



Audit Committee

Briefing Book

Monday, April 29, 2024

2:05 p.m. - 3:20 p.m. Eastern Time

Available for Public Use

Universal Service Administrative Company

700 12th Street, NW, Suite 900

Washington, DC 20005

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

<p>Monday, April 29, 2024 2:05 p.m. –3:35 p.m. Eastern Time USAC Offices 700 12th Street, N.W., Suite 900 Washington, D.C. 20005</p>

OPEN SESSION		<i>Estimated Duration in Minutes</i>
Chair	<p>a1. Consent Items (each item is available for discussion upon request):</p> <ul style="list-style-type: none"> A. Approval of Audit Committee Meeting Minutes of January 29, 2024 B. Approval of moving all <i>Executive Session</i> items into <i>Executive Session</i> C. Review of USAC’s Processes to Assess Compliance with Applicable Laws and Regulations 	5
Teleshia	<p>i1. Audit and Assurance Business Update</p> <ul style="list-style-type: none"> • Q1 2024 Accomplishments and Plans for Q2 2024 • Audit Aging Analysis • Post Audit and Assessment Survey Results • Roadmap 	40

EXECUTIVE SESSION Confidential – Executive Session Recommended		<i>Estimated Duration in Minutes</i>
Teleshia Kyle	i2. Audit and Assurance Division Business Update (<i>Continued</i>)	20
Teleshia	a2. Action on Two USAC Audit and Assurance Division Strategic Audit Reports	10
Chair	i3. Audit Committee Executive Session with USAC’s Vice President of Audit and Assurance	15

Next Scheduled USAC Audit Committee Meeting

<p>Monday, July 29, 2024 USAC Offices, Washington, D.C.</p>
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**Universal Service Administrative Company
Audit Committee Meeting**

ACTION ITEM

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 29, 2024 (*see Attachment A*).
- 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 item be discussed in *Executive Session* because it may involve discussion of *specific internal controls or confidential company data* or *internal rules and procedures* concerning the administration of the universal service support mechanisms, where discussion of the matter in open session would result in *disclosure of confidential techniques and procedures* that would compromise program integrity.
 - (2) **a2.** Action on Two USAC Audit and Assurance Division Strategic Audit Reports. USAC management recommends 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) **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 USACs Processes to Access 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, the above items are available for discussion by the Committee.

Recommended USAC Audit Committee Action

APPROVAL OF THE FOLLOWING RESOLUTIONS:

RESOLVED, that the Audit Committee of the USAC Board of Directors hereby approves: (1) the Committee meeting minutes of January 29, 2024; and (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 29, 2024

(DRAFT) MINUTES¹

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 29, 2024. Ms. Stephanie Polk, Committee Vice Chair, called the meeting to order at 2:18 p.m. Eastern Time, with a quorum of all three Committee members present (there are two vacancies):

Fontana, Brent – *by telephone*
Polk, Stephanie – Vice Chair –
by telephone

Schell, Julie Tritt – *by telephone*

Other Board members and officers of the corporation present:

Beyerhelm, Chris – Vice President and Chief Administrative Officer
Butler, Stephen – Vice President of Shared Services
Chacko, Sheba – Member of the Board
Chalk, Indra – Member of the Board
Davis, Craig – Vice President of Schools and Libraries
Delmar, Teleshia – Vice President of Audit and Assurance
Freeman, Sarah – Member of the Board
Gaither, Victor – Vice President of High Cost
Garber, Michelle – Vice President of Finance, Chief Financial Officer, and
Assistant Treasurer
Gregory, Amber – Member of the Board
Mason, Ken – Member of the Board
O'Brien, Tim – Vice President of Lifeline
Sekar, Radha – Chief Executive Officer
Semmler, Kara – Member of the Board
Skrivan, Michael – Member of the Board
Sweeney, Mark – Vice President of Rural Health Care
Wein, Olivia – Member of the Board
Wibberly, Dr. Kathy – Member of the Board
Williams, Erin – Vice President, General Counsel, and Assistant Secretary

¹ 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>
Braxton-Johnson, Kianna	USAC
Claxton, Naomi	USAC
Corra, Kristen	SHLB
Goode, Vernell	USAC
Joiner, Chelsea	USAC
Kahan, Allison	USAC
King, Ryan	USAC
Kriete, Debra	Debra M. Kriete, Esq.
Lougheed, Matthew	USAC
Morgan, Meredith	USAC
Nuzzo, Patsy	USAC
Oliver, Lindsay – <i>by telephone</i>	USAC
Robinson, Crystal	USAC
Santana-Gonzalez, Jeanette	USAC
Schrader, Theresa – <i>by telephone</i>	Broadband Legal Strategies
Smith, Christopher	USAC
Sutherland, Beverly – <i>by telephone</i>	Ed Technology Funds, Inc.
Ward, Rashonda	USAC
Wilkins, Jonathan	USAC

OPEN SESSION

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

a1. Consent Items. Ms. Polk presented this item to the Committee.

A. Committee meeting minutes of October 30, 2023.

B. Approval of moving all *Executive Session* items into *Executive Session*:

- (1) **a4** – 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 or confidential company data* that would constitute a discussion of internal rules and procedures.
- (2) **a5** – Approval of the 2024 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.
- (3) **i2** – 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.

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 30, 2023; (2) discussion in *Executive Session* of the items noted above.

- a2. Recommendation for Election of Committee Chair and Vice Chair.** Ms. Polk introduced Commissioner Freeman. As the Chair of the Nominating Committee, Commissioner 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 **Julie Tritt Schell** as Chair and **Stephanie Polk** 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 2024 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.

- ii. Audit and Assurance Business Update.** Ms. Delmar presented PowerPoint slides to the Committee for discussion covering the following topics:
- 2023 Year in Review
 - Fiscal Year 2023 Operational Scorecard
 - Audit Aging Analysis
 - 2024 Audit Objectives
 - Roadmap

At 3:07 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

- a4. Action on One USAC Audit and Assurance Division Strategic Audit Report.** Ms. Delmar presented this item to the committee.

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 the Lifeline User Experience accepts the recommendation of USAC management and hereby deems the report final.

- a5. Approval of the 2024 Strategic Audit Plan.** Ms. Delmar presented this item to the committee.

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

RESOLVED, that the USAC Audit Committee approves the 2024 Strategic Audit Plan.

At 3:43 p.m. Eastern Time, on a motion duly made and seconded, the Committee continued in Executive Session with only non-staff members of the Board and Ms. Delmar present.

- i2. Audit Committee *Executive Session* with USAC's Vice President of Audit and Assurance.** Per the guidelines in the approved Audit Committee Charter, Ms. Delmar met with members of the Audit Committee and Board of Directors in a confidential *Executive Session*.

OPEN SESSION

At 4:14 p.m. Eastern Time, the Committee moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Ms. Polk 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 4:14 p.m. Eastern Time.

/s/ Erin Williams
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.¹ Pursuant to Section 254 of the Communications Act of 1934, as amended,² and Part 54 of the Commission's rules,³ 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 laws.

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 the 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 to prevent fraud, waste, and abuse.⁴ 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,

¹ 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).

² 47 U.S.C. § 254.

³ See generally 47 C.F.R. pt. 54.

⁴ See 47 C.F.R. § 54.717.

including a review of internal controls for accounting and administration. The AUP review covers the USF, the support mechanisms and related BC&D functions, other administrative areas of USAC, corporate governance, anti-fraud measures, and audit follow-up. 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.”⁵ The independent audit provides an external 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 since 2020 have resulted in “clean” financial audit opinions, and the AUP review has not resulted in significant findings that USAC failed to comply with applicable FCC directives. The financial statement audit and AUP for 2023 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 the FCC rules and directives and other matters 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

⁵ 47 C.F.R. § 54.717(c).

attorneys also attend continuing education and other professional development programs throughout the year.

Additionally, the Office of General Counsel includes the Fraud Risk Group (FRG) function which assesses compliance with laws and regulations when performing anti-fraud efforts and fraud risk assessments focusing on fraud prevention and detection and conducting and assisting with USF law enforcement investigations.

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 revised the USF MOU on May 2, 2016, December 19, 2018, and November 22, 2021. On December 19, 2023, the FCC and USAC signed the most recent amendment to extend the MOU to June 17, 2024.

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; June 6, 2023, and November 19, 2023), COVID-19 Telehealth (February 4, 2021; revised on November 19, 2023), and ECF (March 19, 2021; revised on November 19, 2023).

Each MOU is a streamlined framework that memorializes the FCC 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 policymaking 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 uses its membership with 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 newly hired managers and newly promoted managers are required to attend Civil Treatment Workplace training 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. AAD also conducts audits of USF recipients to determine compliance with supply chain requirements.

The audits and assessments test compliance with FCC rules, directives and other applicable laws. 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 meaning that 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-123⁶.

F. Office of the Chief Administrative Officer

The Enterprise Process Improvement team (EPI) 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. EPI also supports the assessments, evaluations, and operational audits of USAC's key functions and controls. They assist the impacted program or division with developing and reporting corrective action plans (CAPs), ensuring completeness in addressing audit findings, and establishing a reasonable timeframe for implementation. EPI is also responsible for managing USAC's internal policies and procedures, ensuring documentation is in accordance with applicable

⁶ Office of Management and Budget, Management's Responsibility for Enterprise Risk Management and Internal Control, OMB Circular No. A-123 (July 15, 2016).

laws, regulations and standards. Finally, EPI 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

Audit and Assurance Business Update

Open Session

April 29, 2024

Agenda

- Q1 2024 Accomplishments and Plans for Q2 2024
- Audits and Assessments in Process
- Audits Aging Analysis
- Post Audit and Assessment Survey Results

Q1 2024 Accomplishments and Q2 2024 Plans

Function	Q1 2024 Accomplishments	Q2 2024 Plans
Beneficiary and Contributor Audit Program (BCAP)	<ul style="list-style-type: none"> Released 23 audits (2 CR, 4 HC, 5 LI, 11 E-Rate, and 1 RHC). Announced 21 audits (3 CR, 6 HC, 2 LI, 9 E-Rate, and 1 RHC). Awarded 7 task orders to audit firms. Conducted site visits for CAF II Model and RBE audits (approx. 316 site visits). Conducted E-Rate and RHC audit trainings. 	<ul style="list-style-type: none"> Announce 15 audits and complete 30 audits. Conduct contributor revenue audit trainings.
Payment Quality Assurance (PQA)	<ul style="list-style-type: none"> Announced 117 E-Rate and 85 Lifeline assessments. Completed Q3 2023 Lifeline and ACP non-usage testing. 	<ul style="list-style-type: none"> Conduct E-Rate site visits. Commence quality assurance reviews. Complete Q4 2023 and announce Q1 2024 Lifeline and ACP non-usage testing.
Supply Chain Audit Program (SCAP)	<ul style="list-style-type: none"> Identified first audit findings and working with the FCC to resolve. 	<ul style="list-style-type: none"> Announce 6 audits and complete 10 audits. Complete planning activities and award task order to audit firm.
Strategic Audit (SA)	<ul style="list-style-type: none"> Completed planning activities and announced all five audits on the approved 2024 Strategic Audit plan. Coordinated the annual Agreed-Upon Procedures (AUP) engagement between USAC and PwC. 	<ul style="list-style-type: none"> Complete two audits. Finalize AUP coordination activities.

BCAP Audits in Process

The status of BCAP audits in process as of April 1, 2024:

Program	Announced	Fieldwork	Reporting	Total
Contributor Revenue	4	7	8	19
High Cost	18	14	30	62
Lifeline	2	22	9	33
E-Rate	6	24	51	81
Rural Health Care	0	9	23	32
Total	30	76	121	227

BCAP Audits Aging Analysis

The aging analysis of BCAP audits in process as of April 1, 2024:

Program	< 6 months	> 6 months	> 12 months	> 18 months	Total	Change from 1/01/2024
Contributor Revenue	4	8	1	6	19	2
High Cost	21	15	17	9	62	17
Lifeline	2	17	1	13	33	(2)
E-Rate	12	19	13	37	81	0
Rural Health Care	0	6	9	17	32	(1)
Total #	39	65	41	82	227	16
Total %	17.2%	28.6%	18.1%	36.1%	100%	N/A
Reporting Phase	2	18	26	75	121	8

Note: For the 123 audits > 12 months, 6 are with the audited entity, 70 are with USAC (AAD, Program, General Counsel), 37 are with the FCC, and 10 are ready for the next release.

PQA Assessments in Process

The status of PQA assessments in process as of April 1, 2024:

Program	Announced	Fieldwork	Reporting	Total
High Cost	0	101	29	130
Lifeline	0	202	18	220
E-Rate	0	350	0	350
Total	0	653	47	700

SCAP Audits in Process

The status of SCAP audits in process as of April 1, 2024:

	Announced	Fieldwork	Reporting	Total
	0	3	7	10
Total	0	3	7	10

Note: Of the 10 entities under audit, 8 received HC funds, 9 received E-Rate funds, and 5 received RHC funds.

BCAP Survey: Professionalism and Communication

Average Score Comparison from Fiscal Years 2023 to 2022:

Category	Fiscal Year	Contributor	High Cost	Lifeline	E-Rate	Rural Health Care
Professionalism	FY23	9.53	8.78	9.70	9.72	8.02
	FY22	9.72	8.85	8.04	8.8	9.76
Communication	FY23	10	8.19	9.50	9.41	7.94
	FY22	9.53	8.85	7.44	8.19	9.47

Note: The scores are based on a rating scale from 1 to 10, with 10 being the highest score.

SCAP Survey: Professionalism and Communication

Average Comparison of Survey Results from Fiscal Years 2023 to 2022

Category	Fiscal Year	Supply Chain
Professionalism	FY23	9.60
	FY22	N/A
Communication	FY23	9.55
	FY22	N/A

Note: The scores are based on a rating scale from 1 to 10, with 10 being the highest score. There are no scores for FY22 as the SCAP audits did not commence until FY23.

PQA Survey: Professionalism and Communication

Average Score Comparison from Fiscal Years 2023 to 2022:

Category	Fiscal Year	High Cost	Lifeline	E-Rate
Professionalism	FY23	N/A	8.76	9.02
	FY22	6.92	7.88	9.08
Communication	FY23	N/A	8.65	8.63
	FY22	6.64	7.71	8.71

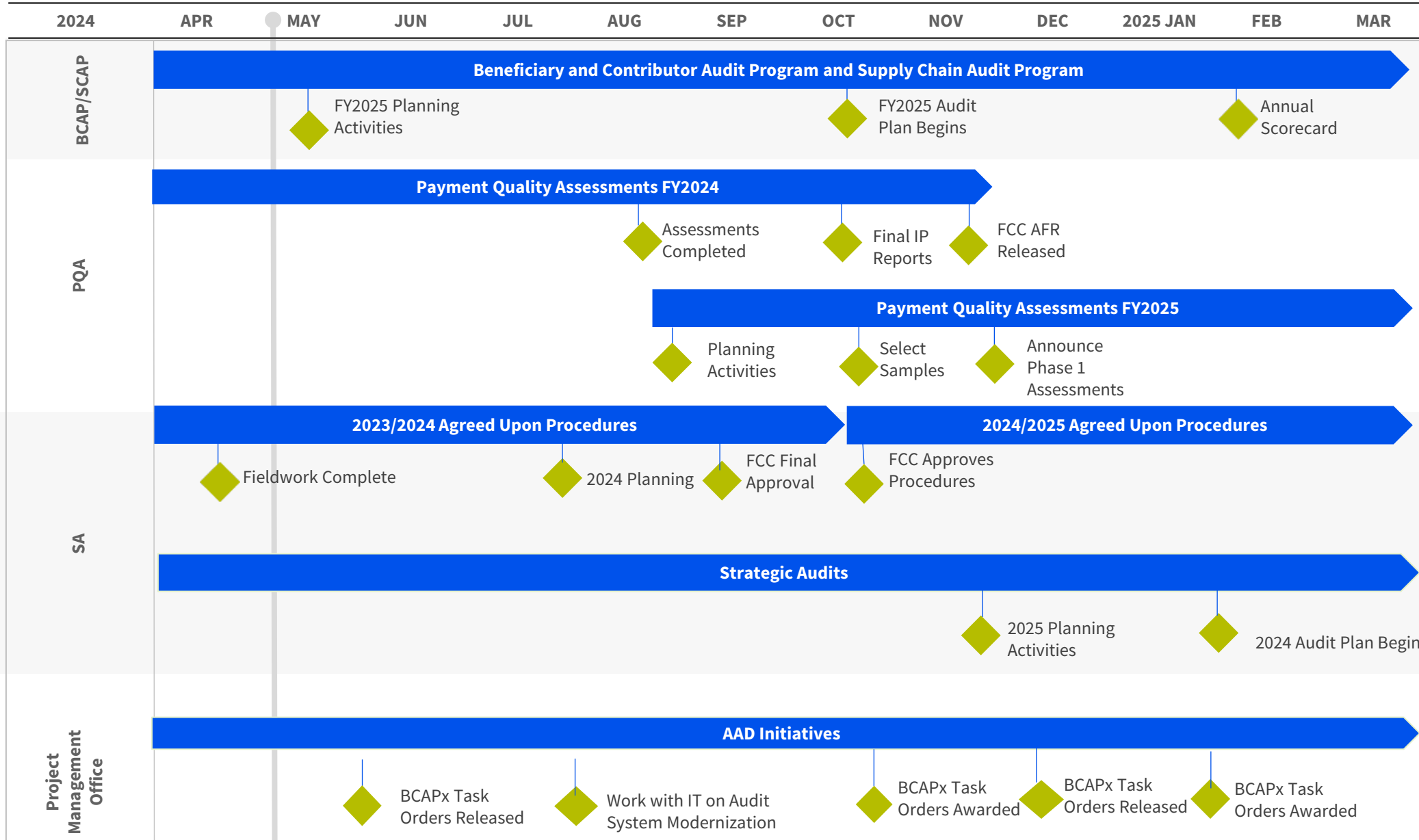
Note: The scores are based on a rating scale from 1 to 10, with 10 being the highest score. There were no PQA assessments for RHC in FY 2022 and FY2023. The PQA assessments for HC for FY2023 are in progress.

SA Survey: Professionalism and Communication

Survey Results: Average Comparison from Calendar Year 2023 to 2022:

Category	Calendar Year	Average Score
Professionalism	CY23	7.90
	CY22	9.15
Communication	CY23	7.10
	CY22	9.20

Roadmap



Milestone Legend

- At Risk
- On Track
- Completed

Appendix A: Glossary of Terms

Term	Definition
AAD	Audit and Assurance Division: An organization within USAC dedicated to preserving the integrity of universal service funds and USAC's corporate resources by conducting objective audits, performing payment quality assessments, and evaluating the efficiency and effectiveness of USAC's operations.
ACP	Affordable Connectivity Program: A \$14 billion federal program created through the Infrastructure Investment and Jobs Act to help low-income households pay for internet service and connected internet devices.
AUP	Agreed Upon Procedures: Annual review of USAC's operations conducted by an external audit firm.
BCAP	Beneficiary and Contributor Audit Program: BCAP assesses beneficiary and contributor compliance with Federal Communications Commission (FCC) rules, orders, and program requirements (collectively, FCC Rules).
BCAPx	Beneficiary and Contributor Audit Program External Audits: BCAP audits performed by outsourced (outside) audit firms.
CR	Contributor Revenue: Audits of Contributor Revenue filers.

Appendix A: Glossary of Terms (Continued)

Term	Definition
E-Rate	Audits of E-Rate program participants.
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 Universal Service Fund disbursements and determines whether improper payments exist and assists the FCC in meeting its reporting obligations subject to the 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 or SA	Supply Chain Audit Program: SCAP assesses program participant compliance with 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.**