit is treated as one reporting event. We will not conduct more than one audit on any carrier within one quarter of the fiscal year. The audited carriers may be required to prepare a written response to an audit request in fewer than 30 days; however, most of the audit procedures require generating information from an automated system or providing information in lieu of a written response. Also, the responses generally pertain to numbering records and information that the audited carriers are already required to maintain for submitting numbering resources data to the Commission on FCC Form 502, as approved by OMB control number 3060-0895. There is no additional recordkeeping requirement for the audits which we now seek OMB approval. See OMB control number 3060-0895.
8. The Commission published a notice in the *Federal Register* initiating a 60-day comment period on May 9, 2014 (79 FR 26757). No comments were received as a result of this notice.
9. No gifts or payments will be given to respondent for this collection.
10. Commission employees and the independent auditor are prohibited by 47 U.S.C. § 220(f) from divulging any fact or information that may come to their knowledge in the course of performing the audit, except as directed by the Commission or a court.
11. No questions of a sensitive nature will be asked.
12. Hour burden estimates of collection of information.

Number of respondents: Approximately 10.

The estimated annual number of respondents: 10.

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The estimate number of responses annually: 10.

(The number of audits to be conducted in a fiscal year is affected by the number of “for cause” audits initiated by various parties and the amount of funds collected by the not-for-profit institution North American Numbering Plan Billing and Collection, Inc. (NBANC) and available to pay independent auditors).

Frequency of response: Third party disclosure requirements.**Annual burden per response: 33 hours (average).**

10 respondents x 33 hours/3rd party response (audit report) = 330 hours.

Total annual burden hour: 330 hours.

Total estimate of the annualized “in- house” cost to respondents is: **\$16,500.**

Explanation of calculation: The estimated hour burden for the collection of information for each audited carrier ranges from 15 hours to 50 hours, with the average of 33 hours.

These estimates were based on the survey of six telecommunications carriers from different segments of the industry that are subject to audit, specifically, incumbent local exchange carriers, competitive local exchange carriers, wireless companies, and paging companies.

33 hours x 10 estimated annual audits = **330** estimated annual hour burdens on respondents.

330 hours x \$50 per hour (including administrative staff time and overhead) = **\$16,500.**

13. Annual Cost Burden:

Capital or start-up cost component, annualized over useful life. **\$0.**

The operation and maintenance and purchases of services. **\$0.**

Total annualized cost requested: **\$0.**

Any such cost to respondents is expected to be minimal because the information to be collected is from existing systems and/or processes that the telecommunications carriers generally would have in place, such as computer billing systems for the numbers in use.

14. Cost to the Federal Government:

We anticipate that it would take Commission staff 150 annual hours, at the cost of \$53 per hour, to review work papers, the draft reports, and the final reports.

150 hours x \$53= \$7,950.

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Total cost to the Federal Government: \$7,950.

Audit costs related to the independent auditor's performance of the audits are to be allocated and distributed by the North American Numbering Plan Billing and Collection Agent, NBANC, a not-for-profit institution.

15. A reduced burden is requested. Total annual burden for this collection will be 330 hours. The Commission has re-analyzed the burden for this collection and determined that the reporting requirements regarding the annual hourly burden are all attributable to 3rd party disclosure requirements, i.e., the compliance audits are done by an independent auditor who follows the Commission's standardized audit program for conducting these random audits.
16. Outline plans for results that will be published. There are no plans to publish the results of any specific audit. The Commission may release a final report that summarizes information collected in the audits. Should the audit uncover violations of the Commission's rules, the Commission may pursue enforcement action. This would likely result in disclosure of at least some facts gathered in the audit.
17. The Commission seeks continued approval not to display the expiration date for OMB approval on the information collection. Display of the expiration date on the audit plan would not be in the public interest because, after the approval period, we would have to destroy all of the unused forms bearing the expiration date. This would constitute waste and would not be cost effective. The Commission will use an edition date in lieu of an OMB expiration date.

The Commission "displays" the OMB control number, title and expiration date annually in 47 CFR § 0.408.

18. As noted in question 15, the Commission now believes that the reporting requirements for the total annual burden should be attributed to 3rd party disclosure requirements. There are no other exceptions to the information that the Commission published in the 60 day Federal Register Notice.

B. Collection of Information Employing Statistical Methods:

This information collection does not employ any statistical methods.