



QUARTERLY REPORT OF THE BOARD

COVERING THE PERIOD 1 JULY – 30 SEPTEMBER 2013

ECS 08/2014

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 Third Quarter of 2013, covering the period 1 July to 30 September 2013. During the quarter under review, the Board had three meetings, on 23 July, 27 August and 18 September.

2. Summary of Key Actions – Audit Committee

- Committee Meetings – During the Third Quarter of 2013, the Audit Committee had two meetings, on 23 July and 27 August.
- Internal Audit function – The Audit Committee conducted an evaluation of the Internal Auditor’s effectiveness and concluded that URCA was getting value for money from the Internal Audit function. The Audit Committee agreed that an action plan was needed for the Internal Auditor to enable him to be involved in the annual audit and that an Internal Auditor’s Charter or Terms of Reference document was necessary to specify the functions, duties and responsibilities of the Internal Auditor. The Audit Committee also obtained updates from Executive Management on management’s implementation of the Internal Auditor’s recommendations. The Internal Auditor provided the Audit Committee with a report on his review/audit of the effectiveness of URCA’s internal controls over key systems and the management of risk during the quarter, particularly Staff Benefits, Expense Accounts and Hiring. The Audit Committee made recommendations to the Board for ways in which Executive Management should implement the Internal Auditor’s recommendations.
- Management Accounts – The Audit Committee reviewed URCA’s management accounts and financial performance for May and June 2013 and provided the Board with its comments and recommendations for the approval of those accounts. During August, the Audit 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 reviewed and discussed URCA’s cash flow projections to December, particularly in light of the Government’s policy on surplus funds following the amendment to the URCA Act.
- Audit Committee Self-Evaluation Exercise and Action Plan – The Audit Committee conducted a self-evaluation exercise for the purposes of compiling an action plan of its future activities.
- Evaluation of 2012 External Audit – The Audit Committee Chairperson, Chief Executive Officer and Finance Officer provided evaluation feedback on the

performance of the 2012 external audit which would be discussed with URCA's External Auditors.

- Risk Management – The Audit Committee, as part of 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, in conjunction with the Chief Executive Officer and Director of Policy & Regulation met with URCA's information technology provider, Providence Technology Group Ltd., during the Committee's August meeting to discuss, amongst other things, a disaster recovery plan, advice on new medium to long term technologies, perspectives on social media and its value to URCA, quarterly IT meetings, and input on the mitigation of IT risk. URCA was advised to upgrade its network servers and its operating systems due to its age and current technologies available.
- Audit Committee's Annual Report to the Board for 2012 – The Audit Committee completed its Annual Report to the Board for the 2012 fiscal year in accordance with section 33(2)(c) of the URCA Act and the report was published in July. The report addressed 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.
- Selection of External Auditors for 2013-2016 – The Audit Committee selected Deloitte & Touche as URCA's external auditors for 2013-2016 and submitted the selection to the Minister responsible for relations with URCA (the Attorney General) for approval in accordance with section 38(4)(b) of the URCA Act.

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 systems, and recruitment and restructuring exercises. The Board was advised that URCA had received the results of a comprehensive compensation survey conducted by a consultant company and Executive Management was reviewing the results before presenting the Board with its formal recommendations. The Board was notified that employees were assessed under the 2012 Performance Management System and would be assessed under the new Performance Management Framework from 1 July 2013. The Board was notified interviews were underway for the appointment of an Administrative Assistant and an ACO-Economics. The Board reviewed and approved a revision to the Sick Leave policy requiring employees to make a claim to National Insurance for the payment of extended benefits after seven days continuous sick leave. The Board was also notified that URCA had sought a proposal for upgrading its serve network from its IT

provider and that HRIS implementation was completed with reports being generated and employee self-service projected to come on stream during the quarter.

- Executive Management – The Board is 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, review and discuss the results of a 360-degree assessment of the Executive members. During the quarter, the Board also reviewed with Executive Management the prioritisation of the project workload planned for 2013 and received quarterly status reports on URCA projects as well as a status report on the implementation of the Internal Auditor’s recommendations on KPI measurement, collection procedures, information policies and procedures, website access, request for proposals for document management systems, hiring of Technical staff, a comprehensive Policy and Procedures Manual, Request for Proposals for purchasing procedures, messenger procedures and controls, NIB payments during sick leave, an electronic HR management system, physical counts of petty cash, access to online banking, pre-check register, monthly ACCPAC payroll reports, updating employee personnel files, filling vacancies in Policy & Regulation, policies and procedures governing the Policy & Regulation Unit, a central database for tracking achievement of targets under legislation and regulations, staff reporting lines, and medium and short term succession plans. Similarly, the Board was apprised of efforts in revising the staff Policies and Procedures Manual.
- Legal Matters – The Board was advised during the quarter on legal matters involving URCA:
 - The passage in Parliament of an Act to repeal and replace 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 was advised of efforts by URCA to meet with the Attorney General to discuss the impact that the amendments to the URCA Act would have on URCA’s finances and licence fee structure.
 - Judicial Review litigation that had been filed by a licensee 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 due to the Utilities Appeal Tribunal (UAT) not having made any progress on the appeals that the licensee had filed with the UAT in respect of the same matters.

- The Board was updated on steps taken by General Counsel to collect unpaid or underpaid Communications Licence Fees and URCA Fees owed by delinquent licensees.
 - The Board agreed that the General Counsel should review the statutes governing URCA to determine if amendments, revision and updating were necessary.
 - 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 of outreach programmes planned or undertaken by URCA during the quarter to publicise the URCA name and brand.
 - Strategic Planning – During the quarter, the Board was updated on Executive Management’s progress with the proposed Strategic Plan which would serve as inputs to the 2014 Work Plan and Budget preparation.
 - International Relations – The Board agreed that URCA would sponsor 2 college students to attend the ITU Youth Symposium in Costa Rica in September. The Board was notified during the quarter that URCA had made application to join the Commonwealth Telecommunications Organisation (CTO) as a Sector member in order to take advantage of the many training opportunities offered. The Board approved URCA’s participation in the IDB Harmonized Caribbean Spectrum Planning Project. The Board was advised that that OOCUR had sent the balance of monies due to URCA for the Annual Conference held in Freeport in 2012.
 - Document and Records Management – During the quarter, the Board discussed URCA’s document and records management systems and requested Executive Management to prepare a Request for Proposals for a consultant to review and make recommendations on the current systems.
 - Risk Management Strategies – The Board was advised of Executive Management’s progress with reviewing URCA’s Risk Assessment Matrix and the review of internal and external organisational Key Performance Indicators.
 - 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 also to 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 arise 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.
- 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 all major licensees, members of URCA’s staff and external advisors. The Board was notified of the technical and other delays encountered by one of the licensee’s that resulted in postponing the proposed implementation of number portability on 3rd September and instructed Executive Management to review the processes and actions leading to the delay to determine what if any levels of culpability apply to the defaulting operator so as to assist the Board in its continued deliberations on the matter.
- Electronic Communications Sector (ECS) Policy – The Board was updated on responses to the public consultation on the draft Sector Policy document for 2013-2016 and URCA’s preparation of recommendations to the Prime Minister arising out of the public consultation.
- Retail Price Applications – The Board was informed that before the close of the quarter, URCA received three special promotions and had completed the approval of two of them. The Board was also advised that URCA was continuing the Retail Pricing Rules and SMP market reviews, as well as reviewing BTC’s RAI0 rates following the conclusion of the public consultation on SMP in Call Termination, and conducting market surveys of the public and of licensees.
- Competition Matters – The Board was updated on the progress of the investigation of various complaints made against licensees designated as having Significant Market Power in the areas of calling cards, advertisements and the blocking of incoming roaming calls. The Board agreed that URCA would, in 2014, explore ways to determine if it was possible to streamline the investigation of competition complaints. The Board was advised that URCA was reviewing the interconnection

and access guidelines as operators should not be able to block each other's calls in the absence of a regulatory decision by URCA.

- Spectrum Administration – The Board was advised of progress with the Government regarding the draft National Spectrum Plan, the status of offers previously made for take-up of spectrum in the 700 MHz band, a planned review of the licensing guidelines in 2014 and URCA's selection of a consultant to advise URCA on the pricing of spectrum.
- Content Regulation – The Board was apprised of two complaints received against broadcasters received by URCA during the quarter and the investigations of the complaints.
- Universal Service Obligations (USO) – The Board was advised of the publication of the USO Fund Rules.
- Licensing, Investigations and Enforcement – The Board was informed of licensing activities, applications, investigations, enforcement and revocations during the quarter: 17 Class Spectrum Licences Requiring Registration and 4 Individual Spectrum Licences were issued, as well as 23 Type Approvals were received, 11 were approved and 2 were rejected.
- Numbering Administration – The Board was notified of URCA's numbering administration activities and the receipt of an application from a licensee for a block of 10,000 numbers.
- Consumer Protection – The Board was informed that the Minister for Grand Bahama offered to assist URCA in holding public meetings in Grand Bahama on the draft Consumer Protection Regulations. The Board was advised of the feedback received during public meetings in the Family Islands on the draft Consumer Protection Regulations, the specific problems identified by consumers in the Family Islands regarding payment processes, understaffing and other issues and that URCA was reviewing the responses to the public consultation at it prepared its Final Decision.
- 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) Public Consultation on Draft Electronic Communications Sector Policy for 2013-2016 [ECS 10/2013] 3 July 2013
 - 2) Revised Public Register of Individual and Registered Class Licensees 30 July 2013
 - 3) Preliminary Determination for the implementation of Fixed 30 July 2013

- Number Portability in The Bahamas [ECS 11/2013]
- 4) Public Register of Individual and Registered Class Licensees revised to 30 July 2013 30 July 2013
 - 5) 2012 Audit Committee Annual Report to the Board [ECS 12/2013] 15 August 2013
 - 6) Statement of Results and Final Determination on the Assessment of Significant Market Power in Call Termination Services in The Bahamas [ECS 13/2013] 22 August 2013

Dated: 24th day of April 2014

Vincent Wallace Whitfield
Secretary to the Board