

SUPPORTING STATEMENT

The Commission is requesting an extension (no change) of this information collection in order to obtain the full three-year clearance from the Office of Management and Budget (OMB).

A. Justification:

1. Section 220 of the Communications Act of 1934, as amended, 47 U.S.C. Section 220, allows the Commission, at its discretion, to prescribe the forms of any and all accounts, records, and memoranda to be kept by carriers subject to this Act, including the accounts, records, and memoranda of the movement of traffic, as well as of the receipts and expenditures of moneys.

Section 219(b) of the Communications Act of 1934, as amended, 47 U.S.C. Section 219(b), authorizes the Commission by general or special orders to require any carriers subject to this Act to file annual reports concerning any matters with respect to which the Commission is authorized or required by law to act. 47 CFR Section 43.21 of the Commission's Rules details that requirement.

Section 201(b) of the Communications Act of 1934, as amended, 47 U.S.C. Section 201(b), requires that common carriers establish just and reasonable charges, practices and regulation for the services they provide; the Commission is responsible for regulating the telecommunications industry and ensuring that common carriers abide by its mandates. Since the carriers are allowed to provide nonregulated services, the Commission must establish mechanisms to prevent carriers from imposing on ratepayers the costs and risks of nonregulated ventures.

Section 64.904 of the Commission's Rules, 47 CFR 64.904, requires certain local exchange carriers, in connection with their cost allocation manual filings and the accompanying financial reports the Commission prescribes under 47 U.S.C. Sections 220, 219(b) and 201(b), to have an attest engagement performed by an independent auditor every two years covering the prior two year period, or have a financial audit performed by an independent auditor every two years, covering the prior two year period.

- (a) The attest engagement is to be performed in accordance with the attestation standards established by the American Institute of Certified Public Accountants (AICPA), except as otherwise directed by the Chief, Enforcement Bureau.
- (b) The audit is to be conducted in compliance with generally accepted auditing standards (GAAS), except as otherwise directed by the Enforcement Bureau.

In a December 1999 "Responsible Accounting Officer (RAO) Letter 28" regarding auditor independence and objectivity. (See 64 FR 71785, December 22, 1999), the Wireline Competition Bureau established that for independent audits performed pursuant to, *inter alia*, Section 64.904, that the auditor shall at least annually comply with certain information requirements. Specifically, auditors shall:

- (a) disclose in writing all relationships between the auditor and its related entities and the carrier and its related entities that in the auditor's professional judgment may reasonably be thought to bear on independence;

- (b) confirm in writing that in its professional judgment it is independent of the carrier; and
- (c) discuss the auditor's independence.

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

Statutory authority for this information is contained in: 47 U.S.C. sections 220, 219 and 201 of the Communications Act of 1934, as amended.

2. The requirements are used by Wireline Competition Bureau personnel to determine whether the independent auditors are performing independent and unbiased audits.
3. The collection makes no use of technological collection techniques or other forms of information technology. Respondents are required to confirm in writing that their professional judgment is independent of the carrier.
4. No duplication of the required data exists outside the agency. There is no other known existing information that would serve our regulatory purposes.
5. The collections do not involve small businesses as defined by the Regulatory Flexibility Act.
6. If the collection were not made or were made less frequently, the Commission would not have full assurance that the auditors are independent of the carriers and are therefore objectively reviewing carrier compliance with Commission rules. The rules require independent auditors to annually submit a written declaration of independence and objectivity.
7. This collection of information is consistent with the guidelines contained in 5 CFR Section 1320.5(d)(2).
8. The Commission published a notice in the *Federal Register* initiating a 60-day comment period on November 21, 2014 (79 FR 69476). No PRA comments were received as a result of this notice.
9. No gifts or payments will be given to respondent for this collection.
10. The information contained in this collection is not of a confidential nature. Respondents submitting information that they deem proprietary may solicit confidential treatment in accordance with the procedures described in 47 CFR Section 0.459.
11. This collection does not address any private matters of a sensitive nature.
12. The following represents the estimated hour burden of the collection of information. This estimate is based on FCC staff's knowledge and familiarity with the availability of the data required.

Number of Respondents: 4

Frequency of Response: Annual reporting requirement.

We anticipate respondents to file their annual certification once a year.

Total Number of Responses Annually: 4

4 respondents x 1 annual certification/annum = 4 responses.

Annual Hour Burden: 20 hours.

The Commission estimates that respondents require approximately 5 hours per independent auditor to file a written report.

4 respondents x 5 hours/report = **20 hours.**

Total "In House" Cost to the Respondent: \$1,358.00 (rounded up)

We assume that the respondents will use personnel comparable to a GS-15, Step 5 federal employee (\$67.88/hour) to prepare and file the written report.

\$67.88/hour x 4 reports x 5 hours/report = \$1,358.00

Total Respondents: 4

Total Annual Responses: 4

Total Annual Burden Hours: 20 hours

Total "In-house" Cost to the Respondent: \$1,358.00

13. Estimates of annualized cost to respondents for the hour burden.

The Commission estimates that respondents will prepare their annual certifications using "in house staff;" as a consequence, there is no cost burden to the respondents resulting from the collection of information.

Total Annual Cost: \$0.00

14. Cost to the Federal Government. The Commission will use a GS-15, Step 5, employee (\$67.88) to review these written reports.

4 reports x 5 hours to review x \$67.88 = \$1,358.00

15. There are no program changes or adjustments to this information collection.

16. The data will not be published.

17. The Commission is not requesting a waiver to not display the OMB expiration date. The OMB expiration date of the information collection will be displayed at 47 CFR Section 0.408 of the Commission's rules.

18. There are no exceptions to the Certification Statement.

B. Collections of Information Employing Statistical Methods:

This information collection does not employ any statistical methods.