



# Audit Committee

## Briefing Book

Monday, April 26, 2021

Available for Public Use

Virtual Meeting

Universal Service Administrative Company

700 12th Street NW, Suite 900

Washington, DC 20005

**Universal Service Administrative Company  
Audit Committee Quarterly Meeting  
Virtual Agenda**

<b>USAC Offices 700 12th Street, N.W., Suite 900 Washington, D.C. 20005</b>
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<b>MONDAY, APRIL 26, 2021 10:00 A.M. – 10:35 A.M. EASTERN TIME <u>OPEN SESSION</u></b>		<i>Estimated Duration in Minutes</i>
Chair	<b>a1.</b> Consent Items (each item is available for discussion upon request): <b>A.</b> Approval of Audit Committee Meeting Minutes of January 25 and January 26, 2021 <b>B.</b> Approval of moving all <i>Executive Session</i> items into <i>Executive Session</i> <b>C.</b> USAC’s Processes to Assess Compliance with Applicable Laws and Regulations	5
Teleshia	<b>i1.</b> Audit and Assurance Business Update: <ul style="list-style-type: none"> <li>• Accomplishments</li> <li>• Plans for Next Quarter</li> <li>• Roadmap</li> <li>• Post Audit/Assessment Survey Results</li> </ul>	25

<b>TUESDAY, APRIL 27, 2021 10:00 A.M. – 10:10 A.M. EASTERN TIME <u>EXECUTIVE SESSION</u> Confidential – <i>Executive Session Recommended</i></b>		<i>Estimated Duration in Minutes</i>
Teleshia	<b>a2.</b> Approval of the 2021 Strategic Audit Plan	10

**Next Scheduled USAC Audit Committee Meeting**

<b>July 26-27, 2021</b>
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**Universal Service Administrative Company  
Audit Committee Meeting**

<b>ACTION ITEM</b>
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**Consent Items**

**Action Requested**

The Audit Committee (Committee) of the USAC Board of Directors (Board) is requested to approve the consent items listed below.

**Discussion**

The Committee is requested to approve the following items using the consent resolution below:

- A. Committee meeting minutes of January 25 and January 26, 2021 (*see Attachments A-1 and A-2*).
  
- B. Approval of moving all *Executive Session* item into *Executive Session*:
  - (1) **a2** – Approval of the 2021 Strategic Audit Plan. USAC management recommends that this matter be discussed in *Executive Session* because it relates to *specific internal controls or confidential company data* that would constitute a discussion of internal rules and procedures.
  
- C. USAC's Processes to Assess Compliance with Applicable Laws and Regulations (*see Attachment B*).

In accordance with Section III.G of the Committee's Charter, the Committee, in consultation with USAC's General Counsel and Vice President of Audit and Assurance, is required to review the processes established to assure compliance by USAC with all applicable laws. **Attachment B** documents the assessment and briefly discusses the controls in place to assure compliance. Compliance processes for administration of the Universal Service Fund and the Universal Service Support Mechanisms by each programmatic division and USAC's financial operations are based on Section 254 of the Communications Act of 1934, as amended, Part 54 of the Commission's rules, Commission orders, and FCC staff directives. Additionally, through the combined efforts of USAC's Office of General Counsel, Audit and Assurance Division, and Human Resources division, ongoing compliance with laws and regulations is monitored and assessed.

Upon request of a Committee member, the above items are available for discussion by the Committee.

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**Recommended USAC Audit Committee Action**

APPROVAL OF THE FOLLOWING RESOLUTION:

**RESOLVED**, that the Audit Committee of the USAC Board of Directors hereby approves: (1) the Committee meeting minutes of January 25 and January 26, 2021; (2) discussion in *Executive Session* of the item noted above; and (3) USAC's Processes to Assess Compliance with Applicable Laws and Regulations.

**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY**  
**700 12th Street, N.W., Suite 900**  
**Washington, D.C. 20005**

**AUDIT COMMITTEE MEETING**  
**Monday, January 25, 2021**

**(DRAFT) MINUTES<sup>1</sup>**

Due to the COVID-19 pandemic, USAC continued mandatory telework; therefore the *Open Session* portion of the quarterly meeting of the Audit Committee (Committee) of the USAC Board of Directors (Board) was conducted by web conference on Monday, January 25, 2021. Mr. Geoff Feiss, Committee Chair, called the meeting to order at 10:02 a.m. Eastern Time, with a quorum of three of the four Committee members present (there is one vacancy):

Choroser, Beth – Vice Chair                      Gillan, Joe  
Feiss, Geoff – Chair

Members of the Committee not present:

Fontana, Brent

Other Board members and officers of the corporation present:

Ayer, Catriona – Vice President of Shared Services  
Beckford, Ernesto – Vice President, General Counsel, and Assistant Secretary  
Beyerhelm, Chris – Chief Administrative Officer  
Buzacott, Alan – Member of the Board  
Davis, Craig – Vice President of Schools and Libraries  
Delmar, Teleshia – Vice President of Audit and Assurance  
Domenech, Dr. Dan – Member of the Board  
Freeman, Sarah – Member of the Board  
Gaither, Vic – Vice President of High Cost  
Garber, Michelle – Vice President of Enterprise Resources Program  
Gerst, Matt – Member of the Board  
Gregory, Amber – Member of the Board  
Hutchinson, Kyle – Vice President of IT and Chief Information Officer  
Jacobs, Ellis – Member of the Board  
Mason, Ken – Member of the Board  
Polk, Stephanie – Member of the Board  
Salvator, Charles – Vice President, Chief Financial Officer, and Assistant Treasurer

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<sup>1</sup> Draft resolutions were presented to the Committee prior to the Committee meeting. Where appropriate, non-substantive changes have been made to the resolutions set forth herein to clarify language, where necessary, or to correct grammatical or spelling errors.

Schell, Julie Tritt– Member of the Board  
Sekar, Radha – Chief Executive Officer  
Skrivan, Michael – Member of the Board  
Sweeney, Mark – Vice President of Rural Health Care  
Wade, Dr. Joan – Member of the Board  
Waller, Jeff – Member of the Board  
Wein, Olivia – Member of the Board

Others present:

<u>NAME</u>	<u>COMPANY</u>
Benham, Cathy	CMS Consulting Inc.
Campos, Rosy	CMS Consulting Inc.
Crawford, Katherine	USAC
DiVo, Victor	USAC
Goode, Vernell	USAC
Harkin, Michelle	CMS Consulting Inc.
James, Christine	USAC
Kaplan, Peter	Hewlett Packard Enterprise
Kriete, Debra	State E-Rate Coordinators' Alliance
Lee, James	USAC
Little, Chris	USAC
Mitchell, Tamika	USAC
Morning, Kimberly	USAC
Nelbach, Nick	USAC
Nuzzo, Patsy	USAC
Samuels, Victoria	USAC
Schrader, Theresa	Broadband Legal Strategies, LLC
Tiwari, Tanya	USAC

### OPEN SESSION

All materials from *Open Session* can be found on the [USAC website](#).

- a1. Consent Items.** Mr. Feiss presented this item to the Committee.
- A.** Committee meeting minutes of October 26 and October 27, 2020.
  - B.** Approval of moving all *Executive Session* items into *Executive Session*:
    - **a3** – Action on One USAC Audit and Assurance Division Strategic Audit Report. USAC management recommends that this matter be discussed in *Executive Session* because these reports relate to *specific internal controls, and/or confidential company data* that would constitute a discussion of internal rules and procedures.

- C. Review of the 2021 Audit Committee Charter. In accordance with USAC's Audit Committee Charter (Charter), Section III.A.1, the Committee is required to review and reassess the adequacy of the Charter at least annually, and recommend changes, as deemed necessary, to the Board.

On a motion duly made and seconded, and after discussion, the Committee adopted the following resolutions:

**RESOLVED**, that the USAC Audit Committee hereby approves: (1) the Committee meeting minutes of October 26 and October 27, 2020; and (2) discussion in *Executive Session* of the item noted above; and

**RESOLVED**, that the USAC Board of Directors, having reviewed the revised Audit Committee Charter presented by the Audit Committee, hereby accepts the recommendation of the Audit Committee and approves the revised Audit Committee Charter.

- a2. **Recommendation for Election of Committee Chair and Vice Chair.** Mr. Feiss introduced Mr. Gerst. As Chair of the Nominating Committee, Mr. Gerst reported on the election recommendations for the Audit Committee.

On a motion duly made and seconded, and after discussion, the Committee adopted the following resolution:

**RESOLVED**, that the USAC Audit Committee recommends that the USAC Board of Directors elect **Geoff Feiss** as Chair and **Beth Choroser** as Vice Chair of the Committee. The term for each position begins immediately upon the election to such position by the Board and ends at such time as the Chair or Vice Chair (as the case may be): (i) is replaced by a successor selected by the Board, (ii) resigns from the Committee or the Board, (iii) is removed by resolution of the Board, or (iv) is no longer a member of the Board (whichever comes first).

- i1. **Information on Fiscal Year 2020 FCC Agency Financial Report / USF Audit.** Mr. Salvator presented an overview of the report, noting that the Fiscal Year 2019 significant deficiency related to the USF budgetary accounting was remediated and removed in Fiscal Year 2021.
- i2. **Audit and Assurance Division Business Update.** Ms. Delmar presented an update on the Audit and Assurance Division (AAD) administration that included updates from the October 2020 Committee meetings; 2020 accomplishments; operational results and key outcomes from work performed in the Beneficiary and Contributor Audit Program (BCAP) as well as the Payment Quality Assurance (PQA) Program; and an overview of the objectives for 2021.

At 10:40 a.m. Eastern Time, on a motion duly made and seconded, the Committee adjourned until January 26, 2021 at approximately 10:00 a.m. Eastern Time.

/s/ Kimberly Morning  
Assistant Secretary

**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY**  
**700 12th Street, N.W., Suite 900**  
**Washington, D.C. 20005**

**AUDIT COMMITTEE MEETING**  
**Tuesday, January 26, 2021**

**(DRAFT) MINUTES<sup>1</sup>**

Due to the COVID-19 pandemic, USAC continued mandatory telework; therefore the *Executive Session* portion of the quarterly meeting of the Audit Committee (Committee) of the USAC Board of Directors (Board) was conducted by web conference on Tuesday, January 26, 2021. The Committee meeting continued from the January 25, 2021 *Open Session* portion of the meeting. Mr. Geoff Feiss, Committee Chair, called the meeting to order at 10:00 a.m. Eastern Time, with a quorum of three of the four Committee members present (there is one vacancy):

Choroser, Beth – Vice Chair                      Gillan, Joe  
Feiss, Geoff – Chair

Members of the Committee not present:

Fontana, Brent

Other Board members and officers of the corporation present:

Ayer, Catriona – Vice President of Shared Services  
Beckford, Ernesto – Vice President, General Counsel, and Assistant Secretary  
Beyerhelm, Chris – Chief Administrative Officer  
Buzacott, Alan – Member of the Board  
Davis, Craig – Vice President of Schools and Libraries  
Delmar, Teleshia – Vice President of Audit and Assurance  
Domenech, Dr. Dan – Member of the Board  
Freeman, Sarah – Member of the Board  
Gaither, Vic – Vice President of High Cost  
Garber, Michelle – Vice President of Enterprise Resource Program  
Gerst, Matthew – Member of the Board  
Gregory, Amber – Member of the Board  
Hutchinson, Kyle – Vice President of IT and Chief Information Officer  
Jacobs, Ellis – Member of the Board  
Mason, Ken – Member of the Board  
Polk, Stephanie – Member of the Board

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<sup>1</sup> Draft resolutions were presented to the Committee prior to the Committee meeting. Where appropriate, non-substantive changes have been made to the resolutions set forth herein to clarify language, where necessary, or to correct grammatical or spelling errors.

Salvator, Charles – Vice President, Chief Financial Officer, and Assistant Treasurer  
Schell, Julie Tritt – Member of the Board  
Sekar, Radha – Chief Executive Officer  
Skrivan, Michael – Member of the Board  
Sweeney, Mark – Vice President of Rural Health Care  
Wade, Dr. Joan – Member of the Board  
Waller, Jeff – Member of the Board  
Wein, Olivia – Member of the Board

Others present:

<u>NAME</u>	<u>COMPANY</u>
DiVo, Victor	USAC
Goode, Vernell	USAC
James, Christine	USAC
Lee, James	USAC
Mitchell, Tamika	USAC
Morning, Kimberly	USAC
Nelbach Nick	USAC
Nuzzo, Patsy	USAC
Samuels, Victoria	USAC
Tiwari, Tanya	USAC

### OPEN SESSION

At 10:01 a.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purpose of discussing confidential items. The Committee approved discussing the confidential items in *Executive Session* on Monday, January 25, 2021. Only members of the Board and USAC staff were present.

### EXECUTIVE SESSION

- a3. Action on One USAC Audit and Assurance Division Strategic Audit Report.**  
Ms. Delmar presented the findings noting there were satisfactory internal controls over the SLA performance and monitoring process and discussed further recommended enhancements to existing internal controls.

On a motion duly made and seconded and after discussion, the Committee adopted the following resolution:

**RESOLVED**, that the USAC Audit Committee, having reviewed the USAC Audit and Assurance Division strategic audit report of USAC's Service Level Agreement with Maximus, accepts the recommendation of USAC management and hereby deems the report final.

### OPEN SESSION

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At 10:21 a.m. Eastern Time, the Committee moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Mr. Feiss reported that, in *Executive Session*, the Committee took action on item a3.

On a motion duly made and seconded, the Committee adjourned at 10:23 a.m. Eastern Time.

/s/ Kimberly Morning  
Assistant Secretary

## ATTACHMENT C

### USAC'S PROCESSES TO ASSESS COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

#### Overview

The Universal Service Administrative Company (USAC) is a private, not-for-profit corporation, organized under the laws of Delaware. In 1998, pursuant to federal regulation, the Federal Communications Commission (FCC or Commission) designated USAC as the permanent Administrator of the federal Universal Service Fund (USF) and the four federal Universal Service Support Mechanisms the USF supports, including the High Cost, Low Income (Lifeline), Schools and Libraries (E-Rate), and Rural Health Care programs.<sup>1</sup> Pursuant to Section 254 of the Communications Act of 1934, as amended,<sup>2</sup> and Part 54 of the Commission's rules,<sup>3</sup> USAC administers the USF and the Universal Service Support Mechanisms, including performing the billing, collection, and disbursement (BC&D) functions. The policies and procedures followed by USAC are documented and executed in accordance with these rules, Commission orders, FCC staff directives, and other applicable law.

Following is an overview of the methods employed by USAC to verify compliance with applicable laws and regulations. This document does not list every step or procedure or provide detailed information, as we do not want to compromise the integrity of our operating procedures or disclose proprietary information.

#### Universal Service Support Mechanisms and the Universal Service Fund

The processes established for management of the USF and each of the support mechanisms are designed to comply with Part 54 of the Commission's rules, and, in particular, 47 C.F.R. §§ 54.700-717. Section 54.717 provides that USAC shall obtain and pay for an annual audit conducted by an independent auditor to examine its operations and books of account to determine whether USAC is properly administering the Universal Service Support Mechanisms.<sup>4</sup> The annual audit encompasses: (i) an audit of the financial statements of USAC; and (ii) an agreed-upon procedures (AUP) review of operations for compliance with the FCC's rules, including a review of internal controls for accounting and administration. The AUP review covers the USF, the support mechanisms and related BC&D functions, and other administrative areas of USAC, corporate governance, anti-fraud measures, audit follow-up and disbursements to name a

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<sup>1</sup> See 47 C.F.R. § 54.701(a); *Changes to the Board of Directors of the National Exchange Carrier Association, Inc. et al.*, CC Docket Nos. 97-21 *et al.*, Third Report and Order, Fourth Order on Reconsideration, and Eight Order on Reconsideration, 13 FCC Rcd 25058, 25069-70, para. 20 (1998).

<sup>2</sup> 47 U.S.C. § 254.

<sup>3</sup> See generally 47 C.F.R. pt. 54.

<sup>4</sup> See 47 C.F.R. § 54.717.

few. A section of the AUP verifies compliance with USAC policies and procedures and FCC rules and directives.

FCC rules provide that in choosing an auditing firm to conduct the annual audit, USAC shall not “engage an independent auditor that has been involved in designing the accounting or reporting systems under review in the audit.”<sup>5</sup> The independent audit provides an outside review as to whether the procedures used by USAC in administering the USF, the support mechanisms and related BC&D functions are in compliance with FCC rules. This is a major component of USAC’s program to determine compliance with FCC rules. The AUP document is revised annually by USAC and FCC staff to include testing compliance with new applicable rules and directives implemented over the past year.

The FCC-mandated financial audits of USAC conducted in 2020 have resulted in “clean” financial audit opinions, and the agreed-upon procedure review did not result in findings that USAC failed to comply with applicable FCC directives.

USAC staff for each of these areas is knowledgeable in applicable FCC rules, and staff reviews the rules to verify operating processes are compliant. In addition, the management of each area regularly communicates with FCC staff to seek guidance and discuss implementation issues to determine whether USAC is implementing the rules as intended by the Commission.

#### Universal Service Administrative Company

##### A. Office of the General Counsel

USAC’s Office of the General Counsel (OGC) advises the company concerning compliance with applicable laws and regulations. The OGC regularly consults with USAC management concerning compliance with local, state, and federal laws applicable to USAC’s operations. The USAC General Counsel is a member of the company’s senior leadership group. USAC attorneys assist USAC’s programmatic and administrative groups (including USAC’s Audit and Assurance Division (AAD)), when requested, on matters dealing with FCC rules and directives as well as on issues not addressed in the rules or directives. Upon the release of a new order or directive affecting a USF program, OGC coordinates with the impacted program as part of the intake process in order to ensure that implementation is in accordance with all applicable rules and requirements. The OGC utilizes outside counsel and other information resources as needed. USAC attorneys also attend continuing education and other professional development programs throughout the year.

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<sup>5</sup> 47 C.F.R. § 54.717(c).

B. Memorandum of Understanding

The FCC and USAC originally entered into a Memorandum of Understanding (MOU) on September 9, 2008, as amended on November 4, 2014. The FCC and USAC subsequently entered into a revised MOU on May 2, 2016, and a further revised MOU on December 19, 2018. The MOU is a streamlined framework memorializing the FCC's and USAC's partnership to achieve success in the federal USF and its programs.

The MOU recognizes USAC as responsible for the efficient, effective, and competitively neutral management of the USF including:

- Collecting contributions and administering the disbursement of program support;
- Producing timely and relevant data and analysis to inform the Commission's policy-making and oversight of the USF; and
- Educating stakeholders to promote successful participation in the USF programs.

C. Human Resources

USAC's Chief Human Resources Officer is responsible for administering USAC's Human Resources (HR) policies and procedures in accordance with applicable employment laws and practices. To accomplish this task, HR is a member of various professional associations that monitor and provide nationwide employment law references and best practices. USAC's OGC has access to expertise in labor and employment law matters and has arranged with outside counsel for assistance when needed. To promote compliance with applicable employment laws and regulations, and to prevent, detect and correct inappropriate behaviors and build a productive, inclusive culture, all managers are required to attend Civil Treatment trainings and learning courses. In addition, all USAC employees are required to attend an annual ethics training provided by HR and OGC.

D. Audit & Assurance Division

AAD conducts objective and independent audits of beneficiaries of and contributors to the federal universal service fund. AAD also performs payment quality assessments in accordance with the Payment Integrity Information Act of 2019 as well as operational audits of USAC's key functions. The audits and assessments test compliance with FCC rules, directives and other applicable law. AAD works closely with USAC's OGC, the FCC Office of Managing Director (OMD) and the FCC Wireline Competition Bureau (WCB).

E. Finance

The Internal Controls team within Finance tests the design and operating effectiveness of transaction-level controls on a three-year cycle (all key internal controls are tested at least once every three years). The Internal Controls team is responsible for assessing the

adequacy of controls, documenting risk and control matrices, identifying needed improvements, obtaining corresponding corrective actions, and reporting annually on internal controls. These responsibilities are in alignment with the requirement contained in the MOU for USAC to implement an internal control structure consistent with the standards and guidance contained in OMB Circular A-123.

Summary

USAC policies and procedures for administering the USF and the support mechanisms are designed to comply with applicable Commission rules and orders and FCC staff directives. Since 1998, USAC has consistently received “clean” financial audit opinions. In addition, through the efforts of USAC’s OGC, AAD, and HR divisions, ongoing compliance with applicable laws and rules is monitored and assessed.



## **Audit Committee**

Audit and Assurance Business Update

*Open Session*

April 26, 2021



# Agenda

- Q1 2021 Accomplishments
- Plans for Next Quarter
- Roadmap
- Post Audit/Assessment Survey Results

# Q1 2021 Accomplishments

- Beneficiary and Contributor Audit Program (BCAP)
  - Completed 19 audits (11 High Cost (HC), 8 E-rate).
  - Completed Lifeline audit procedures training.
  - Assisted in outreach efforts related to HC legacy common audit findings.
  - Released multiple Task Orders for audit firms to conduct outsourced audits.
- Payment Quality Assurance (PQA)
  - Announced all 965 assessments; completed 27 assessments (22 Rural Health Care (RHC), 5 E-rate).

# Plans for Next Quarter

- BCAP
  - Announce 34 audits and complete 15 audits.
  - Conduct RHC audit procedures training.
  - Assist in outreach efforts related to Lifeline (LI) common audit findings and audit preparedness.
  - Onboard external auditors for 2021 audits.
- PQA
  - Complete 635 assessments (160 LI, 250 RHC, 225 E-Rate).
- Other Activities
  - Provide oversight, execute user-acceptance testing and deploy the Audit and Assurance Division (AAD) workpaper software upgrade.

# BCAP Audits in Process

The combined status of BCAP audits in process as of Apr. 1, 2021:

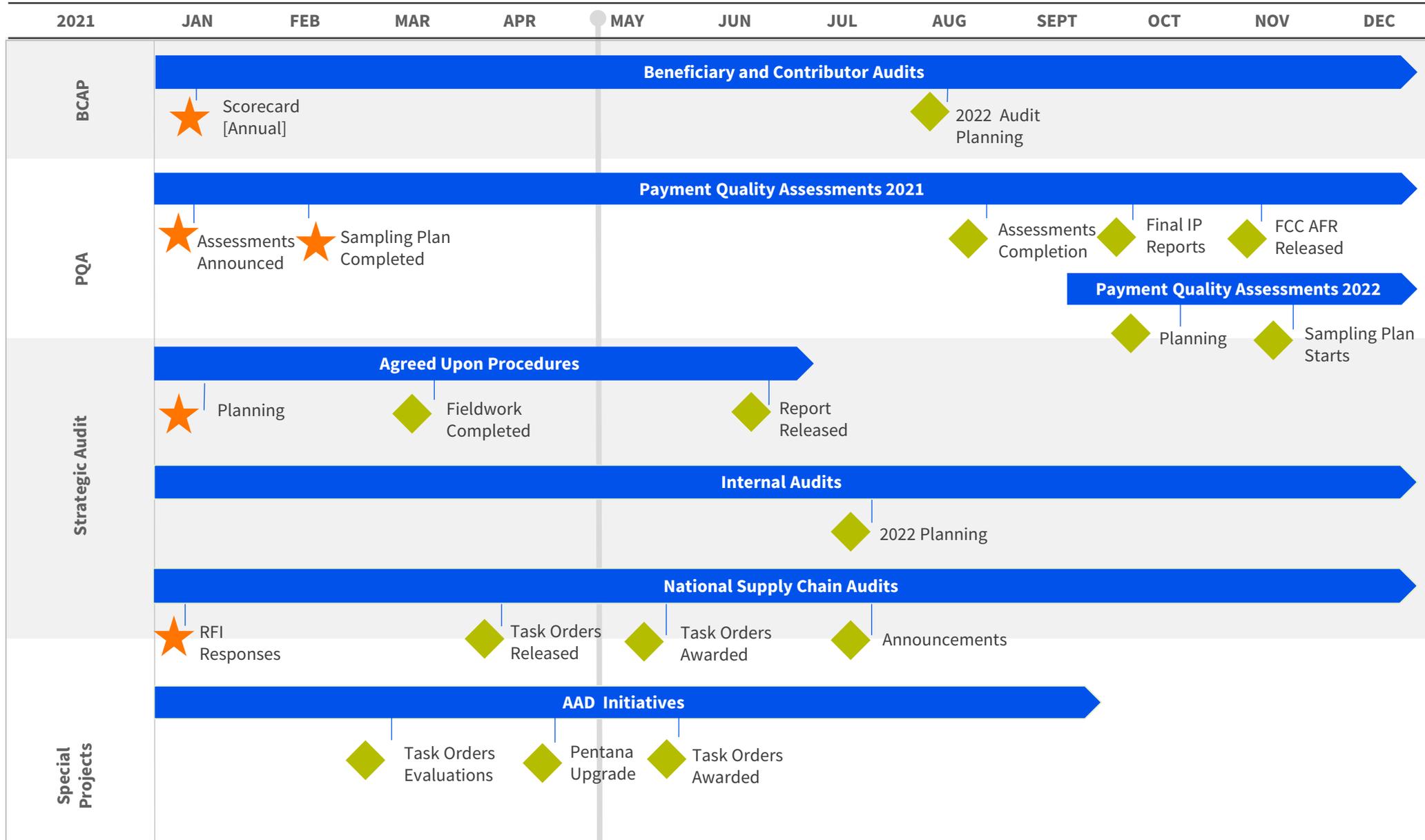
Program	Announced	Fieldwork	Reporting	<b>Total</b>
Contributor Revenue	0	4	3	<b>7</b>
High Cost	0	2	8	<b>10</b>
Lifeline	3	2	21	<b>26</b>
E-rate	0	23	20	<b>43</b>
Rural Health Care	0	11	13	<b>24</b>
<b>Total</b>	<b>3</b>	<b>42</b>	<b>65</b>	<b>110</b>

# BCAP Aging Report

The combined aging report of BCAP audits in process as of Apr. 1, 2021:

Program	>6 months	>12 months	>18 months	<b>Total</b>
Contributor Revenue	4	0	1	<b>5</b>
High Cost	0	3	7	<b>10</b>
Lifeline	1	5	16	<b>22</b>
E-rate	9	3	15	<b>27</b>
Rural Health Care	8	10	6	<b>24</b>
<b>Total #</b>	<b>22</b>	<b>21</b>	<b>45</b>	<b>88</b>
<b>Total %</b>	<b>25%</b>	<b>24%</b>	<b>51%</b>	<b>100%</b>
<b>Reporting Phase</b>	<b>8</b>	<b>16</b>	<b>41</b>	<b>65</b>

# Roadmap



**Milestone Legend**

- At Risk
- On Track
- Completed

# BCAP Survey: Professionalism and Communication

Survey Results: Oct. 1, 2019 to Sep. 30, 2020

Surveys Sent: 98; Response Rate: 19%

Category	Highest/Lowest Question*	Contributor	High Cost	E-Rate	Average
Professionalism	<b>Highest:</b> Demonstrated Professionalism at All Times	8.7	8.7	9.1	8.8
	<b>Lowest:</b> Knowledgeable of FCC rules, orders, and program requirements (FCC Rules)	8.0	6.5	8.2	7.6
Communication	<b>Highest:</b> Explained the Necessity of Documentation	8.3	8.2	9.0	8.5
	<b>Lowest:</b> Communicated Results Timely	8.3	5.3	8.1	7.3

\*Questions scored on a scale of 1-10, with 10 being the highest score.

# PQA Survey: Professionalism and Communication

Survey Results: Oct 1, 2019 to Sep 30, 2020

Surveys Sent: 669; Response Rate: 45%

Category	Highest/Lowest Question*	High Cost	Lifeline	E-Rate	Rural Healthcare	Average
Professionalism	<b>Highest:</b> Demonstrated Professionalism	9.1	8.8	9.3	8.9	9.1
	<b>Lowest:</b> Kept Beneficiary Informed of the Audit Status	8.4	7.4	8.1	7.3	7.8
Communication	<b>Highest:</b> Explained Outstanding Items Thoroughly and Clearly	8.7	8.3	8.9	7.8	8.4
	<b>Lowest:</b> Communicated the Results Timely	8.4	7.1	7.8	7.2	7.6

\*Questions scored on a scale of 1-10, with 10 being the highest score.

# SA Survey: Professionalism and Communication

Survey Results: Oct. 1, 2019 to Sep. 30, 2020

Surveys Sent: 4; Response Rate: 50%

Category	Highest/Lowest Question*	Rating
Professionalism	<b>Highest:</b> Knowledgeable of Applicable Regulations and Best Practices	10.0
	<b>Lowest:</b> Proactively Offered Advice to Refine Processes	7.5
Communication	<b>Highest:</b> Explained the Purpose and Necessity of the Documentation Requested	9.5
	<b>Lowest:</b> Clearly Described Audit Report Review Process	6.5

\*Questions scored on a scale of 1-10, with 10 being the highest score.

# Appendix A: Glossary of Terms

Term	Definition
AAD	Audit and Assurance Division: An organization within USAC with the mission to preserve the integrity of universal service funds and USAC's corporate resources by conducting objective audits, performing quality assessments and evaluating the efficiency and effectiveness of USAC's operations.
BCAP	Beneficiary and Contributor Audit Program: The BCAP assesses beneficiary and contributor compliance with the Federal Communications Commission (FCC) rules, orders, and program requirements (FCC Rules).
CR	Contributor Revenue: Audits of Contributor Revenue filers.
HC	High Cost: Audits of High Cost program participants.
PIIA	Payment Integrity Information Act of 2019: Requires federal agencies to review and report on major programs that are susceptible to improper payments. The Universal Service Fund (USF) is subject to PIIA.
LI	Lifeline: Audits of Lifeline program participants.

# Appendix A: Glossary of Terms (Continued)

Term	Definition
NECA	National Exchange Carrier Association: NECA is the organization that, among other things, collects and validates carriers' cost and revenue data.
PQA	Payment Quality Assurance: PQA assesses the accuracy of USF disbursements and determines whether improper payments exist, and assists the FCC in meeting its reporting obligations subject to PIIA.
RHC	Rural Health Care: Audits of Rural Health Care program participants.
E-rate	E-rate: Audits of E-rate program participants.
SA	Strategic Audits: Strategic Audits assess USAC's compliance with FCC Rules, policies and procedures, and the effectiveness and efficiency of internal operations.



## Exhibits: Detailed Survey Results

# BCAP Survey: Professionalism

Survey Results: Oct. 1, 2019 to Sep. 30, 2020

Surveys Sent: 98; Response Rate: 19%

Contributor Revenue High Cost E-rate

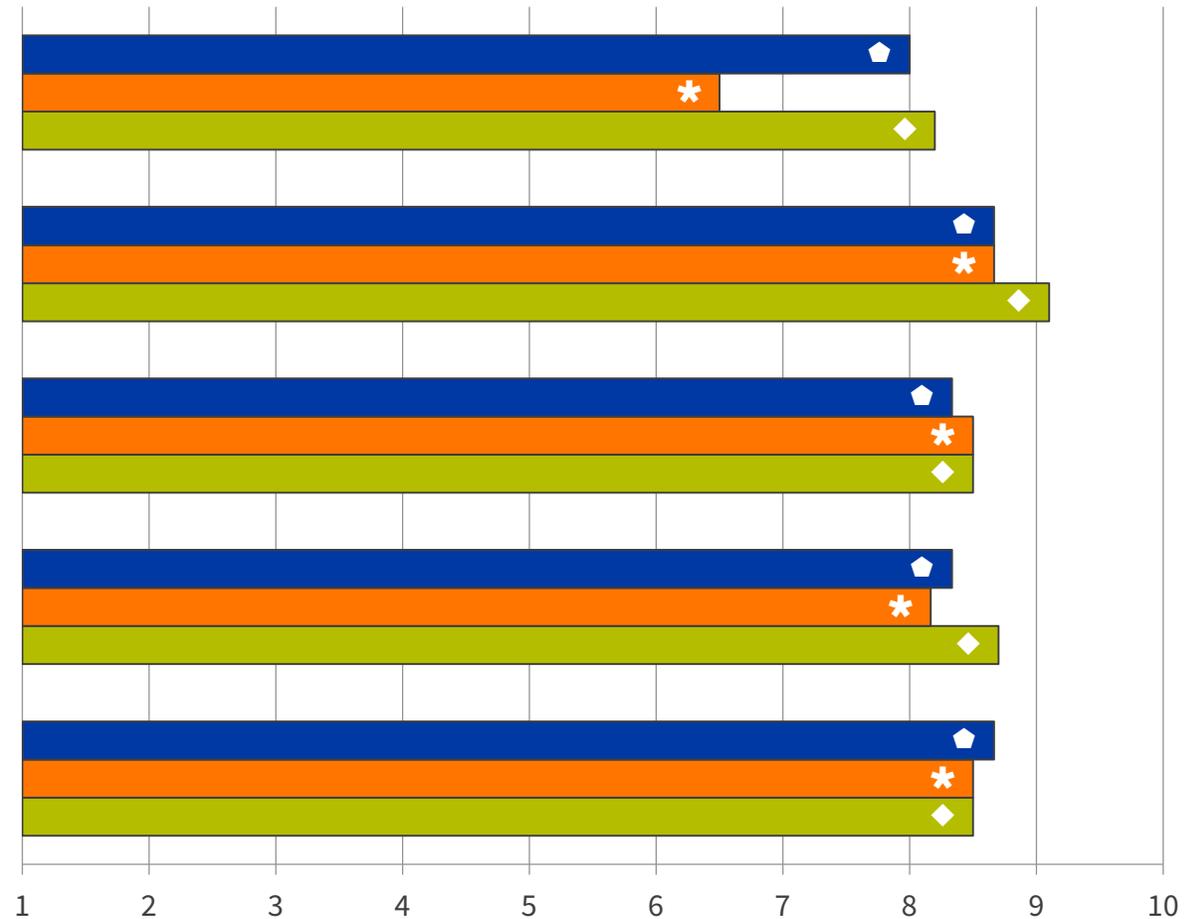
The audit team had knowledge and understanding of FCC Rules.

The audit team demonstrated professionalism at all times.

The audit team thoroughly and clearly explained the results of the audit.

The audit team thoroughly and clearly responded to my questions.

The audit team thoroughly and clearly explained any outstanding items required to complete the audit.



# BCAP Survey: Communication

Survey Results: Oct. 1, 2019 to Sep. 30, 2020

Surveys Sent: 98; Response Rate: 19%

■ Contributor Revenue    
 ■ High Cost    
 ■ E-rate

The audit team adequately explained the purpose and necessity of requested documentation.

The audit team exchanged information in an effective manner.

The audit team promptly responded to my questions about the audit.

The audit team kept me informed about the statue of the audit throughout the audit.

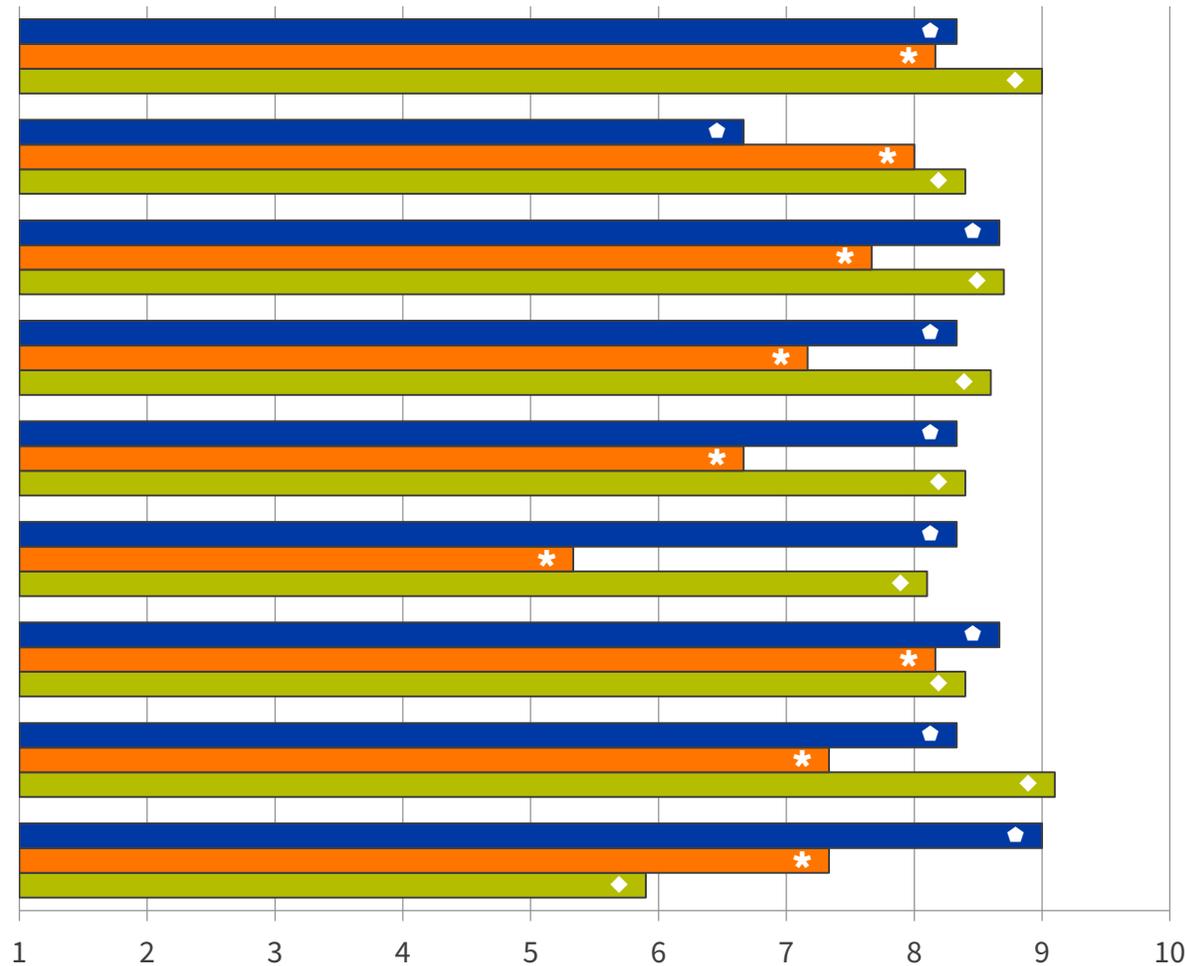
The audit team provided information during the audit to enhance my knowledge of FCC Rules.

The audit results were communicated in a timely manner.

The audit team clearly described the audit report review process, which included the final approval by the FCC.

The entrance conference wan a effective form of communication.

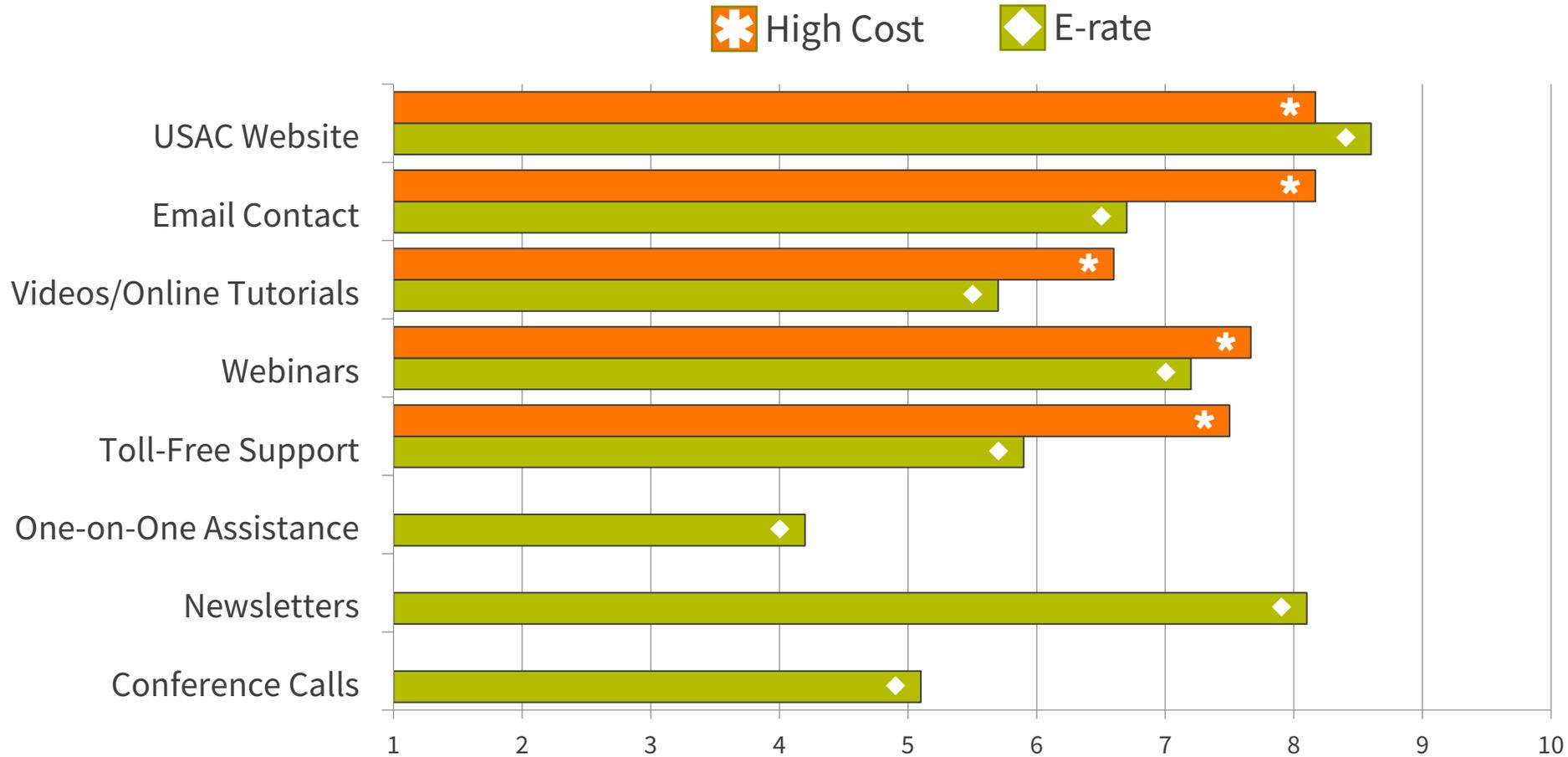
The exit conference was an effective form of communication.



# BCAP Survey: Outreach

Survey Results: Oct. 1, 2019 to Sep. 30, 2020

Surveys Sent: 98; Response Rate: 19%



*There were no outreach related questions on the CR survey results.*

# Common Findings – Contributor Revenue

Survey Results: Oct. 1, 2019 to Sep. 30, 2020

Surveys Sent: 12; Response Rate: 25%

Common Finding	Score*
Customer Category – End User Vs. Reseller	6.7
Toll Service Revenues	6.7
Federal USF Pass-Through Recovery Charge	6.3
Non-Telecommunications and Information Service Revenues	6.7
Private Line Revenue(s)	6.7

*\*Score represents the effectiveness of the information USAC provides to program participants to avoid the common findings. Scored on a scale of 1-10, with 10 being the highest score.*

# Common Findings – High Cost

Survey Results: Oct. 1, 2019 to Sep. 30, 2020

Surveys Sent: 20; Response Rate: 30%

Common Finding	Score*
Lack of/Inadequate Documentation	7.3
Inaccurate Data	7.3
Improper Allocation Methodology	7.3
Not Used for High Cost Purposes	7.3
Inaccurate/Misclassified Access Line/Loop Counts	7.3

*\*Score represents the effectiveness of the information USAC provides to the program participants to avoid the common findings.*

*Scored on a scale of 1-10, with 10 being the highest score.*

# Common Findings – E-rate

Survey Results: Oct. 1, 2019 to Sep. 30, 2020

Surveys Sent: 66; Response Rate: 15%

Common Finding	Score*
Service Provider or Beneficiary Over-Invoiced E-rate	9.0
Lack of/Inadequate Documentation	8.6
Inadequate Competitive Bidding Process	8.2
Children’s Internet Protection Act (CIPA) Violations	7.9
Inadequate Discount Calculation Process	9.0

*\*Score represents the effectiveness of the information USAC provides to program participants to avoid the common findings. Scored on a scale of 1-10.*

# PQA Survey: Professionalism

Survey Results: Oct. 1, 2019 to Sep. 30, 2020

Surveys Sent: 669; Response Rate: 45%

 High Cost    Lifeline    E-rate    Rural Health Care

Demonstrated professionalism at all times.

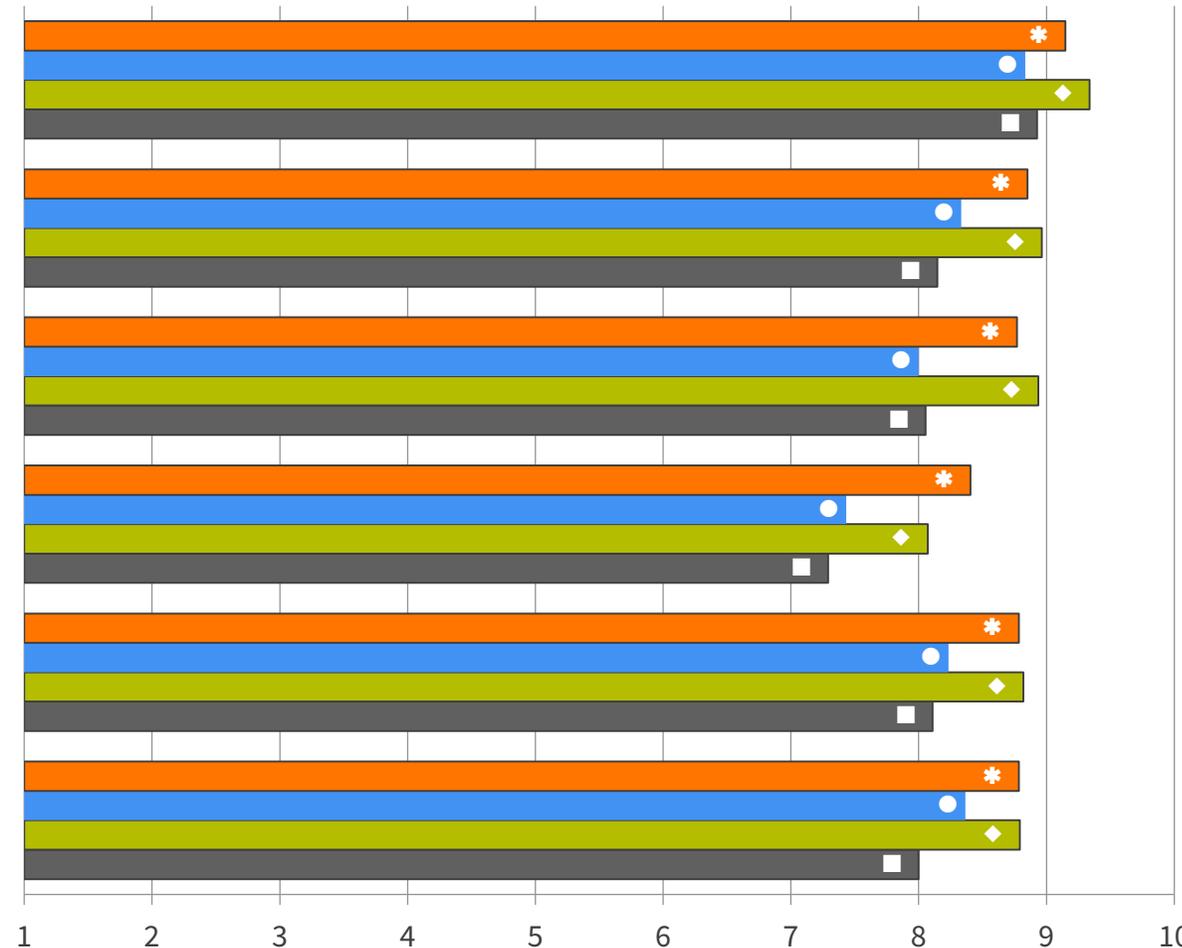
Exchanged information in an effective manner.

Promptly responded to my questions about the assessment.

Kept me informed about the status of the review throughout the assessment

Had knowledge and understanding of FCC Rules to the assessment.

Adequately explained the purpose and necessity of the documentation requested.



# PQA Survey: Communication

Survey Results: Oct. 1, 2019 to Sep. 30, 2020

Surveys Sent: 669; Response Rate: 45%

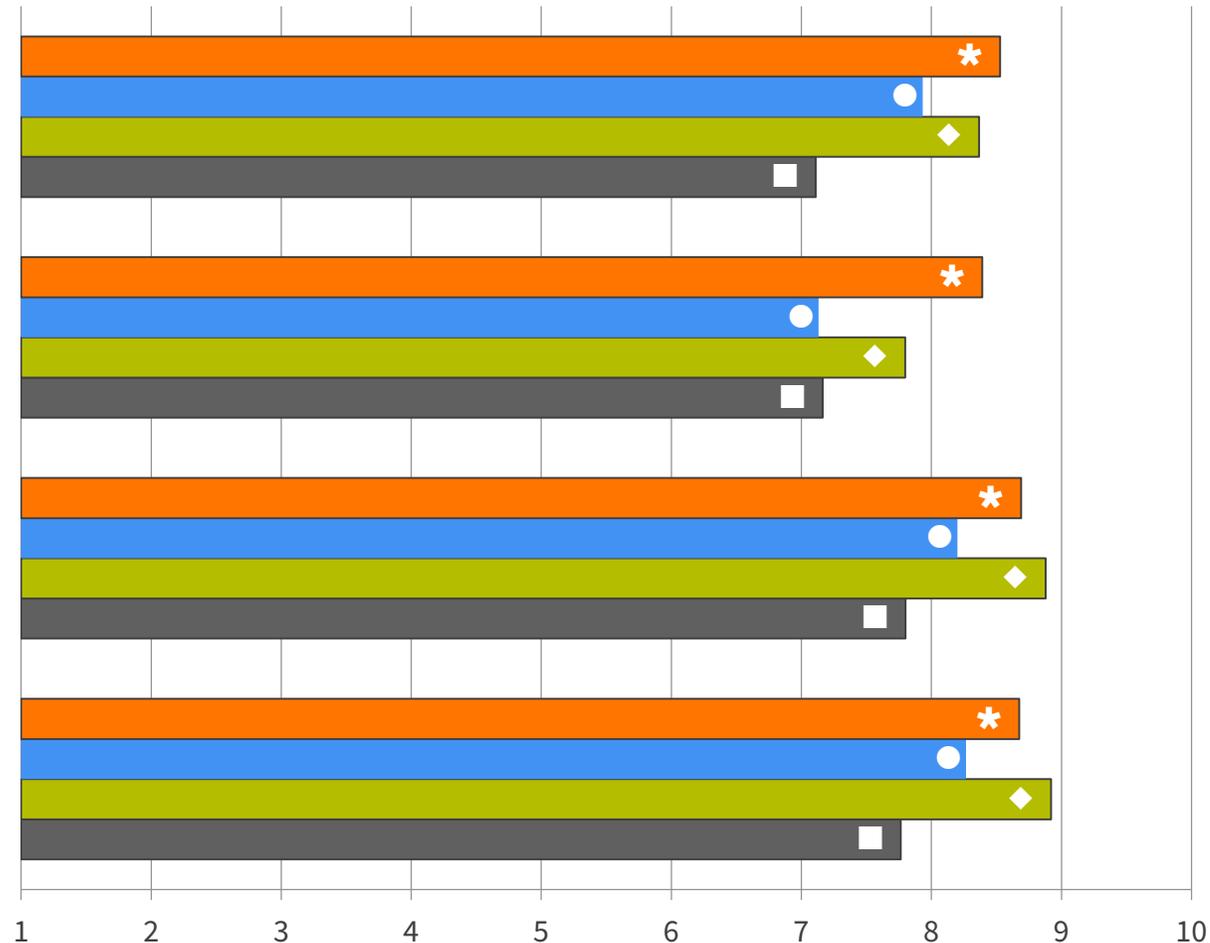
 High Cost    Lifeline    E-rate    Rural Health Care

Thoroughly and clearly explained the results of the assessment.

Communicated the results of the assessment in a timely manner.

Thoroughly and clearly responded to my questions.

Thoroughly and clearly explained any outstanding items required to complete the assessment.



# Strategic Audits Survey: Professionalism

Survey Results: Oct. 1, 2019 to Sep. 30, 2020

Surveys Sent: 4; Response Rate: 50%

The audit team listed and sought my views on issues that concerned my audited area.

The audit team demonstrated professionalism, courtesy, and a positive approach at all times.

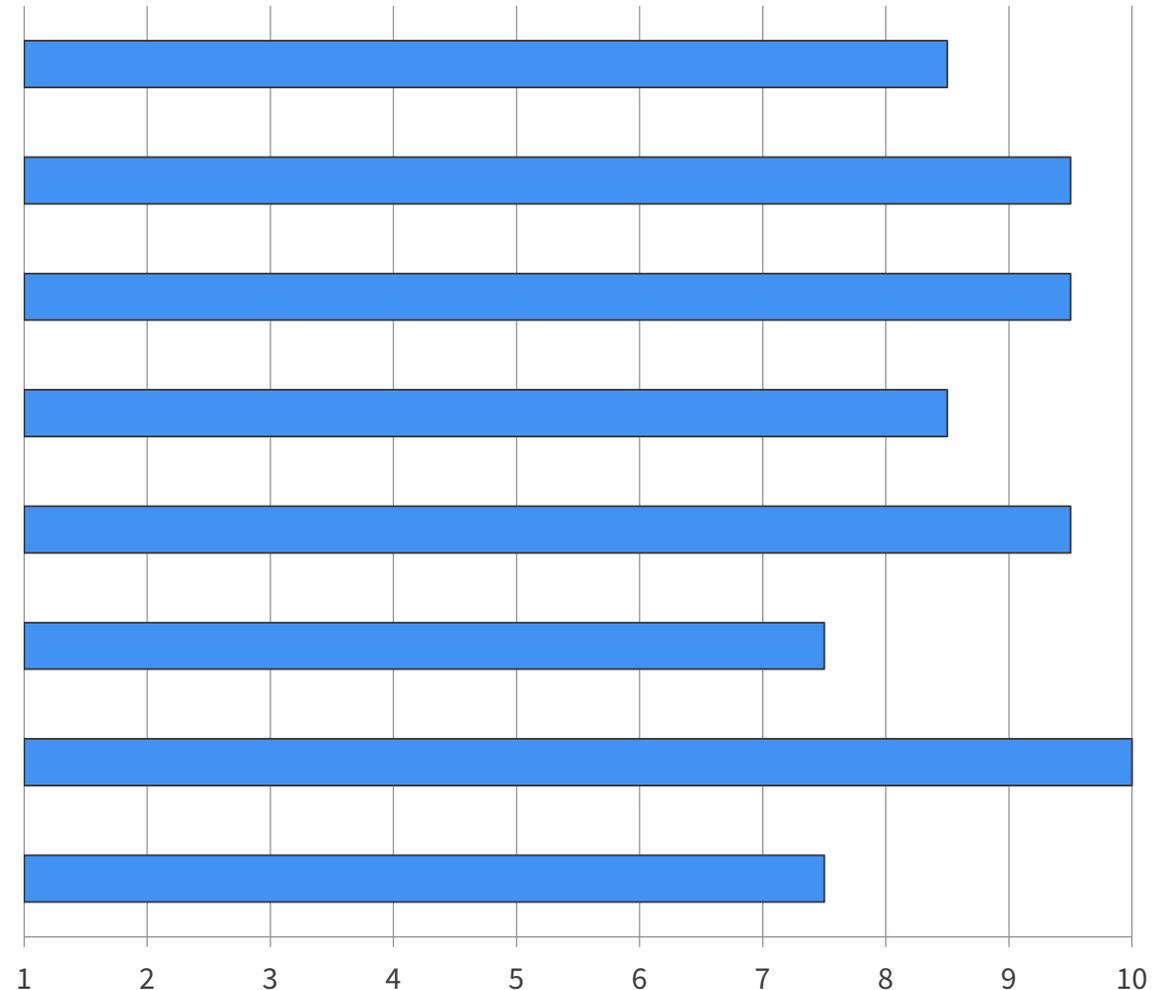
The audit team demonstrated high standards of ethics, integrity, and business conduct.

The audit team was collaborative and fostered trust during our interactions.

The audit team promptly responded to my questions about the audit.

The audit team displayed a good understanding of the audited area or business process.

The audit team was well informed about the applicable regulations and best practices governing the audited area.



# Strategic Audits Survey: Communication

Survey Results: Oct. 1, 2019 to Sep. 30, 2020

Surveys Sent: 4; Response Rate: 50%

The audit team clearly described the audit report review process.

The audit results were communicated in a timely manner.

The audit team exchanged information in an effective manner.

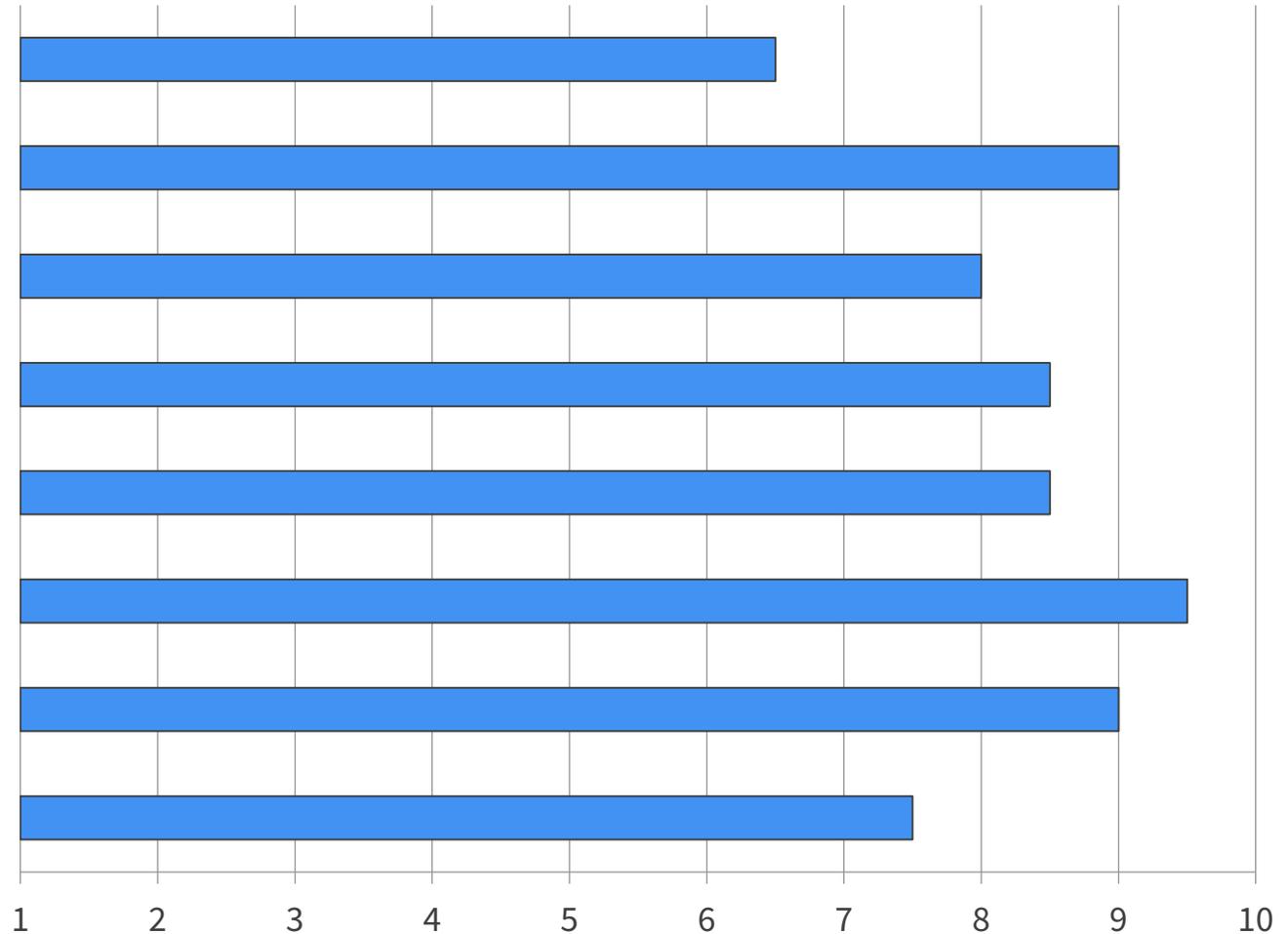
The audit team thoroughly and clearly responded to my questions.

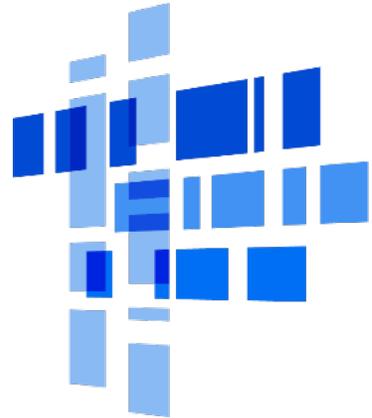
The audit team adequately explained the purpose and necessity of requested documentation.

The audit team adequately explained the purpose and necessity of the documentation requested.

The entrance conference was an effective form of communication.

The exit conference was an effective form of communication.





**Universal Service  
Administrative Co.**