

High Cost Program

COMMON AUDIT FINDINGS

- Billing system report and/or subscriber listing does not agree to the line counts reported to NECA/USAC.
- Line counts were reported in an incorrect or ineligible wire center, study area, or zone.
- Line counts were assigned to the wrong ILEC or not in accordance with the ILEC's disaggregation plan.
- Non-revenue producing and/or non-working loops were reported in the line count filing.
- Subscriber lines were misclassified as residential, single line business, or multi-line business.
- Line counts, revenues (e.g., Common Line, Subscriber Line Charge), and access minutes were reported on a cycle basis and not as required by the FCC rules.
- No or inadequate documentation was reported to support allocation methodology (factors) or it is not based on cost causative factors.
- Non-regulated assets or expenses were reported on the FCC High Cost Program forms.
- Fixed asset and expense amounts were categorized and/or capitalized incorrectly.
- No or inadequate documentation was reported to support the amounts reported on the FCC High Cost Program forms (e.g., affiliate transactions such as allocation methodology, valuation, etc.), cost study adjustments, deferred tax amounts, accumulated depreciation, depreciation, fixed assets (lack of Continuing Property Records) relating to central office equipment and/or cable and wire facilities, expenses, access minutes, exchanges, revenues, etc.).
- The amounts reported on the FCC High Cost Program forms (fixed assets, expenses, benefits and rents, minutes of use, number of exchanges, deferred taxes, depreciation, accumulated depreciation, etc.) do not agree with supporting documentation (e.g., trial balance, cost studies, access minutes report, etc.).
- The amounts reported on the Interstate Access Support forms do not agree to supporting documentation (i.e., federal tariff and related workbooks, state approval letters, etc.).

STEPS TO MINIMIZE AUDIT FINDINGS

- Retain appropriate and adequate documentation to support filings
- Review data reported for accuracy prior to its submission to USAC
- Report data in a timely manner