USAC REQUEST FOR PROPOSALS FOR

Lifeline Risk Assessment

SOLICITATION INFORMATION:

Solicitation Number: LI-17-124
Award Effective Date: TBD, 2017
Contract Period of Performance- Base Year: TBD

CONTRACT TO BE ISSUED BY:

Universal Service Administrative Co.
700 12th Street NW
Suite 900
Washington, DC 20005

CONTACT INFORMATION:

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Offeror Name: ___________________
Offeror POC: ___________________
Title of Offeror POC: _______________
Phone: ___________________
Email: ____________________

OFFEROR NAME AND SIGNATURE:

Offeror Contact Signature: ____________________________ Date Signed: _____________
Printed Name: ___________________________________________________________________

UNIVERSAL SERVICE ADMINISTRATIVE CO. SIGNATURE:

USAC Contracting Official Signature: ____________________ Date Signed: _____________
Printed Name and Title of Contact: ___________________________________________________________________
SECTION A:
ABOUT US AND THE WORK

I. OVERVIEW OF THE PROJECT

The Universal Service Administrative Co. (USAC) is dedicated to achieving universal service. This important principle suggests that all Americans deserve accessible, affordable and pervasive telephone and internet services. Our company is in the midst of a dramatic transformation to ensure that we are configured to achieve this goal.

We are seeking a best-in-class, company to assess the risks in the Lifeline program and recommend mitigations and improvements.

II. WHY USAC EXISTS

USAC’s reason for existence is to ensure that access to telecommunications and broadband is available to all Americans. We administer the universal service fund, some $10 billion that goes to the companies and institutions that make this possible. Despite pervasive connectivity in most urban areas in the United States, as of January 2016, the FCC estimated that nearly 55 million Americans across the country had no access to broadband services. The funds we administer exist to fill these gaps in access.

We help deliver funding through four programs that are focused specifically on places where broadband and connectivity needs are not being met.

- The E-rate Program focuses on schools and libraries. School children and libraries should be at the forefront of digital learning, in spite of decreasing budgets.
- The Rural Health Care Program supports health care providers in rural areas who rely on telemedicine to provide care to their community.
- The Lifeline Program supports the millions of households across the country that cannot afford communications services. This program helps ensure they have access to essential phone and broadband internet access service.
- The High Cost Program works with telecommunications providers to wire areas of the country where costs are prohibitive.

USAC connects funds that enable these communities to have the opportunity to be a part of the same network system those in urban areas or well-funded school districts and health care systems take for granted. These funds fill an incredibly important gap in the market.

III. HOW IT WORKS

The universal service fund was established by the FCC in the implementation of the Telecommunications Act of 1996. Through this act, telecommunications carriers who provide interstate and international calls are required to contribute a percentage of their revenues to the universal service fund. The FCC is charged with making policy that ensures that the funds are distributed in a way that helps achieve this goal.

USAC collects these funds and manages their disbursement to companies and institutions that ensure that telephony and internet services are delivered in the programs described above. USAC’s role is to disburse these funds in such a way that we maximize connectivity but minimize waste, fraud and abuse of these resources.
IV. CURRENT STATE

Established in 1985, the Lifeline program of the USF provides discounted mobile and fixed telephone and broadband internet access services to approximately 11 million low income households in 56 states and U.S. territories. Because of the Lifeline Modernization Order, the Lifeline program is in the midst of dramatic transformation with the creation of a neutral third party national Lifeline eligibility verifier ("National Verifier", "National Verifier Solution" or "NV Solution"), to assume responsibility from service providers who perform eligibility verification processes today. With the creation of the National Verifier, a number of existing Lifeline processes will remain in place, many will be redesigned, and entirely new processes will be developed. This is a unique point in time to re-assess the design, implementation, and operation of the Lifeline program through a risk assessment.

V. THE SOLUTION

Contractor shall perform and complete a risk assessment to evaluate the design, implementation and operation of the internal controls for the Lifeline program using the components, principles, and attributes found in the United States Government Accountability Office (GAO) Standards for Internal Control in the Federal Government, GAO-14-704G (Green Book), USAC seeks an experienced vendor with whom to collaborate in identifying opportunities for improvement in the program, and to set forth a thoughtful path for the reformed program. In addition, this assessment will address recommendations from the GAO Reports 11-11; 15-335; and 15-638T (available at, http://www.gao.gov/index.html).

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1 Lifeline and Link Up Reform and Modernization, Telecommunications Carriers Eligible for Universal Service Support, Connect America Fund, WC Docket No. 11-42 et al., Third Report and Order, Further Report and Order on Reconsideration, 2016 WL 1706939 (April 27, 2016) (Lifeline Modernization Order).
SECTION B:
Requirements and Scope of Work

I. OVERVIEW
USAC is seeking a single contractor (Contractor) to perform a risk assessment, conduct internal control testing, and recommend improvements to design, implementation, and operation of the Lifeline program. The Contractor shall address all aspects of the Green Book principles, regardless of whether they are explicitly stated in this statement of work. Given that the Lifeline program is in a state of transition related to the National Verifier, we request that the work performed be organized as follows, which is specified in more detail in the Performance Requirements section below.

II. TYPE OF CONTRACT
The contract to be awarded pursuant to this RFP (Contract) to the selected contractor (Contractor) will be a firm fixed price single-award contract (“Contract”). The firm fixed price for the work (total project and all line items) is to be set forth in Attachment 1 to the Contract. The firm fixed price is to include all direct and indirect costs set forth in this Section B, including equipment, product support, supplies, general and administrative expenses, overhead, materials, travel, labor, taxes (including use and sales taxes), shipping, and profit. USAC will not reimburse Contractor for any travel related expenses.

III. CONTRACT TERM
The period of performance for the Contract is eight (8) months (“Term”). The Term of this Contract shall commence on or around November 15, 2017 and shall expire at the end of the then current one-year period, unless extended by USAC.

Proposal to Address Time Line: The anticipated start date for Risk Assessment (Phase 1) is November 15, 2017. Testing (Phase 2) may not commence prior to April 2018. Phase 3 is to commence following completion of Phase 2. See B.VII below. Offeror’s Proposal must include a timeline for completing each of the work scope services.

IV. WHERE THE WORK TAKES PLACE
All required Contract services must be performed within the United States. The Contract kick-off meeting will be held at USAC’s headquarters at 700 12th Street NW, Suite 900, Washington, DC 20005 (“USAC headquarters”). Work on required services and deliverables may be completed primarily at the Contractor’s facilities; however, Contractor may be required to perform a portion of the work at USAC’s headquarters. USAC shall provide appropriate work space for duties performed at USAC headquarters. Contractor personnel working onsite at USAC shall comply with USAC’s standard workplace rules and policies, and will only be allowed onsite during USAC’s normal business hours, unless otherwise agreed to in advance. Contractor personnel working or visiting onsite will be required to complete the USAC Visitor Form, and wear a badge while on USAC premises.

The project kick-off meeting will be held at USAC’s headquarters. See § B.IX below, for further description of project kick-off meeting. Status and other meetings may be held telephonically or in person, at USAC’s discretion. USAC will not reimburse Contractor for any travel related expenses for kick-off, status, and other meetings.

V. COMPANY PROFILE
USAC is a not-for-profit Delaware corporation, which works under the oversight of the Federal Communications Commission (FCC). USAC is not a federal agency, a government corporation, a government controlled corporation or other establishment in the Executive Branch of the United States Government. USAC is not a contractor to the Federal Government. The Contract awarded as a result of this RFP will not be a subcontract under a Federal prime contract. USAC does, however, conduct its procurements in accordance with the terms of a Memorandum of Understanding with the FCC, which requires USAC to adhere to the following provisions from the Code of Federal Regulations: 2 C.F.R. §§ 200.318-321; 200.323; 200.325-326 and App. II to C.F.R. Part 200 (collectively “Procurement Regulations”).

VI. PERFORMANCE REQUIREMENTS – GENERAL PROVISIONS

A. Performance Standard. Contractor shall perform the Lifeline Risk Assessment services in accordance with the terms, conditions, specifications and timeframes of the Contract, and consistent with industry-best practices for similarly situated companies performing similar services and providing similar deliverables. (“Performance Standard”).

B. Green Book. Contractor shall perform and complete a risk assessment to evaluate the design, implementation and operation of the internal controls for the Lifeline program using the components, principles, and attributes found in the United States Government Accountability Office (GAO), Standards for Internal Control in the Federal Government, GAO-14-704G, which is also known as the “Green Book.” Although outlined herein, Contractor shall address all aspects of the Green Book principles, regardless of whether they are explicitly stated in this Section B.

C. Experience. Contractor shall have a thorough background of Risk Assessment experience.

D. Collaboration. Contractor shall work collaboratively with USAC during Contract performance in accordance with the requirements of the Contract.

E. Format for Deliverables. Contractor shall provide, in electronic format, complete copies of all reports, working papers or other documents required by the Contract, and related background and supporting materials. The electronic format to be used shall be as specified by USAC, but shall be a standard format such as Word, Excel, or Adobe PDF. Contractor shall not encrypt or password protect any information, data, documents and files provided in electronic form, unless directed by USAC to do so.

F. Lifeline Risk Assessment Components. Contractor is responsible for Lifeline Risk Assessment Phases 1, 2, and 3 as outlined in this Section B.VI, and in Section B.VII. Given the transformative nature of the Lifeline Program, the work will be divided into three phases:

1. Phase I – Begins upon the effective date of the contract. The Lifeline Risk Assessment will address the principles within the Control Environment, Risk Assessment, Information and Communication, and Monitoring components. Phase I will cover existing functions that will continue with the implementation of the National Verifier, and the planned future functions with the implementation of the National Verifier. The risk assessment will not cover functions that are being eliminated as a result of the National Verifier. Functions relevant to the risk assessment are detailed later. Identified Risks shall be classified as Low, Med-Low, Med, Med-High, and High.
2. Phase II – Begins in April 2018. The Internal Controls Assessment will address the Control Activities component. Because Phase II requires testing of existing controls, it cannot begin until the initial implementation of the National Verifier, and until such time that a reasonable number of transactions will have occurred to create a sample for testing. Functions relevant to the internal controls assessment are detailed later. For Med-High and High risk areas identified in the risk assessment phase, Contractor shall identify and test the design and operating effectiveness of the preventive and detective internal controls currently in place for the Lifeline program and evaluate whether they sufficiently mitigate risk and whether they need to be added to, removed, or modified.

3. Phase III – The Recommendation of Future Evaluation will provide a proposed approach for an outside, independent, third-party evaluator to complete an evaluation of the newly reformed Lifeline program, as required by the Lifeline Modernization Order. This recommendation will serve as a starting point for an eventual procurement of such an evaluation to be conducted in the future.

VII. SERVICES

A. Contractor shall address recommendations from the GAO Reports 11-11; 15-335; and 15-638T, as set forth below (available at, http://www.gao.gov/index.html). Services include, as recommended by the GAO Report GAO-11-11, identifying and evaluating all program vulnerabilities and risks that threaten the achievement of the Lifeline program objectives and provide specific, focused recommendations to mitigate those risks.

Throughout the assessment, the term “FCC program goals” relates to performance goals stated in the Lifeline Reform Order and Lifeline Modernization Order:

1. Ensure the availability of voice service for low-income Americans
2. Ensure the availability of broadband service for low-income Americans
3. Minimize the contribution burden on consumers and businesses
4. Ensure the National Verifier meets these three objectives
   a. Reduce waste, fraud, and abuse
   b. Reduce costs to Lifeline providers
   c. Facilitate consumer choice and improve the enrollment process

B. Throughout the assessment, the term “USAC administrative objectives” relates to those stated below:

1. Effectively manage and mitigate the risk of fraud, waste, and abuse to the program by both internal and external parties.
2. Ensure that households receive no more than one Lifeline benefit.

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3. Collect, enter, process, and maintain information from program participants in an accurate and timely manner in the Low Income systems.
4. Produce accurate and timely disbursements.
5. Disburse only to eligible ETCs (Eligible Telecommunications Carriers).
6. Protect personally identifiable information handled by systems and by human processes.

C. Contractor shall evaluate the existing design of the Lifeline program as a whole, including the roles of the Federal Communications Commission, states, states that do not participate in the National Lifeline Accountability Database (i.e. Opt-Out states), USAC, qualifying low-income consumers as beneficiaries, and Lifeline ETCs.

D. Contractor shall evaluate whether the Lifeline program achieves the objectives of the components, principles, and attributes in the GAO Green Book.

E. Contractor shall test whether there are processes in place for each component, principle and attribute, and shall test whether the Lifeline program achieves the objectives of each component, principle and attribute. In addition, Contractor shall note where processes are not documented in policies and/or procedures.

F. Contractor shall begin performance no later than five business days following USAC’s approval of the project plan for Phase I. Due dates for all other deliverables herein are based on calendar days.

PHASE 1: LIFELINE RISK ASSESSMENT

The Lifeline Risk Assessment will address the principles within the Control Environment, Risk Assessment, Information and Communication, and Monitoring components. Phase II will require an internal control assessment and will address the Control Activities component. The Green Book Principles are grouped together below by these categories and phased priorities, and are therefore not in numeric order. In addition, this assessment will address recommendations from the GAO Reports 11-11; 15-335; and 15-638T (available at, http://www.gao.gov/index.html).

A. Risk Assessment Component

1. Principle 6 – Define Objectives and Risk Tolerance

   a. Contractor shall review the three most recent risk assessments of the Lifeline program performed by USAC, which include a fraud risk assessments, and shall confer with the USAC personnel who conducted the assessments.

   b. As directed in the Green Book, the Contractor shall evaluate whether and how the FCC and USAC define program objectives to effectively enable the identification of risks and define risk tolerances. This includes the FCC program goals and USAC administrative objectives. The Contractor shall propose a framework that the FCC and USAC may use to conduct future risk assessments.

2. Principle 7 – Identify, Analyze, and Respond to Risks

   a. As directed in the Green Book, the Contractor shall evaluate whether and how the FCC and USAC identify, analyze and respond to risks related to achieving the defined FCC program
goals and USAC administrative objectives.

b. Contractor shall identify and analyze the likelihood and impact of all risks in the Lifeline program. The Contractor’s evaluation of risks shall include, but is not limited to, assessment of the following activities.

i. **Determination of Lifeline Eligibility for Potential Non-Tribal and Tribal Subscribers.** This function is changing as a result of the National Verifier. Contractor shall identify and evaluate risks associated with contemplated future processes for determinations of eligibility. In discussing the risks, the Contractor shall identify the rules, policies, and procedures governing the eligibility determination of non-Tribal and Tribal subscribers.

ii. **Certification and Recertification of Lifeline for both non-Tribal and Tribal subscribers.** This function is changing as a result of the National Verifier. Contractor shall identify and evaluate risks associated with contemplated future processes for certification and recertification of low-income consumers, including de-enrollment for failure to recertify. In discussing the risks, the Contractor shall identify the rules, policies, and procedures governing subscriber certification and recertification of non-Tribal and Tribal subscribers of the Lifeline program.

iii. **USAC Recertification for both non-Tribal and Tribal customers.** As the National Verifier is implemented, USAC will continue to perform recertifications upon request for ETCs that request these services. Contractor shall identify and evaluate risks associated with USAC performing annual subscriber recertification for ETCs that request these services prior to implementation of the National Verifier, including de-enrollment for failure to recertify. The Contractor shall review both processes and procedures for USAC and its third party vendor that performs the majority of the recertification form processing.

iv. **Annual ETC Reporting on FCC Form 555.** Contractor shall identify and evaluate risks associated with reporting by ETCs. In discussing the risks, the Contractor shall include a discussion of the rules and procedures related to recertification and non-usage reporting and the information requested by the FCC Form 555.

v. **ETC Claims for Reimbursement from the Universal Service Fund.** This function is changing as a result of the National Verifier. Contractor shall identify and evaluate risks associated with contemplated future processes for the number of Tribal and non-Tribal subscribers served by an ETC to be calculated. In discussing the risks, the Contractor shall include a discussion of the rules, procedures, and directives governing subscriber claims.

vi. **Reimbursement from the Universal Service Fund.** Contractor shall identify and evaluate risks associated with USAC’s calculation and authorization of reimbursements to ETCs based on the claimed Tribal and non-Tribal subscribers. In discussing the risks, the Contractor shall include a discussion of the rules, procedures, and directives governing requests for reimbursement.

vii. **De-enrollment Rules.** Contractor shall identify and evaluate risks associated with de-enrollments, including but not limited to de-enrollment for non-usage and de-enrollment due to duplicate Lifeline benefits. In discussing the risks, the Contractor
shall also include a discussion of the rules, procedures, and directives governing the de-
enrollment of subscribers from the Lifeline program.

viii. Tribal Enhanced Support. This function is changing as a result of the National
Verifier. Contractor shall identify and evaluate risks associated with contemplated
future processes for Tribal Enhanced Support, including but not limited to, eligibility
for Tribal Enhanced Support, certification for Tribal Enhanced Support, and any
additional areas associated with Tribal Enhanced Support identified by the Contractor.
In discussing the risks, the Contractor shall also include a discussion of the relevant
rules, procedures, and directives governing Tribal Enhanced support.

ix. Tribal Link-Up Support. This function is changing as a result of the National Verifier.
Contractor shall identify and evaluate risks associated with contemplated future
processes for Tribal Link-Up including but not limited to, eligibility for Tribal Link-
Up, certification for Tribal Link-Up, and any additional areas associated with Tribal
Link-Up identified by the Contractor. In discussing the risks, the Contractors shall also
include a discussion of the relevant rules, procedures, and directives governing Tribal
Link-Up.

tax. Record Retention. This function is changing as a result of the National Verifier.
Contractor shall identify and evaluate risks associated with contemplated future
processes related to ETC and USAC record retention of subscriber information,
including but not limited to retention of eligibility documentation and Personally
Identifiable Information (PII) data. In discussing the risks, the Contractor shall also
include a discussion of the relevant rules, procedures, and directives.

xi. Annual Certifications Filed by ETCs on FCC Form 481. Contractor shall identify and
evaluate risks associated with the certifications, including but not limited to incomplete
filings, late filings, and other risks identified by the Contractor. In discussing the risks,
the Contractor shall also include a discussion of the relevant rules, procedures, and
directives governing the annual certifications filed by ETCs

xii. Pass-through of Lifeline Program Support. Contractor shall identify and evaluate risks
associated with ETC compliance in passing through Lifeline Program support to its
enrolled subscribers. In discussing the risks, the Contractor shall include a discussion
of the relevant rules, procedures, and directives governing the pass-through of Lifeline
support.

xiii. Minimum Service Standards. Contractor shall identify and evaluate risks associated
with ETC compliance in meeting the minimum service standards. This should include
a review of the certifications made by ETCs associated with minimum service
standards, and the methods in which ETC compliance can be verified. In discussing
the risks, the Contractor shall include a discussion of the relevant rules, procedures, and
directives governing minimum service standards.

c. Contractor shall identify and analyze the external risks associated with the involvement and
participation of states, opt-out states, beneficiaries (i.e. subscribers), and ETCs in the
Lifeline program.
i. **Role of States.** Contractor shall identify and evaluate the risks associated with the involvement and participation of states in the Lifeline program. This includes, but is not limited to, their continuing roles in granting ETC designations, making eligibility determinations, and creating and maintaining eligibility databases. This also includes any additional contemplated future roles associated with the National Verifier. The Contractor shall evaluate the risks associated with the states that have opted out of the National Lifeline Accountability Database (NLAD), i.e. California, Texas, and Oregon. In discussing the risks, the Contractor shall also include a discussion of the relevant rules, procedures, and directives.

ii. **Role of ETCs.** Contractor shall identify and evaluate the risks associated with the involvement and participation of ETCs in the Lifeline program. This includes, but is not limited to, their continuing roles in enrolling and de-enrolling subscribers into the program and claiming reimbursement for providing the Lifeline discount to subscriber accounts. This also includes any additional contemplated future roles associated with the National Verifier. In discussing the risks, the Contractor shall also include a discussion of the relevant rules, procedures, and directives.

iii. **Role of subscribers.** Contractor shall identify and evaluate the risks associated with the involvement and participation of Tribal and non-Tribal subscribers in the Lifeline program. This includes, but is not limited to, their roles in self-certifying and re-certifying eligibility and identity verification. In discussing the risks, the Contractor shall also include a discussion of the relevant rules, procedures, and directives.

3. Contractor shall identify and analyze risks not fully addressed and/or inherent in existing Commission Lifeline rules, policies and procedures.

4. Contractor shall identify and analyze risks within the core processes and business practices of USAC’s Lifeline program administration.

5. Contractor shall identify the existing measures in place to mitigate or eliminate all the risks identified and analyzed in subsections (A)(2)(b) above.

6. Contractor shall:
   
   i. Identify all risks to meeting the program’s objectives and should consider all significant interactions between itself and other parties as well as internal factors at both the entity and activity level; and

   ii. Consider all vulnerabilities and consequences.

7. **Principle 8 – Assess Fraud Risk.** As outlined in the Green Book, the Contractor shall evaluate whether and how the FCC and USAC consider the potential for fraud when identifying, analyzing and responding to risks. The Contractor shall provide recommendations to improve such processes.

8. **Principle 9 – Identify, Analyze and Respond to Change.** As directed in the Green Book, the Contractor shall evaluate whether and how the FCC and USAC identifies, analyzes and responds to significant changes that impact the internal control system. The Contractor shall provide recommendations to improve such processes.
B. Control Environment Component

Contractor shall determine whether USAC meets each principle within this Control Environment section. The Contractor shall select a rating system to determine how well USAC meets the principles. All ratings must be fully supported by a detailed narrative developed through interviews with personnel, walkthroughs of processes, analysis of documentation, etc. The following table represents an example of a rating system:

<table>
<thead>
<tr>
<th>Rating</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The objectives of the principle are not met.</td>
</tr>
<tr>
<td>2</td>
<td>The objectives of the principle are rarely met.</td>
</tr>
<tr>
<td>3</td>
<td>The objectives of the principle are sometimes met.</td>
</tr>
<tr>
<td>4</td>
<td>The objectives of the principle are generally met.</td>
</tr>
<tr>
<td>5</td>
<td>The objectives of the principle are always met.</td>
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</table>

1. Principle 1 – Demonstrate Commitment to Integrity and Ethical Values
   a. As directed in the Green Book, the Contractor shall evaluate whether the FCC demonstrates a commitment to integrity and ethical values and balances the needs and concerns of all the stakeholders in the Lifeline program.
   b. Contractor shall consider whether USAC uses integrity and ethical values in balancing the needs and concerns of all the stakeholders in the Lifeline program.
   c. The Contractor shall also consider whether the USAC Board of Directors uses integrity and ethical values to balance the needs and concerns of all the stakeholders in the Lifeline Program.

2. Principle 2 – Exercise Oversight Responsibility
   a. As directed in the Green Book, the Contractor shall evaluate whether and how the FCC oversees the internal control system for the Lifeline program and whether such oversight is effective. The Contractor shall provide recommendations to improve the FCC’s oversight of the internal control system for the Lifeline program.
i. The Contractor shall evaluate the role of the FCC in creating and enforcing rules, policies, and procedures for the Lifeline program. The Contractor shall provide recommendations to improve such role.

ii. The Contractor shall evaluate the FCC’s process for issuing policy guidance, including responses to USAC’s request for guidance to FCC rules, orders and other official guidance. The Contractor shall identify the established timeline for FCC guidance to USAC with respect to policy questions. The Contractor shall provide recommendations to improve the processes.

b. The Contractor shall consider the oversight responsibility of the USAC Board of Directors and whether such oversight is effective. The Contractor shall evaluate the USAC Board of Director’s role and responsibilities including areas, such as but not limited to, oversight structure, oversight for the internal control system, and input into remediation of deficiencies. The Contractor shall provide recommendations to improve the USAC Board of Directors oversight of the internal control system for the Lifeline program.

c. The Contractor shall also consider the oversight responsibility of USAC Management and whether such oversight is effective. The Contractor shall evaluate USAC Management’s role and responsibilities including areas, such as but not limited to, oversight structure, oversight for the internal control system, and input for remediation of deficiencies. The Contractor shall provide recommendations to improve USAC Management’s oversight of the internal control system for the Lifeline program.


a. As directed in the Green Book, the Contractor shall evaluate whether and how the FCC, the USAC Board of Directors, and USAC management establishes an organizational structure, assigns responsibility, and delegates authority to achieve the FCC’s program goals and USAC’s administrative objectives. The Contractor shall provide recommendations to improve the organizational structure for the Lifeline program.

4. Principle 4 – Demonstrate Commitment to Competence

a. As directed in the Green Book, the Contractor shall evaluate whether and how the FCC, the USAC Board of Directors, and USAC management demonstrate a commitment to recruit, develop, and retain competent individuals. The Contractor shall provide recommendations to improve the recruitment and development for the Lifeline program.

b. The Contractor shall evaluate the training related to all procedures for the Lifeline program provided to USAC’s employees and its subcontractors, including whether the training is sufficient to ensure USAC employees and subcontractors are providing the correct information and guidance to all stakeholders.

5. Principle 5 – Enforce Accountability

a. As directed in the Green Book, the Contractor shall evaluate whether and how the FCC, the USAC Board of Directors, and USAC evaluate performance and hold individuals accountable for their internal control responsibilities. Contractor shall perform additional
evaluation of this process as described below in Phase II: Internal Control Assessment and Testing.

b. The Contractor shall also evaluate whether and how the FCC, the USAC Board of Directors, and USAC management evaluate and hold the contractors that perform the contracts for recertification services, third party verification services (LexisNexis) and the customer service center services (ICF) for the National Lifeline Accountability Database, accountable for their internal control responsibilities. Contractor shall perform additional evaluation of this process as described below in Phase II: Internal Control Assessment and Testing.

C. Information and Communication Component

Contractor shall determine whether USAC meets each principle within this Information and Communication section. The Contractor shall select a rating system to determine how well USAC meets the principles. All ratings must be fully supported by a detailed narrative developed through interviews with personnel, walkthroughs of processes, analysis of documentation, etc. The following table represents an example of a rating system:

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1. Principle 13 – Use Quality Information

   a. As directed in the Green Book, the Contractor shall evaluate whether and how the FCC and USAC use quality information to achieve the FCC’s program goals and USAC’s administrative objectives and respond to risks. Contractor shall perform additional evaluation of this process as described below in Phase II: Internal Control Assessment and Testing.

   The Contractor shall also evaluate the FCC’s and USAC’s use of software products to achieve the FCC’s program goals and USAC’s administrative objectives of the Lifeline program. The Contractor shall provide recommendations on ways to leverage such products for the administration of the Lifeline program.

2. Principle 14 – Communicate Internally
a. As directed in the Green Book, the Contractor shall evaluate whether and how the FCC, the USAC Board of Directors, and USAC Management communicate internally, use quality information to achieve the FCC’s program goals and USAC’s administrative objectives, and respond to risks. The Contractor shall provide recommendations to improve communications.

b. The Contractor shall evaluate the sufficiency of the internal procedures and practices employed by USAC and the FCC to ensure that any policies and procedures implemented by USAC (including interpretive statements on its website or practices utilized in its procedures) have been sufficiently coordinated with and approved by the FCC.

c. The Contractor shall evaluate the processes between USAC and the FCC for exchange of information and the impact of these processes on the ability of USAC to administer the program. The Contractor shall provide recommendations on how USAC’s reporting of information to the FCC and coordination with the FCC could be improved.

3. Principle 15 – Communicate Externally

a. As directed in the Green Book, the Contractor shall evaluate whether and how the FCC and USAC communicate quality information externally to achieve the FCC’s program goals and USAC’s administrative objectives and respond to risks. The Contractor shall provide recommendations to improve communications.

b. The Contractor shall evaluate whether and how information is provided by USAC employees (and its subcontractors) to Lifeline ETCs. Contractor shall perform additional evaluation of this process as described below in Phase II: Internal Control Assessment and Testing.

c. The Contractor shall evaluate whether and how USAC resolves complaints, including how long USAC takes to resolve the underlying issue. Contractor shall perform additional evaluation of this process as described below in Phase II: Internal Control Assessment and Testing.

D. Monitoring Component

Contractor shall determine whether USAC meets each principle within this Monitoring section. The Contractor shall select a rating system to determine how well USAC meets the principles. All ratings must be fully supported by a detailed narrative developed through interviews with personnel, walkthroughs of processes, analysis of documentation, etc. The following table represents an example of a rating system:

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1. **Principle 16 – Perform Monitoring Activities**
   
a. As directed in the Green Book, the Contractor shall evaluate whether and how the FCC and USAC establish and operate processes to monitor the internal control system, evaluate the results, and respond to risks.

2. **Principle 17 – Evaluate Issues and Remediate Deficiencies**
   
a. As directed in the Green Book, the Contractor shall evaluate whether and how the FCC and USAC responds to risks and remediates identified internal control deficiencies on a timely basis.

b. **Audits.** The Contractor shall also evaluate whether audit findings are effectively used to assess and modify the Commission’s rules, procedures and directives for the Lifeline program, using the most recent four years of audits performed. For this effort, audits may include the Beneficiary and Contributor Audit Program conducted by USAC, Payment Quality Assurance reviews conducted by USAC, bi-annual audits conducted by ETCs, and audits conducted by the FCC Office of Inspector General. The Contractor shall evaluate the most significant problems identified in recent Lifeline audits, including but not limited to, ineligible subscribers, lack of subscriber information, such as missing dates of birth and last four digits of social security numbers, missing certification and recertification documents, insufficient recordkeeping by ETCs of subscriber eligibility, and inaccurate Form 555 reporting, to determine whether the program rules (i.e. FCC rules), program procedures and/or directives, and/or USAC’s administrative procedures, need to be modified to effectively manage the Lifeline program, appropriately mitigate risk, address the most common audit findings, and prevent repeat audit findings. Contractor may obtain these audits from USAC or the FCC.

c. Evaluate the FCC’s and USAC’s outreach and training initiatives undertaken to clarify, modify or address the most common audit findings.

d. Evaluate whether the current USAC audit process could be modified to make it more effective and efficient. In addition to the audits performed by USAC and its contractors, the Contractor shall evaluate the effectiveness and usefulness of the Lifeline biennial audits and whether they should be continued or modified.
PHASE II: INTERNAL CONTROL ASSESSMENT AND TESTING

Upon completion of the risk assessment phase, the Contractor shall complete an internal controls assessment. This phase will include:

A. **Med-High and High Risk Areas Identified.** For Med-High and High risk areas identified in the risk assessment phase, Contractor shall identify and test the design and operating effectiveness of the preventive and detective internal controls currently in place for the Lifeline program and evaluate whether they sufficiently mitigate risk and whether they need to be added to, removed, or modified. For these areas, the Contractor shall evaluate whether current rules, procedures and directives are effectively managing the identified risks. The Contractor should also identify all low value or inefficient processes in place. To the extent that the Contractor believes risks are not adequately mitigated, or controls are unnecessary, inefficient, or ineffective, the Contractor shall recommend actionable preventive or detective process changes.

B. **Test and Evaluate Effectiveness of Principles.** Contractor shall test and evaluate the effectiveness of the following principles. These principles were analyzed from a risk perspective in Phase I and should be assessed from an internal controls perspective in Phase II. To the extent that the Contractor believes risks are not adequately mitigated, or controls are unnecessary, inefficient, or ineffective, the Contractor shall recommend actionable control changes:

1. Principle 5, Item (1) - Whether and how the FCC, the USAC Board of Directors, and USAC evaluate performance and hold individuals accountable for their internal control responsibilities. The evaluation must include, but is not limited to, whether the processes used to hold individuals accountable are adequate and operating effectively.

2. Principle 5, Item (2)- Whether and how the FCC, the USAC Board of Directors, and USAC management evaluates and holds the contractors who perform under the contracts for recertification services, duplicate resolution services, third party verification services, and the customer service center services for the National Lifeline Accountability Database accountable for their internal control responsibilities. The evaluation must include, but is not limited to, whether oversight is sufficient; whether adequate safeguards exist to protect against conflicts of interest; whether there is continuity in the workforce of contractors or subcontractors; whether there are sufficient data checks; and whether there are other factors which affect the accountability and performance of contractors responsible for Lifeline program functions.

3. Principle 13, Item (1) - Whether and how the FCC and USAC use quality information to achieve the FCC’s program goals and USAC’s administrative objectives and respond to risks. The evaluation must include, but is not limited to, whether the processes are adequate to respond to risks in an effective and timely manner.

4. Principle 15, Item (2) - Whether and how information is provided by USAC employees (and its subcontractors) to Lifeline ETCs. This evaluation must include, but is not limited to, whether the information provided by USAC employees (and its subcontractors) to Lifeline ETCs is accurate and provided in a timely manner.
5. Principle 15, Item (3) - Whether and how USAC resolves complaints, including how long USAC takes to resolve the underlying issue. The evaluation must include, but is not limited to, the efficiency and effectiveness of USAC’s complaint resolution process.

C. Control Activities Component


   a. As directed in the Green Book, the Contractor shall evaluate whether and how the FCC and USAC management design control activities to achieve the FCC’s program goals and USAC’s administrative objectives and respond to risks and whether the processes for designing control activities are adequate and operating effectively to achieve its purposes.

   b. The Contractor shall evaluate the existing framework of measures, rules, policies and procedures of the Lifeline program and determine whether the existing framework achieves the FCC’s program goals of the Lifeline program.

   c. The Contractor shall also review the Commission’s Lifeline Reform and Modernization Order, and provide recommendations regarding how best to respond to risks in implementing the new reforms to the program. This shall include a discussion of the contemplated future processes identified in Phase I, whether adequate controls have been proposed to mitigate risks, and if not, what further controls are recommended. The Contractor shall evaluate whether the FCC’s program goals are clear and whether they are consistent with statutory requirements. The Contractor shall provide recommendations to improve the FCC program goals where applicable.

   d. If the Contractor finds that the FCC program goals are not being met, Contractor shall provide specific recommendations for rules and/or procedures that will help the FCC to meet its program goals. The Contractor shall determine the root cause of the ineffectiveness, whether it be the rules themselves, poor implementation of the rules, repetitive functions or controls, etc.

   e. The Contractor shall evaluate whether USAC’s administrative objectives are clear and whether they are consistent with statutory and FCC program goals and FCC rules. Such evaluation may include consideration of the effectiveness of applicable FCC rules and requirements (including processes between USAC and the FCC for exchange of information, etc.) for USAC and their impact on the ability of USAC to administer the program consistent with statutory and FCC program goals. If the Contractor finds that

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USAC’s objectives for its administration of the Lifeline program are not being met, Contractor shall provide specific recommendations for procedures that will help USAC meet its objectives. The Contractor shall determine the root cause of the objectives not being met, whether it be the result of poor implementation of program rules, repetitive functions or controls, or anything else, and shall make recommendations for how to improve the effectiveness.

f. The Contractor shall review and evaluate the adequacy of Lifeline program documentation, including policies, procedures, and process narratives, in accordance with OMB Circular A-123. The Contractor shall determine whether USAC assesses the risk of Lifeline processes and controls in accordance with OMB Circular A-123.

g. The Contractor shall review, evaluate and determine whether USAC manages cash and cash reserves maintained in the Lifeline program effectively and efficiently in accordance with U.S. Generally Accepted Accounting Principles, including, for example, an evaluation of USAC’s practices around maintaining cash reserves for appeals. In addition, the Contractor shall review and evaluate USAC’s financial management practices, including an evaluation of the reserves practices, with respect to their impact on achieving FCC program goals.

2. **Principle 11 – Design Activities for the Information System.**

   a. As directed in the Green Book, the Contractor shall evaluate whether and how the FCC and USAC design their information systems and related control activities to achieve USAC administrative objectives and respond to program risks, and whether the processes for designing control activities is adequate and operating effectively to achieve the objectives and protect against risks. The evaluation should address the following items.

   i. **National Lifeline Accountability Database.** Contractor shall evaluate the effectiveness of the National Lifeline Accountability Database (NLAD) to reduce existing duplicate subscribers and prevent new duplicate subscribers from receiving Lifeline benefits. Determine whether current rules, procedures and directives are adequate and operating effectively to reduce and prevent duplicate Lifeline subscribers. Provide recommendations on changes that should be made to improve the ability of NLAD to further the FCC program goals of the Lifeline program.

      1. **Access to the NLAD.** Contractor shall evaluate the mechanisms by which users access the NLAD, including the NLAD Access Portal (NAP) and the Application Programming Interface (API). Determine whether current rules, procedures and directives related to user access are adequate and operating effectively. Identify and evaluate risks, such as but not limited to, unauthorized personnel access into the NLAD. Provide recommendations to mitigate such risks. When making recommendations, consider the impact they would have on the efficiency and effectiveness of operations and achievement of FCC program goals.

      2. **Functionalities within the NLAD.** Contractor shall evaluate NLAD functionalities such as, but not limited to, Enroll, Verify, Look-up features. Determine whether current rules, procedures and directives related to the NLAD functionalities are adequate and operating effectively. Identify and evaluate the risks associated with the functionalities, such as but not limited to, unauthorized
Disclosure of PII. Provide recommendations to mitigate such risks. When making recommendations, consider the impact they would have on the efficiency and effectiveness of operations and achievement of FCC program goals.

3. **Duplicate Prevention and Detection.** Contractor shall evaluate the ability of the NLAD to prevent and detect the enrollment of duplicate household benefits. Determine whether current rules, procedures and directives related to detecting and preventing duplicate household benefits are adequate and operating effectively. Identify and evaluate the risks associated with the prevention and detection of duplicate household benefits in the NLAD. Provide recommendations to mitigate such risks. When making recommendations, consider the impact they would have on the efficiency and effectiveness of operations and achievement of FCC program goals.

4. **Dispute Resolution Process.** Contractor shall evaluate the dispute resolution process for the NLAD. Determine whether current rules, procedures and directives related to the dispute resolution process are adequate and operating effectively. Identify and evaluate the risks associated with the dispute resolution process. Provide recommendations to mitigate such risks. When making recommendations, consider the impact they would have on the efficiency and effectiveness of operations and achievement of FCC program goals.

5. **Third Party Identification Verification Check (TPIV).** Contractor shall evaluate the TPIV process. Determine whether current rules, procedures and directives related to TPIV are adequate and operating effectively. Identify and evaluate the possible risks associated with the TPIV process, such as but not limited to, unauthorized disclosure of PII. Provide recommendations to mitigate such risks. When making recommendations, consider the impact they would have on the efficiency and effectiveness of operations and achievement of FCC program goals.

6. **Address Verification.** Contractor shall evaluate the address verification process. Determine whether current rules, procedures and directives related to this process are adequate and operating effectively. Identify and evaluate risks associated with using the address verification process, including but not limited to using the U.S. Postal Service’s Address Matching Software. Provide recommendations to mitigate such risks. When making recommendations, consider the impact they would have on the efficiency and effectiveness of operations and achievement of FCC program goals.

7. **Eligibility Verification.** Contractor shall evaluate the eligibility verification process. Determine whether current rules, procedures and directives related to this process are adequate and operating effectively. Identify and evaluate risks associated with the eligibility verification processes, including but not limited to use of external data sources to automate eligibility and human processing of eligibility verification where automated sources are not available. Provide recommendations to mitigate such risks. When making recommendations, consider the impact they would have on the efficiency and effectiveness of operations and achievement of FCC program goals.
8. **Security of the Personally Identifiable Information.** Contractor shall evaluate the procedures and processes in place to securely maintain PII within the NLAD and the processes and procedures for receiving and transmitting such PII. Determine whether current rules, procedures and directives are adequate and operating effectively to protect the PII from unauthorized disclosure. Identify and evaluate risks associated with the safety mechanisms in place. Provide recommendations to mitigate such risks. When making recommendations, consider the impact they would have on the efficiency and effectiveness of operations and achievement of FCC program goals.

9. **System Failures.** Contractor shall identify and evaluate the back-up systems and procedures in place for possible NLAD system failures. Determine whether current rules, procedures and directives related to system failures are adequate and operating effectively to back-up and save data. Identify and evaluate risks associated with such back-up systems and procedures. Provide recommendations to mitigate such risks. When making recommendations, consider the impact they would have on the efficiency and effectiveness of operations and achievement of FCC program goals.

10. **Customer Support Center.** Contractor shall evaluate the Customer Support Center (CSC) for ETC NLAD support provided by a third party vendor and identify and evaluate the risks associated with the CSC and the performance thereof by a third-party vendor. Provide recommendations to mitigate such risks. When making recommendations, consider the impact they would have on the efficiency and effectiveness of operations and achievement of FCC program goals.

11. **Flexibility of the NLAD.** Contractor shall evaluate whether the NLAD is sufficiently reliable and flexible to incorporate program changes promptly and efficiently. This includes flexibility in updating the usability of the system based on ETC user issues reported.

12. **Monthly Support Payments.** The Contractor shall evaluate the other computer systems USAC uses to generate monthly support payments to ETCs. The Contractor shall identify any risks and provide recommendations to mitigate these risks.

3. **Principle 12 – Implement Control Activities.** As outlined in the Green Book, the Contractor shall evaluate whether and how the FCC and USAC management implement control activities through policies to achieve objectives and respond to risks and whether the processes for implementing control activities are adequate and operating effectively.

**PHASE III: RECOMMENDATION OF FUTURE EVALUATION**

Contractor shall recommend an approach for an outside, independent, third-party evaluator to complete a future program evaluation of the Lifeline program’s design, function, and administration, to determine whether it is efficiently and effectively fulfilling its goals. Contractor will consider current GAO guidance on program evaluations in its recommended approach. Contractor will also consider whether the evaluation could leverage resources and data from other agencies to evaluate the program. Contractor will develop a set of proposed activities that an independent evaluator should undertake in order to complete such a review, and recommend the most effective point(s) in time for the reformed program to
be evaluated, as long as the evaluation would be completed and submitted by USAC to the FCC no later than December 31, 2020. USAC will use this recommended approach as a starting point towards a statement of work, which will be used to procure a future independent evaluator of the reformed program at the optimal time.

VIII. DELIVERABLES

A. Project Plan

1. The Contractor shall submit, three calendar days prior to the Project Kick-Off meeting (see B.IX.A) a detailed version of the project plan that was submitted with Contractor’s proposal that identifies the deliverables and a final schedule based on the Contract Term.

2. Within 5 calendar days after the Project kick-off meeting, the Contractor shall submit an updated project plan that includes detailed information about Contractor’s plan for performing the Contract and such other input as may be relevant to the finalization of the project plan received during the kick-off meeting. The project plan shall describe all tasks to be performed and completed by Contractor beginning at the Project kick-off through submission of the final report.

3. Contractor shall use Microsoft Project as its planning and presentation tool. Contractor may not begin fieldwork until USAC has approved the project plan. (The approved project plan will be included as Attachment 2 to the Contract.) Upon approval of the project plan by USAC, Contractor shall comply with all aspects of the project plan. Contractor shall update the project plan as necessary and as requested by USAC throughout the life of the project. All changes to the project plan shall be approved by USAC in writing.

4. Upon receipt, USAC will review and either approve the plan, or prepare comments of revisions and return the plan to Contractor for further revisions. Contractor shall, within five calendar days of receiving USAC comments, return an updated plan that fully addresses USAC’s comments or suggested revisions. This process will continue until USAC ultimately approves the final project plan.

5. The Contractor shall complete the tasks identified in this Section 5 and provide deliverable items to the USAC Project Manager in accordance with the timeframes set forth herein, or any changes thereto as set forth in the agreed upon schedule in Contractor’s approved project plan.

B. Fieldwork Working Papers and Assessment Report

The fieldwork and assessment report shall address, at a minimum, the services and deliverables listed in Sections B.VII and B.VIII.

Upon completion of its fieldwork, the Contractor shall submit to USAC a written representation of completion of all fieldwork. Contractor’s submission shall also include copies of all working papers, including interview summaries, notes taken and other documents associated with the project as Appendices. The working papers shall be provided to USAC on electronic media.

The Contractor shall submit to USAC a written draft report after completion of fieldwork, but no later than 30 days prior to the end date of the Contract. USAC will provide comments to Contractor within 14 calendar days of the submission of draft report. After receiving comments
on the draft report from USAC, Contractor shall make such revisions to the report as necessary to address USAC’s comments. The Contractor shall submit to USAC a final report no later than 14 calendar days after its receipt of comments from USAC.

C. **USAC Ownership of Documents and Deliverables**

The Assessment Report, working papers, and appendices, are all considered Confidential Information (see Section C, Terms and Conditions) and are the sole property of USAC. USAC may use and disclose the deliverables at its sole discretion. Each document deliverable shall be submitted in an acceptable electronic unprotected format, using Microsoft® Excel, Microsoft® Word, Microsoft® Project Professional, PDF, or any other format that is mutually agreed upon by USAC and Contractor.

In the course of Contractor’s work, it may come in contact with PII of Lifeline subscribers. As required by Section C (Terms and Conditions), this information will be protected using password encrypted files, and will not be shared with anyone beyond the project or who has not signed a non-disclosure agreement in form and substance acceptable to USAC.

D. **Quality Assurance Plan and Training**

Contractor shall provide training to all Contract personnel as necessary to ensure they are aware of, and will comply with, Contract requirements and the Contractor’s quality assurance plan.

E. **Data Security and Privacy**

1. Data and documentation collected may include sensitive PII, including name, address, date of birth and the last four digits of the social security number.
2. PII shall be protected in accordance with all federal and USAC requirements, including, but not limited to, Office of Management and Budget (OMB) Circular No. A-130, OMB Memoranda M-06-16 and guidance from the NIST, including NIST SP 800-53 Rev. 4 (Security and Privacy controls for Federal Information Systems and Organizations) and NIST SP 800-122 (Guide to Protecting the Confidentiality of Personally Identifiable Information).
3. Cloud-based services shall be certified by the Federal Risk and Authorization Management Program ("FedRAMP") for use at a MODERATE risk. USAC reserves the right to inspect the Authority to Operate (ATO) notice for services certified by the FedRAMP Joint Accreditation Board (JAB) or the complete package of documents for those with agency accreditations.
4. All privacy and/or security-related incidents including, but not limited to, the disclosure of PII, shall be tracked in accordance with policy standards as outlined in the Incident Response (IR) controls documented in NIST SP 800-53 Rev. 4 and NIST SP 800-61 and consistent with the requirements of OMB Memoranda M-17-12. The Incident Response Plan (IRP) shall include reporting to USAC’s Director of Privacy and to USAC’s Chief Information Security Officer within one hour of any breach or suspected breach of PII.
IX. MEETINGS / MANAGEMENT AND PERSONNEL

A. Project Kick-off Meeting

Contractor shall schedule and coordinate a project kick-off meeting to be held at USAC’s offices within five (5) days after the Contract effective date. The project kick-off meeting is intended to serve as an introduction between the Contractor personnel who will perform the services set forth herein, and USAC personnel who will be involved with the project. The meeting shall provide the forum to discuss technical or business questions, project roles and responsibilities of the respective parties, and any project communications. Attendees at this meeting shall include at a minimum, Contractor’s project manager and lead contact person, as well as any other key personnel identified in herein or in Contractor’s proposal.

B. Weekly Status Meetings

During performance of the Contract, Contractor personnel shall communicate on a regular basis with USAC staff, and, as requested by USAC’s Contracting Officer or Contracting Officer’s Representative (“COR”), attend periodic status meetings with USAC staff to discuss project status, including percentage of completion and project status to date. Status meetings will be held at USAC offices. Attendance at status meetings may be via teleconference, unless USAC expressly requests the physical presence of Contractor personnel at the meeting.

Contractor shall prepare a status report and submit it to USAC once per week. The report must include the current status of project including percentage of completion and any issues relating to Contract performance or payment. The report must include an expected completion date and the circumstances surrounding any possible delays. The report shall be submitted two business days before each regularly scheduled status meeting and no later than Friday noon during weeks in which the meeting is scheduled for Monday or when no status meeting is scheduled. The Weekly Status Report shall be used as the basis of the status meeting discussion.

C. Communication

Contractor shall be reasonably available and accessible via email or phone during the hours of 9:00am to 6:00pm ET, Monday through Friday to discuss status and other matters of importance to USAC or Contractor. Contractor shall use best efforts to provide email confirmation receipt to USAC within one business day of Contractor’s receipt of USAC emails and telephone calls.

D. Key Personnel

Contractor shall assign, as Key Personnel, the following roles.

- Project Executive – Provides strategic leadership on the engagement, addresses performance issues identified by USAC, and coordinates change requests or other financial related matters. Participates in meetings as requested by USAC.

- Project Manager - Oversees the implementation and oversight of the project. Acts as the primary point of contact for contract administration issues which include but are not limited to addressing billing and reporting issues and assisting the Contractor and USAC in the event of any planned or unplanned delays. Participates in weekly status meetings with USAC to review verifications and discuss any new and/or outstanding issues. The
Project Manager shall provide USAC with any other support necessary for performance of the contract requirements.

- Lead Auditor - Primary subject matter expert on the specifics of the risk assessment, internal controls testing, and recommendations resulting from the work performed.

- Key Personnel must meet all required qualifications and be available for Contract performance at the time of Contract award. The Contractor can propose, if necessary, additional Key Personnel as required to ensure adherence to all services and activities outlined in the Contract. The resumes of the Key Personnel shall be submitted with the Contractor’s proposal. The Key Personnel will have full authority to act for the Contractor on all Contract matters relating to daily operations. Once approved, the Key Personnel cannot be removed from the Contract without the approval of the COR, and only when a replacement acceptable to the COR is made. The Contractor will notify USAC of any Key Personnel departing the Contract. This will be done in writing and provided to the COR no later than two weeks prior to their departure to allow for sufficient time for transition.
SECTION C:
USAC Terms and Conditions

I. DEFINITIONS

“Contractor” means the Offeror whose proposal was selected for award of the Contract and whose signature is included in the Contract. “Data” means recorded information, regardless of form or the media on which it may be recorded, and includes, but is not limited to, technical data and Software. "Deliverables" means the deliverables, goods, items, products, and material that are to be prepared by Contractor and delivered to USAC as described in Section B. “Offeror” means an entity submitting a formal proposal in response to this Solicitation No. LI-17-124. “Services” means the tasks, services, functions and responsibilities described in Section B and in the task orders issued hereunder. “Software” means computer programs that allow or cause a computer to perform a specific operation or series of operations, together with all modifications to, or enhancements (derivative works) thereof.

II. INSPECTION/ACCEPTANCE

Contractor shall only tender for acceptance Services and Deliverables that conform to the requirements of the Contract. USAC will, following Contractor’s tender, inspect or test the Deliverables or Services and, within five (5) business days:

(a) accept the Services and Deliverables; or
(b) reject the Services and Deliverables and advise Contractor of the reasons for the rejection.

In the absence of a response by USAC within five (5) business days, the Deliverables or Services will be considered accepted. If rejected, Contractor must repair, correct or replace nonconforming Deliverables or re-perform nonconforming Services, at no increase in contract price. If repair, correction, replacement or re-performance by Contractor will not cure the defects or is not possible, USAC may terminate for cause under Section C.X, below, and, in addition to any other remedies, may reduce the Contract price to deduct amounts for the defective work.

Unless specified elsewhere in the Contract, title to items furnished under the Contract shall pass to USAC upon acceptance, regardless of when or where USAC takes possession.

III. ENTIRE CONTRACT/BINDING EFFECT

The Contract, including the following contract documents listed in descending order of precedence – (1) Sections A-E, including the attachments identified in Section D; and (2) any other attachments – constitutes the entire agreement ("Contract") between the parties with respect to the subject matter hereof and supersedes and replaces all prior or contemporaneous understandings or agreements, written or oral, regarding such subject matter. Section B and Section C have priority and shall take precedence over any other Contract document, including Contractor proposals that may be included as attachments to the Contract. Any waiver of any provision of the Contract will be effective only if in writing and signed by the party granting the waiver. The Contract shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assignees.

IV. CHANGES

The terms of the Contract shall not be modified other than in writing signed by the parties. USAC may modify the Contract as necessary to fulfill its requirements. Contractor will comply with a change control procedure to be negotiated in the final contract.
V. INVOICES

(a) Contractor shall submit invoices electronically to Accounting@USAC.org. Contractor shall submit an electronic invoice to the address designated in the Contract to receive invoices. Invoices shall be submitted by the 5th of each month.

(b) Contractor shall submit proper invoices to: Universal Service Administrative Company, Attn: Accounts Payable, 700 12th St. NW, Suite 900 Washington, DC 20005. To constitute a proper invoice, the invoice must include, at a minimum the following information and/or attached documentation:

I. Name and address of Contractor;
II. Invoice date and number;
III. Contract Number: LI-17-124
IV. PO Number: TBD
V. Description, quantity and dates of the Deliverables accepted and the Services performed, including reference to one of the three Phases, as described in Section B;
VI. Any other substantiating documentation or information as reasonably required by USAC;
VII. Name and address of official to whom payment is to be sent;
VIII. Name, title, and phone number of person to notify in event of invoice or payment issues; and
IX. Electronic funds transfer (EFT) banking information. USAC shall not be liable for uncompleted or erroneous transfers which occur as a result of Contractor providing incorrect or out of date EFT information.

VI. PAYMENT/RATES

Contractor shall be paid for Services accepted by USAC in accordance with Section C.II above, on a fixed-price schedule set forth in Attachment 1. USAC will pay invoices submitted in accordance with Section C.V, above, within thirty (30) calendar days of receipt of invoice, provided the Services and/or Deliverables have been delivered and accepted by USAC. The labor rates are firm and shall remain firm unless agreed to in writing by the parties, or unless Contractor provides a rate reduction or discount thereto. All labor rates specified herein are fully loaded and include all direct and indirect costs and expenses, including applicable federal, state, or local sales, use, or excise taxes, and profit.

VII. PATENT INDEMNITY

Contractor shall indemnify, hold harmless and defend USAC and its directors, officers, employees and agents against any and all claims and liability, including attorney’s fees and other costs, for actual or alleged direct or contributory infringement of, or inducement to infringe, or misappropriation of, any patent, trademark or copyright, arising out of or related to Contractor’s performance of the Contract.

VIII. ASSIGNMENT/SUBCONTRACTING

Contractor shall not assign or subcontract all or any portion of the Contract without obtaining USAC’s prior written consent. Contractor shall not enter into any subcontract with a company or entity that is debarred, suspended, or proposed for debarment or suspension by any Federal executive agency unless there is a compelling reason to do so. Contractor shall review the System for Award Management (SAM) for suspension or debarment status of proposed subcontractors. See https://www.sam.gov.

IX. TERMINATION FOR CONVENIENCE

USAC may terminate the Contract for any reason or no reason upon one (1) day prior written notice to the Contractor. Subject to the terms of the Contract, Contractor shall be paid for all time actually spent
performing the Services required by the Contract up to date of termination, plus reasonable charges Contractor can demonstrate to the satisfaction of USAC have resulted directly from the termination.

X. TERMINATION FOR CAUSE

Upon the expiration of a ten (10) day cure period (during which the defaulting party did not provide a sufficient cure), the non-defaulting party may terminate the Contract or any task order issued hereunder, in whole or in part, for cause in the event of the defaulting party’s failure to comply with any material term or condition of the Contract or task order, as applicable, or if either party fails to provide the other party, upon request, with adequate assurances of future performance. In the event of termination for cause, the non-defaulting party shall be entitled to any and all rights and remedies provided by law or equity. If it is determined that USAC improperly terminated the Contract for cause, such termination shall be deemed a termination for convenience. In the event of partial termination, the defaulting party shall continue to perform the portion of the Services not terminated.

XI. STOP WORK

USAC may, in its sole discretion, issue a stop work order at any time during the Contract Term. Upon receipt of a stop work notice, or upon receipt of a notice of termination (for cause or convenience), unless otherwise directed by USAC, Contractor shall, on the stop work date identified in the stop work or termination notice: (a) stop work, and cause its, subcontractors, consultants or agents to stop work, to the extent specified in said notice; and (b) subject to the prior written approval of USAC, transfer title and/or applicable licenses to use, as appropriate, to USAC and deliver to USAC, or as directed by USAC, all materials, Data, work in process, completed work and other USAC Information or material produced in connection with, or acquired for, the work terminated. In the event of a stop work order, all deadlines in the Contract shall be extended on a day for day basis from such date, plus a reasonable additional time, as agreed upon between the parties, acting in good faith, to allow Contractor to reconstitute its staff and resume the work.

XII. LIMITATIONS OF DAMAGES

Except in cases of gross negligence or willful misconduct, in no event shall either party be liable for any consequential, special, incidental, indirect or punitive damages arising under or relating to the performance of the Contract and in no event shall USAC’s entire cumulative liability exceed the amounts paid to Contractor under the Contract. All exclusions or limitations of damages contained in the Contract, including, without limitation, the provisions of this Section C.XII, shall survive expiration or termination of the Contract.

XIII. CONFIDENTIAL INFORMATION

(a) Confidential Information. Confidential Information includes, but is not limited to, information, Data, material, or communications in any form or format, whether tangible or intangible, spoken or written (collectively referred to hereafter as "Information"), that contains, reflects, or is derived from or based upon, or is related to: (1) Personally Identifiable Information, as defined by NIST Special Publication 800-122; (2) Management, business, procurement or financial Information of either party, the FCC or a USF stakeholder, including proprietary or commercial Information and trade secrets that have not previously been publicly disclosed; (3) Information concerning USAC’s relationships with other vendors, the FCC, USF Stakeholders and financial institutions; (4) Information marked to indicate disclosure limitations such as “Confidential Information,” "proprietary," "privileged," "not for public disclosure," “work product,” etc.; (5) Information compiled, prepared or developed by Contractor in the performance of the Contract; (6) any Information identified as confidential by the disclosing party.

(b) Non-Disclosure/Use/Irreparable Harm. It is anticipated that one of the parties ("Disclosing Party")
may disclose, or has disclosed, Confidential Information to the other party (“Recipient”). At all times during the term of the Contract and thereafter, the Recipient shall maintain the confidentiality of all Confidential Information and prevent its unauthorized disclosure, publication, dissemination, destruction, loss, or alteration. Recipient shall only use Confidential Information for a legitimate business purpose of USAC and in the performance of the Contract. Recipient acknowledges that the misappropriation, unauthorized use, or disclosure of Confidential Information would cause irreparable harm to the Disclosing Party and could cause irreparable harm to the integrity of the USF Programs.

(c) Employee Access to Confidential Information. Recipient shall not disclose Confidential Information to partners, joint venturers, directors, employees, agents and subcontractors (“sub-Recipient”) unless absolutely necessary for Recipient’s or sub-Recipients performance of the Contract, and if necessary, shall only disclose the Confidential Information necessary for sub-Recipient’s performance of its duties. As a pre-condition to access to Confidential Information, Recipient shall require sub-Recipients, including its employees and subcontractors, and the employees of any subcontractor, to sign a non-disclosure or confidentiality agreement containing terms no less restrictive than those set forth herein. The Disclosing Party may enforce such agreements, if necessary, as a third-party beneficiary.

(d) Contractor Enforcement of Confidentiality Agreement. Contractor must report, and describe in detail, any breach or suspected breach of the non-disclosure requirements set forth above to the USAC General Counsel immediately upon becoming aware of the breach, including when and how the breach occurred, who was involved, and what has been done to recover the Information.

(e) Exclusions. If requested to disclose Confidential Information by an authorized governmental or judicial body, Recipient must promptly notify the Disclosing Party of the request and to the extent that it may legally do so, Recipient must refrain from disclosure of the Confidential Information until the Disclosing Party has had sufficient time to take any action as it deems appropriate to protect the Confidential Information. Neither Contractor nor its subcontractors shall issue any public statement relating to or in any way disclosing any aspect of the Contract without the prior written consent of USAC. Notwithstanding anything herein to the contrary, USAC may, without notice to Contractor, provide the Contract, including Contractor’s proposal information, and any information or Data delivered, prepared or developed by Contractor in the performance of the Contract to the FCC or other governmental or judicial body, and may publicly disclose basic information regarding the Contract, e.g., name of Contractor, price, basis for selection, description of services/deliverables and any provisions necessary for USAC to justify actions taken with respect to the Contract.

XIV. USAC INFORMATION

(a) “USAC Information” includes all written, electronically, magnetically, or optically stored, including without limitation all information concerning USAC’s business and USF program administration, and Information and Data provided by USAC to Contractor for use in the performance of the Contract, Data that is collected, developed or recorded by Contractor in the performance of the Contract, including without limitation, business and company personnel information, program procedures and program specific information, and Data that is created or derived from such Data. USAC Information is Confidential Information and subject to all requirements in Section C.XIII.

(b) Promptly upon the expiration or termination of the Contract, or such earlier time as USAC may direct, Contractor shall, at the direction of USAC, and at no additional cost to USAC, return or destroy all USAC Information, including all copies thereof, in the possession or under the control of Contractor. Contractor shall not withhold any USAC Information as a means of resolving any dispute. To the extent that there is a dispute between Contractor and USAC, Contractor may make a copy of such USAC Information as is necessary and relevant to resolution of the dispute. Any such copies shall promptly be destroyed upon
resolution of the dispute.

(c) USAC Information is provided to Contractor solely for the purpose of rendering the Services, and USAC Information or any part thereof shall not be sold, assigned, leased, or otherwise transferred to any third party by Contractor (except as required to perform the Services or as otherwise authorized in this Contract), commingled with non-USAC Information, or commercially exploited by or on behalf of Contractor, or its employees or agents. Promptly upon the expiration of the Contract term, or such earlier time as USAC may direct, Contractor shall, at the direction of USAC, and at no additional cost to USAC, return or destroy all copies of USAC Information in the possession or under the control of Contractor or its employees or any subcontractors or their employees. Contractor shall not withhold any USAC Information as a means of resolving any dispute. To the extent that there is a dispute between Contractor and USAC, Contractor may make a copy of such USAC Information as is necessary and relevant to resolution of the dispute. Any such copies shall promptly be destroyed upon resolution of the dispute.

XV. INFORMATION / DATA SECURITY AND PRIVACY

(a) The Contractor shall establish and maintain safeguards to protect the confidentiality, integrity, and restricted availability of Confidential Information, including any Personally Identifiable Information, in its possession according to industry best practice standards. This includes all information that is sent to and received from USAC and USAC Stakeholders. The Contractor and its subcontractors shall ensure that their respective local area networks, servers, and personal computers are secure from unauthorized access from within or outside their respective organizations. The Contractor shall not store or otherwise maintain any USAC Confidential Information in the Cloud without first obtaining USAC’s written consent.

(b) Contractor shall ensure that: (1) Sensitive PII shall be protected in accordance with all federal and USAC requirements, including OMB Memoranda M-06-16 and M-17-12 and guidance from the National Institute of Standards and Technology (NIST), including NIST SP 800-53 Rev. 4 (Security and Privacy Controls for Federal Information Systems and Organizations), and NIST SP 800-122 (Guide to Protecting the Confidentiality of Personally Identifiable Information); and (2) all security-related incidents resulting in any interruption to system services including the disclosure of PII, shall be tracked in accordance with policy standards as outlined in the Incident Response (IR) controls documented in NIST SP 800-53 Rev. 4 (Security and Privacy Controls for Federal Information Systems and Organizations) and NIST SP 800-61 (Computer Security Incident Handling Guide) as well as in OMB Memoranda M-17-12. The Incident Response Plan (IRP) shall include reporting to USAC’s Director of Privacy and to USAC’s Chief Information Security Officer within one hour of any breach or suspected breach of PII. Details of any breach or suspected breach must be disclosed promptly and in detail. Contractor shall ensure that all of its agents, employees, representatives, subcontractors, or other personnel performing services under the Contract will be bound by the same or substantially similar restrictions on collection, use, disclosure, and retention of PII. Contractor shall be responsible for any breach of data security and privacy-related obligations and shall fully indemnify USAC for any damages incurred as a result of any breach.

(c) Sensitive PII must be encrypted at all times in accordance with Federal Information Processing Standards (FIPS) 140-2 standards. This encryption requirement includes both Data at Rest (i.e., stored on a hard drive, CD, DCD, thumb drive, etc.) and Data in Transit (i.e., via email or other secured electronic means). Any PII that is retained in documents or other physical formats must be stored in a secured location and with limited access. The standard for disposal of PII requires practices that are reasonable to protect against unauthorized access or use of the PII (e.g., shred papers containing PII or erase electronic files and other media containing PII).

(d) “PII” means information that can be used to distinguish or trace an individual’s identity, such as the individual’s name, together with a government identification number, tax identification number, driver’s
license number, phone number, address, date of birth, password, security credentials, bank account number, financial institution information, credit history, credit reports, protected health information or any other personally identifiable financial, health, insurance, or other information, that alone or in combination with other personal or identifying information is linked or linkable to a specific individual, such as date of birth or mother’s maiden name. “Sensitive PII” means personally identifiable information that if lost, compromised, or disclosed without authorization could result in harm, embarrassment, inconvenience, or unfairness to the individual to whom the information pertains.

(e) The Contractor acknowledges and agrees that the National Verifier (NV) may be deemed a System of Records as defined under the Privacy of Act of 1974, Pub. L. No. 93-579, December 31, 1974 (5 U.S.C. § 552a) (Privacy Act). Violations of the Privacy Act may involve the imposition of criminal penalties. The Contractor agrees to (1) comply with the Privacy Act and any FCC rules or regulations issued thereunder in the design, development, or operation of the NV; (2) include the Privacy Act notification contained in the Contract in every solicitation and subcontract awarded without solicitation when the work statement in the proposed subcontract requires the design, development or operation of the NV; and (3) include this clause including the foregoing subsections (1)-(3) in all subcontracts awarded under the Contract, as applicable, which require the design, development or operation of the NV.

(f) In the event of violations of the Privacy Act, a civil action may be brought against an agency, and criminal penalties may be imposed upon the officers and employees of an agency. For purposes of the Privacy Act, Contractor and Contractor’s agents, employees, representatives, subcontractors or other personnel performing Services under the Contract (Contractor Representatives) may be considered to be an employee of USAC.

(g) “Record” means any item, collection, or grouping of information about an individual that is maintained by an agency, including but not limited to, education, financial transactions, medical history, and criminal or employment history and that contains the person’s name, or the identifying number, symbol, or other identifying particular assigned to the individual such as fingerprint or voiceprint or a photograph. “System of Records” means a group of any records under the control of any agency from which information is retrieved by the name of the individual, or other identifying particular assigned to the individual. “Operation of a System of Records” means performance of any activities with maintaining the System of Records, including the collection, use and dissemination of Records.

XVI. PROPRIETARY RIGHTS

Contractor agrees that all Data, Software, Deliverables, reports or other materials (collectively “Materials”) developed or conceived by Contractor and/or documented by Contractor in the performance of the Contract, as well as all modifications and improvements thereto and all other designs, discoveries and inventions, are USAC property and shall be deemed USAC Information pursuant to Section C.XIV above and works made-for-hire for USAC within the meaning of the copyright laws of the United States and accordingly, USAC shall be the sole and exclusive owner for all purposes for the use, distribution, exhibition, advertising and exploitation of such Materials or any part of them in any way and in all media and by all means throughout the universe in perpetuity.

The Contractor shall not, without the prior written permission of the Contracting Officer, incorporate in Data delivered under the Contract any Data not first produced in the performance of the Contract unless the Contractor: (1) identifies the Data; and (2) Grants to USAC, or acquires on USAC’s behalf, a license of the same scope as set forth earlier in this Section C.XVI.
XVII. RESPONSIBILITY FOR CONTRACTOR PERSONNEL

Contractor personnel working on USAC premises may be required to sign and agree to the terms of a Visitors Form provided by USAC. Contractor is responsible for any actions of its personnel, including any actions that violate law, are negligent or that constitute a breach of the Visitor Form and/or the Contract.

Security Briefings. Before receiving access to IT resources under the Contract, Contractor personnel must receive a security briefing, which USAC will arrange, and complete any forms or nondisclosure agreements required by the Contract.

XVIII. RECORD RETENTION

During the term of the Contract and for three (3) years following final payment, the Contractor shall maintain and make available at its offices at all reasonable times, the records, materials, and other evidence relating to the Contract for examination, audit, or reproduction.

XIX. KEY PERSONNEL

All Contractor employees assigned to the positions identified in Section B.IX.D are key personnel. The key personnel assigned to the Contract must remain in their respective positions throughout the term of the Contract, as applicable. USAC may terminate all or a part of the Contract if the Contractor changes the position, role, or time commitment of key personnel, or removes key personnel from the Contract, without USAC’s prior written approval. USAC may grant approval for changes in staffing of key personnel if it determines in its sole discretion, that:

(a) changes to, or removal of, key personnel is necessary due to extraordinary circumstances (e.g. a key personnel’s illness, death, termination of employment, or absence due to family leave), and

(b) the Contractor has resources (e.g., replacement personnel) with the requisite skills, qualifications and availability to perform the role and duties of the outgoing personnel.

Replacement personnel are considered key personnel and this Section XIX shall apply to their placement on and removal from the Contract.

XX. INSURANCE

At its own expense, Contractor shall maintain sufficient insurance in amounts required by law or appropriate for the industry, whichever is greater, to protect and compensate USAC from all risks and damages/injuries that may arise under the Contract, including as appropriate, public and commercial general liability, personal injury, property damage and employer's liability and worker’s compensation insurance. Contractor shall produce evidence of such insurance upon request by USAC. Contractor shall provide thirty (30) days’ prior written notice to USAC in the event of cancellation of or material change in the policy.

XXI. CONFLICT OF INTEREST

It is essential that any Contractor providing Services or Deliverables in support of USAC’s administration of the Universal Service Fund (USF) maintain the same neutrality, both in fact and in appearance, and avoid any conflict of interest or even the appearance of a conflict of interest. For example, to the extent that Contractor, or any of its principals, has client, membership, financial and/or any other material affiliation with entities that participate in the federal USF in any respect, there may be actual, potential and/or apparent conflict(s) of interest. Contractor shall promptly notify USAC in writing of any actual or potential conflicts of interest involving Contractor, or any circumstances that give rise to the appearance of a conflict of interest, and the means by which Contractor proposes to avoid, neutralize, or mitigate such conflicts. Failure to
provide adequate means to avoid, neutralize or mitigate any conflict of interest may be the basis for termination of the Contract. By its execution hereof, the Contractor represents and certifies that it has not paid or promised to pay a gratuity, or offered current or future employment or consultancy, to any USAC or governmental employee in connection with the award. In order to maintain the required neutrality, Contractor must not advocate any policy positions with respect to the Programs or the Universal Service Fund (USF) during the term of the Contract. Neither the Contractor nor its subcontractors shall issue any public statement relating to or in any way disclosing any aspect of the Contract without the prior written consent of USAC.

**XXII. INVALIDITY OF ANY PROVISION**

It is the intent of the Parties that the provisions of the Contract will be enforced to the fullest extent permissible, but that the unenforceability of any provision will not render unenforceable or impair the remainder of the Contract, which will be deemed amended, to delete or modify, as necessary, the invalid or unenforceable provisions. The Parties further agree to negotiate replacement provisions for any unenforceable term that are as close as possible to the original term and to change such original term only to the extent necessary to render the same valid and enforceable.

**XXIII. WAIVER**

Any waiver by either party of a breach of any provision of the Contract shall not operate or be construed as a waiver of any subsequent breach by either party.

**XXIV. SEVERABILITY**

The invalidity or unenforceability of any provisions of the Contract shall not affect the validity or enforceability of any other provision of the Contract, which shall remain in full force and effect.

**XXV. CHOICE OF LAW/CONSENT TO JURISDICTION**

The Contract shall be governed by and construed in accordance with the laws of the District of Columbia (the term “laws” is to be construed as broadly as possible to include case law, statutes, regulations, orders, etc.) without regard to any otherwise applicable principle of conflicts of laws. Contractor agrees that all actions or proceedings arising in connection with the Contract shall be litigated exclusively in the State and, if applicable, Federal courts located in the District of Columbia (“Courts”). This choice of venue is intended to be mandatory and the parties’ waive any right to assert forum non conveniens or similar objection to venue. Each party hereby consents to in personam jurisdiction in the Courts. Contractor must submit all claims or other disputes to the Contracting Officer for informal resolution prior to initiating any action in the Courts and must work with USAC in good faith to resolve any disputed issues. A dispute over payment or performance, whether informal or in the Courts, shall not relieve Contractor of its obligation to continue performance of the Contract and Contractor shall proceed diligently with performance during any dispute over performance or payment.

**XXVI. USAC AND APPLICABLE LAWS**

USAC is not a Federal agency, a government corporation, a government controlled corporation or other establishment in the Executive Branch of the United States Government. USAC is not a contractor to the Federal Government and the Contract is not a subcontract under a federal prime contract. USAC conducts its procurements in accordance with the terms of a Memorandum of Understanding with the FCC, which requires USAC and its Contractors to adhere to certain procurement-related provisions of the Code of Federal Regulations, 2 C.F.R. §§ 200.318-321, 200-323, 200.325-326 and App. II to C.F.R. Part 200 (collectively “Procurement Regulations”). The Contractor shall comply with the procurement standards and
all applicable Federal, State and local laws, executive orders, rules and regulations applicable to its performance under the Contract.

**XXVII. RIGHTS IN THE EVENT OF BANKRUPTCY**

All licenses or other rights granted under or pursuant to the Contract are, and shall otherwise be deemed to be, for purposes of Section 365(n) of the United States Bankruptcy Code, or any replacement provision therefore (the "Code"), licenses to rights to "intellectual property" as defined in the Code. The Parties agree that USAC, as licensee of such rights under the Contract, shall retain and may fully exercise all of its rights and elections under the Code. The Parties further agree that, in the event of the commencement of bankruptcy proceedings by or against Contractor under the Code, USAC shall be entitled to retain all of its rights under the Contract and shall not, as a result of such proceedings, forfeit its rights to any Material, license, Software, Data or works made for hire.

**XXXI. NON-EXCLUSIVITY/INDEPENDENT CONTRACTOR**

Nothing herein shall be deemed to preclude USAC from retaining the services of other persons or entities undertaking the same or similar functions as those undertaken by the Contractor hereunder or from independently developing or acquiring goods or services that are similar to, or competitive with, the goods or services, as the case may be, contemplated under the Contract.

Contractor acknowledges and agrees that it is an independent contractor to USAC and Contractor’s key personnel, employees, representatives, directors, officers, subcontractors and agents are not employees of USAC. USAC will not withhold or contribute to Social Security, workers’ compensation, federal or state income tax, unemployment compensation or other employee benefit programs on behalf of Contractor or Contractor personnel. Contractor shall indemnify and hold USAC harmless against any and all loss, liability, cost and expense (including attorneys’ fees) incurred by USAC as a result of USAC not withholding or making such payments. Neither Contractor nor any of Contractor’s personnel are entitled to participate in any of the employee benefit plans of, or otherwise obtain any employee benefits from, USAC. USAC has no obligation to make any payments to Contractor’s key personnel, employees, representatives, directors, officers, subcontractors and agents.

**XXXII. TEMPORARY EXTENSION OF SERVICES**

USAC may require continued performance of any Contract services within the limits and at the rates specified in the Contract. USAC may extend the services more than once, but the total extension of performance hereunder shall not exceed six (6) months. The USAC Procurement representative may exercise an option to extend by written notice to the Contractor within ten (10) days prior to expiration of the then current term.

**XXXIII. NOTICES**

All notices, consent, approval or other communications required or authorized by the Contract shall be given in writing and shall be:

(a) personally delivered,
(b) mailed by registered or certified mail (return receipt requested) postage prepaid,
(c) sent by overnight delivery service (with a receipt for delivery), or
(d) sent by electronic mail with a confirmation of receipt returned by recipient’s electronic mail server to such party at the following address:

If to USAC: Chief Procurement Officer, Universal Service Administrative Co., 700 12th Street, NW, Suite 900 Washington, DC 20005

If to Contractor: See proposal submitted by Contractor in response to this Solicitation.

XXXIV. SURVIVAL

All provisions that logically should survive the expiration or termination of the Contract shall remain in full force and effect after expiration or early termination of the Term of the Contract.

XXXV. EXECUTION/AUTHORITY

The Contract may be executed by the parties hereto on any number of separate counterparts and counterparts taken together shall be deemed to constitute one and the same instrument. A signature sent via facsimile or PDF shall be as effective as if it was an original signature. Each person signing the Contract represents and warrants that they are duly authorized to sign the Contract on behalf of their respective party and that their signature binds their party to all provisions hereof.

XXXVI. INDEMNITY

Contractor shall defend, indemnify and hold harmless USAC from and against, any costs, liabilities, damages or expenses (including reasonable attorneys’ fees) arising out of or relating to: (a) Claims for personal injuries, death or damage to tangible personal or real property to the extent proximately caused by the negligent acts or negligent omissions of Contractor or its employees, agents, consultants, or Subcontractors in connection with the Contract; and (b) Claims of any nature whatsoever to the extent caused by the violation of contract terms, negligence, illegal or intentional wrongful acts or omissions of Contractor or its employees, agents, consultants, or Subcontractors in connection with the performance of the Services.

XXXVII. LIMITATION ON THE USE OF NON-U.S. CITIZEN FOR IT SERVICES

If the Contract involves IT Services, the following provision applies:

During the term of the Contract, the Contractor shall not, without USAC’s prior written specific approval, assign to Contract staff any individuals who are not citizens of the United States of America to provide services under the Contract which include access to, or assistance in the development, operation, management, or maintenance of, USAC’s IT systems by such individuals. Any submission by Contractor for such approval shall be in writing and must identify a compelling interest of the government warranting such approval. Such approval is subject to FCC consent and may be granted or withheld at the sole discretion of USAC or the FCC.

In the event of USAC approval, Contractor shall be responsible for obtaining, as necessary, appropriate visas and permits for each member of the Contract staff who is not a citizen of the United States of America and who may be required to travel to and perform services in the United States of America. Such visas and permits shall be in full compliance with the applicable immigration laws. Upon request, USAC shall have access to review such visas, permits, or other documentation establishing legal authorization of Contractor personnel to work in the United States of America and any other documents, records, reports, files and other materials relative to this provision.
SECTION D:
Attachments

I. ATTACHMENT LIST

- Attachment 1: Bid Sheet
- Attachment 2: Insert Name or Delete
SECTION E: 
Instructions and Evaluation Criteria

I. GENERAL

A. CONTRACT TERMS AND CONDITIONS
The Contract awarded as a result of this RFP will be governed by, and subject to, the requirements, terms and conditions set forth in RFP sections A, B, and C, and any attachments listed in section D (hereafter collectively referred to as the “Terms and Conditions”). Offeror’s submission of a proposal constitutes its agreement to the Terms and Conditions and their precedence over any other terms, requirements, or conditions proposed by the Offeror.

The Offeror’s proposal may identify deviations from, or revisions, exceptions or additional terms (collectively “exceptions”) to the Terms and Conditions, but only if such exceptions are clearly identified in a separate section within each proposal volume entitled “Exceptions to RFP Terms.” Proposals that include material exceptions to the Terms and Conditions may be considered unacceptable and render Offeror ineligible for award unless the Offeror withdraws or modifies any unacceptable exceptions prior to USAC’s selection of the successful Offeror for award. USAC will only consider changes or additions to the RFP terms and conditions that are included in the Offeror’s proposal. After selection of the awardee, USAC will not consider or negotiate any exceptions to the Terms and Conditions.

B. PERIOD FOR ACCEPTANCE OF OFFERS
The Offeror agrees to hold the prices in its offer firm for 120 calendar days from the date specified for receipt of offers, unless another time period is specified in an addendum to the solicitation.

Proposals must:
- Concisely address USAC’s requirements, as set forth in the Scope of Services, and should not contain a significant amount of corporate boilerplate marketing information.
- Be submitted to, USAC Procurement Department, no later than 9:00 AM ET on October 6, 2017 (“Proposal Due Date”).
- Be submitted in the form of one electronic copy submitted to rfp@usac.org and bwray@usac.org.
  - The subject line for all email communication related to this solicitation should only state the Solicitation Number of this RFP.

To be timely, Offeror’s proposal must be received by USAC by the Proposal Due Date at the email address specified above. Any offer, modification, revision, or withdrawal of an offer received at the USAC office designated in the solicitation after the Proposal Due Date and Time is “late” and will not be considered by USAC, unless USAC determines, in its sole discretion, that circumstances beyond the control of Offeror prevented timely submission, consideration of the offer is in the best interest of USAC, or the offer is the only proposal received by USAC.
C. PROPOSAL SCHEDULE

<table>
<thead>
<tr>
<th>Schedule</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 13, 2017</td>
<td>RFP posted for solicitation</td>
</tr>
<tr>
<td>September 20, 2017</td>
<td>Deadline for submission of questions</td>
</tr>
<tr>
<td>September 22, 2017</td>
<td>USAC’s response to written questions</td>
</tr>
<tr>
<td>October 06, 2017</td>
<td>Deadline for Offerors to submit RFP response</td>
</tr>
<tr>
<td>October 16-20, 2017</td>
<td>Potential dates for discussions / Q&amp;A</td>
</tr>
<tr>
<td>October 25, 2017</td>
<td>Potential deadline for Best and Final Offers</td>
</tr>
<tr>
<td>November 15, 2017</td>
<td>Work commencement date (approximate)</td>
</tr>
</tbody>
</table>

D. SUBMISSION OF QUESTIONS
USAC will only accept written questions regarding the RFP. All questions must be emailed to rfp@usac.org no later than September 20, 2017, 12:00 PM Eastern Time (ET). USAC plans to post all questions and responses under this procurement on our website on September 22, 2017, 12:00 PM ET.

E. AMEND, REVISE OR CANCEL RFP
USAC reserves the right to amend, revise or cancel this RFP at any time at the sole discretion of USAC and no legal or other obligations are assumed by USAC by virtue of the issuance of this RFP, including payment of any proposal costs or expenses, or any commitment to procure the services sought herein.

II. CONTRACT AWARD
USAC will evaluate proposals and may award a contract resulting from this solicitation to the vendor whose offer will be most advantageous to USAC. USAC may reject any or all offers if such action is in the public’s or USAC’s interest, accept other than the lowest offers, and waive informalities and minor irregularities in offers received.

III. IDENTIFICATION OF CONFIDENTIAL INFORMATION
The proposal shall clearly and conspicuously identify information contained in the proposal that the Offeror contends is Confidential Information.

IV. PROPOSAL VOLUMES COVER PAGE

A. COVER PAGE
Each volume of each Offeror’s proposal must contain a cover page. On the cover page, please include:

- The name of the Offeror’s organization,
- The Offeror’s contact name,
- The Offeror’s contact information (address, telephone number, email address, website address),
- The Offeror’s DUNS number,
- The date of submittal,
- A statement verifying the proposal is valid for a period of 120 days, and
- The signature of a duly authorized Offeror representative.
- A statement regarding any known conflicts of interest.
USAC procurements are conducted with complete impartiality and with preferential treatment for none. USAC procurements require the highest degree of public trust and an impeccable standard of conduct. Offerors must strictly avoid any conflict of interest or even the appearance of a conflict of interest, unless USAC has otherwise approved an acceptable mitigation plan.

V. PROPOSAL CONTENT

The proposal shall be comprised of the following four volumes:

A. CORPORATE INFORMATION (VOLUME I)
This volume must include:
- A cover page, as outlined above.
- An executive summary summarizing all key features of the proposal, including the identification of any subcontractors and affiliated individuals or firms that will assist the Offeror in performing this contract
- **Pricing information should not appear in the Executive Summary.**
- Place(s) of incorporation of business
- Place(s) where the vendor conducts business, including primary place of business;
- Number of intellectual property infringement suits brought against the vendor in the last five (5) years, including brief description of the nature and status of such disputes (e.g., settled, under active litigation).

B. TECHNICAL (VOLUME II)
This volume must include:
- A cover page, as outlined above.
- An in-depth discussion of the Offeror’s technical approach to how it will fulfill the requirements of this RFP, along with a clear statement of whether or not the Offeror’s performance of the Contract will comply with all requirements, terms and conditions set forth in the RFP.
  - Explain how and why the four (4) months of performance period will be allocated to each of the three Phases described in Attachment B. In so doing, take into consideration that the National Verifier will be implemented on December 5, 2017.
  - Explain how the Offeror will interact with USAC staff during the engagement, and what level of involvement or time is anticipated from USAC staff.
  - Describe Offeror’s experience and at least two (2) specific examples, in performing complex risk assessment, specifically in performing or assessing the quality of internal controls in accordance with the United States Government Accountability Office (GAO), Standards for Internal Control in the Federal Government, GAO-14-704G.
  - List all matters in the last three (3) years where your firm has performed risk assessments in accordance with all the Government Control Standards, or with any one of the three standards referenced in paragraph (1) above. Describe work performed and the methodology for compliance with such standards.
  - Describe your firm’s experience in analyzing complex operational procedures and/or manuals, and providing practical and implementable recommendations for improvement.
  - Describe your firm’s experience with statistical sampling.
  - Provide a sample, template, or redacted report that frames the manner in which the final deliverable will be conveyed to USAC.
- **Key Personnel.** Identify by name all key personnel (See Section B.IX.D). Describe the technical knowledge of and experience of proposed personnel in the requested services with respect to, but not limited to, experience and qualifications including depth of knowledge, expertise and number of years.
Submit resumes for all key personnel, as an attachment, to the technical volume, no longer than two pages in length. Include their experience, if any, in performing complex risk assessments in accordance with GAO standards.

If Contractor, at time of proposal and prior to the award of the contract, has information that any such key personnel anticipate terminating his or her employment or affiliation with Contractor, Contractor shall identify such personnel and include the expected termination date in the proposal.

- A discussion of the Offeror’s capabilities for performing this Contract (Phases One, Two, and Three), including resource and project management capabilities. This should address the following:
  - A narrative of your firm’s ability to successfully manage a project of this scope and meet schedule constraints in performing similar projects, for both all three Phases within the prerequisite four (4) month timeline.
  - A detailed Project Plan Timeline, for Phase One, that includes a proposed schedule and approach for managing and providing the Services and Deliverables required by the Contract as outlined in Section B.

C. PAST PERFORMANCE INFORMATION (VOLUME III)
   This volume must include:
   - A cover page, as outlined above.
   - A list of up to three current or recently completed contracts for similar in scope to those required by this solicitation. Each entry on the list must contain the client’s name, the project title, the period of performance, the contract number, the contract value, a primary point of contact (including the telephone number and email address for each point of contact, if available), and a back-up point of contact. If a back-up point of contact is not available, please explain how USAC may contact the client in the event the primary point of contact fails to respond.
     - For each past performance, provide a description of the relevant performance and the name and telephone number for USAC to contact for past performance information for each project discussed. A past performance description will consist of an overview of the engagement, a description of the scope of work performed, its relevance to this effort, and the results achieved. This is the time to identify any unique characteristics of the project, problems encountered, and corrective actions taken. Each overview shall not exceed one page.
     - USAC will attempt to contact past performance references identified in the proposal for confirmation of the information contained in the proposal and/or will transmit a past performance questionnaire to the contacts identified in the Offerors proposals. Although USAC will follow-up with the contacts, the Offeror, not USAC, is responsible for ensuring that the questionnaire is completed and returned by the specified date in USAC’s transmittal. If USAC is unable to reach or obtain a reference for the project, USAC may not consider the contract in an evaluation of past performance.

D. PRICE (VOLUME IV)
   This volume must include:
   - A cover page, as outlined above.
   - Completed pricing information in Attachment 1: Bid Sheet.
     - The fixed labor-hour prices should be fully loaded and must include wages, overhead, general and administrative expenses, taxes and profit for each labor category.
     - The labor rates established in this RFP will be used for all awarded task orders, except that the Contractor may offer discounts to the labor rates in task order competitions.
E. PAGE COUNT LIMITS

Page count, for each Volume including the cover page, may not exceed the below:

- Volume I – Corporate Information; may not exceed 3 pages, including Cover page
- Volume II – Technical; may not exceed 7 pages, excluding resumes, and including Cover page
- Volume III – Past Performance Information; may not exceed 4 pages, including Cover page
- Volume IV – Price; may not exceed 3 pages, including Cover page

Any proposals received exceeding the page count, will be considered technically unacceptable and may not receive further consideration.

VI. EVALUATION

USAC will award a single contract resulting from this solicitation to the responsible Offeror whose offer conforming to the solicitation will be most advantageous to USAC, price and other factors considered. The following factors, which are listed in descending order of importance, shall be used to compare offers and select the awardees – technical, past performance, and price. When combined the technical and past performance factors are significantly more important than price.

- **Technical**: The technical sub-factors listed below in descending order of importance:
  - Technical Approach
  - Experience
  - Key Personnel
  - Project Plan Timeline

- **Past Performance**: Past performance information will be evaluated to assess the risks associated with an Offeror’s performance of this effort, considering the relevance, recency and quality of the Offeror’s past performance on past or current contracts for the same or similar services. The Offeror’s past performance will be evaluated based on the Offeror’s discussion of its past performance for similar efforts, information obtained from past performance references (including detailed references for the Offeror’s proposed teaming partner(s) and/or subcontractor(s), as applicable) and information that may be obtained from any other sources (including government databases and contracts listed in the Offeror’s proposal that are not identified as references).

- **Price Evaluation**: USAC will evaluate price based on information contained in the Bid Sheet. Price is the least important evaluation factor and USAC may not award a Contract solely on the basis of the lowest priced Offeror. USAC further recognizes that the size of a company, its name-recognition, geographical offerings and the expertise/experience of staff impacts the price of the hourly labor rates offered by the firms, thus making comparisons of differently situated firms less meaningful. Therefore, when considering rates, USAC will use the rates of similarly situated companies for reasonableness and comparison purposes. Price may become a more important selection factor if the ratings for the non-price factors are the same or very close to the same. In addition to considering the total prices of the Offerors when making the award, USAC will also evaluate whether the proposed prices are realistic (i.e., reasonably sufficient to perform the requirements) and reasonable. Proposals containing prices that are determined to be unrealistic or unreasonable will not be considered for award.
A. DOWN-SELECT PROCESS
USAC may determine that the number of proposals received in response to this RFP are too numerous to efficiently conduct a full evaluation of all evaluation factors prior to establishing a competitive range. In such a case, USAC may conduct a down-select process to eliminate any vendor, prior to discussions, from further consideration based on a comparative analysis of vendor proposals, with primary focus on the price proposal, but USAC may, at its sole discretion, consider other factors such as quality of proposal, technical capabilities and past performance. Proposals that include proposed prices that are significantly higher than the median proposed price for all vendors may be excluded from the competition without evaluation under the other evaluation factors. Proposals that contain prices that are unrealistically low in terms of sufficiency to perform the Contract may also be excluded from the competition.

B. RESPONSIBILITY DETERMINATION
USAC will only award contracts to responsible Offerors. USAC will make a responsibility determination based on any available information, including information submitted in an Offeror's proposal. In making a responsibility determination USAC will consider whether:

- The Offeror has sufficient resources to perform the Contract;
- The Offeror has a satisfactory record of performance, integrity and business ethics;
- The Offeror has the accounting systems and internal controls, quality assurance processes and organizational structure and experience necessary to assure that contract work will be properly performed and accurately invoiced; and
- The Offeror has the facilities, technical and personnel resources required to perform the contract.
- The Offeror is not excluded from Government contracting, as listed on the excluded parties list in SAM.gov
**Bid Sheet**

This quote is submitted by the undersigned company ("Company"), who agrees to provide the items as the prices set forth, in accordance with the terms and conditions of Contract No. LI-17-124. This bid sheet is valid for 120 days from the date set forth below.

Submitted by:

Company Name: ________________________________________________
Authorized Representative:  ___________________________________
Signature:______________________________________________________
Print Name:____________________________________________________
Title:__________________________________________________________
Date:__________________________________________________________

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Applicable Taxes (USAC is required to pay 5.75% DC sales tax, 6% VA sales tax)

Lead time from date of purchase

Contract Effective Date:

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Accepted by USAC:

Signature:

Print Name:

Title:

Contract Effective Date: