



E-rate Program

A New Way to Safeguard the USF

Fall 2010 Applicant Trainings

Washington, DC | Newark | Minneapolis | Los Angeles | Kansas City | Jacksonville | Portland | Dallas/Fort Worth



A New Way to Safeguard the USF

Agenda

- What's New?
 - Aligning responsibilities with objectives
- USAC's commitment to safeguarding the USF
 - Payment Quality Assurance Program (PQA)
 - Compliance audit activities
- How to prepare for PQA or Audit



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What's New

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What's New

A refined approach to meeting regulatory requirements

- Aligning responsibilities with objectives
- Separate work into distinct activities

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What's New

Payment Quality Assurance Program

- Commitment to support IPIA requirements
- Assess estimated rates of improper payments
- Assessment, not audit

Beneficiary/Audit Compliance Program

- Commitment to safeguarding the integrity of the USF
- Assess compliance with FCC rules
- Performance or agreed-upon procedures



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PQA and BCAP

Preserving the integrity of the USF

- How will USAC meet its regulatory requirements?
 - Payment Quality Assurance (PQA) Program
 - Beneficiary and Contributor Audit Program (BCAP)

Payment Quality Assurance Program (PQA):

- Covers all four programs
- Measures accuracy of payments to program applicants
- Evaluates eligibility of applicants who received payments
- High-level testing of information from program participant
- Scope of procedures tailored to ensure reasonable cost, while meeting IPIA requirements for sample size and precision

PQA Process

- New to USAC and the FCC
- Process designed to:
 - Minimize requirements placed on beneficiaries
 - Reduce processing time
 - Capitalize on documents within USAC
 - Not require USAC to be on site
 - Not be an audit

The PQA Program is a **5 step** quality assurance process

PQA Process Flow

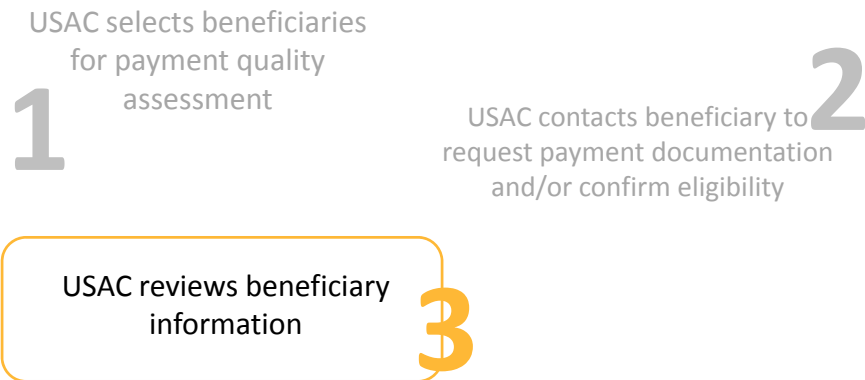
1 USAC selects beneficiaries
for payment quality
assessment

PQA Process Flow

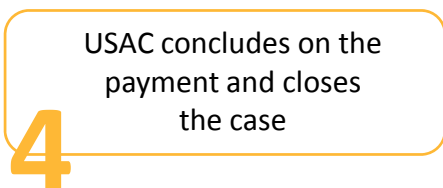
1 USAC selects beneficiaries
for payment quality
assessment

2 USAC contacts beneficiary to
request payment documentation
and/or confirm eligibility

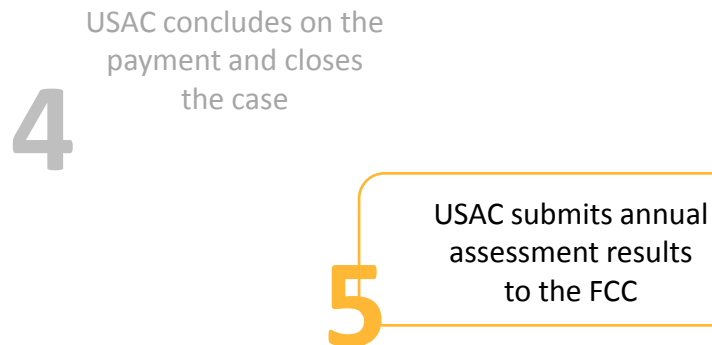
PQA Process Flow



PQA Process Flow



PQA Process Flow



Beneficiary and Contributor Audit Program (BCAP)

- Formal audit program designed to evaluate USF beneficiary compliance with Commission rules
- Covers all four programs and contributors
- Audit type and scope of work are tailored to program risk elements, size of disbursement, etc.
 - Utilizes Performance audits and Agreed Upon Procedures audits
 - Recognizes that “one size does not fit all”

Beneficiary and Contributor Audit Program (BCAP)

- Spread audits throughout the year to:
 - Smooth workload
 - Improve efficiencies
 - Control costs
 - Reduce unnecessary burdens on beneficiaries
 - Maintain pool of trained auditors
- Reasonable cost in relation to program disbursements and specific beneficiary being audited

Differences you will see

- Improvements to scheduling
 - Other time requirements considered
 - No audits during last two weeks of the filing period
- Implementation of a USAC Engagement Lead
 - Additional USAC visibility
 - More manageable number of audits
- Auditors spending more time on planning
 - Review and use of materials before arriving on-site



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How to Prepare for PQA or Audit



How to Prepare

Tips to Ease the Process

- Verify that USAC has the correct e-mail address
 - Check on FCC Form 471
- Periodically check spam e-mail boxes
- Reply to the PQA announcement e-mail
- Confused about requests? Ask questions!
- Keep copies of all documents provided
- Adequately label all documents
 - Helps reviewers process documents and work quickly

How to Prepare

Document Requests

- Document indicating non-profit status
 - Recent financial statement audit (stating type of entity), IRS not-for-profit letter, business license
- Invoice for Funding Request Number (FRN) under verification
 - OK to provide information indicating how that agrees with disbursement
- If applicable, copy of the Technology Plan approval letter
- Sign confirmation letter provided in the announcement e-mail

How to Prepare

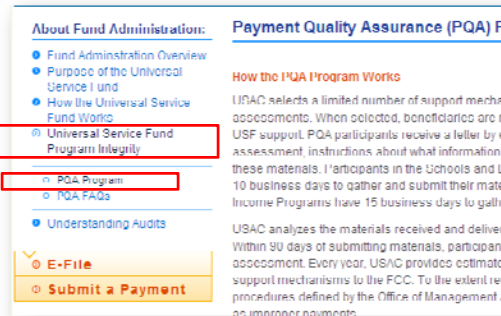
Document Requests

- List of entities that received goods/services if not on the invoice
- Support/confirm no endowments over \$50 million
- Document indicating a status of primary/secondary school/district or library

How to Prepare

PQA information

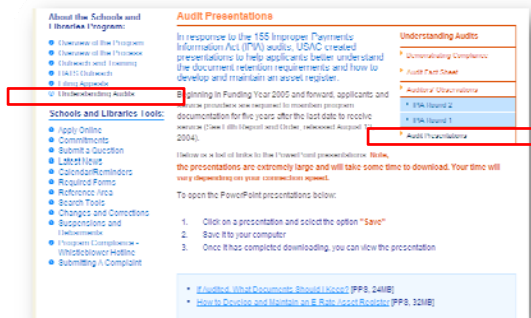
- On usac.org/fund-administration, select “Universal Service Fund Program Integrity” on the left, then “PQA Program”



How to Prepare

Audit information

- On usac.org/sl, select “Understanding Audits” on the left, then “Audit Presentations” on the right.



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Review

Review

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- Prior audit rounds are close
- New programs implemented this year
 - Separates objectives into two distinct tasks
 - More efficient and requires less involvement from beneficiaries
 - Recognizes that one size does not fit all

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- Maintain open and positive communication flow with stakeholder groups
 - USAC is interested in feedback about the payment quality assurance program
 - Each audit includes a USAC Engagement Team Lead

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Questions?



Questions, please contact us!

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Questions, please contact us!

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Thank you!