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**DATE:** April 1, 2004

**TO:** Blanca S. Bayó, Commission Clerk and Administrative Services Director

**FROM:** Melinda H. Watts, Engineer III, Division of Competitive Markets & Enforcement MW

**RE:** Docket No. 040196-TI – Compliance investigation of Globcom, Inc. for apparent violations of Sections 364.02(13) and 364.336, Florida Statutes.

Please add this document to the Docket file for Docket No. 040196-TI.

- AUS \_\_\_\_\_
- CAF \_\_\_\_\_
- CMP \_\_\_\_\_
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FPSC-COMMISSION CLERK

State of Florida



Public Service Commission  
-M-E-M-O-R-A-N-D-U-M-

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**DATE:** February 24, 2003  
**TO:** Division of Competitive Markets & Enforcement (Moses)  
**FROM:** Division of Auditing and Safety (Vandiver) *DV*  
**RE:** **Undocketed; Company Name:** Globcom, Inc.; **Audit Purpose:** Audit billing records to verify compliance with Commission rules;  
**Audit Control No.** 02-311-1-1

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Attached is the final audit report for the utility stated above. I am sending the utility a copy of this memo and the audit report. If the utility desires to file a response to the audit report, it should send the response to me for distribution. There are no confidential work papers associated with this audit.

DNV/jcp  
Attachment

cc: Division of Auditing and Safety (Hoppe, District Offices, File Folder)  
Division of Competitive Markets and Enforcement (Harvey)  
General Counsel  
Office of Public Counsel

Glenn Kofman, Chief Executive Officer  
Globcom, Inc.  
2100 Sanders Road, Suite 150  
Northbrook, IL 60062-6140

COMMUNICATIONS SERVICES  
FEB 25 2003



FLORIDA PUBLIC SERVICE COMMISSION

*DIVISION OF AUDITING AND SAFETY  
BUREAU OF AUDITING*

*Tallahassee District Office*

GLOBCOM, INC. (TJ529)

REVIEW OF BILLING RECORDS AUDIT

SEPTEMBER 2002

UNDOCKETED

AUDIT CONTROL NO. 02-311-1-1

*Michael Buckley*  
*Michael Buckley, Audit Manager*

*Sue Jackson*  
*Sue Jackson, Computer Audit Analyst*

*Lynn M. Deamer*  
*Lynn M. Deamer, Audit Supervisor*

TABLE OF CONTENTS

<b>I.</b>	<b>AUDITOR'S REPORT</b>	<b>PAGE</b>
	PURPOSE .....	1
	SCOPE LIMITATION .....	1
	DISCLAIM PUBLIC USE .....	1
	SUMMARY OF SIGNIFICANT PROCEDURES .....	2
<b>II.</b>	<b>EXCEPTIONS</b>	
1.	Overcharging Intrastate Calls .....	3
2.	Noncompliance with Rule 25-4.019(1) Florida Administrative Code .....	4

**DIVISION OF AUDITING AND SAFETY  
AUDITOR'S REPORT**

**February 18, 2003**

**TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED PARTIES**

We have applied the procedures described later in this report to audit the Billing Records for September 2002, of GlobCom, Inc. (A certificated interexchange company in the state of Florida).

This is an internal accounting report prepared after performing a limited scope audit. Accordingly, this report should not be relied upon for any purpose except to assist the Commission staff in the performance of their duties. Substantial additional work would have to be performed to satisfy generally accepted auditing standards and produce audited financial statements for public use.

## SUMMARY OF SIGNIFICANT PROCEDURES

Our audit was performed by examining certain transactions and account balances which we believe are sufficient to base our opinion. Our examination did not entail a complete review of all financial transactions of the utility. Our more important audit procedures are summarized below. The following definitions apply when used in this report:

**Scanned** - The documents or accounts were read quickly looking for obvious errors.

**Verify** - The item was tested for accuracy, and substantiating documentation was examined.

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Obtained computerized billing data from GlobCom, Inc. for September 2002.

Separated Florida intrastate toll calls from data.

Calculated Billing Duration from Call Duration.

Recomputed the total number of minutes and seconds of intrastate toll billed to Florida customers.

Calculated the number of customers affected.

Recalculated charges for all calls for September using rates from Tariff.

Verified twelve intrastate calls to actual bills.

Summarized findings to identify amount of over billing for September 2002.

## **EXCEPTIONS**

### **Exception No. 1**

**Subject: Overcharging Intrastate Calls**

**Statement of Fact:** All Florida intrastate billings were recalculated using the tariff on file at the Commission. 56 customers made 759 intrastate telephone calls in September 2002. The total number of minutes charged was 2,953. GlobCom overcharged on all calls. It charged \$0.12 per minute and rounded to the next minute. The tariff filed on August 8, 2001 authorizes calls to be charged at a rate of \$0.0286 for the first 18 seconds and \$0.0095 for every 6 seconds after that. This equates to \$0.0951 for the first minute and \$0.095 for every subsequent minute. The tariff requires that calls are rounded up to the nearest multiple of 6 seconds. Total overcharge for September 2002 was \$132.14.

**Recommendation:** The Company should change its computerized billing to agree with the tariff rates. The Company should also give refunds to all overcharged customers.

## **Exception No. 2**

**Subject:**       **Noncompliance with Rule 25-4.019(1) Florida Administrative Code**

**Statement of Fact:** Rule 25-4.019(1), Florida Administrative Code states, "Each utility shall furnish to the Commission at such times and in such form as the Commission may require the results of any required tests and summaries of any required records."

On November 26, 2002, audit staff requested a Company representative provide the name, position, and telephone number of a knowledgeable data processing person at GlobCom, Inc. with whom any EDP related questions or problems could be discussed. The Company representative referred us to the CEO of GlobCom, Inc.

On January 17, 2003, audit staff requested in writing specific information regarding the call detail records. Specifically, we requested:

- ◆ Identification of the field indicating the date and time each call terminates.
- ◆ The data field position for the above field.
- ◆ Calculation methodology for "Call Duration" Field.
- ◆ Explanation of a sentence "The Conversation time (T7-T6) rounded to Rating element increments." contained on the Master Record Layout, a document provided by the Company.

The CEO told the audit staff to call WilTel Communications with questions concerning specific character data requests. WilTel stated it did not have access to any identification process that GlobCom would use in identifying the data used for monthly billing to customers.

The Company's inability to provide information regarding its own billing data resulted in delays for the audit and an assumption that the billable duration field was calculated by the Company correctly.

**Recommendation:** Our experience is that a company does not provide information in an audit for two primary reasons. The two primary reasons are poor management or intentional refusal to comply with the audit request. The Company's management should improve its management of information systems to avoid the appearance of refusing to respond to requests.