
NANC

Audit Framework

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Section 1.0 Background

This document was developed as an audit and data verification framework, which can be used to set standards for obtaining consistency and uniformity for the audit(s) of both the North American Numbering Plan Administrator (NANPA) and Service Providers (SPs) who have either been assigned or use North American Numbering Plan (NANP) resources. This document also contains recommendations regarding CO Code Application “For Cause” audits.

Based on the audit procedures identified in this document, the Industry Numbering Committee (INC) and other appropriate industry fora should review existing guidelines to ensure that they contain all the audit criteria necessary for an auditor to function effectively.

Section 2.0 NANC Audit Rule and Administrative Recommendations

The activities recommended by NANC seek to facilitate the appropriate administration of numbering resources. Service providers (SPs) must be obligated, as a condition for assignment and continued use of numbering resources, to provide when requested, accurate and timely forecast, utilization and audit data. There is no reliable substitute for 100% SP participation since forecasted demand and utilization data are necessary to verify the need for numbering resources – a crucial NANPA function necessary to ensure the continued availability and appropriate use of numbering resources.

Audits. An SP must:

- Retain underlying data used when calculating the quantities of telephone numbers (TNs) included in its submissions (i.e., COCUS, MTE)
- Participate in audits with the NANPA and/or the FCC’s designated neutral third party, e.g., specific instances where it has been determined the NANPA does not have the ability to audit an SP objectively.
- Prepare plans and implement them to address deficiencies identified during the audit.

The administrative activities adopted by the NANC define the required rule-set shown above, all SPs must also be required to comply with the following:

- SPs are required to retain underlying data used when calculating the quantities of numbers included in their submissions.
- SP must provide timely data at the specified frequency.
- SPs must calculate the quantities of TNs displayed in its submissions using the Uniform Number Status Definitions identified in the associated instructions/guideline.

2.1 Role of NANPA

The NANC recommended that if an SP fails to demonstrate that it is in complete compliance with FCC Rules and/or regulations, the NANPA must classify that SP as being in violation of FCC Rules. Upon the determination by the NANPA of a violation, the appropriate designated authority must be notified by the NANPA in writing. At this time, the NANPA is not the auditor except in the case of “For Cause” audits in the CO Code Application process.

If authority to withhold or reclaim numbering resources has not been delegated to the NANPA, where SPs are not in compliance with FCC Rules, it is recommended that the FCC or its designate initiate the following activities:

1. direct the NANPA to deny the SP’s request(s) for numbering resources.
2. direct the NANPA to suspend any action on the assignment until the SP has completed activities necessary to completely alleviate the violation.
3. direct the SP to return and the NANPA to reclaim the resource if said resource is not brought into compliance.

2.2 NANC Recommendation for Administrative Principles

It is recommended that all of the following items be adopted as guiding principles by industry fora and where appropriate, reflected in relevant guidelines and procedures.

Audits should not be burdensome to any SP or group of SPs and to this end, audits should be conducted using one set of audit guidelines and procedures, irrespective of who is conducting the audit.

It is recommended that the use of a uniform set of procedures and criteria be used when auditing service providers and NANPA regardless of who initiates the audit, e.g. state regulators, FCC, etc.

It is necessary that the NANPA notify the FCC (or the appropriate regulatory authority) in writing of its assignment of a numbering resource, when in the NANPA’s experience, the continued practice of the activity observed may be problematic. The NANPA, as the expert number administrator directed to uphold the policy and procedure, is obligated to inform the FCC (or the appropriate regulatory authority) of these situations.

If the NANPA becomes aware of a condition which is not in compliance with the guidelines or, is counter to either the spirit of the guidelines or threatens the efficient use of numbering resources - even though there exists no guideline that explicitly contains a test for compliance - it is important that the NANPA provide the FCC (or the appropriate regulatory authority) with a brief but concise description of the condition. However, in this situation, the NANPA shall not withhold the assignment of the resource.

Section 3.0 Purpose

Audits of service providers are undertaken to verify compliance with industry guidelines that contain relevant regulatory requirements, to verify that adequate and accurate records of NANP public resources are maintained, and that usage reports are correct in order to forecast specific area code and NANP exhaust. Separate audits may be undertaken related to unique regulatory numbering requirements, which may not be found in industry guidelines. Audits of the NANPA are undertaken to ensure compliance with and non-discriminatory application of industry guidelines, protection of confidential information, and accuracy of record keeping. Audits may be undertaken to determine the procedural effectiveness of industry guidelines, and may vary in scope; i.e. they may focus on conformance with only one standard or with many depending on the need.

Section 4.0 Definitions

The following definitions describe the various components contained within this audit framework:

Auditing is the accumulation and evaluation of evidence about documented information of an entity to determine and report on the degree of compliance against the established criteria (e.g. industry guidelines).

Auditor means a neutral, independent party that is not affiliated with any telecommunications entity and that adheres to generally accepted auditing standards. The auditor will perform audits in a fair and non-discriminatory manner to ensure efficient utilization of NANP resources, and to ensure the non-discriminatory application of industry guidelines. .

Potential Types of Audits that have been identified for NANP resources:

Regularly Scheduled Audits are audits in which the entity being audited is notified in advance. The schedule used by the auditor reflects a complete “audit cycle” which when completed, will have statistically sampled data and records to ascertain whether the industry guidelines are being applied by the auditee.

Random Audits are audits in which the entity being audited is randomly selected from the group of potential auditee’s. The auditor will have statistically sampled data and records to ascertain whether the auditee is applying the industry guidelines.

“For Cause” Audits are audits conducted on an entity to verify compliance with established industry guideline(s) for reasons based on substantive concerns or the need to verify data. The scope of a “For Cause” audit will be limited to the circumstances related to the cause identified. “For Cause” Audits can only be initiated by the NANPA or by the appropriate regulatory authority.

Corrective Action means action taken by the auditee that:

1. Corrects identified deficiencies
2. Produces recommended improvements
3. Demonstrates that audit findings are either invalid or do not warrant auditee action.

Type of audit finding report to be issued by the auditor:

Unqualified Opinion is where the result of the audit uncovers no deficiencies or noncompliance.

Qualified Opinion is where the result of the audit uncovers minor deficiencies and some noncompliance was identified, but is not considered systemic.

Adverse Opinion is where the result of the audit uncovers major deficiencies and contains systematic noncompliance.

Disclaimer of Opinion is where the auditor was unable to review sufficient information from the auditee to form a clear opinion as to whether the auditee's records or supporting information contains any deficiencies or noncompliance.

Section 5.0 Scope of an Audit

An audit will examine administration and use of NANP resources. Findings will be determined through verification of files, records, and, if appropriate, supporting operational processes.

5.1 Industry Guidelines

The following industry guidelines may be used in audits of service providers and NANPA:

- Thousand Block (NXX-X) Pooling Administration Guidelines (INC 99-0127-023)
- 555 NXX Assignment Guidelines (INC 94-0429-002)
- 800-855 Number Assignment Guidelines (INC 94-0401-001)
- 900 NXX Code Assignment Guidelines (INC 97-0404-012)
- Carrier Identification Code Assignment Guidelines (INC 95-0127-006)
- Central Office Code (NXX) Assignment Guidelines (INC 95-0407-008)
- International Inbound NPA (INT/NPA/NXX) Assignment Guidelines (INC 94-0826-003)
- Location Routing Assignment Practices (INC 98-0713-021)

- NPA Allocation Plan and Assignment Guidelines (INC 96-0308-011)
- NPA Code Relief Planning and Notification Guidelines (INC 97-0404-018)
- Personal Communications Services N00 NXX Code Assignment Guidelines (INC 95-0407-009)
- Toll Free Resource Exhaust Relief Planning Guidelines (INC 97-0696-018)
- Vertical Service Code Assignment Guidelines (INC 96-0802-015)
- Industry Guidelines for Toll Free Administration

5.2 Suggested Areas of Audit Coverage of the NANPA

- Compliance with applicable regulatory numbering mandates.
- Compliance with and non-discriminatory application of industry guidelines (e.g. NPA Allocation Plan and Assignment Guidelines).
- Protection of confidential information.
- Accuracy of record keeping.

5.3 Audit Reporting

The audit report will include the type of report issued on the auditee (i.e. unqualified opinion, qualified opinion, adverse opinion, or disclaimer of opinion). The auditor will include a statement as to whether the audit disclosed any noncompliance that is relevant to requirements found in industry guidelines and applicable numbering regulatory mandates. The audit report will describe the specific steps used while conducting the audit and the level of detail investigated.

The auditor's report should be completed along with any additional data collection and analysis no later than 30 days after the receipt of the auditee's outline of the corrective action plan and statement. The final audit report will include the auditor's findings and the auditee's summary corrective action plan.

The auditor will forward the final audit report to the auditee and other designated entities. The auditor must also take into consideration the proprietary and confidential information that may be contained within the report when distributing any audit findings documentation.

The auditor's report will contain an opinion (or disclaimer of opinion) as to whether the supporting documents, operations and reports are presented fairly in all material respects and in conformity with stated auditing standards, and industry guidelines.

The report will contain, if applicable, an opinion on the supporting data including descriptions of the scope of any validation tests and results of those tests.

The audit finding report will also contain a section on compliance which includes an opinion (or disclaimer of opinion) as to whether the auditee complied with provisions contained in industry guidelines which could have a material effect on the efficiency and nondiscriminatory management of the NANP.

The report should include the following components:

- Summary of the auditor's results including the specific requirement(s) upon which the audit is based.
- The type of report issued on the auditee (i.e. unqualified opinion, qualified opinion, adverse opinion, or disclaimer of opinion).
- Information to provide a proper perspective for judging the prevalence and consequences of the audit findings, such as whether the audit findings represent an isolated instance or a systemic problem.
- If systemic, report on whether such conditions constitute significant weaknesses.
- An identification of areas requiring corrective action.

5.4 Audit Findings

Audit findings will be presented in sufficient detail for the auditee to prepare a corrective action plan and take corrective action to resolve the identified discrepancies.

FCC or its designate may review the auditor's findings and workpapers and offer recommendations concerning the conduct of the audit. The FCC or its designate may have exceptions to the findings and conclusions of the auditor that remain unresolved. These items are to be included in the final audit report.

The FCC or its designate has 14 calendar days to submit recommendations and revisions to the auditor for inclusion in the final audit report. After this 14 calendar day interval, the auditor will provide a copy of the final audit report to the auditee and other designated entities.

Within 30 calendar days of receiving the final audit report the auditee must respond to the audit findings. This response will be incorporated as an appendix to the final audit report, which is then filed with the FCC or its designate. Based on the final audit report the FCC may take any action necessary to ensure that the auditee operates within industry guidelines, as well as such other action as is deemed necessary and in the public interest.

5.5 Retention of Audit Working Papers

The auditor will retain working papers and reports a minimum of three years after the date of the issuance of the auditor's final report(s) to the auditee, unless the auditor is notified by the FCC or its designate to extend the retention period.

Audit working papers will be made available to the FCC or its designate, as is reasonable and necessary to resolve audit finding disputes.

Section 6.0 “For Cause” Audits

“For Cause” Audits are audits conducted on an entity to verify compliance with established industry guideline(s) for reasons based on substantive concerns or the need to verify data. The scope of a “For Cause” audit will be limited to the circumstances related to the cause identified. “For Cause” Audits can be initiated by the NANPA or by the appropriate regulatory authority.

Like other audits, “For Cause” audits are limited to NANP numbering resources and are focused on specific compliance elements related to the cause or related to an item that is suspected of noncompliance.

6.1 “For Cause” Audits of Service Providers

The current NANC Requirements document obligates NANPA to perform specific “For Cause” audits when processing Central Office Code applications as identified in the industry Central Office Code Assignment Guideline. Other “For Cause” audits may be conducted by an auditor, which may include NANPA.

The following examples are provided to demonstrate why a “For Cause” audit may be conducted:

- Required forecast and utilization reports are not filed.
- Service provider forecast and utilization reports are systemically over-estimated or under-estimated and a “For Cause” audit could review utilization data to ensure that forecasts are indeed reflective of what has been estimated.
- Assignments for particular usage which may not be needed or which may actually be used for purposes other than for what they were assigned may trigger a “For Cause” audit.
- Requests for an extraordinary amount of central office codes compared to past experience may trigger a “For Cause” audit.

6.2 Current NANPA “For Cause” Audit Obligations Relating to CO Codes

Under the current NANC NANPA Requirements document, dated February 20, 1997, the NANPA has an obligation to verify/audit SPs when determining if an SP has demonstrated, per the CO Code guidelines, its compliance/eligibility to be assigned numbering resources.

The need for audits beyond those currently identified in the NANPA Requirements document is not within the scope of NANPA's current obligations. However, the NANPA will document, for use in future audits, details which display the findings that indicate a reasonable cause for further (broader) audit of the SP.

The NANC in its recommendation on paragraph 38 of Docket 99-200 stated that if the NANPA becomes aware of a condition which is not in compliance with the guidelines or, is counter to either the spirit of the guidelines or threatens the efficient use of numbering resources - even though there exists no guideline that explicitly contains a test for compliance - it is important that the NANPA provide the FCC (or the appropriate regulatory authority) with a brief but concise description of the condition. However, in this situation, the NANPA shall not withhold the assignment of the resource.

6.2.1 "For Cause" Audits of the CO Code Assignment Application Process

There are different types of "For Cause" audits, any of which may be triggered by a variety of different circumstances. This section addresses the "For Cause" audits conducted by the NANPA when deemed necessary by the NANPA in its effort to verify a service provider's (SP) compliance to the industry CO Code Assignment Guidelines in conjunction with a pending CO Code application.

Although the NANPA will record for future use any irregularities discovered during this type of "For Cause" audit, only those irregularities that impact the SP's compliance with the CO Code guideline will be further investigated by the NANPA.

The following four items are shown below to convey the general scope and purpose of NANPA's obligation as it relates to "For Cause" audits of the CO Code assignment application process.

1. Audits conducted by the NANPA are focused to ascertain SP compliance with the guidelines when determining (with respect to the guidelines) if the SP is eligible to be assigned numbering resources.
2. Auditing includes the verification (requesting, obtaining and inspecting) of supporting SP documentation concerning a request for resources prior to NANPA assigning a resource.
3. Audits may also involve the inspection of systems/records and will occur when a SP's compliance with the guidelines is questionable even after the inspection of technical and quantitative support data. NANPA is obligated to determine if the SP has demonstrated that its request satisfies the guidelines concerning its CO Code Application.
4. The need for further audits of SP data - beyond the purpose identified in three above, is not within the scope of NANPA's current obligations. The NANPA will document for use in future audits details that display the findings that indicate a reasonable cause for further (broader) audit of a SP.

6.2.2 Sample Activities Which May Lead to a “For Cause” Audit in the CO Code Application guidelines.

The following examples summarize some of the data the NANPA will review which may lead to a “For Cause” audit if the NANPA determines that the examination of underlying data is necessary before the NANPA can confirm the SP is compliant.

1. Certification - CO Code Administrator checks to determine if a code applicant is certified to provide service in the area for which the code is being requested, when that applicant first applies for a CO code is received for a given area.
2. Application Form (Part 1) - The CO Code Administrator reviews the information contained on the Part 1 and MTE Worksheets for CO Code applications for growth codes and when necessary, contacts the applicant if there are any questions or required clarifications.
3. MTE Worksheet - The CO Code Administrator reviews the worksheet to determine, for example, if:
 - CO codes used for the calculations on the MTE form do not correlate with holdings as reflected in NANPA assignment databases or in the LERG
 - Historical data reflects TN assignment levels that are inconsistent with the actual number of codes assigned to the service provider in a particular NPA/rate center.
 - Historical assignment information (i.e., 6 months) does not match up with projected forecast over next 12 months.
 - A series of code applications from a service provider contain the same or similar information concerning historical assignment data.
 - Historical assignment data or other available information on that carrier’s CO assignment rates within an NPA differs substantially than previous assignment history.

(Note that during “For Cause” audits, NANPA may “reach through” the service provider to the customer (with the SP’s prior knowledge and concurrence) to determine if TNs are being used effectively by that customer in cases where large “number blocks” are assigned to that customer.)

6.2.3 CO Code Application Audit Results/Problem Resolution

In light of the audit findings, NANPA will assign, and/or advise the SP what needs to be addressed to become compliant or, requests the return of the code(s) per Section 7 of the CO Code guidelines. NANPA/SP activities, if necessary, include the following:

1. Written audit results prepared by the NANPA will identify for the SP what specific changes are necessary for the SP to come into compliance (and before it may be assigned numbering resources.) NANPA will describe its findings and the SP process/record keeping changes necessary to bring the SP into compliance with the guidelines.

2. Corresponding corrective action plans prepared by the SP will be used by NANPA to determine if and when the SP will become compliant. The NANPA will determine if the benchmarks/milestones proposed in the Corrective Action Plan will allow NANPA to track the SPs progress and sufficiently correct the problems identified.
3. NANPA also will recommend to the INC modifications to the guidelines for those areas where either deficiencies or misunderstanding of the guidelines made known to the NANPA during the course of its duties are found.

6.2.4 Examples of NANPA's Duty to Verify Compliance with CO Code Application Guidelines

The following are examples of NANPA's responsibility to verify SP compliance to the central office code assignment guidelines when processing applications for CO NXX numbering resources. This process will be applied by the NANPA uniformly and in a fair and impartial manner.

1. The NANPA will ensure that a code request is made on a current copy of code application Part 1 form (Code Request form). Upon receiving an application, NANPA will also:
 - Inspect the Part 1 Code Request Form to determine if the form has been filled out completely, e.g., one code request per form.
 - Inspect the data provided to determine if it meets the criteria (and conforms) to the requirements of the Central Office (CO) Code Assignment Guidelines.
 - If necessary, contact and assist the applicant in properly completing the code application forms.
2. With each initial (first) code request in a given state and/or rate center the NANPA will:
 - Verify the code applicant is certified (NANPA will obtain and inspect certification documentation or visiting state web sites for listing of certified service providers if necessary to confirm certification)
 - Inspect the written explanation (provided by the applicant), if the need for a code is required for special routing/billing purposes.
3. With each additional (growth) code request, NANPA will examine the application and the related months to exhaust worksheet to verify the application was completed in compliance with the guidelines. NANPA will verify that the SP has properly:
 - Prepared and submitted a months to exhaust form indicating that its currently assigned resources will exhaust in 12 months (6 months if the NPA is in jeopardy).
 - Shown all of the previously allocated/assigned resources and verify that it does project exhaust in the required period.
 - Provided detailed documentation, which supports multiple code requests for in the same rate center.

4. After assignment of a code, the NANPA will:
 - Verify the correct and timely RDBS/BRIDS entry for code to ensure the records created in RDBS/BRIDS conform with the original code request.
 - Verify receipt of Part 4 form (Confirmation of Code Activation) no later than six months after assignment.
 - Initiate reclamation process if not received in accordance with the Central Office (CO) Code Assignment Guidelines.

5. For reservations, NANPA will:
 - Verify the documentation submitted is complete and substantiates the need for a CO code reservation per the guidelines, e.g., the proposed activation date is within twelve months.
 - Verify that the request meets the requirements and complies with the guidelines per Section 4 of the Central Office Code Assignment Guidelines.

6. During the time an NPA is in jeopardy or extraordinary jeopardy, NANPA will verify, where applicable, that all applicants have submitted a jeopardy COCUS and that all comply with the jeopardy procedures agreed to by the industry. The guidelines and the defined jeopardy process agreed to by the industry are the basis for determining SP compliance.

7. NANPA will verify that the applicant contact information is current.

8. NANPA will verify the SP is in compliance with all government regulations, including (existing) State and FCC Rules, if any.

9. NANPA will verify the SP has participated in audits (when requested) per the guidelines and/or FCC rules, if any.

10. NANPA will:
 - Provide specific reasons for any denial of numbering resources to the applicant in writing and identify where the SP can make an appeal.
 - Perform reclamation procedures outlined in Section 7 of the guidelines and refer to INC those instances where an SP does not return a code (not in service) as requested by the NANPA, per the guidelines.
 - Refer to INC for resolution of any SP request for further extension of the original 90-day activation date extension.

6.3 “For Cause” Audits of NANPA

NANPA will also be subject to a “For Cause” audit for compliance with industry guidelines and other appropriate requirements.

Section 7.0 Random Audits

Random Audits are audits in which the entity being audited is randomly selected from the group of potential auditee's. The auditor will have statistically sampled data and records to ascertain whether the auditee is applying the industry guidelines.

The random audits shall cover all auditee operations that assign or otherwise administer NANP resources. The auditor will ensure the scope of the audit covers all substantive aspects of industry guidelines to ensure a fair assessment of the auditee's compliance.

The auditor and auditee will exchange information and documents as specified. The Auditor will consult with the FCC or its designate on questions of clarification or interpretation on rules and or guidelines.

In accordance with generally accepted auditing standards, the auditor will determine whether the auditee has complied with the regulations and the provisions contained within industry guidelines that may have a material effect on each of the NANP resources under review. The auditor, if necessary, will work with the auditee to gain an understanding of how the auditee's supporting data was derived. If a review of the internal organizational processes is ineffective in detecting noncompliance, the auditor should perform additional validation tests to determine if there is a reportable condition.

Section 8.0 Audit Specifications and Requirements

Standards and procedures subject to audit verification are found in industry developed guidelines. These audits will be conducted in accordance with generally accepted auditing standards.

NANP administrators who oversee and manage numbering resources in accordance with the provisions contained in industry guidelines, applicable regulatory rules and requirements shall be subject to an audit.

All service providers who obtain numbering resources in accordance with the provisions contained in industry guidelines shall be subject to audit.

Exemptions:

Service providers who have a total of six or fewer central office codes assigned to them from the NANP shall be exempt from random audits unless the auditor has been directed by the FCC or its designate to include such service providers in an audit.¹

There are no exemptions from "For Cause" audits.

¹ NANC Interim Audit Agreement, February 17-18, 1999

Section 9.0 Audit Frequency and Selection Methodology

Auditees will be notified within a reasonable timeframe by the auditor and the audit will commence on a mutually agreed upon date².

Random audits should be conducted according to the process that is adopted by the FCC and should be conducted using a sampling methodology that has been approved by the FCC or its designate. The Auditor will follow this sampling methodology when conducting a random audit.

“For Cause” audits can occur any time that the NANPA or appropriate regulatory authority deems there is a need.

Section 10.0 Disputes and Sanctions

During the course of an audit, should a dispute arise between the auditor and the auditee, the audit and, if appropriate, any related NANP resource application and assignment may be suspended until such time as the dispute can be resolved. The auditee and or the auditor may avail themselves of the NANC Dispute Resolution Process to achieve resolution.

In cases of continued inability or unwillingness of the auditee to have an audit conducted, or to correct audit findings that find the auditee in noncompliance, the FCC or its designate shall direct the NANPA to impose sanctions such as:

- a) Delay the assignment of additional NANP resources until the audit is completed satisfactorily;
- b) Withhold the assignment of NANP resources until items found to be in non-compliance are brought into compliance;
- c) Temporarily suspend access to NANP resources until the audit can be conducted.

The auditor shall conduct any audit in a nondiscriminatory manner, shall not release confidential data or incorrectly report the results of any audits. There shall be appropriate penalties enumerated in the audit contractual agreement where the auditor is in noncompliance with the above.

Section 11.0 Audit Costs and Cost Recovery

The NANPA is responsible for conducting “For Cause” audits as per the NANC NANPA Requirements document dated February 20, 1997. The NANPA Requirements document may be superceded by subsequent releases of the NANC Requirements document, which may or may not

² Regularly scheduled audits will not be conducted. This decision was made in the North American Numbering Council (NANC) recommendation adopted August 1999.

affect the NANPA's auditor role and responsibilities. The cost of those previously identified audits performed by NANPA is currently part of the firm, fixed price contract. Audits, which are not part of the NANP Administrator's responsibilities, will be funded by the NANP cost recovery model.

On October 19, 1999 NANC agreed to the following relative to "For Cause" audits:

- They will be funded by the industry through the NBANC for an initial trial period.
- The process will be reexamined in January 2001 to assess the funding decision (above) and make changes as necessary.

Section 12.0 Auditor Responsibilities

An auditor shall perform an audit of the data, records, and reports and, if necessary, supporting operational processes in accordance with generally accepted auditing standards.

The auditor shall:

- a. Obtain an understanding of industry guidelines, and any other applicable industry documentation prior to commencing audit activities.
- b. Consult with the FCC or its designate on questions of clarification or interpretations on rules and or guidelines.
- c. Perform procedures to determine whether the auditee has complied with regulations, and the provisions contained within industry guidelines that could affect the efficient use of NANP resources.
- d. Follow up on prior audit findings, perform procedures to assess the reasonableness of prior audit findings as may have been conducted on the auditee, and report, as part of the current audit findings, any significant misrepresentation of the status of any prior audit finding or corrective action plan.
- e. Document audit findings in a confidential and proprietary report.
- f. Prepare the report in the form of either combined or separate reports depending on the NANP resource(s) audited in accordance with generally accepted auditing standards.

Section 13.0 Auditee Responsibilities

The auditee is responsible for cooperating with the auditor during the audit.

The auditee shall:

- a) Identify all NANP resources within their control for the auditor.
- b) Designate a point of contact for overall auditee coordination and follow-up. Provide the data and records requested by the auditor within the specified timeframe as determined between the auditor and the auditee.

- c) Provide appropriate supporting documentation and data for reports submitted in accordance with industry guidelines.
- d) If needed, provide the auditor access to internal systems and documentation that will provide reasonable assurance that the auditee is managing NANP resources in compliance with industry guidelines.
- e) Follow-up and take corrective actions on audit findings, including preparation of a corrective action plan.
- f) Report on the status of the corrective action plan to the FCC or its designate.
- g) Retain a copy of the final audit finding report and corrective action plan for three years from the date of the final auditor's report.

13.1 Audit Findings Follow-up

The auditee is responsible for follow-up and corrective actions on all audit findings.

Upon completion of the audit, the auditee will prepare a corrective action plan to address each audit finding included in the auditor's report. The corrective action plan must include at a minimum the name(s) of the auditee contact person(s) responsible for each corrective action, the corrective action planned, and the anticipated completion date. If the auditee does not agree with the audit finding report or believes that corrective action is not required, then the corrective action plan must include an explanation and specific reasons.

A outline of the corrective action plan should be prepared no later than 14 calendar days after receipt of a draft of the auditor's audit finding report. This outline should be forwarded to the auditor for inclusion in the final audit finding report. A detailed corrective action plan should be presented to the auditor and the FCC or its designate not later than 30 days after the final audit report has been issued.

Section 14.0 Audit Location

Audits will usually take place on the auditee's premises. However, other cost effective arrangements may be considered if agreed to by the auditor and the audited party.

Section 15.0 Summary of Audit Roles

15.1 Audit of a Service Provider

1. Auditor
 - Determines scope of audit
 - Contacts the service provider to schedule and conduct initial meeting and determine audit arrangements
 - Secures from NANPA applicable records and documentation
 - Conducts audit

**NANC AUDIT FRAMEWORK
NOVEMBER 16, 1999**

- Checks audit history if any, prepare findings, and send to service provider within TBD working days
 - Monitors corrective action plan
 - Retains all audit records as directed
2. NANPA
 - Assists the auditor in the process of selecting SP to be audited
 - Provides applicable records and documentation to auditor
 3. Service Provider
 - Cooperates with the auditor to efficiently accomplish the audit
 - If needed, responds to auditor's findings via the corrective action procedures

15.2 Audit of NANPA

1. Auditor
 - Determines scope of audit
 - Contacts NANPA to schedule and conduct initial meeting and determine audit arrangements
 - Secures from NOWG applicable records and documentation relevant to NANPA's performance.
 - Conducts audit
 - Checks audit history if any, prepare findings, and send to NANPA within TBD working days
 - Monitors/ NANPA corrective action plan
 - Sends a high-level summary to the NANC and/or NOWG
 - Retains all audit records as directed
2. NANPA
 - Cooperates with the auditor to efficiently accomplish the audit
 - Respond to auditor's findings via the corrective action procedures
3. FCC or its Designate
 - Provide applicable records and documentation to auditor
 - Be an available resource to the auditor for questions
 - Consider audit results when performing annual NANPA performance evaluation

Section 16.0 Recommendations

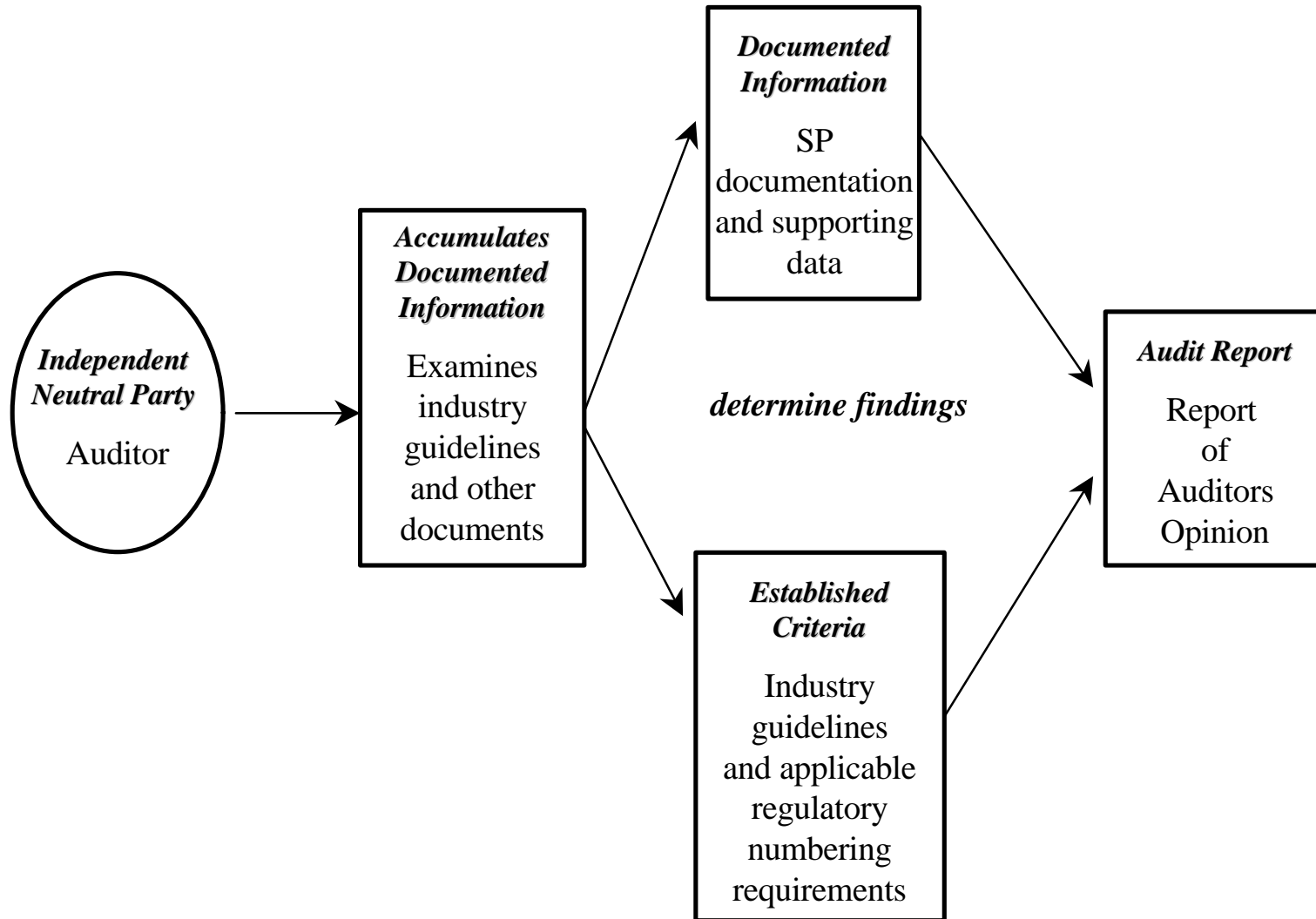
The following recommendations were identified during the development of this audit framework. The recent FCC Number Resource Optimization NPRM has also created some uncertainty as to the actual roles and obligations of the auditor, auditee and other designated parties.

- The Auditor is not responsible for monitoring the implementation of an auditee's corrective action plan.
- "For Cause" audits will provide the greatest benefit to ensure ongoing compliance with industry guidelines. This directs the auditor's resources to the most obvious cases of abuse or neglect.
- Random audits will provide the best benefit to ensure auditee compliance with industry guidelines. The randomness of this audit will encourage continual vigilance.
- Regularly scheduled audits are not necessary because they provide minimal benefit and may be duplicative if either a "For Cause" or random audit has recently occurred. They could also cause the auditee to become lax within the scheduled audit cycle. Additionally, the large number of service providers would make a comprehensive audit of the industry impractical from both a logistical and cost perspective.

This document should be referred to the INC to allow the INC to begin reviewing industry guidelines and develop the specific audit procedures associated with each numbering resource.

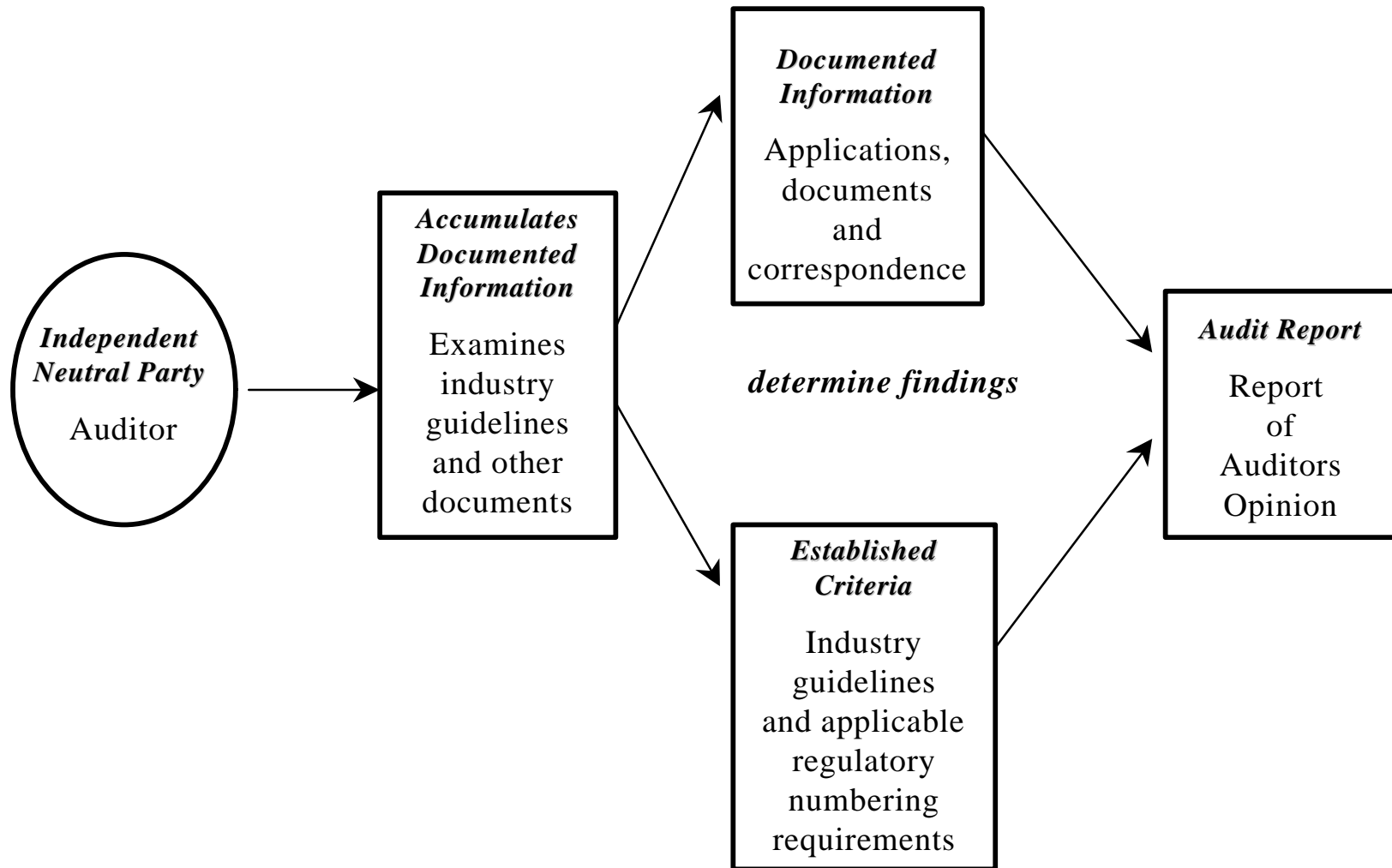
Appendix A

Process for Service Provider Audits



Appendix B

Process for Audits of NANPA



Appendix C

Audit Report Timeline

