

92 0260-TL

1 will provide adequate evidence of the CSRs' handling of sales contacts. This assures that
2 each CSR's evaluative monitoring will cover potential sales situations, and situations where
3 the.

4 Besides using customer contact monitoring in conducting performance reviews,
5 managers may use monitoring in one-on-one "coaching" for skills development, or for
6 general service quality monitoring. If instances of sales fraud or customer abuse are
7 observed during either evaluative or service quality monitoring, this evidence may be used
8 in disciplinary action against the employee. However, the Company's 1991 internal audit
9 of Customer Services (No. F10-24-34-A-SAF) found that [REDACTED]

10 [REDACTED] This audit is discussed in more detail in section 3.1.7.

3.1.2 Centralized Observing Team

The second form of customer contact monitoring is performed by the Centralized Observing Team, or COT. This program was initiated by the Department's General Manager-Florida in September 1991, just after the 1991 Customer Services sales audit which questioned the effectiveness of evaluative monitoring at detecting improper sales practices.

In contrast to individual evaluation monitoring, the purpose of the COT monitoring is to monitor overall service quality for operating units, as indicated on Exhibit 9. For example, the unit's training needs, or adherence to a policy change, is assessed through COT, while individual performance is not. Therefore, under the 1986 Memorandum of Agreement with the Communications Workers of America, Southern Bell is authorized to use evidence obtained through COT in investigating possible instances of ethics violations or customer abuse.

Through the COT, a weekly random sample of customer contacts from each Customer Service Center statewide is observed from remote locations (i.e. other Service Centers) around the state, documented and analyzed. In 1991, the weekly COT sample size was set based upon a statistically significant size sample of total call volume. The weekly customer contact observation sample size was based upon a goal of observing 20% of the Florida customer service representatives each month. This same sample size is still in use, consisting of 238 residential customer contacts and 64 business customer contacts. Customer service representatives have no means of telling that they or their sales center are under observation. Since the observations occur continuously on a random basis each week, and are performed in a location where the observers cannot be seen, CSRs can only assume that any call may be under observation.

The observation duties are rotated, with three different assistant managers from around the state serving as COT observers each week. This provides fresh and objective perspectives, and an opportunity for assistant managers to compare their group's

1 programs, and the adequacy of sales methods and procedures.

2 The 1991 audit was rated "significant adverse findings." One finding concluded,
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]

7 This audit also found that [REDACTED]
8 [REDACTED]

9 [REDACTED] This audit appears to have provided full or partial impetus
10 for many of the control changes implemented since it was conducted. These changes
11 included the formation of COT and QUEST, the current use of confirmation letters, and
12 the standardization of monitoring procedures.

13 The re-audit of Contact Sales Activities, completed in April 1993 was rated
14 "Satisfactory with Findings." As in the 1991 audit, the re-audit report noted that [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED] one CSR was

terminated and another was induced to resign.

In response to this audit, Southern Bell required all contact sales employees to read and sign a Form 3181-A, which warns that violations of Southern Bell's ethics policies may result in termination without the normal progressive disciplinary actions of counselling, warning and suspension. The signed 3181-A forms retained in each employee's personnel files provide a warning to CSRs that sales falsification will be dealt with severely.

3.2 Premises Sales Organization

The Premises Sales organization relies upon processing controls due to the nature of the sales methods used by its account executives. For example, AEs' mode of operation does not lend itself to the direct customer contact monitoring used in Customer Services.

1 products.

2 To further guard against the possible appearance of anti-competitive use of customer
3 proprietary network information, customers who are under contract with a BCI Premises
4 Sales competitor are required to provide BCI with a written request for a price quote. This
5 notification indicates the customer's intention to negotiate a replacement contract with BCI
6 Premises Sales. This notification verifies that the customer has dealt directly with the
7 Premises Sales organization, rather than having been referred from within Southern Bell.

8 3.2.7 Internal Audits

9 Since 1989, one Florida internal audit of the Premises Sales organization has been
10 conducted. A 1989 internal audit entitled "Marketing Incentive Salary Plan and Merit
11 Awards" found [REDACTED]

12 [REDACTED] Prior to 1989, AEs were responsible for reporting reductions to their own sales credit in such instances upon the execution of a service order cancelling a service. As a result of the audit, system enhancements were made allowing the service order system to trigger automatic notification of the compensation system outside the control of the AE involved.

3.3 *Interconnection Services*

Operating in a team-oriented environment, Interconnection Services' basic processes provide for internal review of many transactions. Few transactions are handled by one employee, but are subject to the scrutiny of the various team members who play a role. Many transactions are defined by a formal contract, subject to review by technical and legal personnel. Many non-contract sales are documented by the Firm Order Confirmation that specifies products, services and terms.

Due also to the sophisticated nature of most of the clients served, internal controls are provided by the clients' own scrutiny of transactions. For example, the large carriers will not pay an invoice that does not bear a valid project control number, purchase order number and a verification against their records including cost variance within a specified tolerance range.

No internal audits have been conducted of Interconnection Services since 1989. However, financial audits are conducted by outside C.P.A. firms of access charge billing, and billing and collection services.

1 Sales Award Programs - Cust Svcs
2 F10-24-34-A-SAF 10/31/91
(Completed 9/91)

3 Scope: Determine if controls to ensure the validity
4 of sales and administration of sales award programs
5 existed + were adequate in the State of Fla."

6 Findings

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He
comes
before

19 * COT implemented 9/17/91

- 20 (2)
- 21
- 22
- 23 (3)

24 4/91 - regional ^{thank you} ~~begin~~ letters program implemented
25 9/6/91 letters to all Fla. custo w/orders increasing billing

1 F20-24-34-R-SF
2 Contact Sales Activities -- Cast Svcs 4/93

3 1)

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12 - 3191-A Form in all sales employees' record

(Co. may warn
strip counsel, sue
straight to term
ethics policy)

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24 4)

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F10-24-34-A-SRF

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Sales Award Programs - Cust Svc

9/91

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