

HIGH COST COMMON FINDINGS DISTRIBUTION SHIFT

Program	Common Finding	Findings Distribution Shift*
<p>High Cost</p>	<p>Improper Allocation Methodology: The Beneficiaries operate companies that provide regulated and non-regulated services. Only the cost related to the regulated services must be reported for High Cost program purposes. It has been noted that the Beneficiaries are using revenues and other allocation factors not based on cost as the FCC rules require, which may allow the Beneficiaries to recover more from the USF inappropriately.</p>	<p>↑ 7%</p>
	<p>Improper Inclusion of Non-Regulated Amounts: The Beneficiaries operate companies that provided regulated and non-regulated services. It has been noted on several occasions that Beneficiaries did not remove the unregulated cost prior to reporting cost data for High Cost program purposes. The effect of not removing unregulated cost from the reported submissions inflates the Beneficiaries reported costs and allows them to recover more from the USF inappropriately.</p>	<p>↓ -9%</p>
	<p>Inaccuracies: It has been noted that the Beneficiaries have reported inaccurate data for revenues, line counts, expenses, etc. The use of inaccurate data has a monetary impact on ICLS, HCL, and CAF ICC support.</p>	<p>↓ -6%</p>

LIFELINE REVENUE COMMON FINDINGS DISTRIBUTION SHIFT

Program	Common Finding	Findings Distribution Shift*
Lifeline	Form 497 & NLAD Variance: Carriers should not submit for reimbursement through the Form 497 until those subscribers are enrolled in NLAD. In comparing NLAD and the Form 497, if the 497 count is greater we will seek monetary recovery for those customers that aren't in NLAD. If the NLAD count is higher we will take exception but we will not seek any monetary recovery.	↑ 10%
	Inaccurate Form 497 Reporting: Carriers build in an "error rates" to their 497 claim. Carriers are being conservative in their data due to expected errors in their Form 497 filings. This is an issue because an officer of the company has certified on the Form 497 that the numbers are correct to the best of their knowledge. The FCC does not generally direct carriers to follow the "error rate" approach.	↑ 7%
	Subscribers Outside of Service Area: An ETC may only receive USF support in the area where they have been designated. Typically this arises with wireless carriers.	↓ -12%
	Lack of Documentation: The carrier cannot produce documentation demonstrating a subscriber's eligibility, be that a certification form or documentation that the subscriber participates in an eligible program.	↓ -11%

SCHOOLS AND LIBRARIES COMMON FINDINGS DISTRIBUTION SHIFT

Program	Common Finding	Findings Distribution Shift*
<p style="text-align: center;">Schools and Libraries</p>	<p>Lack of Necessary Resources to Make Effective Use of Services and Equipment: The Beneficiary does not have what is necessary (i.e., end-user equipment, training, software, maintenance, etc.) to effectively use the Schools and Libraries Program funded equipment and services. This could indicate an abuse of funds in that the beneficiary purchased equipment or services that it did not need.</p>	<p>↑ 7%</p>
	<p>Service Provider Did Not Charge Beneficiary the Lowest Corresponding Price: The service provider charged the beneficiary more for the same services and equipment that were provided to similarly situated non-residential customers. If prices charged to beneficiaries are not the same or below prices charged to similarly situated non-residential customers, the service provider may not be in compliance with the Program rules.</p>	<p>↓ -8%</p>
	<p>Lack of Documentation: The audited entity was unable to provide documentation to demonstrate compliance with the Program rules. Applicants are required to retain all documents related to the application for, receipt, and delivery of discounted telecommunications and other supported services for at least 10 years after the last day of service delivered in a particular funding year.</p>	<p>↓ -6%</p>