



Audit Committee

Briefing Book

Monday, April 28, 2025

2:45 p.m. - 4:00 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**

**Monday, April 28, 2025
2:45 p.m. – 4:00 p.m. Eastern Time
USAC Offices
700 12th Street, N.W., Suite 900
Washington, D.C. 20005**

OPEN SESSION		<i>Estimated Duration in Minutes</i>
Chair	a1. Consent Items (each item is available for discussion upon request): A. Approval of Audit Committee Meeting Minutes of January 27, 2025 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	i1. Audit and Assurance Division Business Update <ul style="list-style-type: none"> • Q1 2025 Accomplishments & Q2 2025 Plans • Roadmap • Appendix A: BCAP Audits in Process • Appendix B: BCAP Audits Aging Report • Appendix C: SCAP Audits in Process • Appendix D: PQA PDA Assessments in Process • Appendix E: Glossary of Term 	20

EXECUTIVE SESSION Confidential – Executive Session Recommended		<i>Estimated Duration in Minutes</i>
Teleshia	i2. Audit and Assurance Division Business Update (<i>Continued</i>) <ul style="list-style-type: none"> • Compliance and Audit Modernization Platform (CAMP) 	10
Teleshia	a2. Action on One USAC Audit and Assurance Division Strategic Audit Report	10
Chair	i3. Audit Committee <i>Executive Session</i> with USAC's Vice President of Audit and Assurance	15

Next Scheduled USAC Audit Committee Meeting

**Monday, July 28, 2025
USAC Offices, Washington, D.C.**

**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 27, 2025 (see **Attachment A**)
- B. Approval of moving the following 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 discussion of the plan relates ***to specific internal controls and/or confidential company data*** that could constitute a discussion of ***internal rules and procedures***. Additionally, ***47 C.F.R. § 54.711(b) requires USAC to keep all data obtained from contributors confidential.***
 - (2) **a2.** Action on One USAC Audit and Assurance Division Strategic Audit Report. USAC management recommends that this matter be discussed in ***Executive Session*** because the report relates to ***specific internal controls or confidential company data*** that would constitute a discussion of ***internal rules and procedures***. Additionally, ***47 C.F.R. § 54.711(b) requires USAC to keep all data obtained from contributors confidential.***
 - (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 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, 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 27, 2025; 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 27, 2025

(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 27, 2025. Ms. Julie Tritt Schell, Committee Chair, called the meeting to order at 2:51 p.m. Eastern Time, with a quorum of four of the five Committee members present (there was one vacancy):

Chacko, Sheba
Gregory, Amber
Polk, Stephanie – Vice Chair – *by telephone*
Schell, Julie Tritt – Chair

Other Board members and officers of the corporation present:

Beyerhelm, Chris – Vice President and Chief Administrative Officer – *by telephone*
Butler, Steve – Vice President of Shared Services
Chalk, Indra – Member of the Board
Dalhover, Brian – Member of the Board
Davis, Criag – 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
Green, Anisa – Member of the Board
Kettwich, Dan – 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 – *by telephone*
Sweeney, Mark – Vice President of Rural Health Care
Thompson, Mona – Member of the Board
Wade, Joan – Member of the Board
Waller, Jeff – Member of the Board – *by telephone*

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.

Wein, Olivia – Member of the Board

Wibberly, Dr. Kathy – Member of the Board

Williams, Erin – Vice President, General Counsel, and Assistant Secretary

Others present:

<u>NAME</u>	<u>COMPANY</u>
Bello, Fatoumata Bah – <i>by telephone</i>	USAC
Braxton-Johnson, Kianna	USAC
Cardile, Christina – <i>by telephone</i>	USAC
Claxton, Naomi	USAC
Estrella, Giulianna	USAC
Faunce, Donna – <i>by telephone</i>	USAC
Goode, Vernell	USAC
Green, Kevin	USAC
King, Ryan	USAC
Kriete, Debra – <i>by telephone</i>	South Dakota Department of Education
Little, Chris	USAC
Lloyd, Pamela	USAC
Morgan, Meredith	USAC
Nuzzo, Patsy	USAC
Robinson, Crystal	USAC
Sadirkhanova, Sabina – <i>by telephone</i>	USAC
Santana-Gonzalez, Jeanette	USAC
Schrader, Theresa – <i>by telephone</i>	Broadband Legal Strategies
Smith, Chris	USAC
Stanikzai, Taj	USAC
Staurulakis, Chresanthe	USAC
Truong, Linh	USAC
Ward, Rashonda	USAC
White, Stacy	USAC
Wilkins, Jonathan	USAC

OPEN SESSION

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

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

A. Approval of the Audit Committee meeting minutes of October 28, 2024.

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

- (1) **a4.** 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.
- (2) **a5.** Approval of the 2025 Strategic Audit Plan. USAC management recommends that this matter be discussed in *Executive Session* because discussion of the plan would relate to *specific internal controls and/or confidential company data* that could 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.

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 28, 2024; and (2) discussion in *Executive Session* of the items noted above.

- a2. Recommendation for Election of Committee Chair and Vice Chair.** Mr. Mason introduced this item to the Board requesting that Ms. Freeman, Chair of the Nominating Committee, report on the Nominating Committee's recommendations for the election of the Audit Committee Chair and Vice Chair.

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 **Ken Mason** 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 2025 Audit Committee Charter.** Ms. Delmar presented this item to the Committee, noting the suggested changes to the Charter that included but were not limited to the following:
- This charter is guided by the governance provisions in the Generally Accepted Government Auditing Standards and the Global Internal Audit Standards.

- Work with the head of the organization to ensure the chief audit executive reports to a level within the organization (i.e., the Chief Executive Officer) that allows the internal audit function to fulfill the internal audit mandate and is provided with sufficient resources to achieve the audit plans.
- The Chair or the Vice Chair shall have a background in financial reporting, accounting, or auditing, or other financial expertise.

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:
- Fiscal Year 2024 Operational Scorecard
 - 2024 Year in Review
 - 2025 Plans
 - 2025 Audit Objectives
 - Roadmap
 - Appendices: Audits in Progress and Aging Reports

- i2. Post Audit/Assessment Survey Results.** Ms. Delmar presented PowerPoint slides to the Committee and reviewed and discussed the survey results.

At 4:14 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 Two USAC Audit and Assurance Division Strategic Audit Reports.** Ms. Delmar presented the results of Two USAC Audit and Assurance Division Strategic Audit reports.

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 reports of USAC's Check Payment Process and the Lifeline Recovery Process, accepts the recommendation of USAC management and hereby deems the reports final.

- a5. **Approval of the 2025 Strategic Audit Plan.** Ms. Delmar presented PowerPoint slides to the Committee and reviewed the objectives, approach, audit plan, and the audit selections for the 2025 Strategic Audit Plan.

RESOLVED, that the USAC Audit Committee approves the 2025 Strategic Audit Plan.

At 4:51 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.

- i3. **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 5:26 p.m. Eastern Time, the Committee moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Ms. Schell reported that, in *Executive Session*, the Committee acted on items a4, a5, and discussed item i3.

On a motion duly made and seconded, the Committee adjourned at 5:26 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, particularly 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, including a review of internal controls for accounting and administration. The AUP review covers the USF, the

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.

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.

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 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.

⁵ 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 revised the USF MOU on May 2, 2016, December 19, 2018, and November 22, 2021. On December 19, 2023, the FCC and USAC signed an amendment to extend the MOU to June 17, 2024. On October 17, 2024, the FCC and USAC signed an updated 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; June 6, 2023; November 19, 2023; and October 17, 2024), COVID-19 Telehealth (February 4, 2021; revised on November 19, 2023), and ECF (March 19, 2021; revised on November 19, 2023; and October 17, 2024).

Each MOU is a streamlined framework that memorializes the FCC's oversight over USAC and the parties' 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. Shared Services

The Enterprise Process Improvement team (EPI) within the Shared Services Division 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 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.

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

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, other than one material weakness in internal control identified. 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 28, 2025

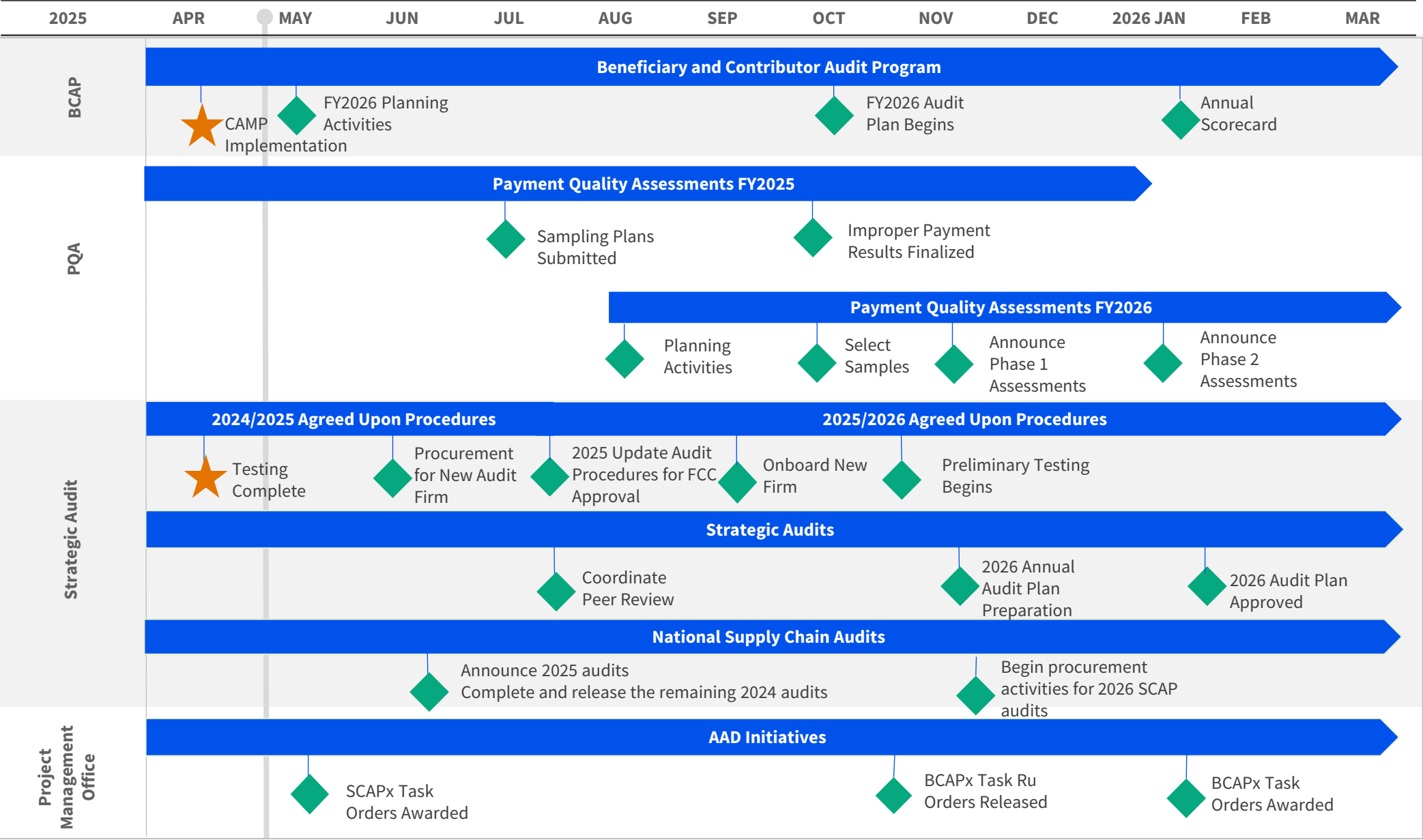
Agenda

- Q1 2025 Accomplishments and Q2 2025 Plans
- Roadmap
- Appendices
 - A: BCAP Audits in Progress
 - B: BCAP Audit Aging Report
 - C: SCAP Audit Reports in Progress
 - D: PQA Assessments in Progress
 - E: Glossary of Terms

Q1 2025 Accomplishments and Q2 2025 Plans

Function	Q1 2025 Accomplishments	Q2 2025 Plans
Beneficiary and Contributor Audit Program (BCAP)	<ul style="list-style-type: none">Released 21 audits (3 CR, 7 HC, 4 LI, 4 E-Rate, and 3 RH).Announced 55 audits (7 CR, 20 HC, 6 LI, 15 E-Rate and 7 RH).Issued 7 task orders and onboarded the audit firms.Conducted Connected Care Pilot Program audit training and Critical Thinking training.	<ul style="list-style-type: none">Announce 23 audits and complete 30 audits.Conduct E-Rate audit training and soft-skills training.Implement the Compliance and Audit Modernization Platform (CAMP).
Payment Quality Assurance (PQA)	<ul style="list-style-type: none">Announced 120 High Cost and 225 Lifeline assessments.Completed the end-to-end user testing for CAMP.	<ul style="list-style-type: none">Announce the remaining 30 High Cost assessments.Continue to perform testing for all assessments.
Supply Chain Audit Program (SCAP)	<ul style="list-style-type: none">Announced 10 new audits.	<ul style="list-style-type: none">Commence testing for 10 announced audits.Complete testing for 13 ongoing audits.Finalize report for two completed audits.
Strategic Audit (SA)	<ul style="list-style-type: none">Completed planning activities and announced all five audits on the approved 2025 Strategic Audit plan.Coordinated the annual Agreed-Upon Procedures (AUP) engagement between USAC and the external audit firm.	<ul style="list-style-type: none">Complete two audits.Finalize AUP coordination activities.Commence testing for 3 audits.

Roadmap



Milestone Legend

- At Risk
- On Track
- Completed

Appendix A: BCAP Audits in Process

The status of BCAP audits in process as of April 1, 2025

Program	Announced	Fieldwork	Reporting	Total
Contributor Revenue	11	11	11	33
High Cost	2	35	40	77
Lifeline	8	15	21	44
E-Rate	3	21	56	80
Rural Health Care	0	4	23	27
Total	24	86	151	261

Appendix B: BCAP Audits Aging Report

The aging report of BCAP audits in process as of April 1, 2025

Program	< 6 months	> 6 months	> 12 months	> 18 months	Total	Change from 1/27/2025
Contributor Revenue	14	8	5	6	33	7
High Cost	26	0	27	24	77	13
Lifeline	12	10	7	15	44	6
E-Rate	17	9	13	41	80	11
Rural Health Care	2	7	3	15	27	(3)
Total #	71	34	55	101	261	34
Total %	27.4%	12.4%	21.2%	39.0%	100.0%	N/A
Reporting Phase	3	15	38	95	151	9

Note: For the 156 audits > 12 months, 18 are with the audited entity, 88 are with USAC (AAD, Program, General Counsel), 49 are with the FCC, and 1 is ready for the next release.

Appendix C: SCAP Audits in Process

The status of SCAP audits in process as of April 1, 2025

	Announced	Fieldwork	Reporting	Total
	0	21	3	24
Total	0	21	3	24

Note: Of the 24 entities under audit, 14 received HC funds, 20 received E-Rate funds, and 13 received RHC funds. An entity may have received one or more types of USF funds.

Appendix D: PQA Assessments in Process

The status of PQA assessments in process as of April 1, 2025

Program	Announced	Fieldwork	Completed	Total
High Cost	0	120	30	150
Lifeline	0	225	0	225
Total	0	345	30	375

Appendix E: 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 or SCAPx	Beneficiary and Contributor Audit Program External Audits or Supply Chain Audit Program External Audits: BCAP or SCAP audits performed by outsourced (outside) audit firms.
CR	Contributor Revenue: Audits of Contributor Revenue filers.
E-Rate	Audits of E-Rate program participants.
HC	High Cost: Audits of High Cost program participants.
IP	Improper Payment. A payment that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements.

Appendix E: Glossary of Terms (Continued)

Term	Definition
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.
NECA	National Exchange Carrier Association. Created by the FCC to administer the FCC’s access charge plan, which helps ensure telephone service remains available and affordable in all parts of the country.
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.
SC or SCAP	Supply Chain or 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.
SECA	State E-Rate Coordinators’ Alliance. Organization that provides training to schools and libraries.
USF	Universal Service Fund: The four universal service programs.



**Universal Service
Administrative Co.**