



Schools and Libraries Committee Meeting

Audit Reports Briefing Book

Thursday, April 20, 2023

Available For Public Use

Universal Service Administrative Company Offices

700 12th Street NW, Suite 900

Washington, DC, 20005

Summary of Schools and Libraries Support Mechanism Beneficiary Audit Report Released: February 2023.

Entity Name	Number of Findings	Significant Findings	Amount of Support	Monetary Effect	USAC Management Recovery Action	Commitment Adjustment	Entity Disagreement
Riverside Unified School District Attachment A	0	<ul style="list-style-type: none"> Not applicable. 	\$710,563	\$0	\$0	\$0	N/A
Total	0		\$710,563	\$0	\$0	\$0	

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Attachment A

SL2022LR030

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UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

PERFORMANCE AUDIT

RIVERSIDE UNIFIED SCHOOL DISTRICT

**COMPLIANCE WITH THE FEDERAL UNIVERSAL SERVICE FUND
E-RATE SUPPORT MECHANISM RULES**

USAC AUDIT No. SL2022LR030

Cotton

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**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
RIVERSIDE UNIFIED SCHOOL DISTRICT
COMPLIANCE WITH THE FEDERAL UNIVERSAL SERVICE FUND
E-RATE SUPPORT MECHANISM RULES**

Executive Summary

January 20, 2023

Ms. Teleshia Delmar, Vice President – Audit and Assurance Division
Universal Service Administrative Company
700 12th Street, N.W., Suite 900
Washington, DC 20005

Dear Ms. Delmar:

Cotton & Company Assurance and Advisory, LLC (referred to as “we”) audited the compliance of Riverside Unified School District (Beneficiary), Billed Entity Number (BEN) 143748, using regulations and orders governing the federal Universal Service E-Rate program, set forth in 47 C.F.R. Part 54, as well as other program requirements (collectively, Federal Communications Commission [FCC] Rules). Compliance with FCC Rules is the responsibility of Beneficiary management. Our responsibility is to make a determination regarding the Beneficiary’s compliance with FCC Rules based on our audit.

We conducted this performance audit in accordance with our contract with the Universal Service Administrative Company (USAC) and Generally Accepted Government Auditing Standards, issued by the Comptroller General of the United States (2018 Revision). Those standards require that we plan and perform the audit to obtain sufficient appropriate evidence to provide a reasonable basis for our findings and conclusions based on the audit objectives. The audit included examining, on a test basis: 1) evidence supporting the competitive bidding process undertaken to select service providers, and 2) data used to calculate the discount percentage and the type and amount of services received. It also included performing other procedures we considered necessary to make a determination regarding the Beneficiary’s compliance with FCC Rules. The evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives.

Certain information may have been omitted from this report concerning communications with USAC management or other officials and/or details about internal operating processes or investigations. This report is intended solely for the use of USAC, the Beneficiary, and the FCC and should not be used by those who have not agreed to the procedures and accepted

responsibility for ensuring that those procedures are sufficient for their purposes. This report is not confidential and may be released to a third party upon request.

Audit Results

Based on the test work performed, our examination did not disclose any areas of non-compliance with FCC Rules that were in effect during the audit period.

Purpose, Background, Scope, and Procedures

The purpose of the audit was to determine whether the Beneficiary complied with FCC Rules for Funding Year (FY) 2020. The Beneficiary is a school district located in Riverside County, California, that serves more than 39,000 students.

The following chart summarizes the E-Rate program support amounts committed and disbursed to the Beneficiary for FY 2020 as of June 7, 2022, the date that our audit commenced.

Service Type	Amount Committed	Amount Disbursed
Internet Access	\$821,866	\$710,563
Internal Connections	\$6,108,589	\$0
Total	<u>\$6,930,455</u>	<u>\$710,563</u>

The “amount committed” total represents two FCC Form 471 *Description of Services Ordered and Certification* applications submitted by the Beneficiary for FY 2020 that resulted in six Funding Request Numbers (FRNs). We selected a sample of three of the FRNs, which represents \$4,338,916 of the funds committed and \$710,563 of the funds disbursed during the audit period. Using this sample, we performed the audit procedures enumerated below.

A. Application Process

We obtained an understanding of the Beneficiary’s processes relating to the E-Rate program. Specifically, to determine if the Beneficiary used the funding in accordance with FCC Rules, we examined documentation to verify whether the Beneficiary used the funding effectively and whether it had adequate controls in place. We performed inquiries and inspection of documentation to determine whether the Beneficiary was eligible to receive funds and had the necessary resources to support the services for which it requested funding. We also conducted inquiries to obtain an understanding of the process the Beneficiary used to calculate its discount percentage and validated the accuracy of the discount percentage.

B. Competitive Bid Process

We obtained and examined documentation to determine whether the Beneficiary: 1) properly evaluated all bids received, and 2) primarily considered the price of the eligible services and goods in selecting the service provider. We also obtained and examined evidence that the Beneficiary waited the required 28 days from the date the FCC Form 470 was posted on USAC’s website before signing contracts with the selected service providers.

C. Invoicing Process

We obtained and examined invoices for which USAC disbursed payment to determine whether the services identified on the FCC Form 474s, *Service Provider Invoices (SPIs)*, and corresponding service provider bills were consistent with the terms and specifications of the service provider agreements. We also examined documentation to determine whether the Beneficiary paid its non-discounted share in a timely manner.

D. Beneficiary Location

We conducted inquiries to determine whether the services were located in eligible facilities and used in accordance with FCC Rules. We evaluated whether the Beneficiary had the necessary resources to support the equipment and services for which it requested funding and evaluated the cost-effectiveness of the equipment and services purchased to determine whether the Beneficiary used the funding in an effective manner.

E. Reimbursement Process

We obtained and examined service invoices that the service provider submitted to USAC for reimbursement and performed procedures to determine whether the service provider had properly invoiced USAC. Specifically, we reviewed invoices associated with the SPI forms for services provided to the Beneficiary. We verified that the services identified on the SPI forms and corresponding service provider bills were consistent with the terms and specifications of the service provider agreements and were eligible in accordance with the E-Rate Program Eligible Services List.

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