



# Audit Committee

## Briefing Book

Monday, April 25, 2022

10:00 a.m. - 11:05 a.m. Eastern Time

**Available for Public Use**

USAC Offices

700 12th Street NW, Suite 900

Washington, DC, 20005

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

<p><b>Monday, April 25, 2022</b>  <b>10:00 a.m. – 11:05 a.m. Eastern Time</b>  <b>USAC Offices</b>  <b>700 12th Street, N.W., Suite 900</b>  <b>Washington, D.C. 20005</b></p>
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<b>OPEN SESSION</b>		<i>Estimated Duration in Minutes</i>
Chair	<p><b>a1.</b> Consent Items (each item is available for discussion upon request):</p> <ul style="list-style-type: none"> <li><b>A.</b> Approval of Audit Committee Meeting Minutes of January 24, 2022</li> <li><b>B.</b> Approval of moving all <i>Executive Session</i> items into <i>Executive Session</i></li> <li><b>C.</b> Review of USAC’s Processes to Assess Compliance with Applicable Laws and Regulations</li> </ul>	5
Teleshia	<p><b>i1.</b> Audit and Assurance Business Update</p> <ul style="list-style-type: none"> <li>• 1Q2022 Accomplishments</li> <li>• Plans for 2Q2022</li> <li>• Audit Aging Analysis</li> <li>• Roadmap</li> <li>• Post Audit Assessment Survey Results</li> </ul>	40

<b>EXECUTIVE SESSION</b> <b>Confidential – Executive Session Recommended</b>		<i>Estimated Duration in Minutes</i>
Teleshia	<p><b>i2.</b> Audit and Assurance Division Business Update (<i>Continued</i>)</p> <ul style="list-style-type: none"> <li>• High Cost Modernized Audits</li> </ul>	10
Teleshia	<p><b>i3.</b> Audit Committee Executive Session with USAC’s Vice President of Audit and Assurance</p>	10

**Next Scheduled USAC Audit Committee Meeting**

<p><b>Monday, July 25, 2022</b>  <b>USAC Offices, Washington, D.C.</b></p>
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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 24, 2022 (*see Attachment A-1*).
- B. Approval of moving all *Executive Session* items into *Executive Session*:
  - (1) **i2** – Audit and Assurance Division Business Update (*Continued*). 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, and may also include discussion of *investigatory records or pending or contemplated enforcement action* against participants in the universal service support mechanisms.
  - (2) **i3** – Audit Committee *Executive Session* with USAC’s Vice President of Audit and Assurance. USAC management recommends that this matter be discussed in *Executive Session* pursuant to the guidelines in the approved Audit Committee Charter.
- C. Review of USAC’s Processes to Assess Compliance with Applicable Laws and Regulations (see **Attachment C**).

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 C 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, any one or more of the above items are available for discussion by the Committee.

**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 24, 2022; (2) discussion in *Executive Session* of the items 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 24, 2022**

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

The quarterly meeting of the Audit Committee (Committee) of the USAC Board of Directors (Board) was held at USAC's offices in Washington, D.C. on Monday, January 24, 2022. A virtual meeting platform was available to the general public for ***Open Session*** to accommodate the need for increased physical distancing on site due to the COVID-19 pandemic. Mr. Geoff Feiss, Committee Chair, called the meeting to order at 3:00 p.m. Eastern Time, with a quorum of all five of the Committee members present:

Choroser, Beth – Vice Chair – *by telephone*      Gillan, Joe  
Feiss, Geoff – Chair – *by telephone*              Schell, Julie Tritt – *by telephone*  
Fontana, Brent – *by telephone*

Other Board members and officers of the corporation present:

Butler, Stephen – Vice President of Shared Services – *by telephone*  
Delmar, Teleshia – Vice President of Audit and Assurance  
Freeman, Sarah – Member of the Board  
Gaither, Victor – Vice President of High Cost – *by telephone*  
Garber, Michelle – Vice President of Finance and Chief Financial Officer – *by telephone*  
Gregory, Amber – Member of the Board – *by telephone*  
Hughet, Pamela – Vice President of Lifeline – *by telephone*  
Hutchinson, Kyle – Vice President of IT and Chief Information Officer – *by telephone*  
Mason, Ken – Member of the Board – *by telephone*  
Sekar, Radha – Chief Executive Officer  
Skriwan, Michael – Member of the Board – *by telephone*  
Sweeney, Mark – Vice President of Rural Health Care – *by telephone*  
Waller, Jeff – Member of the Board – *by telephone*  
Wade, Dr. Joan – Member of the Board – *by telephone*  
Wein, Olivia – Member of the Board  
Wibberly, Dr. Kathy – 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.

Others present:

<u>NAME</u>	<u>COMPANY</u>
Augustino, Steven – <i>by telephone</i>	Kelley Drye & Warren LLP
Boakye-Gyan, Carol – <i>by telephone</i>	USAC
Hurley, Michelle – <i>by telephone</i>	CSM Consulting, Inc.
Kriete, Debra – <i>by telephone</i>	State E-Rate Coordinators' Alliance
Nuzzo, Patsy	USAC
Pace, Regina – <i>by telephone</i>	USAC
Phillippi, Megan	USAC
Schrader, Theresa – <i>by telephone</i>	Broadband Legal Strategies, LLC
Sutherland, Beverly – <i>by telephone</i>	EdTechnologyFunds, Inc.
Tiwari, Tanya	USAC
Williams, Erin	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.** Approval of Committee meeting minutes of October 25, 2021.
  - B.** Approval of moving all *Executive Session* items into *Executive Session*:
    - (1) **i2** – Audit and Assurance Division Business Update (*Continued*). USAC management recommended 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, and may also include discussion of *investigatory records of pending or contemplated enforcement action* against participants in the universal service support mechanisms.
    - (2) **a4** – Action on One USAC Audit and Assurance Division Strategic Audit Report. USAC management recommended that this matter be discussed in *Executive Session* because these reports relate to *specific internal controls or confidential company data* that would constitute a discussion of internal rules and procedures.
    - (3) **a5** – Review of the 2022 Strategic Audit Plan. USAC management recommended 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.
    - (4) **i3** – Audit Committee *Executive Session* with USAC's Vice President of Audit and Assurance. USAC management recommended that this matter be discussed in *Executive Session* pursuant to the guidelines in the approved Audit Committee Charter.

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

**RESOLVED**, that the Audit Committee of the USAC Board of Directors hereby approves: (1) the Committee meeting minutes of October 25, 2021; and (2) discussion in *Executive Session* of the items noted above.

- a2. Recommendation for Election of Committee Chair and Vice Chair.** Mr. Feiss introduced Ms. Freeman. As a member of the Nominating Committee, Ms. Freeman 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).

- a3. Review of the 2022 Audit Committee Charter.** Ms. Delmar presented a report to the Committee suggesting minor revisions to the Charter.

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 revised Audit Committee Charter presented by the USAC Audit and Assurance Division, recommends that the USAC Board of Directors approve the revised Audit Committee Charter.

- i1. Audit and Assurance Business Update.** Ms. Delmar presented PowerPoint slides to the Committee for discussion covering the following topics:
- 4Q2021 Accomplishments
  - Plans for 1Q2022
  - Audit Aging Analysis
  - Fiscal Year (FY) 2021 Operational Scorecard
  - Roadmap

At 3:50 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purpose of discussing confidential items. Only members of the Board and USAC staff were present.

### **EXECUTIVE SESSION**

- i2. Audit and Assurance Business Update (*Continued*).** Ms. Delmar presented PowerPoint slides to the Committee for discussion covering the following topics:
- High Cost Modernized Audit Update
  - Supply Chain Audit Program Update
- a4. Action on One USAC Audit and Assurance Division Strategic Audit Report.** Ms. Delmar presented the findings, noting there were satisfactory internal controls in the Rural Health Care program's competitive bidding review process, and discussing 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's strategic audit report of USAC's competitive bidding review process for the Rural Health Care program, accepts the recommendation of USAC management and hereby deems the report final.

- a5. Review of the 2022 Strategic Audit Plan.** Ms. Delmar presented a report to the Committee on the proposed 2022 Strategic Audit Plan including the audit area, audit objectives, and a high-level summary of each audit to be conducted

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

**RESOLVED**, that the USAC Audit Committee approves the 2022 Strategic Audit Plan.

- i3. Audit Committee *Executive Session* with USAC's Vice President of Audit and Assurance.** The Committee determined that a confidential *Executive Session* for the Vice President of Audit and Assurance to meet with members of the Audit Committee and Board of Directors was not needed due to several Committee and Board members participating in the meeting remotely. Mr. Feiss noted this confidential *Executive Session* will take place at the next quarterly meeting on April 25, 2022.

### **OPEN SESSION**



At 4:20 p.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 items a4 and a5 and discussed item i2.

On a motion duly made and seconded, the Committee adjourned at 4:21 p.m. Eastern Time.

/s/ Olivia Wein  
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. In addition, the FCC engaged USAC to administer the following Congressionally appropriated programs: Emergency Broadband Benefit Program (EBBP), the Affordable Connectivity Program (ACP), COVID-19 Telehealth, and the Emergency Connectivity Fund (ECF). The policies and procedures followed by USAC are documented and executed in accordance with FCC 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

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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.

mechanisms and related BC&D functions, other administrative areas of USAC, corporate governance, anti-fraud measures, audit follow-up, and disbursements. Further, 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 comply 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 AUP review did not result in findings that USAC failed to comply with applicable FCC directives. The financial statement audit and AUP for 2021 is in progress.

USAC staff for each of these areas is knowledgeable in applicable FCC rules, and staff review 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. 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. 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) to govern USAC's administration of the USF and the Universal Service Support Mechanisms on September 9, 2008, as amended on November 4, 2014. The FCC and USAC subsequently entered into a revised USF MOU on May 2, 2016, and a further revised USF MOU on December 19, 2018. On November 22, 2021, the FCC and USAC signed an amendment to the revised USF MOU.

Additionally, the FCC and USAC signed MOUs to govern USAC's administration of each of the Congressionally appropriated programs: EBBP (February 3, 2021), ACP (November 16, 2021; revised and restated on March 2, 2022), COVID-19 Telehealth (February 4, 2021), and ECF (March 19, 2021).

Each MOU is a streamlined framework memorializing the FCC's and USAC's partnership to achieve success in all USAC-administered programs. Each MOU recognizes USAC as responsible for the efficient, effective, and competitively neutral management of all such programs, including:

- Collecting contributions for the USF programs and administering the disbursement of program support for all USAC-administered programs;
- Producing timely and relevant data and analysis to inform the Commission's policy-making and oversight of the USF and the Congressionally-appropriated programs; and
- Educating stakeholders to promote successful participation in the USF and Congressionally-appropriated 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. Beginning in 2022, AAD will also be conducting audits of USF recipients to determine compliance with supply chain requirements.

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). AAD also conducts audits of USAC's programs and divisions to determine the effectiveness and efficiency of non-financial operational processes, internal policies and procedures, and compliance with applicable laws.

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 each FCC/USAC MOU for USAC to implement an internal control structure consistent with the standards and guidance contained in OMB Circular A-123.

F. Office of the Chief Administrative Officer

The Strategy and Risk Management team (SRM) within the Office of the Chief Administrative Officer (OCAO) supports USAC's four USF programs and supporting divisions in responding to audits conducted of USF beneficiaries and contributors, testing compliance with FCC rules and directives. SRM also performs assessments, evaluations and operational audits of USAC's key functions and controls. SRM assists the impacted program or division with developing and reporting corrective action plans (CAPs), ensuring completeness on addressing audit findings, and establishing a reasonable timeframe for implementation. SRM is also responsible for managing USAC's internal policies and procedures, ensuring documentation is in accordance with applicable laws, regulations and standards. Finally, SRM assists programs and divisions in creating and updating policies and procedures to clearly define USAC's standards, guidelines, and objectives.

Summary

USAC policies and procedures for administering the USF and the support mechanisms, as well as the Congressionally appropriated programs, 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 Meeting**

Audit and Assurance Business Update

*Open Session*

April 25, 2022



# Agenda

- 1Q2022 Accomplishments
- Plans for 2Q2022
- Audit Aging Analysis
- Roadmap
- Post Audit and Assessment Survey Results

# 1Q2022 Accomplishments

- Beneficiary and Contributor Audit Program (BCAP)
  - Announced 19 audits (3 CR, 16 HC).
  - Released 19 audits (2 CR, 2 HC, 2 LI, 8 E-Rate, and 5 RHC).
  - Released 9 task orders for FY2022 BCAP audit services; awarded 3 contracts.
  - Presented Lifeline Biennial Audit training to carriers.
  - Worked with the FCC to develop High Cost Augmented Audit/Verification Plan (HiCap):
    - Approach for audits of largest recipients and high-risk carriers.
    - Analysis of deployment obligations at final milestone.
    - Outsourced engineering firm to perform on-site testing.
    - In-house Telecom engineer liaison to outsourced engineering firm.



# 1Q2022 Accomplishments (Continued)

- Payment Quality Assurance (PQA)
  - Announced 471 FY2022 assessments (225 LI, 130 HC, 116 E-Rate).
  - Suspended 250 FY2022 RHC assessments based on guidance from the FCC.
  - Released task order and evaluating proposals for resources to assist with High Cost assessments.
- Supply Chain Audit Program (SCAP)
  - Finalized vendor selection process for audit firm.
- Appropriated Programs
  - Provided feedback and insight for audit strategy.
  - Reviewed Program Integrity results for sufficiency.
- Telecom Expertise
  - Increased bench strength to assist with telecom focus in audits.

# Plans for 2Q2022

- BCAP
  - Announce 20 audits and complete 20 audits.
  - Release 3 task orders for audit services for FY2022 BCAP outsourced audits.
  - Conduct series of training seminars for audit firms selected to perform outsourced audits.
- PQA
  - Onboard external firm to perform High Cost expanded procedures.
  - Work with statistician to complete all Sampling and Estimation Plans and submit to FCC.
- SCAP
  - Onboard selected vendor and announce 10 audits.
  - Host office hours for selected USF recipients to address any audit related questions.
- Other Activities
  - Gather data requirements and process flows in preparation for transition to new GRC tool.

## BCAP Audits in Process

The combined status of BCAP audits in process as of April 1, 2022:

Program	Announced	Fieldwork	Reporting	<b>Total</b>
Contributor Revenue	4	5	5	<b>14</b>
High Cost	8	34	10	<b>52</b>
Lifeline	0	16	12	<b>28</b>
E-Rate	0	15	25	<b>40</b>
Rural Health Care	0	17	13	<b>30</b>
<b>Total</b>	<b>12</b>	<b>87</b>	<b>65</b>	<b>164</b>

# BCAP Aging Report

The combined aging report of BCAP audits in process as of April 1, 2022:

Program	> 6 months	> 12 months	> 18 months	<b>Total</b>
Contributor Revenue	7	1	0	<b>8</b>
High Cost	31	0	4	<b>35</b>
Lifeline	16	1	11	<b>28</b>
E-Rate	19	7	14	<b>40</b>
Rural Health Care	13	0	17	<b>30</b>
<b>Total #</b>	<b>86</b>	<b>9</b>	<b>46</b>	<b>141</b>
<b>Total %</b>	<b>61%</b>	<b>3%</b>	<b>33%</b>	<b>100%</b>
<b>Reporting Phase</b>	<b>15</b>	<b>8</b>	<b>39</b>	<b>62</b>

# BCAP Aging Report Quarter-over-Quarter Comparison

The combined aging report of BCAP audits in process as of April 1, 2022:

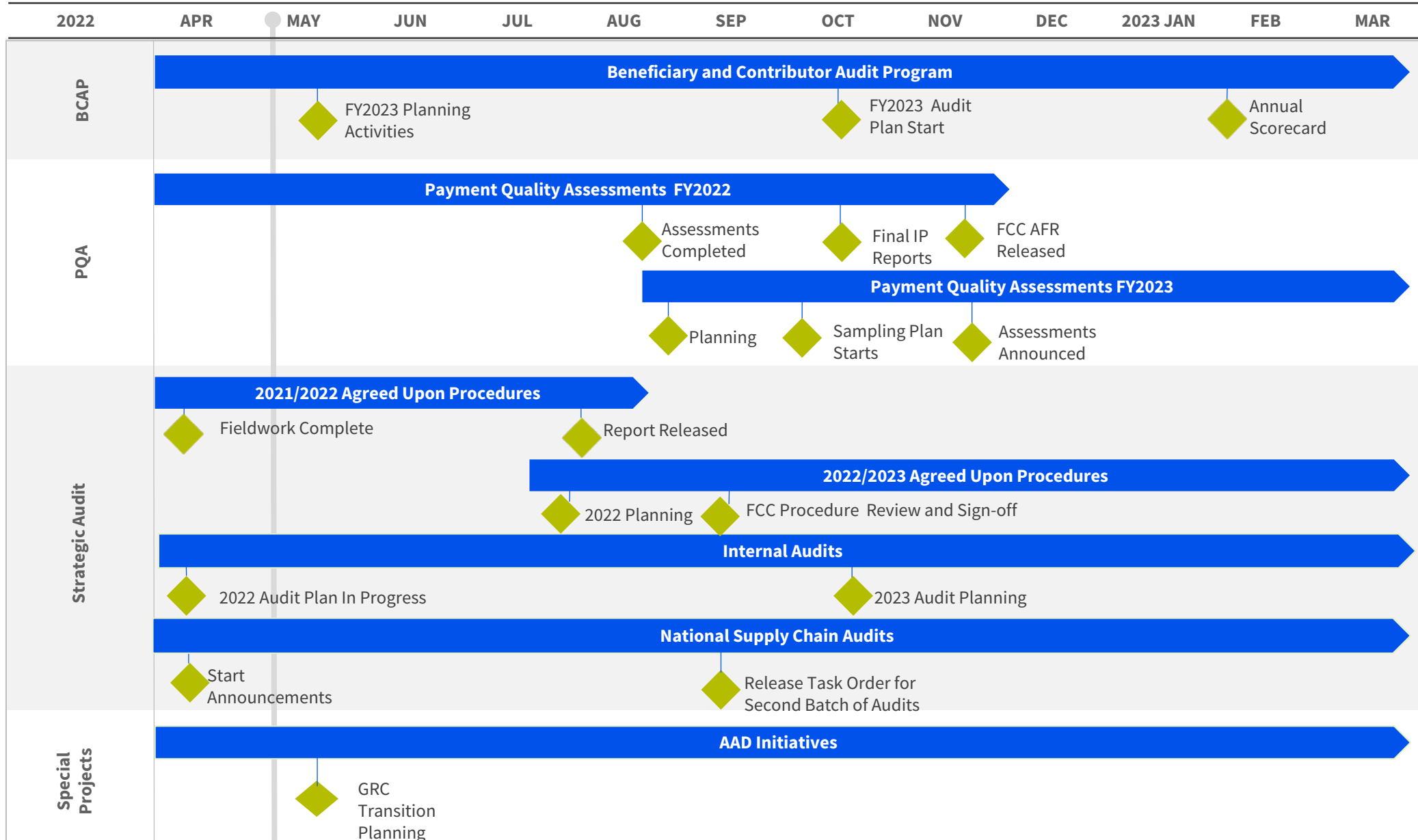
Duration	December 31, 2021	March 31, 2022	Change
> 6 months	21	86	65
> 12 months	17	9	-8
> 18 months	42	46	4
<b>Total #</b>	<b>80</b>	<b>141</b>	<b>61</b>
<b>Reporting Phase</b>	<b>61</b>	<b>62</b>	<b>1</b>

# PQA Assessments in Process

The combined status of PQA assessments in process as of April 1, 2022:

Program	Announced	Fieldwork	Reporting	<b>Total</b>
High Cost	0	130	0	<b>130</b>
Lifeline	0	225	0	<b>225</b>
E-Rate	0	350	0	<b>350</b>
<b>Total</b>	<b>0</b>	<b>705</b>	<b>0</b>	<b>705</b>

# Roadmap



**Milestone Legend**

- At Risk
- On Track
- Completed



# Post Audit and Assessment Survey Results



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# BCAP Survey: Professionalism and Communication

Survey Results: Oct. 1, 2020 to Sep. 30, 2021

Surveys Sent: 124; Response Rate: 34%

Category	Highest/Lowest Question*	Contributor	High Cost	Lifeline	E-Rate	Average
Professionalism	<b>Highest:</b> Demonstrated Professionalism at All Times	10.0	9.5	9.5	9.8	<b>9.7</b>
	<b>Lowest:</b> Knowledgeable of FCC Rules and Regulations	10.0	8.5	7.5	8.9	<b>8.7</b>
Communication	<b>Highest:</b> Promptly Responded to Questions About the Audit	10.0	8.3	9.0	9.4	<b>9.0</b>
	<b>Lowest:</b> Entrance conference was an Effective Form of Communication	1.0	8.4	8.5	9.2	<b>8.7</b>

\*Questions scored on a scale of 1-10, with 10 being the best score. **Note:** For RHC, USAC sent 4 surveys but received 0 responses.

# PQA Survey: Professionalism and Communication

Survey Results: Oct. 1, 2020 to Sep. 30, 2021

Surveys Sent: 460; Response Rate: 28%

Category	Highest/Lowest Question*	Lifeline	Rural Health Care	E-Rate	Average
Professionalism	<b>Highest:</b> Demonstrated Professionalism	9.4	9.5	9.4	<b>9.4</b>
	<b>Lowest:</b> Kept Beneficiary Informed of the Audit Status	7.8	8.4	8.6	<b>8.2</b>
Communication	<b>Highest:</b> Explained Outstanding Items Thoroughly and Clearly	8.4	8.9	9.0	<b>8.7</b>
	<b>Lowest:</b> Communicated the Results Timely	7.2	7.9	8.3	<b>7.8</b>

\*Questions scored on a scale of 1-10, with 10 being the best score. **Note:** There were no HC assessments in FY2021.

# SA Survey: Professionalism and Communication

Survey Results: Oct. 1, 2020 to Sep. 30, 2021

Surveys Sent: 7; Response Rate: 14%

Category	Highest/Lowest Question*	Rating
Professionalism	<b>Highest:</b> Demonstrated Professionalism	<b>10.0</b>
	<b>Lowest:</b> Collaborative and Fostered Trust During Interactions	<b>7.0</b>
Communication	<b>Highest:</b> Exchanged Information in an Effective Manner	<b>9.5</b>
	<b>Lowest:</b> Communicated Results in a Timely Manner	<b>6.5</b>

\*Questions scored on a scale of 1-10, with 10 being the best score. **Note:** The results are based on one response.



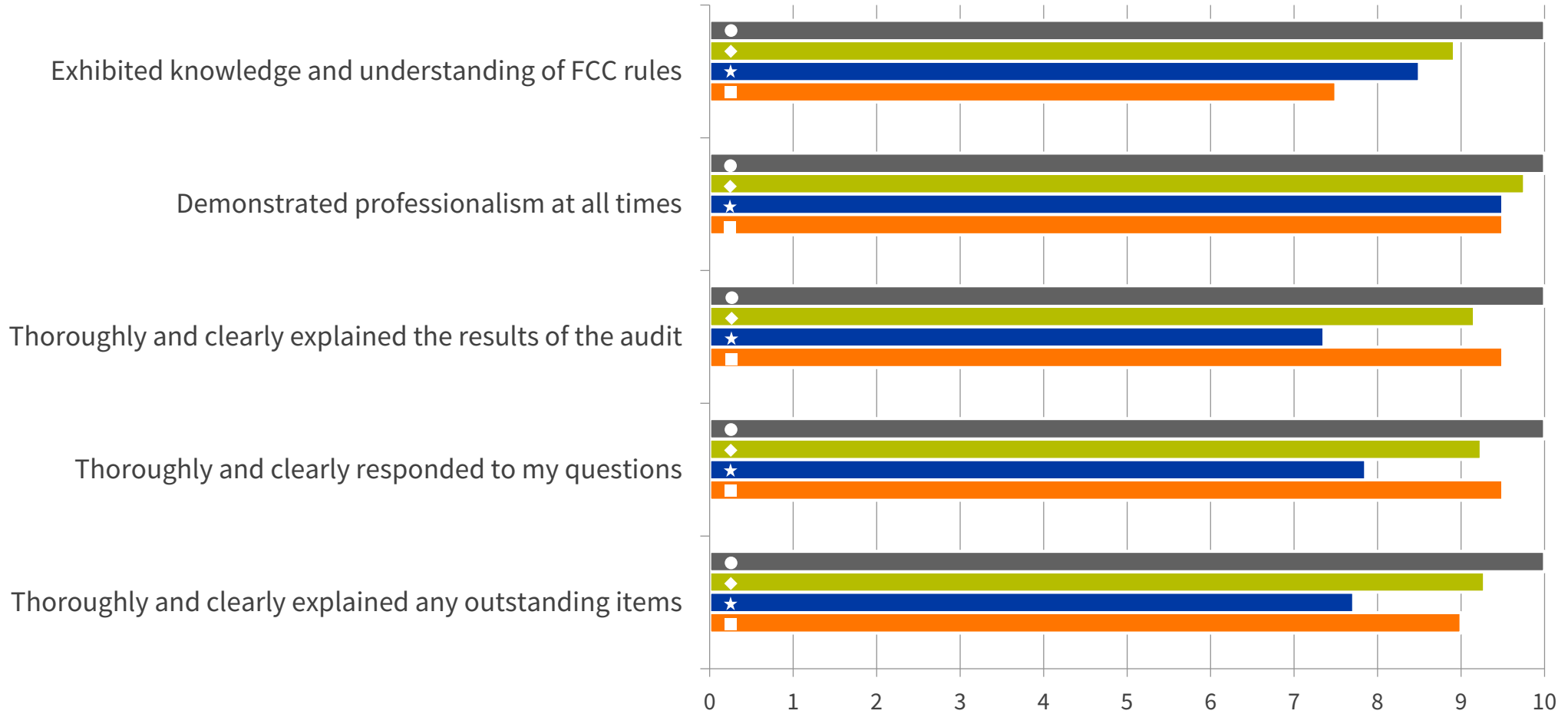
## Exhibits: Detailed Survey Results

# BCAP Survey: Communication

Survey Results: Oct. 1, 2020 to Sep. 30, 2021

Surveys Sent: 124; Response Rate: 34%

● Contributor Revenue    ◆ E-Rate    ★ High Cost    □ Lifeline    ▲ Rural Health Care\*

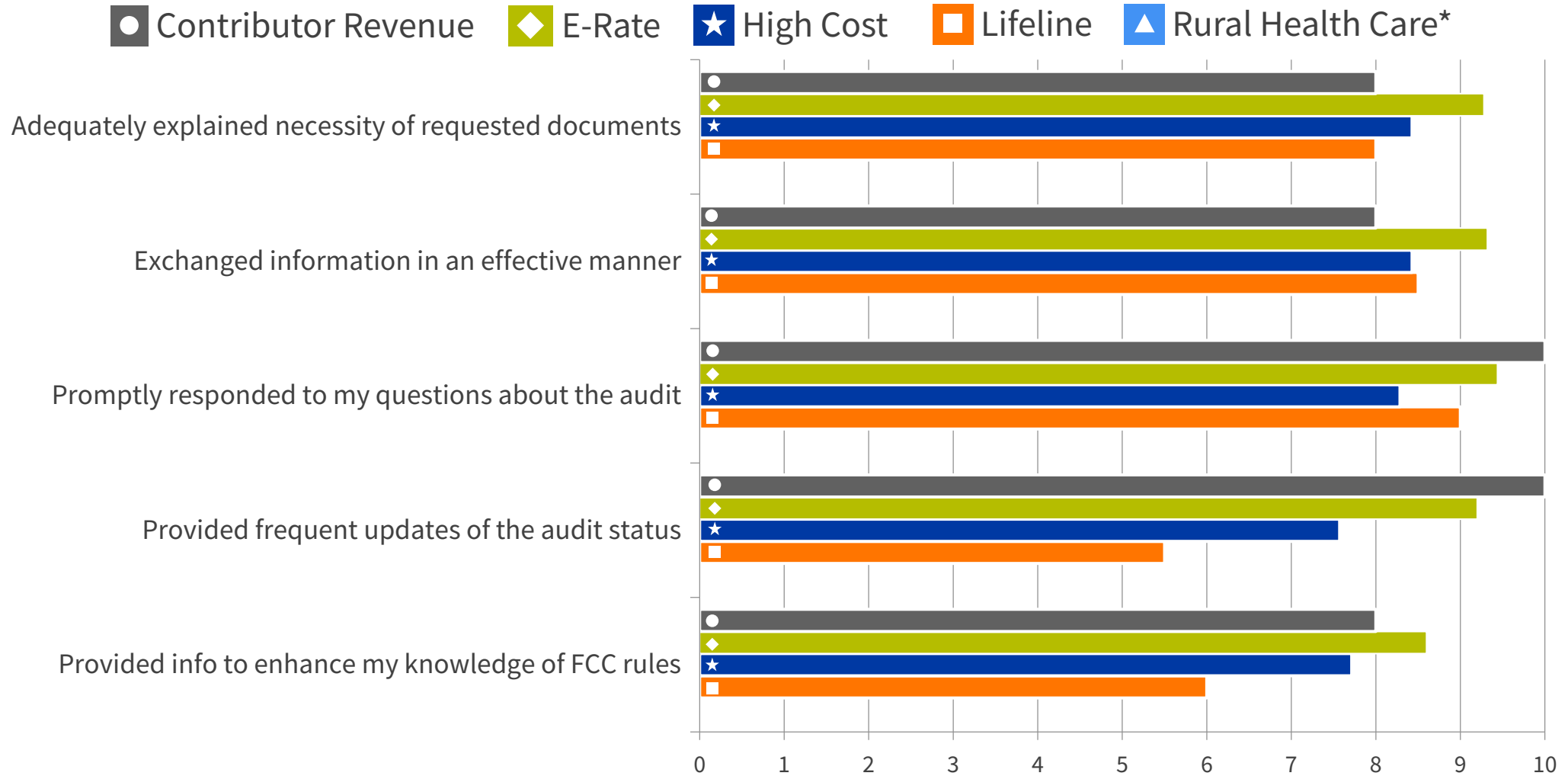


\*4 surveys sent for RHC; 0 responses received

# BCAP Survey: Communication

Survey Results: Oct. 1, 2020 to Sep. 30, 2021

Surveys Sent: 124; Response Rate: 34%



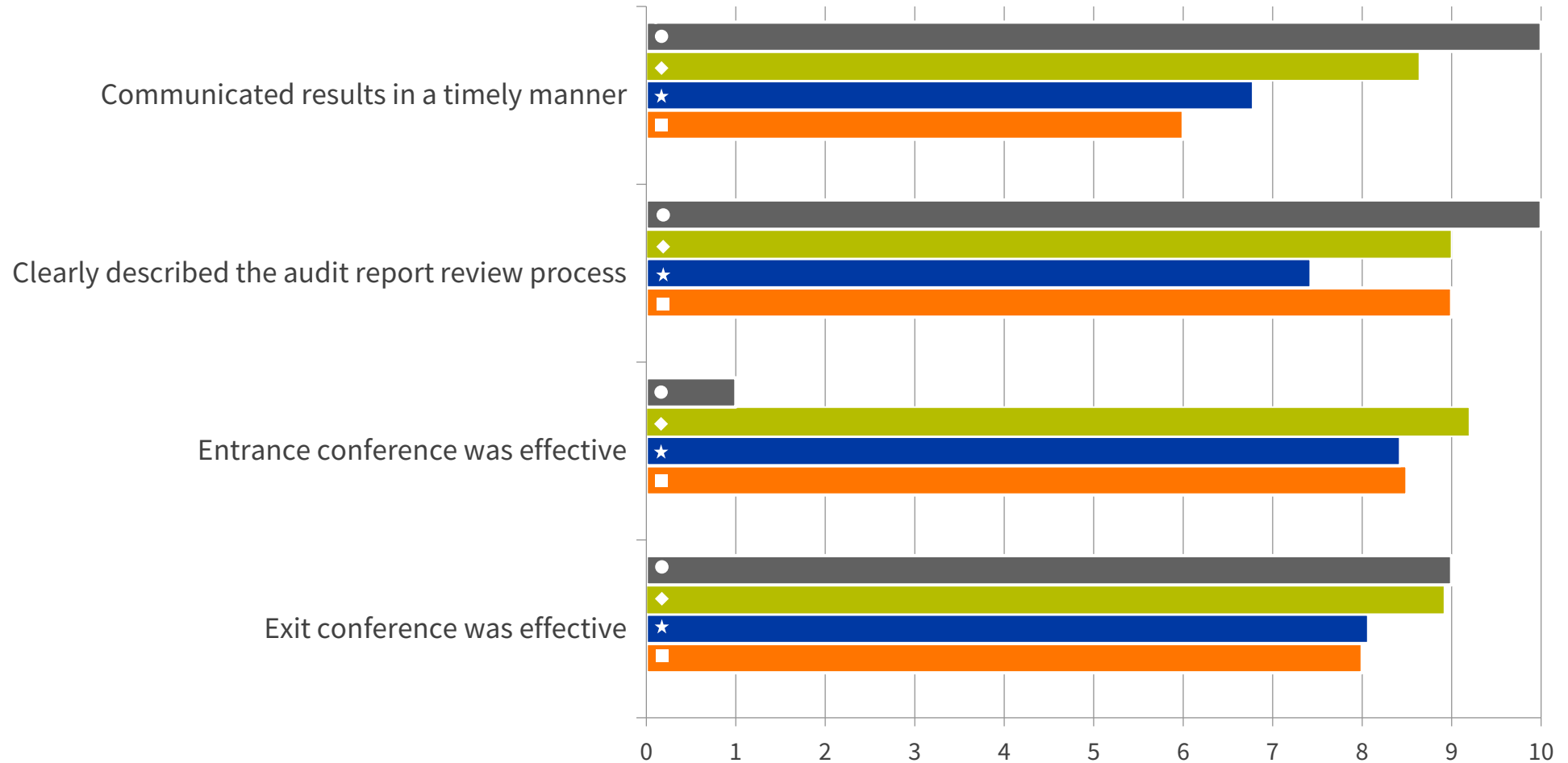
\*Note: 4 surveys sent for RHC; 0 responses received

# BCAP Survey: Communication

Survey Results: Oct. 1, 2020 to Sep. 30, 2021

Surveys Sent: 124; Response Rate: 34%

● Contributor Revenue    ◆ E-Rate    ★ High Cost    □ Lifeline    ▲ Rural Health Care\*



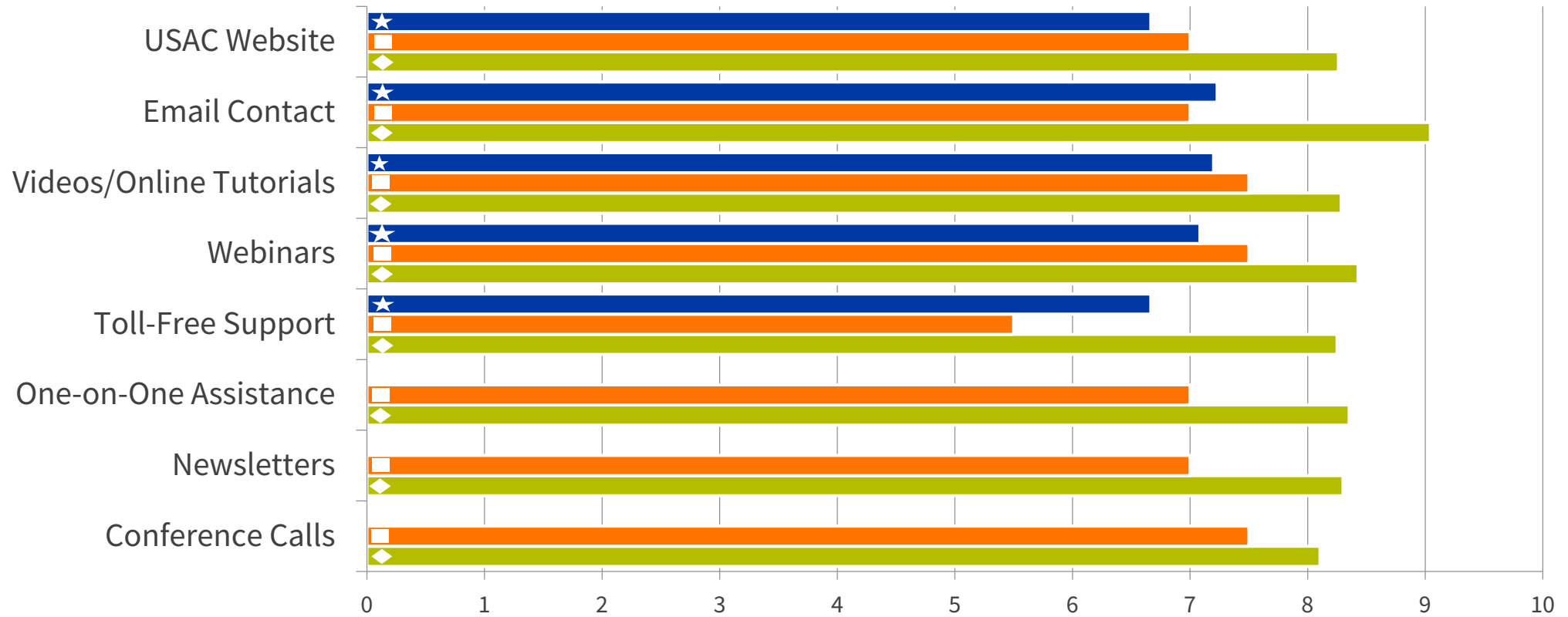
\*Note: 4 surveys sent for RHC; 0 responses received

# BCAP Survey: Outreach

Survey Results: Oct. 1, 2020 to Sep. 30, 2021

Surveys Sent: 124; Response Rate: 34%

● Contributor Revenue  
 ◆ E-Rate  
 ★ High Cost  
 □ Lifeline  
 ▲ Rural Health Care



**Note:**

- 4 surveys sent for RHC; 0 responses received
- One-On-One Assistance, Newsletters, and Conference Calls are not applicable for High Cost.
- Outreach questions are not applicable to Contributor Revenue



# BCAP Common Findings – Contributor Revenue

Survey Results: Oct. 1, 2020 to Sep. 30, 2021

Surveys Sent: 3; Response Rate: 33%

Common Finding	Score*
Customer Category – End User Vs. Reseller	10.0
Toll Service Revenues	5.0
Federal USF Pass-Through Recovery Charge	10.0
Non-Telecommunications and Information Service Revenues	5.0
Private Line Revenue(s)	5.0

\***Note:** Score represents the effectiveness of the information USAC provides to the carrier to avoid the common findings. Scored on a scale of 1-10, with 10 being the best score.

# BCAP Common Findings – E-Rate

Survey Results: Oct. 1, 2020 to Sep. 30, 2021

Surveys Sent: 75; Response Rate: 25%

Common Finding	Score*
Service Provider or Beneficiary Over-Invoiced SLP	6.9
Lack of/Inadequate Documentation	7.1
Inadequate Competitive Bidding Process	7.7
CIPA Violations	7.5
Inadequate Discount Calculation Process	7.1

\***Note:** Score represents the effectiveness of the information USAC provides to the carrier to avoid the common findings. Scored on a scale of 1-10, with 10 being the best score.

# BCAP Common Findings – High Cost

Survey Results: Oct. 1, 2020 to Sep. 30, 2021

Surveys Sent: 36; Response Rate: 39%

Common Finding	Score*
Lack of/Inadequate Documentation	7.0
Inaccurate Data	6.4
Improper Allocation Methodology	6.4
Not Used for High Cost Purposes	6.9
Inaccurate/Misclassified Access Line/Loop Counts	6.8

**\*Note:** Score represents the effectiveness of the information USAC provides to the carrier to avoid the common findings. Scored on a scale of 1-10, with 10 being the best score.

# BCAP Common Findings – Lifeline

Survey Results: Oct. 1, 2020 to Sep. 30, 2021

Surveys Sent: 6; Response Rate: 33%

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Common Finding	Score*
Inaccurate Form 497 Reporting	8.0
Improper Certification and/or Recertification Documentation Disclosures	6.0
Inaccurate Form 555 Reporting	8.5
Improper Recertification Process	8.0

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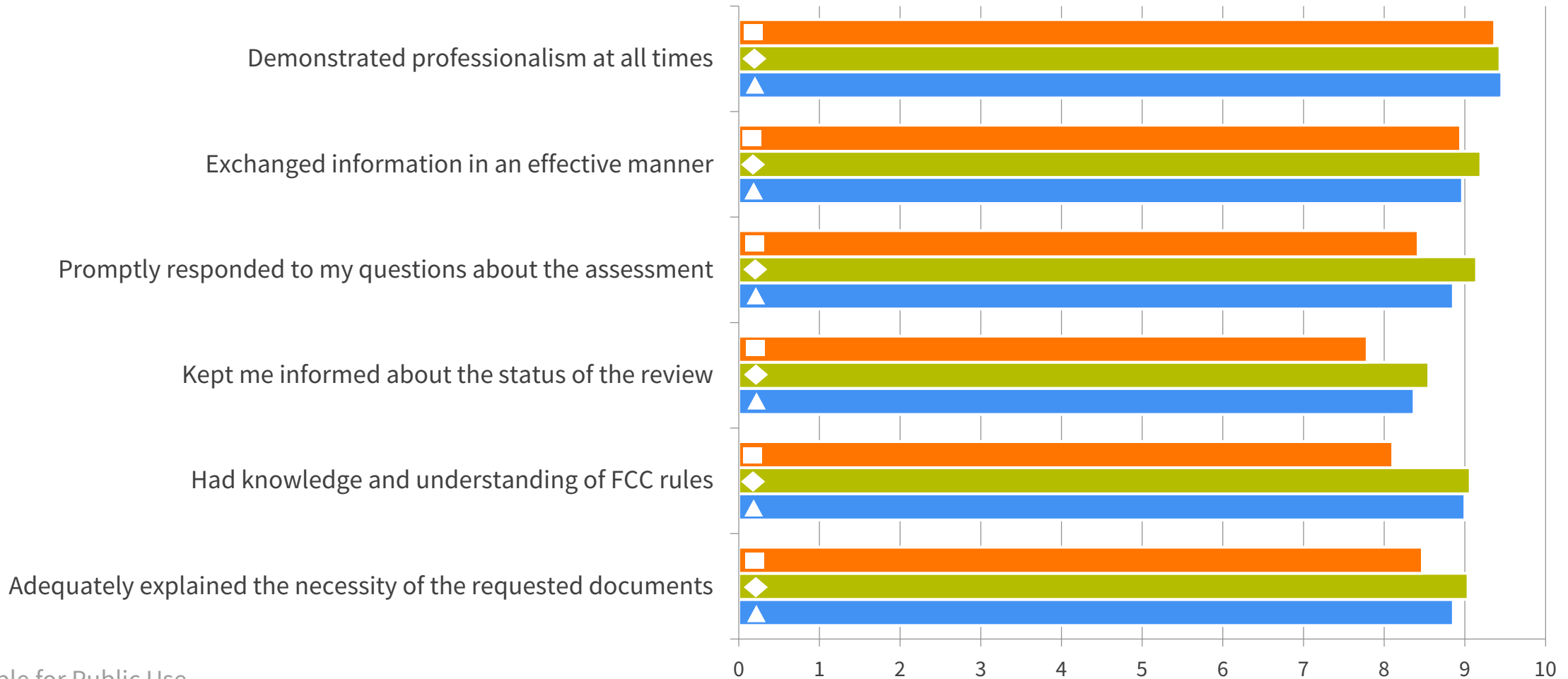
\***Note:** Score represents the effectiveness of the information USAC provides to the carrier to avoid the common findings. Scored on a scale of 1-10, with 10 being the best score.

# PQA Survey: Professionalism

Survey Results: Oct. 1, 2020 to Sep. 30, 2021

Surveys Sent: 460; Response Rate: 28%

◆ E-Rate    □ Lifeline    ▲ Rural Health Care

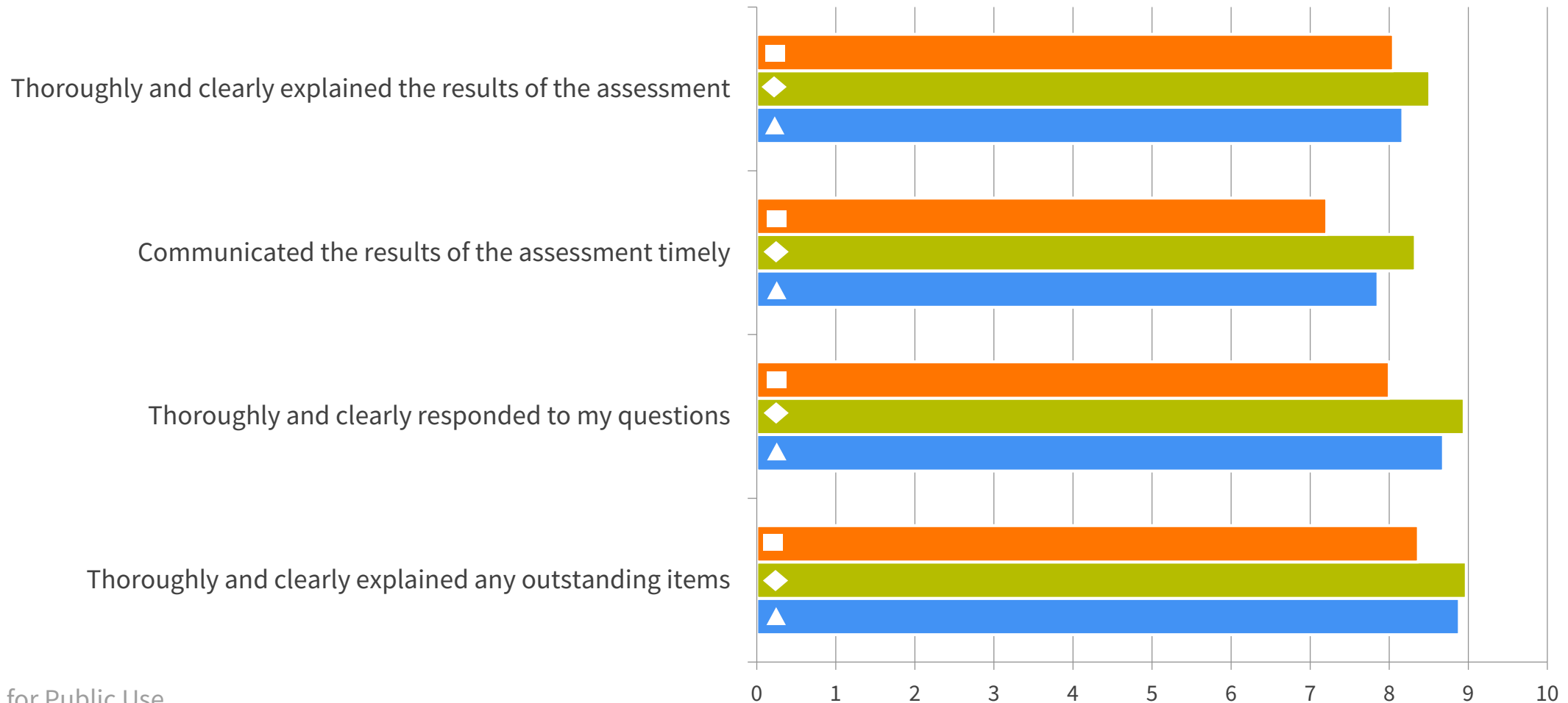


# PQA Survey: Communication

Survey Results: Oct. 1, 2020 to Sep. 30, 2021

Surveys Sent: 460; Response Rate: 28%

◆ E-Rate    □ Lifeline    ▲ Rural Health Care



# Strategic Audits Survey: Professionalism

Survey Results: Oct. 1, 2020 to Sep. 30, 2021

Surveys Sent: 7; Response Rate: 14%\*

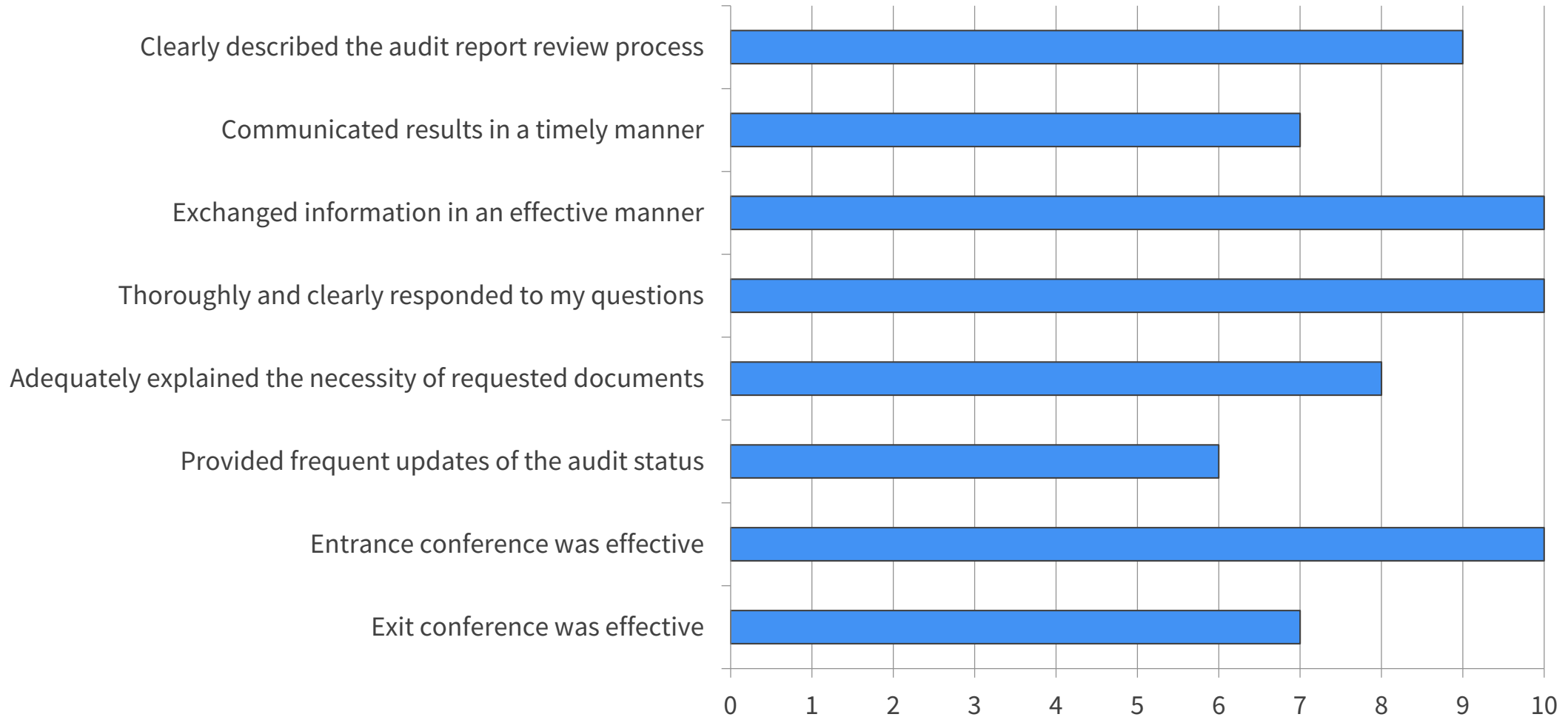


\*Note: Results based on one response.

# Strategic Audits Survey: Communication

Survey Results: Oct. 1, 2020 to Sep. 30, 2021

Surveys Sent: 7; Response Rate: 14%\*



\***Note:** Results based on one response.



# 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: BCAP assesses beneficiary and contributor compliance with the Federal Communications Commission (FCC) rules, orders, and program requirements (FCC Rules).
BCAPx	Beneficiary and Contributor Audit Program Outsourced Audits: BCAP audits performed by outsourced (outside) audit firms.
CR	Contributor Revenue: Audits of Contributor Revenue filers.
E-Rate	E-Rate: Audits of E-Rate program participants.
GRC	Governance, Risk, and Compliance.

# Appendix A: Glossary of Terms (Continued)

Term	Definition
HC	High Cost: Audits of High Cost program participants.
IP	Improper Payment.
LI	Lifeline: Audits of Lifeline program participants.
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 Payment Integrity Information Act.
RHC	Rural Health Care: Audits of Rural Health Care 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.
SCAP	Supply Chain Audit Program: SCAP assesses program participant compliance with the Federal Communications Commission (FCC) rules, orders, and program requirements (FCC Rules) related to protecting the communications supply chain.
USF	Universal Service Fund: The four universal service programs.



**Universal Service  
Administrative Co.**