



QUARTERLY REPORT OF THE BOARD

COVERING THE PERIOD 1 APRIL – 30 JUNE 2013

ECS 07/2014

24 April 2014

1. Introduction

In fulfilment of its continuing commitment to accountability and transparency, the Board of URCA is pleased to publish its Quarterly Report for the Second Quarter of 2013, covering the period 1 April to 30 June 2013.

2. Summary of Key Actions – Audit Committee

- Committee Meetings – During the Second Quarter of 2013, the Audit Committee had one meeting, on 28 May.
- Internal Audit function – The Audit Committee discussed the Internal Auditor’s reviews/audits of the effectiveness of URCA’s internal controls over key systems and the management of risk. These included the Policy and Regulation unit, the filling of key vacancies, the implementation of internal policies and procedures, a central database to track achieved Key Performance Indicator targets, consistency of job descriptions and reporting lines, the development of short- and medium-term succession plans, and collection and enforcement procedures for outstanding Spectrum Fees. The Audit Committee made recommendations to the Board for ways in which Executive Management should implement the Internal Auditor’s recommendations. The Audit Committee also agreed to undertake a review of the effectiveness of the internal audit function.
- Audited Financial Statements for Fiscal 2012 – The Audit Committee reviewed took action on the two matters identified by URCA’s External Auditors in their post-audit letter to management, namely reconciliation of the fixed assets register with the general ledger and the compilation of a contracts register. The Committee undertook to compile as assessment of the Auditors performance.
- Management Accounts – The Audit Committee reviewed URCA’s management accounts and financial performance for April 2013 and provided the Board with its comments and recommendations for approval of those accounts. During May and June, the Committee Chairperson reviewed the monthly management accounts and provided the Board with comments on the accounts following which they were reviewed and approved by the Board. The Audit Committee also discussed and agreed that it required cash flow projections from Executive Management to be provided three times per year in April, August and December covering URCA’s inflows, costs, expenses, and cash requirements.
- Audit Committee’s Annual Report to the Board for 2012 – The Audit Committee continued drafting work on its Annual Report to the Board for the 2012 fiscal year in accordance with section 33(2)(c) of the URCA Act. The report will address URCA’s

performance against its 2012 Annual Plan and the extent to which URCA's deployment of its financial resources in 2012 delivered value for money.

- Risk Management – The Audit Committee continued its long-range process of reviewing URCA's Risk Assessment Matrix outlining the various levels of risk to the organisation, their likelihood and mitigation strategies while seeking input from Executive Management and the Internal Auditor. In addition, the Audit Committee agreed to meet with URCA's information technology provider during its July meeting to discuss, amongst other things, a disaster recovery plan.

3. Summary of Key Actions – Operations

- Human Resources and Administration – Each month, the Board was provided with updates regarding URCA's Human Resources initiatives, including developments in URCA's on-going programmes to review and revise its performance management and compensation system, and recruitment and restructuring exercises. The Board was advised that URCA is awaiting the results of a comprehensive compensation survey being conducted by a consultant company. The Board was notified that during the quarter, a new Performance Management Framework was implemented with merit increases and a path for salary increases but it required ironing out the subjective elements of performance objectives and establishing the process of objective setting, with assessments due in August – September. The Board also approved the appointment of a new legal case officer. The Board was notified that Human Resources was compiling a policy regarding an obligation for employees to make a claim to National Insurance for the payment of extended benefits and the inclusion of provisions for Family Leave as well as reviewing/revising/updating the staff policies and procedures manual. The Board was also notified of efforts by Human Resources to work on a structured plan for the expanded use of the DocuWare document management system throughout URCA and that the system provider had conducted a training programme for employees in the usage of the system. The Board also initiated a system of cash flow projections whereby Executive Management must thrice-yearly provide Finance Officer with cash flow projections from their respective units in April, August and December of each year.
- Executive Management – The Board has been regularly updated and involved in significant Executive Management decisions, including strategic planning, as they arise during each month. In addition, during the quarter, the Board took steps to initiate a 360-degree assessment of the executives. The Board also agreed during the quarter to review with Executive Management the prioritisation of the project workload planned for 2013. Executive management also provided the Board with quarterly status reports on URCA projects as well as a status report on the implementation of the Internal Auditor's recommendations, part of which had been

delayed due to finalisation of a new IT service provider contract, and an update on the Request for Proposals for a panel of External Regulatory Consultants, which list the Board agreed to extend indefinitely until it is replaced. Similarly, the Board was apprised of efforts in drafting a Request for Proposals for External Auditors.

- Legal Matters – The Board was advised during the quarter on legal matters involving URCA:
 - The introduction in Parliament of a Bill to amend section 37 and to repeal section 40 the URCA Act whereby all year-end surplus revenues of URCA would be paid into the Consolidated Fund. The Board resolved to write to the Attorney General to explain the impact that the proposed amendment to the URCA Act would have on URCA’s finances and licence fee structure.
 - Notices of Appeal were received from Cable Bahamas that had been filed with the Utilities Appeal Tribunal (UAT) against URCA’s decision in ECS 02/2013 to reject the SuperBasic cable television price increase application and against URCA’s decision in ECS 01/2013 regarding the framework for the clarification and implementation of existing Universal Service Obligations. The Board was advised that the UAT does not have any rules in place specifying the appeal procedure nor has it ever provided URCA with its annual budget for the purposes of billing licensees for UAT Fees. The Board directed that external legal counsel should advise URCA on the merits of each of the appeals.
 - The Board was advised of steps taken through the Attorney General for the Governor-General to effect the reappointment of Mr. J. Paul Morgan as a Non-Executive Member of the Board under sections 44(4) and 18(4) of the URCA Act.
 - The Board requested that steps be taken through the Attorney General to have the Governor-General designate URCA as an ‘approved authority’ for the purposes of applying the Pension Act [Ch. 43] to URCA in respect of the pensions of public servants who transfer from the public service to URCA or vice versa.
 - The Board instructed General Counsel to take collection action for unpaid or underpaid Communications Licence Fees and URCA Fees owed by delinquent licensees.
 - During the quarter, the Board approved a new Conflict of Interest Declaration that was consistent with the terms of section 25 of the URCA Act.
 - The Board approved a travel policy for Non-Executive Board members whereby the Chairperson will approve non-Executive travel using current URCA forms.

- The Board was regularly updated on the status of dormant legal proceedings inherited by URCA from the Public Utilities Commission and efforts made to amicably resolve those proceedings where possible.
- Corporate and Consumer Relations – The Board was apprised that URCA now had a Facebook page, was preparing commercials and outreach programmes to the business community about number portability through a luncheon and that multiple activities were planned to publicise the URCA name and brand.
- Strategic Planning – During the quarter, Board members met with the Attorney General and discussed matters of mutual interest. The Board was advised that Executive Management had not been able to schedule meetings with the Prime Minister, the Minister of National Security or the Chairperson of the Broadcasting Corporation. Meanwhile, the Board agreed to move ahead to sign off on the proposed Strategic Plan in order that approved plan can properly serve as inputs to the 2014 Work Plan and Budget preparation. The Board was also advised of the outcome of a survey that would help URCA to better reach the public and agreed that as the results showed that over 50% of subscribers have complained to service providers, URCA could use the survey results to reach out to the public so as to build on consumer protection matters and other metrics such as the public consultations on the Consumer Protection Regulations and Number Portability. The Board also agreed that two college students from The Bahamas should attend the ITU Youth Symposium in Costa Rica in September.
- International Relations –The Board was apprised of discussions between URCA and the Caribbean Telecommunications Union (CTU) payment of dues owed to the CTU by The Bahamas and the country obtaining greater benefits out of its membership in the CTU. During the quarter, the Board was updated on the revenues and expenditures arising from the OOCUR Conference in Freeport and the amount owed to URCA by OOCUR. The Board was also advised of the successful facilitation the Government’s hosting of an annual International Telecommunication Union (ITU)/ International Telecommunications Satellite Organization (ITSO) Workshop held in Nassau. The Board also agreed that that URCA should join the Commonwealth Telecommunications Organisation (CTO) as a Sector member in order to take advantage of the many training opportunities offered.
- Annual Plan, Annual Report, Annual Audited Accounts and Annual Public Oral Hearing – During the quarter, the Board approved the 2012 audited accounts and approved publication of the audited accounts, Annual Plan and Annual Report. Board members represented URCA at the annual public oral hearing at the Harry C. Moore Library at The College of the Bahamas, afterwards discussing the outcome of

the meeting and ways in which future meetings could be improved, including incorporating it with another event and making it more interactive.

- IT Support Services – The Board approved Providence Technology Group Ltd. to serve as URCA’s IT Support Service Provider for three (3) years. The Board also directed that the IT Services Provider should provide URCA with information on the risks associated with the IT system and how they will be addressed.
- Risk Management Strategies – The Board directed the CEO to obtain quotes from insurers on various types of additional policies relevant to URCA’s operations. The Board also instructed management to review URCA’s Risk Assessment Matrix with the Internal Auditor and obtain his input during the third quarter of 2013 for the Audit Committee’s review.
- Licence Fees - The Board is regularly updated each month on various queries from licensees, and actions to resolve and collect URCA Fees, Spectrum Fees and/or Communications Licence Fees. During the quarter, the Board resolved to pursue collection against delinquent licensees and at the end of the process, engage with the Financial Secretary as to the next steps regarding revocation and other actions involving monies owed to the Government in Communications Licence Fees and Spectrum Fees.

4. Summary of Key Actions – Regulatory

- Local News Reports – The Board is regularly provided with various newspaper articles and comments that arose in the local press from URCA decisions and/or consultations during the period and, where necessary, press releases were issued to clarify URCA’s position on those issues. The Board is also provided with local newspaper articles, information and comments regarding developments in other sectors that URCA might regulate in the future.
- Jurisdictional Issues – During the quarter, the Board undertook to arrange a meeting with the Attorney General to discuss matters pertaining to URCA’s regulatory jurisdiction in the Port Area of Grand Bahama.
- Number Portability – The Board was updated on progress during the quarter regarding the technical and administrative issues affecting implementation of Number Portability in The Bahamas by URCA’s Number Portability Working Group, comprised of all major licensees, members of URCA’s staff and external advisors, with projected implementation forecast for the third quarter of 2013, as well as a full publicity programme for the three month period prior to launch to advise the

public on how the NP process works; after that period, operators could market the service to their customers.

- Electronic Communications Sector (ECS) Policy – The Board was updated on progress regarding submission of the draft Sector Policy document for 2013-2016 to the Prime Minister to satisfy the requirements of the Communications Act and advised that the Government had authorised a public consultation on the draft document, after which URCA is to submit a report on the recommendations to the Government.
- SMP Obligations – The Board was advised of completion of the public consultation on SMP in Call Termination that was published in May and that URCA would have to do another such consultation when the second mobile licence is granted.
- Retail Price Applications – The Board was informed that during the period, URCA approved two mobile special promotions involving BTC and also approved three of five landline bundles applied for by BTC. The Board was also advised that CBL had notified URCA of speed increases in internet services but the prices remained the same. Meanwhile, URCA is continuing to review amending the Retail Pricing Rules and four proposals were received to conduct market reviews.
- Access and Interconnection – The Board was notified that the mediation of a disagreement between SRG and BTC arising from the alleged blocking of cellular roaming traffic to The Bahamas was discontinued when CBL/SRG withdrew the mediation.
- Competition Matters – The Board was updated on the progress of the investigation of various complaints against licensees designated as having Significant Market Power, namely the calling card complaint by SRG against BTC, a complaint by BTC over CBL allegedly rejecting BTC's television advertisements and Jazztell's complaint about BTC allegedly blocking incoming roaming calls. The Board agreed that for the time being, URCA's policy should be that competition complaint should take precedence over project work.
- Spectrum Administration – The Board was advised of progress with the Government reviewing the draft National Spectrum Plan, the status of offers previously made for take-up in the 700 MHz band and URCA's publication of a Request for Proposals and selection of consultants to advise URCA on the pricing of spectrum.
- Content Regulation – The Board was apprised of complaints against broadcasters received by URCA during the quarter.

- Universal Service Obligations (USO) – The Board was advised that, following the publication of the Statement of Results and Final Decision on Universal Service Obligations earlier in the year, URCA was now focussing on a number of sub-projects that flowed out of the Final Decision, including drafting the USO Fund Rules; URCA was also to meet with CBL to discuss the channels to be included in the Basic Television Service package.
- Licensing, Investigations and Enforcement – The Board was informed of licensing activities, applications, investigations, enforcement and revocations during the quarter: 27 Class Spectrum Licences Requiring Registration, 1 Individual Operating Licence and 2 Individual Spectrum Licences, as well as 18 Type Approvals received and 20 approved. The Board was apprised of investigations arising out of network outages by both BTC and CBL during the quarter, particularly the licensees’ obligation to provide URCA with reports when such outages occur which was not being done in all cases. The Board was also advised of an investigation regarding radio interference received during the quarter.
- Numbering Administration – The Board was notified of URCA’s numbering administration activities and the review of numbering utilisation reports received from BTC and Cable Bahamas, as well as the fact that URCA was not currently in danger of exhausting numbers in the 242 area code.
- Consumer Protection – The Board was advised of publication of the draft Consumer Protection Regulations and a consumer-friendly version of the document, as well as the holding of town meetings in New Providence and various Family Isl.
- During the quarter covered by this report, the Board approved regulatory and other measures, including those that resulted in the following documents being published:
 - 1) Revised Public Register of Individual and Registered Class Licensees 16 May 2013
 - 2) Preliminary Determination on the Assessment of Significant Market Power in Call Termination Services in The Bahamas [ECS 06/2013] 17 May 2013
 - 3) Revised Public Register of Individual and Registered Class Licensees 31 May 2013
 - 4) Public Consultation on URCA’s Consumer Protection Regulations [ECS 07/2013] 10 June 2013

Dated: 24th day of April 2014

Vincent Wallace Whitfield
Secretary to the Board