



Audit Committee

Briefing Book

Monday, April 27, 2026

2:00 - 3:30 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 27, 2026
2:00 p.m. –3:30 p.m. Eastern Time
USAC Offices
700 12th Street, N.W., Suite 900
Washington, D.C. 2000**

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 26, 2026 B. Approval of moving all <i>Executive Session</i> items into <i>Executive Session</i> C. 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 2026 Accomplishments and Q2 2026 Plans • Roadmap • Appendices: A: BCAP Audits in Process B: BCAP Audits Aging Report C: SCAP Audits in Process D: PQA Assessments in Process E: Glossary of Terms 	30
Teleshia	i2. Post Audit/Assessment Survey Results	15

EXECUTIVE SESSION <i>Executive Session Recommended</i> Confidential-Not for Public Disclosure		<i>Estimated Duration in Minutes</i>
Teleshia	a2. Action on One USAC Audit and Assurance Division Internal Audit Report	10
Chair	i3. Audit Committee <i>Executive Session</i> with USAC’s Vice President of Audit and Assurance	30

Next Scheduled USAC Audit Committee Meeting

**Monday, July 27, 2026
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 26, 2026 (see **Attachment A**)
- B. Approval of moving the following items into **Executive Session**:
 - (1) **a2.** 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) **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, USAC's ongoing compliance with laws and regulations is monitored and assessed through the combined efforts of USAC's Office of General Counsel, Audit and Assurance Division, Human Resources

Division, Finance Division, Shared Services Division, and Information
Technology Division.

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 26,
2026; and (2) discussion in *Executive Session* of the items noted above; and (3) review
of 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 26, 2026

(DRAFT) MINUTES¹

Due to inclement weather the USAC office was closed Monday, January 26, 2026. The quarterly meeting of the Audit Committee (Committee) of the USAC Board of Directors (Board) was conducted virtually. The USAC website was updated to allow the public to join the Open Session portion of the meeting virtually. Ms. Julie Tritt Schell, Committee Chair, called the meeting to order at 3:26 p.m. Eastern Time, with a quorum of three of the five Committee members present (there was one vacancy).

Kettwich, Dan
Mason, Ken – Vice Chair
Schell, Julie Tritt – Chair

Member of the Committee not present:

Gregory, Amber

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
Dalhover, Brian – Member of the Board
Davis, Criag – Vice President of Schools and Libraries
Delmar, Teleshia – Vice President of Audit and Assurance
Francisco, Dale – Chief Financial Officer (Interim)
Gaither, Victor – Vice President of High Cost
Garber, Michelle – Chief Executive Officer (Interim), and Assistant Treasurer
Green, Anisa – Member of the Board
Hutchinson, Kyle – Vice President and Chief Information Office
Minard, Alex – Member of the Board
Minnock, Stephanie – Member of the Board
O'Brien, Tim – Vice President of Lifeline
Schram, Tim – Member of the Board

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.

Semmler, Kara – Member of the Board
 Sweeney, Mark – Vice President of Rural Health Care
 Wade, Dr. Joan –Member of the Board
 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>
Benham, Cathy	CSM Consulting, Inc.
Ayer, Catriona	USAC
Brown, Daniel	Nelson Mullins Riley & Scarborough
Claxton, Naomi	USAC
Green, Kevin	USAC
Goode, Vernell	USAC
King, Ryan	USAC
Kriete, Debra	South Dakota Department of Education
Little, Chris	USAC
Markarian, Lehan	CSM Consulting, Inc.
Mitchell, Katherine	USAC
Morgan, Meredith	USAC
Nuzzo, Patsy	USAC
Sadirkhanova, Sabina	USAC
Schrader, Theresa	Broadband Legal Strategies, LLC
Smith, Chris	USAC
Staurulakis, Chresanthe	USAC

OPEN SESSION

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

- a1. Consent Items.** Ms. Tritt Schell presented this item to the Committee.
 - A.** Approval of the Audit Committee meeting minutes of October 27, 2025.
 - B.** Approval of moving all *Executive Session* items into *Executive Session*:
 - (1) **a4.** Approval of the USAC Audit and Assurance Division Strategic Plan and Key Performance Objectives. 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.

- (2) **a5.** Action on Two USAC Audit and Assurance Division Strategic Audit Reports. USAC management recommends that this matter be discussed in *Executive Session* because the report relates to *specific internal controls and/or confidential company data* that would constitute a discussion of internal rules and procedures.
- (3) **a6.** Approval of 2026 Internal Audit Plan. USAC *management* recommends that this matter be discussed in *Executive Session* USAC management recommends that this matter be discussed in *Executive Session* because these reports relate to *specific internal controls, and/or confidential company data* that would constitute a discussion of internal rules and procedures.
- (4) **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 27, 2025; and (2) discussion in *Executive Session* of the items noted above.

- a2. Recommendation for Election of Committee Chair and Vice Chair.** Ms. Tritt Schell requested that Dr. Wibberly, Chair of the Nominating Committee, present 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 recommends that the USAC Board of Directors re-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 2026 Audit Committee Charter.** Ms. Delmar reported that the changes to the Charter incorporated feedback from the Peer Review Reports discussed during the October 27, 2025 Audit Committee meeting.

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 Division Business Update.** Ms. Delmar presented a PowerPoint presentation including the following topics:
- 2025 Operational Results and Key Outcomes
 - 2025 Year in Review
 - 2026 Plans
 - 2026 Audit Objectives
 - Roadmap
 - Appendices A-D: Status of Various Audits and Assessments
 - Appendix E: Glossary of Terms

The Committee recessed at 4:00 p.m. Eastern Time and reconvened at 4:30 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. Approval of the USAC Audit and Assurance Division Strategic Plan and Key Performance Objectives.** Ms. Delmar presented this item to the Committee noting that the most recent Peer Review included recommendations to develop and implement a Strategic Plan that evaluates the performance of the Audit and Assurance Division.

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

RESOLVED, that the USAC Audit Committee approves the Strategic Plan and Key Performance Objectives.

- a5. Action on Two USAC Audit and Assurance Division Strategic Audit Reports.** Ms. Delmar presented the Audit and Assurance Division internal audit reports for the Lifeline Vendor Quality Assurance Management Process and the combined follow-up report for the Lifeline Eligibility Process and Lifeline User Experience.

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 internal audit reports for the Lifeline Vendor Quality Assurance Management Process and the combined follow-up report for the Lifeline Eligibility Process and Lifeline User Experience, accepts the recommendation of USAC management and hereby deems the reports final.

- a6. Approval of 2026 Internal Audit Plan.** Ms. Delmar presented this item to the Committee and discussed with 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 2026 Internal Audit Plan.

At 5:10 p.m. Eastern Time, 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 5:23 p.m. Eastern Time, the Committee moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Ms. Tritt Schell reported that, in *Executive Session*, the Committee acted on items a4-a6 and discussed item i2.

On a motion duly made and seconded, the Committee adjourned at 5:23 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. §§ 54.701-717. 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

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 47 C.F.R. § 54.717.

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 process 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 are knowledgeable of applicable FCC rules, and review the rules to verify that 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, and fraud risk. 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), which developed USAC’s antifraud strategy, and assesses compliance with laws and regulations when performing anti-fraud efforts and fraud risk assessments focusing on fraud

⁵ 47 C.F.R. § 54.717(c).

prevention and detection in accordance with the Government Accountability Office's fraud risk framework. FRG also manages whistleblower complaints, conducts investigations and assists with 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 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-123.⁶

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 and 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,

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

EPI assists programs and divisions in creating and updating policies and procedures to clearly define USAC's standards, guidelines, and objectives.

G. Information Technology

The IT Security department within the Information Technology Division leads security and privacy compliance with Federal directives in accordance with the MOU, pertinent law, and guidance from the FCC. USAC systems supporting the Universal Service Fund management, data, and programs are authorized as compliant with the Federal Information Security Management/Modernization Acts (FISMA) through assessment of controls published by the National Institute of Standards and Technology (NIST). In particular, NIST Special Publication 800-53 Revision 5, Security and Privacy Controls for Information Systems and Organizations, provides controls that are implemented, assessed, and continuously monitored across USAC systems. Additionally, USAC monitors for weaknesses and vulnerabilities as published by the Cybersecurity & Infrastructure Security Agency (CISA), MITRE Corporation, and the NIST Computer Security Resource Center. The IT Security and Privacy controls, actions, and monitoring is coordinated across USAC's operations and information resources.

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 27, 2026

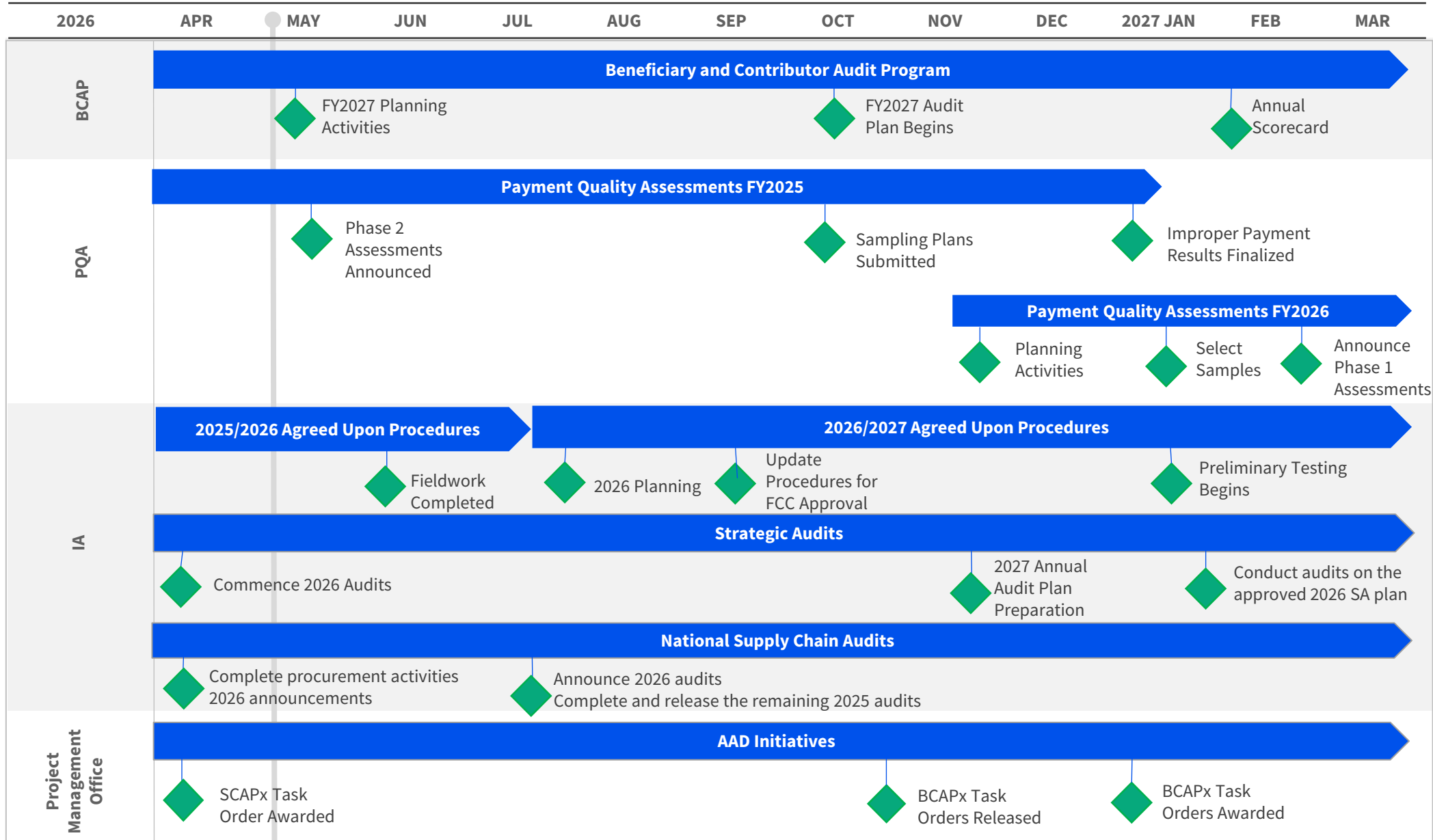
Agenda

- Q1 2026 Accomplishments and Q2 2026 Plans
- Roadmap
- Appendices
 - A: BCAP Audits in Progress
 - B: BCAP Audits Aging Report
 - C: SCAP Audits in Progress
 - D: PQA Assessments in Progress
 - E: Glossary of Terms

Q1 2026 Accomplishments and Q2 2026 Plans

Function	Q1 2026 Accomplishments	Q2 2026 Plans
Beneficiary and Contributor Audit Program (BCAP)	<ul style="list-style-type: none"> Released 13 audits (5 CR, 2 HC, 2 LI, 2 E-Rate, and 2 RH). Announced 45 audits (10 LI, 25 HC, 2 E-Rate, 8 RH). Issued 2 task orders and onboarded the audit firms. 	<ul style="list-style-type: none"> Announce 23 and complete 25 audits. Begin 2027 audit plan process. Onboard statistician and begin planning process for HC Connect America Fund Broadband Loop Support audits.
Supply Chain Audit Program (SCAP)	<ul style="list-style-type: none"> Released one audit. Announced one audit. Issued one task order and onboarded the audit firm. 	<ul style="list-style-type: none"> Announce 10 audits and complete 2 audits.
Payment Quality Assurance (PQA)	<ul style="list-style-type: none"> Announced 118 High Cost and 240 Lifeline assessments. 	<ul style="list-style-type: none"> Announce the remaining 30 High Cost assessments.
Internal Audit (IA)	<ul style="list-style-type: none"> Released 2 audits. Announced all audits in the approved Internal Audit Plan. Coordinated the annual AUP. 	<ul style="list-style-type: none"> Complete one audit.

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, 2026

Program	Announced	Fieldwork	Reporting	Total
Contributor Revenue	0	14	9	23
High Cost	0	37	26	63
Lifeline	0	26	27	53
E-Rate	0	21	41	62
Rural Health Care	0	13	26	39
Total	0	111	129	240

Appendix B: BCAP Audits Aging Report

The aging report of BCAP audits in process as of April 1, 2026

Program	< 6 months	> 6 months	> 12 months	> 18 months	Total	Change from 1/26/2026
Contributor Revenue	8	0	8	7	23	(5)
High Cost	13	9	23	18	63	2
Lifeline	10	4	13	26	53	9
E-Rate	17	3	18	24	62	12
Rural Health Care	9	5	8	17	39	4
Total #	57	21	70	92	240	22
Total %	23.8%	8.8%	29.2%	38.3%	100%	
Reporting Phase	2	10	35	82	129	

Note: For the 162 audits > 12 months, 2 are with the audited entity, 107 are with USAC (AAD, Program, General Counsel), and 53 are with the FCC.

Appendix C: SCAP Audits in Process

The status of SCAP audits in process as of April 1, 2026

	Announced	Fieldwork	Reporting	Total
Supply Chain	0	6	7	13
Total	0	6	7	13

Note: Of the 13 entities audited, 2 received HC funds, 11 received E-Rate funds, and 7 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, 2026

Program	Announced	Fieldwork	Completed	Total
High Cost	0	118	0	118
Lifeline	0	240	0	240
Total	0	358	0	358

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.
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.
IA	Internal Audits: Internal Audits assess USAC's compliance with FCC Rules, policies and procedures, and the effectiveness and efficiency of internal operations.
LI	Lifeline: Audits of Lifeline program participants.

Appendix E: Glossary of Terms (Continued)

Term	Definition
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.
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.**



Audit Committee

Post Audit and Assessment Survey Results

Open Session

April 27, 2026

BCAP Survey: Professionalism and Communication

Average Score Comparison from Fiscal Years 2025 to 2024

Category	Fiscal Year	Contributor	High Cost	Lifeline	E-Rate	Rural Health Care
% of Respondents		FY25 - 38% FY24 - 24%	FY25 - 31% FY24 - 27%	FY25 - 24% FY24 - 32%	FY25 - 25% FY24 - 28%	FY25 - 31% FY24 - 26%
Professionalism	FY25	4.58	4.70	4.60	4.65	3.96
	FY24	4.87	3.48	4.42	4.68	3.60
Communication	FY25	4.33	4.50	4.62	4.52	3.57
	FY24	4.76	3.50	4.15	4.56	3.40

Note: The scores are based on a rating scale from 1 to 5, with 5 being the highest score.

SCAP Survey: Professionalism and Communication

Average Score Comparison from Fiscal Years 2025 to 2024

Category % of Respondents	Fiscal Year	Supply Chain FY25 - 32% FY24 - 33%
Professionalism	FY25	4.69
	FY24	4.40
Communication	FY25	4.46
	FY24	4.30

Note: The scores are based on a rating scale from 1 to 5, with 5 being the highest score.

PQA Survey: Professionalism and Communication

Average Score Comparison from Fiscal Years 2025 to 2024

Category	Fiscal Year	High Cost	Lifeline	E-Rate
% of Respondents		FY25 - 48% FY24 - 25%	FY25 - 27% FY24 - 17%	FY25 - N/A FY24 - 39%
Professionalism	FY25	4.16	4.64	N/A
	FY24	4.33	4.87	4.43
Communication	FY25	3.94	4.10	N/A
	FY24	4.25	4.40	4.25

Note: The scores are based on a rating scale from 1 to 5, with 5 being the highest score. There were no PQA assessments for RHC in FY2024 and FY2025 or E-Rate in FY2025.

IA Survey: Professionalism and Communication

Average Score Comparison from Calendar Years 2025 to 2024:

Category	Calendar Year	Average Score
% of Respondents		FY25 - 41% FY24 - 16%
Professionalism	CY25	4.45
	CY24	4.11
Communication	CY25	4.45
	CY24	3.83

Note: The scores are based on a rating scale from 1 to 5, with 5 being the highest score.



**Universal Service
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