

**USAC RFP AAD-21-016 - Supply Chain Audit Services
Questions & Answers**

Q #	RFP Section & Page #	Question	Answer
1	Purpose of This RFP, Page 4	The solicitation states "The audits must be performed by a licensed accounting/audit firm that complies with American Institute of Certified Public Accountants ("AICPA") professional standards." Will USAC consider changing the solicitation to read "The audits must be performed by a licensed accounting/audit firm in accordance with American Institute of Certified Public Accountants ("AICPA") Consulting Standards?"	The purpose of the sentence is to reiterate the requirement that AICPA members performing the audits are expected to adhere to AICPA's code of professional conduct. Please see response to question 2 below on conducting audits in accordance with AICPA consulting standards.
2	Purpose of This RFP, Page 5	The solicitation states "The audits must be conducted in accordance with Generally Accepted Government Auditing Standards ("GAGAS") issued by the Comptroller General of the United States (July 2018)." Will USAC consider removing the reference to GAGAS and replace it with AICPA Consulting Standards since the government will still be able to obtain the general rates of compliance with FCC requirements among USF recipients by using AICPA Consulting Standards. USAC can still ensure uniformity of work among vendors by removing the GAGAS requirement. Further, many agencies have successfully performed assessments similar to this using AICPA Consulting Standards.	USAC will maintain the reference to GAGAS because for performance audits, yellow book alone provides enough guidance. However AICPA member firms may follow applicable AICPA consulting standards in addition if they wish to do so per the guidance below: AICPA Guidance
3	N/A	Can USAC please provide a full list of USF recipients?	The FCC maintains open data resources which provides information on USF recipients by program. Please note that although this information is regularly updated, it may not immediately reflect up to the minutes changes. The data is available at the link below. https://opendata.usac.org/ Please review the how to videos at the link below to navigate the data. https://opendata.usac.org/videos
4	N/A	About how many awardees does USAC anticipate for this IDIQ?	USAC anticipates 3 – 5 awardees for this IDIQ.

5	N/A	Can USAC please provide its methodology for how it will issue task orders? Will USAC include a certain number of USF recipients in each task order? How will the audits be broken up among the task orders?	The sample selection has been determined. Once the selected entity makes a certification on the relevant FCC Form that it has complied with relevant National Supply Chain rules, the selected entity will be included in a task order. Since this is a new audit initiative, the initial task orders will include approximately 10 entities. Based on lessons learned, the number of entities in a task order may increase in subsequent task orders.
6		The RFP requires that the auditor conduct network scans on the carrier networks using scanning tools. Please confirm that the carriers understand they will be required to allow/enable this scanning as part of their receipt of USAC funding and are obligated/required to allow the network scanning to take place.	USF recipients are required to affirmatively demonstrate that no USF funds were expended on covered companies. Network scanning is not required if the selected entity has other means to demonstrate its compliance with the National Supply Chain rules. USAC will work with the FCC to ensure that USF recipients understand this requirement and provide the necessary information or access to the information that demonstrates their compliance with the requirements. The selected contractor will work closely with USAC if the carrier has concerns about the contractor's approach to testing.
7		Are the network scans mandatory or just an optional method for determining whether funds were used by the carriers to purchase illegal equipment.	Network scans are strongly recommended but may not be mandatory if other compelling audit evidence is available to demonstrate compliance.
8		Are there any specific scanning tools that USAC is requiring the auditors to utilize?	No, there are no specific scanning tools that USAC is requiring the Contractor to use. However, in general, "Hardware Asset Management" scanning tools with standard "asset discovery" functionality may be used.
9		Are there any mandatory scanning reports that USAC is requiring the auditors to provide as part of the audit report?	Scanning reports that support audit conclusions are required to be maintained as part of audit documentation, which the FCC or USAC reserves the right to request.
10		Please define "Recency" of past performance	Projects completed within past 3 -5 years from the date of the solicitation.
11	Section E, # 6 proposal content, E. Presentation and Page Limitations,	Please verify that the Index or Table of Contents is exclusive of the page count.	Index or Table of Contents is exclusive of page count.
12	Attachment 1, p. 47, Lead Project Manager	Would USAC consider personnel with significantly more project management experience managing large scale audit initiatives but	A PMP is strongly preferred, but actual experience that reflects the skills and application of Project Management principles will be considered.

		does not have PMP certification, as technically acceptable for the role of Lead Project Manager?	
13	General	What is USAC’s anticipated amount of annual work for this BPA (i.e. roughly how many audits per year does USAC anticipate and roughly what is the anticipated hours per audit)	USAC anticipates approximately 25 – 50 audits/year. However, the FCC reserves the right to increase or decrease the number of audits contemplated by this RFP. The estimated hours per audit will depend upon the size and complexity of the selected entities’ operations. The anticipated hours per audit will not be provided by USAC; the number of hours per audit will be supplied by the vendor when bidding on a task order.
14	Section B, #10 Scope of Services/Deliverables, G. Project Tools	Section G says, “Contractor shall use MS Office 2016 and MS Project 2016 to prepare deliverables.” Will newer versions of these applications be acceptable?	Newer versions of MS Office 2016 and MS Project 2016 can be used to prepare deliverables.
15	Section B. 10. B. i)	No Universal Service Funds were used to purchase, obtain, maintain, improve, modify, or otherwise support any equipment or services provided or manufactured by Covered Companies.” For the purpose of this audit, is a covered company designated by the Public Safety and Homeland Security Bureau of the FCC at the beginning of the scope period, at the time of purchase of the equipment, or at the current time (during audit testing)?	The effective date of the FCC’s covered company’s designation will drive the time period for testing compliance with the National Supply Chain rules. For example, an entity may have purchased equipment prior to a covered company’s designation; and in such cases, the Contractor shall determine if the entity complied with the National Supply Chain rules once the covered companies were designated.
16	Section B. 10. B.	What is the audit period for this audit?	The audit will cover the period/funding years from July 1, 2020 onwards, as the FCC designated two Covered Companies (Huawei and ZTE) on June 30, 2020.
17	Section B. 10. B.	Will USAC provide examples of prior supply chain audit findings or instances of noncompliance?	This is a new audit initiative and there are no precedent for audit findings.
18	Section B.10. C.	Will USAC identify which version of the covered list will be used for this audit prior to the commencement of the audit?	USAC will be working with the covered list published here: https://www.fcc.gov/supplychain . However, please understand that the FCC reserves the right to add or remove entities to the Covered List at any time.
19	Section B. 10. C. 1). c. i.	“Obtain and review evidence of projects completed using USF support and identify any elements of the project expenditure that involve network equipment and services that can be traced to Covered Companies.” Could USAC please explain what types of “evidence” is being referred to in the RFP?	The evidence referred to here is generally information that supports projects completed by Eligible Telecommunication Companies (ETCs) using USF for the High Cost programs. There is no specific or exhaustive list of documents that are required to be provided to demonstrate compliance with the National Supply Chain rules. If the Contractor is unsure of whether the documentation provided is sufficient, the

			Contractor shall work with USAC to assess and resolve the situation.
20	Section B. 10. C. 1). c. i.	“Obtain and review evidence of projects completed using USF support and identify any elements of the project expenditure that involve network equipment and services that can be traced to Covered Companies.” Could USAC please explain what the RFP means by “projects completed”?	Projects reported by ETCs to the High Cost Universal Broadband Portal as completed (e.g., network buildout).
21	Section B. 10. C. 1). c. ii. “	“Analyze USF recipients’ financial and transactional information (including financial statements, General Ledger accounts for vendor payments, invoices, contracts, work order details) to identify potential transactions (equipment or services described in the Covered List) with Covered Companies.” Does USAC anticipate Contractor to extract financial and transactional information from USF’s recipients’ system?	USAC anticipates that Contracted audit firms will request, and the USF recipients under audit will provide, financial and transactional information as appropriate to affirmatively demonstrate their compliance with the National Supply Chain requirements.
22	Section B. 10. G	Is MS Office and Project just the required tools for deliverables and project management? Are there any limitations or requirements around tools used for the audit and analytics? How will data be shared by USAC with the contractors?	MS Office and Project are the required tools for deliverables. There are no limitations or requirements around tools used for analytics. Data will be shared by USAC with the contractors using a SharePoint site and/or Box (secure platform).
23	Section B. 11. A	“Contractor shall identify any actual, apparent, or potential conflicts of interest, or any circumstances that may give rise to the appearance of a conflict of interest, relating to the performance of this Contract, or provide a statement that no such conflict of interest or appearance issues are known to exist...Contractor shall provide USAC with a detailed proposal on how Contractor intends to avoid, neutralize, or mitigate the actual or potential conflict of interest.” Does USAC anticipate such a Conflict of Interest Statement to be included in the RFP response? When will the names of USF recipients (auditees) be provided?	Names of USF recipients to be audited will be shared in the Task Order. At that time of Task Order response, the Contractor shall identify and address any potential or actual conflicts of interest.
24	Section B. 11.	Are the Final Project Plan and the Final Staffing Plan due within ten business days of task order effective date or after the training? Are the Final Project Plan and Audit Program due at same time? Changes to the audit program could affect the project plan	Final Project Plan and Final Staffing Plan are due within 10 days of task order effective date. The audit program is due 10 days after training. USAC is aware that the project plan may change due to outside circumstances but any change must be approved by the USAC PM.
25	Section B 10. B.	The scope of each audit shall be sufficiently comprehensive to provide USAC and the FCC with notice of any non-compliance with the requirements, including any monetary impacts, or	USAC expects detection of non-compliance with National Supply Chain requirements through the application of approved audit procedures.

		waste, fraud, or abuse (intentional or unintentional) <i>Does USAC expect detection of Fraud, Waste, and Abuse through testing of controls or through testing of procedures?</i>	However, if instances of alleged fraud, waste or abuse comes to the attention of the auditors while testing the procedures, this information should be reported to USAC. Please refer to the RFP for guidance on reporting fraud.
26	Section B. 10. C. (2)	Please clarify the review of network diagrams to determine if equipment was serviced by a covered company. A network diagram does not necessarily indicate who serviced the equipment.	Review of network diagrams could indicate the types the equipment used, for which the Contractor can inquire with the entity and reconcile to financial and other records to assess whether such equipment was manufactured, obtained, or serviced by a Covered Company.
27	Section B. I.	Does USAC currently have an estimate on the number of audits required through this RFP?	USAC anticipates approximately 25 – 50 audits/year. However, the FCC reserves the right to increase or decrease the number of audits contemplated by this RFP. Because this is a new audit initiative, the initial task orders will include approximately 10 entities. Based on lessons learned, the number of entities in a task order may increase.
28	Section A. I.	What are the “three universal service support mechanisms” referenced in this section of the RFP?	High Cost, E-Rate and Rural Healthcare.
29	Section B. 10. C.	Please clarify if the “sample” referenced is a statistically valid sample or a judgmental sample?	The sampling methodology and selection criteria are both confidential.
30	Section B. 10. C. 1) b.	Are USF recipient’s required to deposit USF funds in restricted accounts or designated corporate accounts?	No.
31	Section B. 10. C. 1) b.	Are USF recipient’s required to maintain USF funds in restricted accounts or designated corporate accounts such that disbursements can be traced to USF funds?	No.
32	Section B. 10. C. 1) b.	If the answers to questions 30 and/or 31 are negative, since money is fungible, could you please provide some insight into how equipment purchased by a carrier would be attributed to USF v. non-USF funds? E.g. First in First Out (FIFO).	The audited entity must describe its process for tracking the receipt and expense of USF funds, whether the entity uses prohibited equipment; and if so, whether USF funds were used to support the prohibited equipment. The entity must provide applicable documentation to affirmatively demonstrate that USF funds were not used to support prohibited equipment.

			<p>The audit procedures are designed to verify the approved use of USF funds and confirm whether or not the USF expenditures included covered equipment. This is based on guidance in the order NSC Order, See extract below under section 80, page 33.</p> <p><i>We note that applicants in the E-rate and Rural Health Care programs already retain and provide information either during the application process or during audit and program integrity assurance processes that could demonstrate (if verified) that no USF funds were improperly used. And we note that many ETCs receiving High Cost funding now report the projects they complete using federal funds to the High Cost Universal Broadband portal, allowing relatively swift verification by USAC of compliance.</i></p>
33	Section E. D.	Please clarify if USAC requires the fixed labor-hour rates for each labor category only, and not an overall estimated number of hours for each labor category?	USAC requires the fixed labor-hour rates for each labor category only at this time.
34	Section B. H.	Please confirm if USAC requires an estimate in the amount of travel expenses for this proposal?	USAC does not require an estimate in the amount travel expense at this time.
35	Section B. C.	Does the auditor testing cover equipment purchased prior to 2019?	Yes, to ensure USF funds were not used to support such equipment after the effective date of the FCC's Covered Company designation.
36	Section B. C.	Please describe the nature of the audit rights that USAC has with the USF beneficiaries?	<p>USAC's right to audit USF program participants has been outlined in the Code of Federal Regulations:</p> <p>Title 47 → Chapter I → Subchapter B → Part 54 → Subpart H → §54.707</p>
37	Section A. I.	“Conduct audits of USF beneficiaries of three universal service support mechanisms including USAC together with its contractors and sub-contractors.” Does USAC expect the audit firm to audit the sub-contractors of the USF recipients as well? If so, could you please elaborate on that requirement?;	No. Audits of USF recipients will not include contractors and sub-contractors. However, if USAC as an organization, together with its contractors and sub-contractors, is included in a task order, then the audits may cover USAC and the associated contractors and sub-contractors involved.

38	Section B. I.	“Contractor shall perform sufficient testing to determine whether the USF recipients are compliant with the Requirements.” Could you please explain what you meant by “sufficient” or would that be at the discretion of the audit firm?	The sufficiency of the tests will be at discretion of the audit firms that enables audit conclusions and recommendations to be adequately supported. USAC will work collaboratively with the Contractor to answer questions and confirm accuracy of results.
39	Section C1)(b)(ii).	“Vouch, on a sample basis, expenditure details to verify that they are adequately supported and do not include any expenditure items i.e., network equipment and services that can be traced to Covered Companies.” Are the USAC recipients required to / will provide USAC with expenditure reports?	USF recipients are required to affirmatively demonstrate that no USF funds are expended on covered companies. USAC will work with the FCC to ensure that USF recipients understand this requirement and provide the necessary information or access to the information that demonstrates their compliance with the requirements.
40	Section C1)(c)(ii).	“Analyze USF recipients’ financial and transactional information (including financial statements, General Ledger accounts for vendor payments, invoices, contracts, work order details) to identify potential transactions (equipment or services described in the Covered List) with Covered Companies.” The general ledgers of the company would include non-USAC data. Does USAC anticipate that the audit firm will be provided access to the entire general ledger or just the data excerpts that relate to USAC?	USF recipients are required to affirmatively demonstrate that no USF funds are expended on covered companies. USAC will work with the FCC to ensure that USF recipients understand this requirement and provide the necessary information or access to the information that demonstrates their compliance with the requirements. If the entity does not maintain USF records separately from non-USF records, the Contractor may need to request the entire general ledger.
41	Section C1)(c)(iii).	Review USF recipient asset listings and related expense reports documentation and identify network elements that are included in FCC’s published list of communication equipment and services from Covered Companies.” Are the USAC recipients required to / will provide USAC with asset listings and expenses related to USAC funds? If not, does USAC anticipate that the audit firm will be provided access to the entire asset register/ expense listing or just the data excerpts that relate to USAC?	USF recipients are required to affirmatively demonstrate that no USF funds are expended on covered companies. USAC will work with the FCC to ensure that USF recipients understand this requirement and provide the necessary information or access to the information that demonstrates their compliance with the requirements.
42	General	How many task orders per year does USAC expect to award?	USAC anticipates approximately 25 – 50 audits/year. However, the FCC reserves the right to increase or decrease the number of audits contemplated by this RFP. Because this is a new audit initiative, the initial task orders will include approximately 10 entities. Based on lessons learned, the number of entities in a task order may increase.
43	General	How many audits does USAC estimate will be included in a task order?	Because this is a new audit initiative, the initial task orders will include approximately 10 entities. Based on

			lessons learned, the number of entities in a task order may increase.
44	General	Will task orders be unique to the program type, i.e. only High Cost Beneficiaries, or could one task order include multiple programs?	Task Orders will not be limited to specific programs.
45	General	Will USAC please provide an estimated (or maximum) contract value for the base year and the four option years?	USAC does not provide an estimated (or maximum) contract value for the base year and the four option years. The estimated contract value will depend on the number of audits and task orders being released or issued per year.
46	II. Confidentiality, Page 5	This section states “Confidentiality Agreement (attached hereto as Attachment 3) which must be executed by Offeror (as defined in Section C.I) and submitted along with any proposal for this RFP.” Please advise if we are submitting one Agreement on behalf of the Offeror and in which Volume we should include the signed agreement.	The Confidentiality Agreement can be submitted as an attachment to Volume I.
47	C. Auditor Testing, page 10	There are no Lifeline procedures listed, does USAC intend to complete these audits on Lifeline Beneficiaries as well?	No, the audits are limited to High Cost, E-Rate and Rural Healthcare USF participants.
48	C. Auditor Testing, page 10	The RHC and E-rate audit procedures noted sampling, however the High Cost procedures do not. Please validate that sampling will be utilized in all audits for detailed reviews of invoices/work orders and the like after initial data analytics are performed on overall G/L detail or asset listings.	Yes, audits for all the programs will be conducted on a sample basis.
49	C. Auditor Testing, 2. Network Architecture Review, page 11	In reference to scanning tools, do USF recipients have tools on the network or is the auditor expected to provide? If the latter, do we have approval to connect these tools to the network?	Whether all USF recipients to be audited have scanning tools is unknown. The auditors together, with their telecom engineering SMEs, may have to use its own scanning equipment. USAC will work with the FCC to ensure that USF recipients understand the requirement to affirmatively demonstrate compliance and provide the necessary information or access to the information that demonstrates their compliance with the requirements.
50	C. Auditor Testing, 2. Network Architecture Review, page 11	Does USAC intend to perform “track and trace” across the four USF programs and associated networks for Principle End Items (i.e., equipment and network elements) manufactured by companies on Covered List, or containing components produced by parent organizations/subsidiaries/affiliates on Covered List?	USAC will follow the audit procedures that align with FCC’s guidance in the order. See response to question # 32.

51	C. Auditor Testing, 2. Network Architecture Review, page 11	Does USAC intend to define equipment and network elements within scope of audit (e.g., Broadband 5G antennas vs. Power Generator)?	Please see the FCC's Covered List at https://www.fcc.gov/supplychain/coveredlist .
52	E. Presentation and Page Limitations, 2. Page Limitation; Page 42	"Page count, for each Volume including the cover page, may not exceed the below:" Please confirm that front matter such as a Transmittal Letter and the Table of Contents is excluded from the page count for each Volume.	The Transmittal Letter and the Table of Contents is excluded from the page count for each Volume.
53	General	Would USAC please confirm whether offerors should include a completed copy of the solicitation cover page as part of their proposals? If so, would USAC please confirm in which volume offerors should include the solicitation cover page, and confirm that the solicitation cover page is excluded from the page limits?	A completed copy of the solicitation cover page should be included in volume one and it is excluded from the page count
54	Section B., 2.	Type of Contract (p. 6 of 57): The solicitation states that task orders will be priced on a time and materials (T&M) with a not-to-exceed price basis; however, the solicitation also states that each task order awarded will result in a firm-fixed price (FFP) for that task order. Would USAC please clarify whether task orders will be T&M or FFP?	Task Orders will be T&M.
55	Section B., 2. Type of Contract (p. 6 of 57); Section C.VII. PAYMENT / RATES (p. 22 of 57); Attachment 4 (p. 55-57 of 57)	The solicitation states that fixed unit prices must include all direct and indirect costs, including travel; however, Section C.VII. also states that labor rates shall include all direct and indirect costs while Attachment 4 states that USAC will reimburse for necessary and reasonable travel expenses. Would USAC please confirm that travel is to be billed as a direct cost for this contract and not included in the fixed labor rates?	Attachment 4 statement regarding reimbursement for necessary and reasonable travel expenses applies to travel to/from auditee location. Section B., 2. Type of Contract (p. 6 of 57); Section C.VII. Payments & Rates applies to other day-to-day travels such as travel to/from contractor's office.
56	Section C., XXXVIII. COVERED COMPANY, Bullet D. Annual Certification (p. 34 of 57)	Would USAC please clarify whether this annual certification is required for a T&M contract with no reimbursement for equipment?	This annual certification is required for a T&M contract with no reimbursement.

57	Section E., 7. EVALUATION (p. 42–43 of 57)	The solicitation states that the proposal shall include information about how the Contractor will ensure that all content provided is accurate and up-to-date. Would USAC please clarify what “content” refers to? Is this the Contractor’s report?	It refers to the content of information included in the offeror’s proposal.
58	Section E., 6. PROPOSAL CONTENT, B. Technical Capability (Volume II), (D) (p. 40 of 57)	The solicitation states, "A resume (not to exceed two pages) must be provided for each individual that includes their... references." Given that personnel references would largely come from individuals within the offeror firm, would USAC please remove the requirement to provide individual personnel references in the resumes?	USAC will remove the requirement for a resume to include references.
59	Section E., 6. PROPOSAL CONTENT, E. Presentation and Page Limitations (p. 42 of 57)	Would USAC please allow offerors to use 9-pt font in headers and footers, in addition to diagrams, tables, and charts?	USAC does not change the proposal presentation requirements.
60	Section E., 8. DOWN-SELECT PROCESS (p. 43–44 of 57)	The solicitation states that proposals with proposed prices that are significantly higher than the median proposed price for all Offerors may be excluded from the competition. Since the price is based on fully burdened labor rates for several labor categories, would USAC please clarify how the median proposed price will be calculated?	The median proposed price will be the average of all labor category rates.
61	Attachment 3 – USAC Confidentiality Agreement (p. 51 of 57)	Would USAC please clarify whether offerors should include the signed firm-level confidentiality agreement as part of Volume 2 – Technical, and if so, please clarify that the confidentiality agreement is excluded from the page limits?	The Confidentiality Agreement can be submitted as an attachment to Volume I.