

<u>NAME</u>	<u>COMPANY</u>
Murphy, Tom	USAC
Nuzzo, Patsy	USAC
Powell, Emily	USAC
Ruffley, Brandon	USAC
Salvator, Charles	USAC
Skadin, Andy	FCC
Smith, Chris	USAC
Smith, Mike – <i>by telephone</i>	DP George

ACTION ITEMS:

- a1. Approval of Audit Committee Meeting Minutes of April 22, 2013.** On a motion duly made and seconded, the Committee approved the minutes, as written, of the Committee meeting of April 22, 2013.

- a2. Recommendation for Annual Election of Committee Chair and Vice Chair.** Dr. Talbott presented this item to the Committee.

On a motion duly made and seconded and after discussion, the Committee adopted the following resolution:

RESOLVED, that the USAC Schools & Libraries Committee recommends that the USAC Board of Directors elect **Joseph Gillan** as Chair and **Jose Jimenez** as Vice Chair of the Committee for a term that begins immediately upon the adoption of this resolution by the Board and ends when a successor to the Chair and/or Vice Chair has been elected, when the Chair or Vice Chair resigns from the Committee or the Board, is removed by resolution of the Board, or is no longer a member of the Board.

- a3. Action on Two USAC Internal Audit Division USAC Information Technology Division Operational Audit Reports.** Mr. Scott presented this item for discussion.

On a motion duly made and seconded and after discussion, the Committee adopted the following resolution:

RESOLVED, that the USAC Audit Committee, having reviewed the USAC Internal Audit Division USAC Information Technology Division Access Control Audit Report labeled US2012OP003 and Personnel Security Audit Report labeled US2012OP004, together with management's responses thereto, accepts the recommendations of the USAC Executive Committee and USAC management and hereby deems the reports final.

- a4. Acceptance of USAC's 2012 Annual Financial Audit and Agreed-Upon Procedures Review.** Mr. Scott presented this item to the Committee. Mr.

Dewey George, Managing Partner and Mr. Mike Smith, Engagement Partner of DP George and Company, LLC presented the results of USAC's annual financial audit and agreed-upon procedures review to the Committee.

On a motion duly made and seconded and after discussion, the Committee adopted the following resolution:

RESOLVED, that the USAC Audit Committee, having reviewed the USAC 2012 Financial Audit Report as submitted by DP George and Company LLC, hereby deems the report final; and

RESOLVED FURTHER, that the USAC Audit Committee, having reviewed the USAC 2012 Agreed-Upon Procedures Review Report as submitted by DP George and Company LLC, hereby deems such report final.

- a5. Miscellaneous. Solicit ideas for the October 2013 Committee Meeting Agenda.** Mr. Gillan reminded members that they may offer suggestions for agenda items at each quarterly meeting. Ideas may be submitted to Mr. Gillan, Mr. Barash or Mr. Scott between quarterly meetings.

INFORMATION ITEMS:

- i1. USAC Internal Audit Division Audit Update.** Mr. Scott presented this item for discussion.
- i2. Quarterly Summary of Audit Reports Finalized at Board and Committee Meetings.** Mr. Scott presented this item for discussion.
- i3. Audit Committee Executive Session with USAC's Independent Audit Firm – DP George & Company.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that this matter be discussed in *Executive Session* pursuant to the guidelines in the approved Audit Committee Charter, which states:

The Committee shall, at least annually and at such other times as the Committee deems necessary, separately meet with USAC management, the Vice President of Internal Audit, and representatives of each independent auditing firm retained by USAC to discuss any matters that either the Committee or any of these groups believes *should be discussed privately*.

At 4:26 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purpose of discussing the confidential and proprietary item noted above.

EXECUTIVE SESSION:

- i5. Audit Committee Executive Session with USAC's Independent Audit Firm – DP George & Company.** The committee met with representatives of DP George and Company, LLC.

At 4:45 p.m. Eastern Time, the Committee moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Mr. Gillan reported that in *Executive Session*, the Committee discussed item i5 above. On a motion duly made and seconded, the Committee adjourned at 4:46 p.m. Eastern Time.

/s/ David A. Capozzi
Assistant Secretary

**Universal Service Administrative Company
Audit Committee Quarterly Meeting
Agenda**

Monday, October 28, 2013 <i>Immediately following Schools & Libraries Committee Meeting</i> USAC Offices 2000 L Street, NW, Suite 200 Washington, D.C.
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<u>ACTION ITEMS</u>
a1. Approval of Audit Committee Meeting Minutes of July 29, 2013
a2. Acceptance of the Annual Assessment by the USAC Internal Audit Division of the Independence and Financial Literacy of the USAC Audit Committee Members
a3. Annual Review of the Internal Audit Charter; the Organizational Structure, Budget, and Activities of the Internal Audit Division; and Significant Changes to the Internal Audit Plan
a4. Annual Review of the Effectiveness of the Company's Process for Assessing Significant Risks and Exposures and the Steps Management Has Taken to Minimize Such Risks and Exposures
a5. Annual Review of the Adequacy of USAC's System of Internal Controls
a6. Miscellaneous. Solicit ideas for the January 2014 Committee meeting agenda.

<u>INFORMATION ITEMS</u>
i1. USAC Internal Audit Division Audit Update – <i>Executive Session Option</i> <i>Same as iBOD04</i>
i2. Semiannual Status Report on Actions Taken on Final USAC Audits – <i>Executive Session Option</i> <i>Same as iBOD05</i>
i3. USAC Internal Audit Division Peer Review Report
i4. Distribution of Materials on Audit Committee Best Practices
i5. Miscellaneous

Next Scheduled Quarterly USAC Audit Committee Meeting

Monday, January 27, 2014 Immediately following Schools & Libraries Committee Meeting USAC Offices, Washington, D.C.
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UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
2000 L Street, N.W., Suite 200
Washington, D.C. 20036

AUDIT COMMITTEE MEETING
Monday, October 28, 2013

MINUTES

The quarterly meeting of the Audit Committee (Committee) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Monday, October 28, 2013. Mr. Joseph Gillan, Committee Chair, called the meeting to order at 3:01 p.m. Eastern Time, with four of the five Committee members present:

Campbell, Anne
Feiss, Geoff

Gillan, Joe – Chair
Jimenez, Jose – Vice Chair

Members of the Committee not present:

Talbott, Dr. Brian

Other Board of Directors (Board) members and officers of the corporation present:

Barash, Scott – Acting Chief Executive Officer
Belden, Richard – Chief Operating Office
Blackwell, Mel – Vice President, Schools & Libraries Division
Case, Dave – Vice President of Finance, Chief Financial Officer and Assistant Treasurer
Capozzi, David – Acting General Counsel and Assistant Secretary
Greiner, Colleen – Vice President and Chief Information Officer
Scott, Wayne – Vice President of Internal Audit
Wein, Olivia – Member of the Board

Others present for the meeting:

<u>NAME</u>	<u>COMPANY</u>
Carpenter, Nikki-Blair	USAC
Caruso, Michael	USAC
Crowe, Jennifer	USAC
Delmar, Teleshia	USAC
Desrocher, Mike	USAC
Fischer, Dennis	USAC
Goode, Vernell	USAC
Guinan, Gabriela	USAC
Hughet, Pamela	USAC
Nuzzo, Patsy	USAC

<u>NAME</u>	<u>COMPANY</u>
Ruffley, Brandon	USAC
Salvator, Charles	USAC
Smith, Chris	USAC
Spade, Gina – <i>by telephone</i>	FCC
Stankus, Paul	CSM

ACTION ITEMS:

- a1. Approval of Audit Committee Meeting Minutes of July 29, 2013.** On a motion duly made and seconded, the Committee approved the minutes as written of the Committee meeting of July 29, 2013.
- a2. Acceptance of the Annual Assessment by the USAC Internal Audit Division of the Independence and Financial Literacy of the USAC Audit Committee Members.** Mr. Scott presented this item for discussion.

On a motion duly made and seconded and after discussion, the Committee adopted the following resolution:

RESOLVED, that the USAC Audit Committee accepts the assessment made by the USAC Internal Audit Division and agrees that the Audit Committee is adequately staffed with independent members and has a sufficient level of financial expertise.

- a3. Annual Review of the Internal Audit Charter; the Organizational Structure, Budget, and Activities of the Internal Audit Division; and Significant Changes to the Internal Audit Plan.** Mr. Scott presented this item for discussion.

On a motion duly made and seconded and after discussion, the Committee adopted the following resolution:

RESOLVED, that the USAC Audit Committee, having reviewed the current Internal Audit Charter, as presented by USAC Internal Audit Division staff, reaffirms its approval of the October 29, 2012 Internal Audit Charter.

- a4. Annual Review of the Effectiveness of the Company's Process for Assessing Significant Risks and Exposures and the Steps Management Has Taken to Minimize Such Risks and Exposures.** Mr. Scott presented this item for discussion.

On a motion duly made and seconded and after discussion, the Committee adopted the following resolution:

RESOLVED, that the USAC Audit Committee accepts the USAC Internal Audit Division's review of the effectiveness of the Company's process for assessing significant risks and exposures, and the steps management has taken to minimize such risks and exposures.

- a5. Annual Review of the Adequacy of USAC's System of Internal Controls.** Mr. Scott presented this item for discussion.

On a motion duly made and seconded and after discussion, the Committee adopted the following resolution:

RESOLVED, that the USAC Audit Committee accepts the review of the adequacy of USAC's system of internal controls performed by the USAC Internal Audit Division.

- a6. Miscellaneous. Solicit ideas for the January 2014 Committee Meeting Agenda.** Mr. Gillan reminded members of the Committee that they may offer suggestions for agenda items at each quarterly meeting. Ideas may be submitted to Mr. Gillan, Mr. Barash or Mr. Scott between quarterly meetings.

INFORMATION ITEMS:

- i1. USAC Internal Audit Division Audit Update.** Mr. Scott presented this item for discussion.
- i2. Semiannual Status Report on Actions Taken on Final USAC Audits.** Mr. Scott presented this item for discussion.
- i3. USAC Internal Audit Division Peer Review Report.** Mr. Scott presented this item for discussion.
- i4. Distribution of Materials on Audit Committee Best Practices.** Mr. Scott presented this item for discussion.

On a motion duly made and seconded, the Committee adjourned at 3:50 p.m. Eastern Time.

/s/ David A. Capozzi
Assistant Secretary