

April 2, 2015

Records Division (Email)
Washington Utilities and Transportation Commission
Records@utc.wa.gov

**Re: Lifeline Biennial Audit of Budget PrePay, Inc.
Independent Accountant's Report on Applying Agreed-Upon Procedures for year Ended
December 31, 2013**

As outlined in "Section II Engagement Plan, 15. Time Tables" of the 2013 Biennial Audit Plan, Universal Service Fund – Lifeline Program, Budget submitted the final Independent Accountant's Report on Applying Agreed-Upon Procedures for the year ended December 31, 2013 to Karen Majcher of the Universal Service Administration Company, Charles Tyler of the Telecommunications Access Policy Division, and Thomas Buckley of the Office of the Managing Director. As outlined in the same section, "within 30 days of receipt of the final report from the audit firm, but no later than April 2, 2015, Budget PrePay, Inc. must submit the final report to the Federal Communications Commission under WC Docket 11-42 and to all applicable state and tribal authorities. Please let this serve as the requirement to submit the final report to the FCC and all state and tribal authorities.

Please review and let me know if you have any questions.

Sincerely,



Robin Enkey
Director of Compliance
Budget PrePay, Inc.

BIENNIAL LIFELINE AUDIT

**BUDGET PREPAY, INC.
BOSSIER CITY, LOUISIANA**

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

For the Year Ended December 31, 2013



Independent Accountants' Report
On Applying Agreed-Upon Procedures
Budget PrePay, Inc.
For the Year Ended December 31, 2013

To the Management of Budget PrePay, Inc., the Universal Service Administrative Company (USAC), and the Federal Communications Commission (FCC or Commission) (the responsible and specified parties):

We have performed the procedures enumerated in Attachment A, which were agreed to by the FCC's Wireline Competition Bureau (Bureau) and Office of Managing Director (OMD) in the Lifeline Biennial Audit Plan or as otherwise directed by the Bureau, solely to assist you in evaluating Budget PrePay, Inc.'s compliance with certain regulations and orders governing the Low Income Support Mechanism (also known as the Lifeline Program) of the Universal Service Fund, set forth in 47 C.F.R. Part 54, as well as other program requirements, including any state-mandated Lifeline requirements (collectively, the Rules) detailed in the Lifeline Biennial Audit Plan for the calendar year ended December 31, 2013. Budget PrePay, Inc.'s management is responsible for compliance with the Rules. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and Generally Accepted Government Auditing Standards (GAGAS) issued by the Government Accountability Office (2011 Revision). The sufficiency of these procedures is solely the responsibility of the Bureau and OMD. Consequently, we make no representation regarding the sufficiency of the procedures described in Attachment A either for the purpose for which this report has been requested or for any other purpose.

Specific procedures and related results are enumerated in Attachment A to this report. In compliance with the Lifeline Biennial Audit Plan, this report does not contain any personally identifiable information or individually identifiable customer proprietary network information.

No limitations were imposed on us by Budget PrePay, Inc. or any other affiliate of Budget PrePay, Inc. that would affect our findings.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on Budget PrePay, Inc.'s compliance with the Rules. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management of Budget PrePay, Inc., USAC, and the FCC (the responsible and specified parties), and is not intended to be and should not be used by anyone other than these specified parties. This report becomes a matter of the public record upon filing of the final report with the FCC. The final report is not confidential.

Curtis Blakely & Co., P.C.
Curtis Blakely & Co., P.C.

March 27, 2015

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Agreed-Upon Procedures Report – Attachment A
Budget PrePay, Inc.

Attachment A enumerates the agreed-upon procedures for Budget PrePay, Inc., the associated results, and any management responses obtained in relation to the exceptions identified.

Objective I: Carrier Obligation to Offer Lifeline. To determine if Budget PrePay, Inc. has procedures in place to make Lifeline services available to qualifying low-income consumers with mandated disclosures regarding requirements to participate in the Lifeline program, and procedures for de-enrolling subscribers when they are no longer eligible to receive Lifeline services.

Procedure 1

We inquired of Budget PrePay, Inc.'s management and obtained Budget PrePay, Inc.'s policies and procedures in response to Item 4 of Appendix A (Requested Documents) of the Lifeline Biennial Audit Plan for offering Lifeline service to qualifying low-income consumers.

We examined Budget PrePay, Inc.'s policies and procedures, and compared those policies and procedures, as well as management's responses to the inquiries, to the Commission's Lifeline rules set forth in Appendix F of the Lifeline Biennial Audit Plan.

We noted no discrepancies between Budget PrePay, Inc.'s policies and procedures, management's responses to the inquiries, and the Commission's Lifeline rules.

No exceptions were noted.

Procedure 2

We inspected 10 examples of Budget PrePay, Inc.'s marketing materials describing the Lifeline service (print and web materials used to describe or enroll in the Lifeline service offering, including, application and certification forms), as provided in response to Items 4, 6 and 7 of Appendix A of the Lifeline Biennial Audit Plan. We examined the examples to determine if they included the following:

- a. The service is a Lifeline service, which is a government assistance program;
- b. The service is non-transferable;
- c. Only eligible subscribers may enroll;
- d. Only one Lifeline discount is allowed per household; and
- e. The eligible telecommunications carrier (ETC)'s name or any brand names used to market the service.

We noted the inspected marketing materials contained the required information, with the exception of the following:

- Seven print advertisements omitted the disclosure that the service is non-transferable.



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Budget PrePay, Inc.

Budget PrePay, Inc. Response:

Budget PrePay, Inc.'s, Compliance Director reviewed the exception of the seven print advertisements omitting the disclosure that the Lifeline service is non-transferable. Upon review of the exception, the Compliance Director provided for review, the Compliance Plan of Budget PrePay, which includes the marketing disclaimer provided to the Federal Communication Commission (FCC). Budget's Compliance Plan was reviewed and approved by the FCC on May 25, 2012. This approval included the marketing disclaimer. However, Budget has again reviewed §54.405(c) and notated the requirements for all materials describing Lifeline service. Budget's Compliance Director shall revise all marketing disclaimers to include language that the Lifeline service is a non-transferrable service by May 1, 2015.

Procedure 3

We randomly selected 10 recorded calls out of the 50 recorded calls, servicing Budget PrePay, Inc.'s Lifeline subscribers, as provided in response to Item 8 of Appendix A. In reviewing the 10 recorded calls, we noted whether: (1) the telephone number(s) involve the use of interactive voice response (IVR) system; (2) a live customer care operator is available; and (3) and the time spent using the customer care telephone service. We also noted whether the customer care telephone number(s) can be used by subscribers to notify Budget PrePay, Inc. of the subscriber's intent to cancel service or give notification that the subscriber is no longer eligible to receive service.

We noted the inspected recorded calls contained the required information.

No exceptions were noted.

Procedure 4

We inspected applicable policies and procedures regarding de-enrollment from the program, including when Budget PrePay, Inc. will de-enroll subscribers based on lack of eligibility, duplicative support, non-usage, and failure to recertify, as further described below.

- a. We inspected Budget PrePay, Inc.'s policy and procedures for de-enrollment where Budget PrePay, Inc. has information indicating that a Lifeline subscriber no longer meets the criteria to be considered a qualifying low-income consumer under 47 C.F.R. §54.409, as provided in response to Item 4 of Appendix A. We noted whether the policy and procedures detail the process for communications between the subscriber and Budget PrePay, Inc. regarding de-enrollment, including, but not limited to: (1) notifying subscribers of impending termination of service; (2) allowing subscriber to demonstrate continued eligibility; and (3) termination of service for failure to demonstrate eligibility.



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Budget PrePay, Inc.

We noted no discrepancies between Budget PrePay, Inc.'s policies and procedures, management's responses to the inquiries, and the Commission's Lifeline rules pertaining to de-enrollment for no longer meeting criteria of a qualifying low-income consumer.

No exceptions were noted.

- b. We inspected Budget PrePay, Inc.'s policies and procedures for de-enrolling subscribers that are receiving Lifeline service from another ETC or where more than one member of a subscriber's household is receiving Lifeline service (duplicative support). We noted if the policy and procedures state that Budget PrePay, Inc. will de-enroll subscribers within five business days of receiving notification from USAC program management that a subscriber or a subscriber's household is receiving duplicative Lifeline support, as required by §54.405(e)(2) of the Commission's rules.

We noted no discrepancies between Budget PrePay, Inc.'s policies and procedures, management's responses to the inquiries, and the Commission's Lifeline rules pertaining to de-enrollment for subscribers that are receiving Lifeline service from another ETC or where more than one member of a subscriber's household is receiving Lifeline service (duplicative support).

No exceptions were noted.

- c. We inspected Budget PrePay, Inc.'s policies and procedures for de-enrolling subscribers for non-usage (i.e., where a Lifeline subscriber fails to use Lifeline service for 60 consecutive days), including the process of how Budget PrePay, Inc. monitors and identifies subscribers who are non-users of Lifeline service but enrolled in the program.

We noted no discrepancies between Budget PrePay, Inc.'s policies and procedures, management's responses to the inquiries, and the Commission's Lifeline rules pertaining to de-enrolling subscribers for non-usage (i.e., where a Lifeline subscriber fails to use Lifeline service for 60 consecutive days).

No exceptions were noted.

Using the list provided in response to Item 10 in Appendix A, we performed the following:

- i. For subscribers listed as de-enrolled or scheduled for de-enrollment, we selected a sample of 10 accounts and requested copies of the non-usage termination notifications or other forms of communication sent to the subscribers.
- ii. We examined the non-usage termination notifications or other forms of communication to verify if the termination notifications explain that the subscriber has 30 days following the date of the impending termination notification to use the



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Lifeline service. We noted if any of the non-usage termination notifications do not include this information, as required by §54.405(e)(3) of the Commission's rules.

iii. A sample non-usage termination notification is included in our workpapers.

We noted the inspected non-usage termination notifications contained the required information.

No exceptions were noted.

d. We reviewed Budget PrePay, Inc.'s policy and procedures for de-enrolling a Lifeline subscriber that does not respond to Budget PrePay, Inc.'s attempts to obtain recertification, as part of the annual eligibility recertification process. For subscribers identified in Items 9.i and j of Appendix A, we selected a random sample of 30 and requested copies of the notice of impending de-enrollment letters and all other communications sent to the subscribers involving recertification and we also performed the following:

i. We inspected the sampled notice of impending de-enrollment letters and any other communications sent to the subscriber regarding re-certification to verify if the communications explain that the subscriber has 30 days following the date of the notice of impending de-enrollment letter to demonstrate continued eligibility or Budget PrePay, Inc. will terminate the subscriber's Lifeline service.

We noted the inspected notice of impending de-enrollment letters and other communications contained the required information.

No exceptions were noted.

ii. We reviewed the de-enrollment letters, and other forms of communications, and Budget PrePay, Inc.'s responses to the background questionnaire and verified through observation that the communications were sent by a method separate from the subscriber's bill.

We noted the inspected notices of impending de-enrollment were sent by a method separate from the subscriber's bill.

No exceptions were noted.

iii. We have included in our workpapers a random sample of at least 5 examples of the impending de-enrollment letters, and any other forms of communications provided to the subscriber.



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Budget PrePay, Inc.

Objective II: Consumer Qualification for Lifeline. To determine if Budget PrePay, Inc. has procedures in place to limit Lifeline service to qualifying low-income consumers and ensure that Lifeline service is limited to a single subscription per household.

Procedure 1

We inquired of management and obtained Budget PrePay, Inc.'s policies and procedures for limiting Lifeline support to a single subscription per household as provided by Budget PrePay, Inc. in response to Item 4 of Appendix A. We examined the policies and procedures. We compared management responses and Budget PrePay, Inc.'s policies and procedures with the Commission's Lifeline rules set forth in §54.409(c) (Appendix F).

We noted no discrepancies between Budget PrePay, Inc.'s policies and procedures for limiting Lifeline support to a single subscription per household, management's responses to the inquiries, and the Commission's Lifeline rules.

No exceptions were noted.

Procedure 2

We reviewed procedures Budget PrePay, Inc. has in place to ensure it has accurately completed the FCC Form 497 including inquiries of management to describe the process for completing the FCC Form 497. The procedures or process should include the following:

- The position title of the person responsible for obtaining data for the FCC Form 497;
- The process for determining which subscribers should be included monthly in the FCC Form 497. Verify the procedures include cut-off and billing cycle dates, and only those subscribers active as of the start or end of the month;
- That a corporate officer signature is required for the FCC Form 497;
- That a verification process exists to perform an independent review; that is, the person reviewing or validating the form's data is different from the person completing the form;
- Provides the billing system name used to generate completion of the form; and
- If applicable, describes the process for completing the Tribal Link Up portions of the FCC Form 497.

The inspected procedures for accurately completing the FCC Form 497 contained the required information.

No exceptions were noted.



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Budget PrePay, Inc.

Procedure 3

We obtained the Subscriber List in response to Item 1 of Appendix A and obtained Budget PrePay, Inc.'s FCC Form 497(s) for each study area in the selected states (Louisiana, Pennsylvania and South Carolina) for October, 2013. We examined the number of subscribers claimed on the Form(s) 497 and compared to the number of subscribers contained on the Subscriber List for each study area noting all were in agreement.

No exceptions were noted.

Procedure 4

Using Microsoft Excel data sorting and conditional formatting functions, we examined the Subscriber List and noted if there were any duplicate addresses with different subscribers. We then created a sample list reflecting these results. This list was then used in Procedure 5.

Procedure 5

From the list completed in Procedure 4 above, we randomly selected 30 subscribers and requested copies from Budget PrePay, Inc. of the one-per-household certification form or the original Lifeline certification form, for each of the selected subscribers. We verified that the selected subscribers certified to only receiving one Lifeline-supported service in his/her household using the one-per household worksheet or the original Lifeline certification form, unless they were the first subscriber in the household. There were no missing or incomplete certifications except for those noted below:

- Three of the selected sample of 30 subscribers were not the first subscriber at the household and did not have a one-per household worksheet completed.

Budget PrePay, Inc. Response:

Budget PrePay, Inc.'s Compliance Director reviewed the exception of the three subscribers that were found not to be the first subscriber at the household and did not have a one-per-household worksheet completed.

Upon review of the exception, the Compliance Director confirmed that the first subscriber in question completed a Lifeline application for wireless account (SAC 249017) prior to completing the application for home phone service (SAC 249009). Budget PrePay, Inc.'s Compliance department conducted monthly Cross Comparison audits between wireless and wireline services. During one such audit on 11-6-2013, the Compliance department discovered that this subscriber was already receiving wireless Lifeline service and provided notification to subscriber to respond in 30 days on which service subscriber wanted to keep. Subscriber requested that Lifeline credit be removed from the home phone account on 11-13-13 and remain on the wireless account.



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In the first quarter of 2014, Budget PrePay, Inc. and all other Lifeline providers migrated their subscribers to the National Lifeline Accountability Database (“NLAD”) and began utilizing NLAD for purposes of enrollments and other transactions. During attempted enrollments, NLAD conducts checks within and among Lifeline providers and prevents the enrollment of consumers who already receive Lifeline benefits. Because of NLAD, Budget PrePay, Inc. believes the duplicate described above would not have occurred had the enrollment been attempted today.

The second subscriber in question completed Lifeline application for home phone service (SAC 249009). The Compliance department conducted monthly Cross Comparison audits between wireless and wireline services, and it did not identify any existing accounts at the same address. Budget PrePay does not agree that this subscriber’s address was the same as another subscriber’s; accordingly, the FCC’s rules did not require this subscriber to complete a one-per-household worksheet.

The third subscriber in question completed Lifeline application for home phone service (SAC 279021). The Compliance department conducted monthly Cross Comparison audits between wireless and wireline services, and it did not identify any existing accounts at the same address. Budget PrePay does not agree that this subscriber’s address was the same as another subscriber’s; accordingly, the FCC’s rules did not require this subscriber to complete a one-per-household worksheet.

Curtis Blakely & Co., P.C. Response:

To clarify Budget PrePay, Inc.’s response above, relative to the second and third subscribers, Budget is representing that though the addresses appeared to be the same, Budget’s system did not see the addresses as being the same. Therefore, Budget felt that the Household worksheet wasn’t required.

Objective III: Subscriber Eligibility Determination and Certification. To determine if Budget PrePay, Inc. implemented policies and procedures for ensuring that their Lifeline subscribers are eligible to receive Lifeline services.

Procedure 1

We inquired of management and obtained carrier policies and procedures for ensuring that its Lifeline subscribers are eligible to receive Lifeline services as provided by Budget PrePay, Inc. in response to Item 4 of Appendix A. We examined the policies and procedures. We compared management responses and carrier policies and procedures with the Commission’s Lifeline rules set forth in §54.410 (Appendix F).



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We noted no discrepancies between Budget PrePay, Inc.'s policies and procedures, management's responses to the inquiries, and the Commission's Lifeline rules pertaining to ensuring that Budget PrePay, Inc.'s Lifeline subscribers are eligible to receive Lifeline services.

No exceptions were noted.

- a. We inspected Budget PrePay, Inc.'s policies looking for evidence as to whether they include a policy that Budget PrePay, Inc. does not retain copies of subscribers' proof of income or program based eligibility.

We noted Budget PrePay, Inc. does have a policy to not retain copies of subscribers' proof of income or program based eligibility.

No exceptions were noted.

- b. We inspected Budget PrePay, Inc.'s policies looking for evidence as to whether they include a policy or procedure that Budget PrePay, Inc. must fully verify the eligibility of each low-income consumer prior to providing Lifeline service to that consumer, and that Budget PrePay, Inc. or its agents may not provide the consumer with an activated device intended to enable access to Lifeline service until that consumer's eligibility is fully verified and all other necessary enrollment steps have been completed.

We noted Budget PrePay, Inc. does have a policy that Budget PrePay, Inc. must fully verify the eligibility of each low-income consumer prior to providing Lifeline service to that consumer, and that Budget PrePay, Inc. or its agents may not provide the consumer with an activated device intended to enable access to Lifeline service until that consumer's eligibility is fully verified and all other necessary enrollment steps have been completed.

No exceptions were noted.

Procedure 2

We examined Budget PrePay, Inc.'s policies and procedures for training employees and agents for ensuring that Budget PrePay, Inc.'s Lifeline subscribers are eligible to receive Lifeline services, including any policies regarding how the company ensures employees and agents have completed the training.

Budget PrePay, Inc. provides new hire training prior to employees working solo in the field. The training includes reviewing the Budget Mobile Employee Training manual. Each employee is required to sign the acknowledgment form at the end of the training manual. In December of 2014, all employees and representatives of Budget PrePay, Inc. were required to review the new online training content and score 100% of the test at the end of the training. This training is conducted at each new hire date and each quarter. Budget PrePay, Inc. uses NLAD's API software. The API only allows individuals to send information to NLAD without giving access to individuals to access NLAD's data. However, the CFO, Compliance Director, and Compliance Supervisor have access to NLAD's NAP system. This access is restricted by user login and password.



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No exceptions were noted.

Procedure 3

We randomly selected 100 subscribers from the Subscriber List and for the first 50 of the sampled subscribers, performed the tests described below, for each of the subscriber's certification and recertification forms.

- a. We examined the subscriber certification and recertification forms or other forms of communication, if any, to verify the forms contain the following information:
 - i. Lifeline is a federal benefit and that willfully making false statements to obtain the benefit can result in fines, imprisonment, de-enrollment or being barred from the program;
 - ii. Only one Lifeline service is available per household;
 - iii. A household is defined, for purposes of the Lifeline program, as any individual or group of individuals who live together at the same address and share income and expenses;
 - iv. A household is not permitted to receive Lifeline benefits from multiple providers;
 - v. Violation of the one-per-household limitation constitutes a violation of the Commission's rules and will result in the subscriber's de-enrollment from the program;
 - vi. Lifeline is a non-transferable benefit and the subscriber may not transfer his or her benefit to any other person;
 - vii. Require each prospective subscriber to provide the following information:
 1. The subscriber's full name;
 2. The subscriber's full residential address;
 3. Whether the subscriber's residential address is permanent or temporary;
 4. The subscriber's billing address, if different from the subscriber's residential address;
 5. The subscriber's date of birth;
 6. The last four digits of the subscriber's social security number, or the subscriber's Tribal identification number, if



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the subscriber is a member of a Tribal nation and does not have a social security number;

7. If the subscriber is seeking to qualify for Lifeline under the program-based criteria, as set forth in §54.409, the name of the qualifying assistance program from which the subscriber, his or her dependents, or his or her household receives benefits; and
 8. If the subscriber is seeking to qualify for Lifeline under the income-based criterion, as set forth in §54.409, the number of individuals in his or her household.
- viii. Require each prospective subscriber to certify, under penalty of perjury, that:
1. The subscriber meets the income-based or program-based eligibility criteria for receiving Lifeline, provided in §54.409;
 2. The subscriber notified Budget PrePay, Inc. within 30 days if for any reason he or she no longer satisfies the criteria for receiving Lifeline including, as relevant, if the subscriber no longer meets the income-based or program-based criteria for receiving Lifeline service, the subscriber is receiving more than one Lifeline benefit, or another member of the subscriber's household is receiving a Lifeline benefit.
 3. If the subscriber is seeking to qualify for Lifeline as an eligible resident of Tribal lands, he or she lives on Tribal lands, as defined in §54.400(e);
 4. If the subscriber moves to a new address, he or she will provide that new address to Budget PrePay, Inc. within 30 days;
 5. The subscriber's household will receive only one Lifeline service and, to the best of his or her knowledge, the subscriber's household is not already receiving a Lifeline service;
 6. The information contained in the subscriber's certification form is true and correct to the best of his or her knowledge;
 7. The subscriber acknowledges that providing false or fraudulent information to receive Lifeline benefits is punishable by law; and
 8. The subscriber acknowledges that the subscriber may be required to recertify his or her continued eligibility for Lifeline at any time, and the subscriber's failure to recertify as to his or her continued eligibility will result in de-enrollment and the termination of the subscriber's Lifeline benefits pursuant to §54.405(e)(4).



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- ix. We compared Budget PrePay, Inc.'s subscriber eligibility criteria on the certification and recertification forms and other forms of communication, to the federal eligibility criteria listed in per 47 C.F.R. §54.409.
- x. We verified the subscriber completed all the required elements as identified in Objective III – 3 a. above, including signature and initialing/checkbox requirements contained in the certification and recertification forms and other forms of communication.
- xi. We examined the subscriber's initial certification form to verify the initial certification form is dated prior to or on the same day as the Lifeline start date per the Subscriber List. This procedure would not apply to subscribers enrolled prior to June, 2012.
- xii. If applicable, we verified subscribers who received Tribal Lifeline support certified to residing on Tribal lands.

We noted certification and recertification forms and other forms of communication, included the above required information.

No exceptions were noted.

The error rate was less than 5%, therefore, it was not necessary to test an additional 50 subscribers.

- b. We reviewed the list of the data source or documentation Budget PrePay, Inc. reviewed to confirm the subscriber's eligibility. We verified the recorded data sources are eligible data sources per 47 C.F.R. §54.410, such as (1) income or program eligibility databases, (2) income or program eligibility documentation, or (3) confirmation from a state administrator.

No exceptions were noted.

Objective IV: Annual Certifications and Recordkeeping by Eligible Telecommunications Carriers.
To determine if Budget PrePay, Inc. has made and submitted to the Universal Service Administrative Company the required annual certifications, under penalty of perjury, relating to the Lifeline program by an officer of the company and maintained recordkeeping requirements.

Procedure 1

We inquired of management and obtained carrier policies and procedures for ensuring that Budget PrePay, Inc. has made and submitted the annual certifications required under §54.416 and §54.422 of the Commission's rules. We examined these policies and procedures.



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We noted no discrepancies between Budget PrePay, Inc.'s policies and procedures, management's responses to the inquiries, and the Commission's Lifeline rules relative to submitting the annual certifications.

No exceptions were noted.

Procedure 2

We examined Budget PrePay, Inc.'s FCC Forms 555 that were filed the January following the audit period and subsequently revised. We verified Budget PrePay, Inc. made all of the required certifications. An officer of Budget PrePay, Inc. certified that he or she understands the Commission's Lifeline rules and requirements and that Budget PrePay, Inc.:

- a. Has policies and procedures in place to ensure that its Lifeline subscribers are eligible to receive Lifeline services;
- b. Is in compliance with all federal Lifeline certification procedures; and
- c. In instances where Budget PrePay, Inc. confirms consumer eligibility by relying on income or eligibility databases, as defined in 47 C.F.R. §54.410(b)(1)(i)(A) or (c)(1)(i)(A), the representative must attest annually as to what specific data sources Budget PrePay, Inc. used to confirm eligibility.

The Form 555 does not include a place to certify that the officer understands the Commission's Lifeline rules and requirements. Budget PrePay, Inc. believes this is implicit to the officer certifying the Form 555.

No exceptions were noted.

Procedure 3

We examined Budget PrePay, Inc.'s organization chart provided in response to Item 5 of Appendix A. We verified that the certifying officer on the FCC Forms 555 for the selected states is an officer per the organizational chart or other publicly available documents.

No exceptions were noted.

Procedure 4

We verified that the subscriber counts per the FCC Forms 555 for the selected states agree with the total subscriber counts per the February Forms 497.



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Budget PrePay, Inc.

The following exception was noted:

- The combined South Carolina study areas (249009 and 249017) subscribers reported on the Form 555 did not agree with the total of those two study areas reported on the February 2013 497's. The Form 555 showed 46,151 and the total of the two study areas on the 497's equaled 46,203 creating a difference of 52.

Budget PrePay, Inc. Response:

Budget PrePay, Inc.'s Compliance Director reviewed the exception of the FCC Forms 555 and the February FCC Forms 497 difference of 52 subscribers. The difference is due to USAC's discovery during a Low Income Support Mechanism In-Depth Validation Study performed on Budget's 2013 February Form 497. USAC recovered the February Lifeline reimbursement for the 52 accounts in August 2013, thus not requiring Budget to refile the February Form 497. However, Budget did in fact refile all other months that the 52 accounts were filed in for Lifeline reimbursement.

Procedure 5

For the month of February, we (1) randomly selected one of the three states or territories where Budget PrePay, Inc. received the largest amount of Lifeline support and is responsible for the annual recertification process (Louisiana), and (2) randomly selected two additional states or territories (Pennsylvania and South Carolina) where Budget PrePay, Inc. is responsible for the annual recertification process (Recertification Sample). We reviewed Budget PrePay, Inc.'s recertification results of the individual subscribers reported on the FCC Form 555 filed the January following the audit period and subsequently revised, for those three randomly selected states, as provided in Item 9 of Appendix A. We compared the data reported on the FCC Form 555 for those states with the detailed recertification results.

No exceptions were noted.

Procedure 6

Since the non-usage rule applies to Budget PrePay, Inc., we (i) randomly selected three months during the audit period (April, July, and October 2013); (ii) randomly selected one of the three states or territories where Budget PrePay, Inc. received the largest amount of Lifeline support (Louisiana); (iii) randomly selected two additional states or territories where Budget PrePay, Inc. receives Lifeline support (Pennsylvania and South Carolina), and (iv) reviewed Budget PrePay, Inc.'s detailed non-usage results of the individual subscribers reported on the FCC Forms 555 for those three randomly selected months within the three selected states, as provided in Item 10 of Appendix A (Non-Usage Sample).

The following exceptions were noted: See Objective IV, Procedure 6, Exhibit 1.



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Budget PrePay, Inc. Response:

Budget PrePay, Inc.'s Compliance director reviewed the exception notated in Objective IV, Procedure 6, Exhibit 1 and the difference that is reflected from the non-usage reports in response to Appendix A Item 10 Table 3 vs. the 2014 FCC Form 555s for reporting year 2013 is due to two factors. The first being that the 555s reported the subscribers that were not claimed, due to non-usage, on the 2013 FCC Form 497 for that month and Appendix A Item 10 Table 3 is the monthly report that is ran to determine which subscribers need the 30 day written notification and which subscribers had reached the 30 day grace period after the 60 day written notification. The 497s and the monthly non-usage report will not match as they are ran at separate times in the month. The second factor that contributes to the difference was Budget's Sprint customer are not disconnected until later. We inventory these numbers for future usage. Though these subscribers remained online with service they were not claimed on the 2013 FCC Form 497 for that month.

Procedure 7

We reviewed Budget PrePay, Inc.'s annual ETC certification, as provided in Item 13 of Appendix A. We verified that Budget PrePay, Inc. reported all the information and made all the applicable certifications required by 47 C.F.R. §54.422(a)(b).

No exceptions were noted.

Procedure 8

We reviewed any supporting schedules related to Budget PrePay, Inc.'s annual ETC certification, as provided in Item 13 of Appendix A. We verified that the data reported on the annual ETC certification agrees with the supporting schedules.

No exceptions were noted.

Procedure 9

We inquired of management and obtained carrier policies and procedures for maintaining records that document compliance with the Lifeline program rules, as provided by Budget PrePay, Inc. in response to Item 4 of Appendix A. We examined the policies and procedures. We compared the management responses and carrier policies with recordkeeping rules set forth in 47 C.F.R. §54.417.

No exceptions were noted.



Budget PrePay, Inc.
 December 31, 2013
 Objective IV, Procedure 6, Exhibit 1
 Exceptions

	<u>2013 Budget</u> <u>Form 555, filed</u> <u>App A, Item 10, January 2014,</u> <u>Table 3 provided</u> <u>by Budget</u> <u>revised</u>	<u>2013 Budget</u> <u>Form 555, filed</u> <u>App A, Item 10, January 2014,</u> <u>Table 3 provided</u> <u>by Budget</u> <u>revised</u>	<u>2013 Budget</u> <u>Form 555, filed</u> <u>App A, Item 10, January 2014,</u> <u>Table 3 provided by</u> <u>Budget</u> <u>revised</u>	<u>2013 Budget</u> <u>Form 555, filed</u> <u>January 2014,</u> <u>subsequently</u> <u>revised</u>	Differences	Differences	Differences	Differences
LA 279021 and LA 279038	LA 279021 and 279038	LA 279021 and 279038	LA 279021 and 279038	LA 279015	LA 279038	LA 279017	LA 279015	Differences
53,903	2,411	51,492	68	37	31	202	147	55
4,281	3,113	1,168	422	182	240	1,331	938	393
29,371	3,841	25,530	605	241	364	2,879	2,254	625

Form 555 agree with detailed non-usage results - April 2013
 Form 555 agree with detailed non-usage results - July 2013
 Form 555 agree with detailed non-usage results - October 2013