



High Cost & Low Income Committee Meeting

Audit Briefing Book

Monday, April 29, 2019

2:00 p.m. - 4:30 p.m. Eastern Time

Universal Service Administrative Co. Offices

700 12th Street, NW, Suite 900

Washington, DC, 20005

Summary of Low Income Support Mechanism Beneficiary Audit Reports Released: March 6, 2019

Entity Name	Number of Findings	Significant Findings	Amount of Support	Monetary Effect	USAC Management Recovery Action	Entity Disagreement
Standing Rock Telecommunications Attachment A	8	<ul style="list-style-type: none"> <u>Inaccurate Tribal Link Up Amount.</u> The amount claimed for Tribal Link Up on the Form 497 is not supported by the Beneficiary’s customary charge for commencing service. 	\$12,830	\$5,398	\$4,542*	N
Assist Wireless Attachment B	1	<ul style="list-style-type: none"> No significant findings. 	\$2,054,830	\$0	\$0	N
Easy Telephone Service Attachment C	1	<ul style="list-style-type: none"> <u>Form 497 and NLAD Variances.</u> The Beneficiary claimed subscribers on the FCC Form 497 who were not active in NLAD for the same period. 	\$1,439,485	\$10,582	\$10,582	N
Total	10		\$3,507,145	\$15,980	\$15,124	

*The “USAC Management Recovery Action” is less than the “Monetary Effect” amount as there were multiple findings within the audit that had overlapping exceptions between them.



Standing Rock Telecommunications, Inc.

Limited Scope Audit on Compliance with the Federal Universal Service Fund

Lifeline Support Mechanism Rules

USAC Audit No. LI2017BE032

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EXECUTIVE SUMMARY

February 6, 2019

Mr. Fred McLaughlin
Standing Rock Telecommunications, Inc.
9299 Highway 24
Fort Yates, ND 58538-0411

Dear Mr. McLaughlin:

DP George & Company, LLC (DPG) audited the compliance of Standing Rock Telecommunications, Inc. (Beneficiary), study area code 399020, using regulations and orders governing the federal Universal Service Low Income Support Mechanism (also known as the Lifeline Program), set forth in 47 C.F.R. Part 54, as well as other program requirements, including any state-mandated Lifeline requirements (collectively, the Rules). Compliance with the Rules is the responsibility of the Beneficiary's management. DPG's responsibility is to make a determination regarding the Beneficiary's compliance with the Rules based on our limited scope audit.

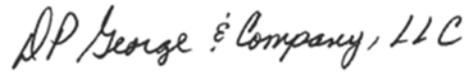
DPG conducted the audit in accordance with Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States (2011 Revision, as amended). Those standards require that DPG plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for its findings and conclusions based on the audit objectives. The audit included examining, on a test basis, evidence supporting the data used to calculate support, as well as performing other procedures we considered necessary to form a conclusion. The evidence obtained provides a reasonable basis for DPG's findings and conclusions based on the audit objectives.

Based on the test work performed, our audit disclosed eight detailed audit findings (Findings) discussed in the Audit Results and Recovery Action section. For the purpose of this report, a Finding is a condition that shows evidence of non-compliance with the Rules that were in effect during the audit period.

Certain information may have been omitted from this report concerning communications with USAC management or other officials and/or details about internal operating processes or investigations. This report is intended solely for the use of USAC, the Beneficiary, and the FCC and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of those procedures for their purposes. This report is not confidential and may be released to a requesting third party.

We appreciate the cooperation and assistance extended by your staff during the audit.

Sincerely,

A handwritten signature in cursive script that reads "DP George & Company, LLC".

DP George & Company, LLC
Alexandria, Virginia

cc: Teleshia Delmar, USAC Vice President, Audit and Assurance Division
Radha Sekar, USAC Chief Executive Officer
Michelle Garber, USAC Vice President, Lifeline Division

AUDIT RESULTS AND RECOVERY ACTION

Audit Results	Monetary Effect (A)	Overlapping Recovery ¹ (B)	Recommended Recovery (A)-(B)
Finding #1: 47 C.F.R. § 54.413(a)(1) – Inaccurate Tribal Link Up Amount. The amount claimed for Tribal Link Up on the Form 497 is not supported by the Beneficiary’s customary charge for commencing service.	\$3,000	\$0	\$3,000
Finding #2: 47 C.F.R. § 54.417(a) – Lack of Documentation: One-Per-Household Documentation. The Beneficiary did not provide documentation to demonstrate one-per household certification for subscribers identified at the same address.	\$788	\$0	\$788
Finding #3: 47 C.F.R. § 54.417(a) – Lack of Documentation: Eligibility Documentation. The Beneficiary did not provide documentation to demonstrate the eligibility source reviewed to establish eligibility.	\$651	\$34	\$617
Finding #4: 47 C.F.R. § 54.417(a) – Lack of Documentation: TPIV Verification Documentation. The Beneficiary did not retain copies of the documentation used to validate subscriber information for subscribers subject to TPIV override.	\$514	\$411	\$103
Finding #5: 47 C.F.R. § 54.417(a) – Lack of Documentation: Subscriber Certification and Recertification Documentation. The Beneficiary did not provide documentation to demonstrate certification or recertification of subscribers claimed in the audit period.	\$274	\$274	\$0
Finding #6: 47 C.F.R. § 54.417(a) – Lack of Documentation: Pass Through Documentation. The Beneficiary did not provide documentation to demonstrate pass through of program support to subscribers claimed in the audit period.	\$171	\$137	\$34
Finding #7: 47 C.F.R. § 54.416(b) – Failure to File Form 555. The Beneficiary did not file the required January 2017 Form 555.	\$0	\$0	\$0
Finding #8: 47 C.F.R. § 54.405(e)(4) – Improper Recertification Process: Recertification Request. The recertification request notification did not specify that the subscriber must respond within 30 days.	\$0	\$0	\$0
Total Net Monetary Effect	\$5,398	\$856	\$4,542

¹ If an auditee is successful on appeal, USAC will discontinue recovery efforts for the finding(s) that were resolved by the appeal decision. If there is overlapping recovery (*i.e.*, recovery that is included in two or more findings), the overlapping recovery will be recovered based on the finding(s) that were not resolved by the appeal decision.

USAC MANAGEMENT RESPONSE

USAC management concurs with the audit results and will seek recovery of the Lifeline Program support amount noted in the chart above. USAC management will issue a separate memorandum to the Beneficiary to address the audit results.

PURPOSE, SCOPE AND PROCEDURES

PURPOSE

The purpose of our audit was to determine whether the Beneficiary complied with the Rules.

SCOPE

The following chart summarizes the Lifeline Program support the Beneficiary received based on its FCC Form 497 (Form 497) for April 2017 (the audit period):

Support Type	Number of Subscribers	Amount of Support
Lifeline	287	\$9,830
Tribal Link Up	60	\$3,000
Total		\$12,830

Note: The amount of support reflects disbursements as of the commencement of the audit.

BACKGROUND

The Beneficiary is a competitive eligible telecommunications carrier (ETC) that operates in South Dakota.

PROCEDURES

DPG performed the following procedures:

A. Form 497

DPG obtained and examined the Beneficiary's Form 497 for accuracy by comparing the amounts reported against the National Lifeline Accountability Database (NLAD) and the Beneficiary's data files.

B. Minimum Service Standards

DPG obtained an understanding of the Beneficiary's service plans to determine whether the plans met the required minimum service standards required by the rules.

C. Certification and Recertification Process

DPG obtained an understanding of the Beneficiary's enrollment, certification, and recertification processes relating to the Lifeline Program to determine whether the Beneficiary complied with the Rules. DPG also obtained and examined certification and/or recertification documentation for 25 subscribers to determine whether the subscribers were eligible to receive Lifeline Program discounts.

D. Subscriber Listing

DPG obtained and examined the Beneficiary's subscriber listing and used computer assisted auditing techniques to analyze the data files to determine whether:

- The total number of subscribers agreed to what was reported on the Form 497 and in NLAD.

- The data file contained subscribers who resided outside of the Beneficiary's ETC-designated service area.
- The data file contained duplicate subscribers.
- The data file contained blank telephone numbers/addresses or business names/addresses.
- Lifeline Program support was provided to subscribers whose lines were activated after the audit period.
- Lifeline Program support was provided to subscribers whose lines were disconnected prior to the audit period.

E. Lifeline Subscriber Discounts

DPG obtained and examined documentation to demonstrate the pass through of Lifeline Program support for 25 subscribers.

F. Independent Economic Households

DPG obtained and examined documentation to determine whether applicable subscribers satisfied the Independent Economic Household requirements.

G. Form 555

DPG obtained and examined the Beneficiary's FCC Form 555 (Form 555) for accuracy by comparing the amounts reported against the Beneficiary's data files.

DETAILED AUDIT FINDINGS

Finding #1: 47 C.F.R. § 54.413(a)(1) – Inaccurate Tribal Link Up Amount

CONDITION

DPG examined the Beneficiary’s subscriber listing to determine whether the Beneficiary reported the correct number of subscribers on the April 2017 Form 497. DPG identified that the Beneficiary claimed 60 Tribal Link Up connections on the Form 497 when only six subscribers were identified with an April 2017 Lifeline start date on the April 2017 subscriber listing. The Beneficiary explained that it claims \$100 for Tribal Link Up support in two increments; \$50 at service initiation and \$50 on the subscriber’s one year anniversary. The amount claimed on the April 2017 Form 497 represented the second \$50 increment for 60 subscribers who reached their 12 month anniversary over the previous 18 months. DPG requested a listing of the 60 subscribers and determined that their Service start dates were in January 2016 or later. DPG reviewed the Wireless Plans section of the Beneficiary’s website in place on January 6, 2016 and determined that the standard activation fee listed for new accounts was \$35. We verified through one of the bills provided for pass through support that a \$35 activation fee and corresponding Link Up credit were reflected on the bill.

The Rules allow the Beneficiary to claim “a 100% reduction, up to \$100, of the customary charge for commencing telecommunications service for a single telecommunications connection.” The Rules further define a “customary charge” as “the ordinary charge an eligible telecommunications carrier imposes and collects from all subscribers to initiate service with that eligible telecommunications carrier.” Based on the Rules, the \$35 standard activation fee advertised by the Beneficiary established the “customary charge” amount eligible to be claimed for Tribal Link Up support as \$35 and not the \$100 claimed by the Beneficiary.

CAUSE

The Beneficiary did not demonstrate sufficient knowledge of the Rules governing compliance with claiming Tribal Link Up support on the Form 497 submission. The Beneficiary believed it could claim the full \$100 amount and was not aware of the “customary charge” limitation.

EFFECT

Support Type	Monetary Effect (A)	Overlapping Recovery (B)	Recommended Recovery (A) – (B)
Tribal Link-Up	\$3,000	\$0	\$3,000

DPG calculated the monetary effect by multiplying the number of affected subscribers (60) by the Tribal Link-Up support amount requested on the April 2017 Form 497 (\$50.00) and rounded to the nearest whole dollar.

RECOMMENDATION

DPG recommends that USAC management seek recovery of the amount identified in the Effect section above. We further recommend that the Beneficiary implement policies and procedures to ensure that it claims the correct Link Up support amount in compliance with the Rules.

BENEFICIARY RESPONSE

Standing Rock Telecommunications, Inc. (“Standing Rock”) is a very small telecommunications carrier that is wholly owned by the Standing Rock Sioux Tribe (“Tribe”). The Tribe is a federally recognized Native American tribe that has approximately 9,000 members, of which, approximately 8,500 members live on the Standing Rock Sioux Reservation (“Reservation”). The Reservation spans over 2.3 million acres in North Dakota and South Dakota, equating to approximately 3.7 persons per square mile in North Dakota and 1.7 persons per square mile in South Dakota. Tribal lands, and particularly the Reservation, are extremely rural and generally lack critical infrastructure, which almost always translates into high unemployment, poverty, and comprehensive economic and social challenges. In fact, the two counties encompassing the Reservation are ranked in the top 10 poorest counties in America. Unemployment on the Reservation has increased to 79% and the poverty rate on the Reservation is 43.2%, almost three times higher than the national average. The need for Lifeline services over a modern mobile wireless network is not only critical, but dire.

The Tribe established Standing Rock in 2010 to provide the basic telecommunications infrastructure that was lacking on the Reservation. Standing Rock was designated as an eligible telecommunications carrier (“ETC”) in 2010 in certain wire centers within the boundaries of the Reservation and began providing service that year. In 2011, Standing Rock’s ETC designation was expanded throughout the Reservation. Standing Rock has been expanding its network and updating its services to fulfill the telecommunications needs of the Tribal residents, providing mobile and fixed voice and broadband services. Indeed, for most of the Reservation, without the services provided by Standing Rock, residents and businesses do not have any other option for wireless service.

As a very small provider, Standing Rock has extremely limited resources, both financial and staff, but Standing Rock tries to maximize those resources by working with consultants, particularly with regard to federal telecommunications compliance matters. Standing Rock diligently tries to comply with all telecommunications regulations, including those related to the provision of Lifeline services. Standing Rock recognizes the importance of compliance with Lifeline regulations because those services are so critical to the Reservation’s residents. Approximately one-third of Standing Rock’s subscribers have service because Standing Rock provides Lifeline service with Tribal discounts and Link Up benefits.

As such a small company, it can be difficult to ensure that Standing Rock has updated all of its business processes, which are often more manual than larger telecommunications carriers, consistently and accurately with evolving regulations. As Standing Rock grows, and as regulations become more complex, Standing Rock is increasing its efforts to ensure that it complies with federal telecommunications regulations. Standing Rock has reviewed the findings, causes, effects, and recommendations of the auditor, DP George & Company, and provides the following response.

The results of many of the findings involve missing documentation. In many instances Standing Rock had collected the required documentation, but that documentation was lost. Standing Rock believes some documentation may have been lost when the company moved office locations. Standing Rock recognizes the value of retaining

documentation electronically and has been working to scan and save electronically Lifeline customer applications, certifications, re-certifications, and all related supporting documentation. Standing Rock believes that it is addressing all issues related to lack of documentation, specifically through implementation of policies and procedures related to document retention. With regard to other findings, Standing Rock acknowledges there has been some confusion by Standing Rock and its consultants about how the requirements of the Lifeline rules and the program should be implemented through the company's business processes. Standing Rock is working diligently with counsel to implement policies and procedures, and to train employees on those policies and procedures, to ensure that Standing Rock is providing Lifeline service and seeking Lifeline benefits in compliance with FCC rules. Standing Rock will update this response as appropriate with further information regarding its implementation of Lifeline processes and procedures and employee training.

Finding #2: 47 C.F.R. § 54.417(a) – Lack of Documentation: One-Per-Household Documentation

CONDITION

DPG noted that all of the subscribers listed in NLAD for the Beneficiary were identified with an Independent Economic Household (IEH) flag indicating that the Beneficiary obtained a one-per-household form for the subscriber as part of the application process. DPG requested one-per-household documentation for 10 addresses (30 subscribers) identified as multiple household addresses on the April 2017 subscriber listing. The Beneficiary did not provide documentation for six of the subscribers requested. In addition, DPG noted that 16 of the provided forms were dated in May 2018, subsequent to the Form 497 audit period of April 2017, and one form was not dated. Without proper one-per-household documentation for the subscribers at these addresses, DPG cannot conclude that these subscribers were eligible to receive Lifeline Program support.

CAUSE

The Beneficiary did not have adequate documentation or data retention procedures to ensure the proper retention of documentation to demonstrate subscribers made the required one-per-household certifications.

EFFECT

Support Type	Monetary Effect (A)	Overlapping Recovery (B)	Recommended Recovery (A) – (B)
Lifeline	\$788	\$0	\$788

DPG calculated the monetary effect by multiplying the number of subscribers for whom proper documentation was not provided (23) by the Tribal Lifeline Program support amount requested on the April 2017 Form 497 (\$34.25) and rounded to the nearest whole dollar.

RECOMMENDATION

DPG recommends that USAC management seek recovery of the amount identified in the Effect section above. DPG also recommends that the Beneficiary implement policies and procedures to establish a documentation retention process that allows it to respond fully to audit documentation requests in compliance with the Rules.

BENEFICIARY RESPONSE

See Response included at Finding #1.

Finding #3: 47 C.F.R. § 54.417(a) – Lack of Documentation: Eligibility Documentation

CONDITION

DPG requested documentation to demonstrate the review of eligibility for 25 subscribers. The Beneficiary did not provide the requested documentation for 19 of the 25 subscribers requested. For six subscribers with Lifeline start dates prior to February 17, 2016, the Beneficiary did not maintain a listing of the data sources reviewed to establish initial eligibility. For the remaining 13 subscribers with Lifeline start dates after February 17, 2016, the Beneficiary did not retain copies of the eligibility documentation it reviewed to establish initial eligibility. Without eligibility documentation support for these subscribers, DPG cannot conclude that these subscribers were eligible to receive the program support requested by the Beneficiary on the April 2017 Form 497.

CAUSE

The Beneficiary did not have adequate documentation or data retention procedures to ensure the proper retention of subscriber eligibility documentation.

EFFECT

Support Type	Monetary Effect (A)	Overlapping Recovery (B)	Recommended Recovery (A) – (B)
Lifeline	\$651	\$34 ²	\$617

DPG calculated the monetary effect by multiplying the number of subscribers for whom documentation was not provided (19) by the Tribal Lifeline Program support amount requested on the April 2017 Form 497 (\$34.25) and rounded to the nearest whole dollar.

RECOMMENDATION

DPG recommends that USAC management seek recovery of the amount identified in the Effect section above. DPG also recommends that the Beneficiary implement policies and procedures to establish a documentation retention process that allows it to respond fully to audit documentation requests in compliance with the Rules.

BENEFICIARY RESPONSE

See Response included at Finding #1.

² \$34 of the monetary effect for this finding overlaps with the monetary effect of Finding #2.

Finding #4: 47 C.F.R. § 54.417(a) – Lack of Documentation: TPIV Verification Documentation

CONDITION

DPG requested documentation to support the performance of 16 Third Party Identification Verification (TPIV) overrides that occurred in NLAD after February 17, 2016. The Beneficiary did not provide the requested documentation for 15 of the 16 subscribers requested. Without copies of the supporting documentation used to perform the overrides for these subscribers, DPG cannot conclude that these subscribers were eligible to receive the program support requested by the Beneficiary on the April 2017 Form 497.

CAUSE

The Beneficiary did not have adequate documentation or data retention procedures to ensure the proper retention of subscriber TPIV verification documentation.

EFFECT

Support Type	Monetary Effect (A)	Overlapping Recovery (B)	Recommended Recovery (A) – (B)
Lifeline	\$514	\$411 ³	\$103

DPG calculated the monetary effect by multiplying the number of subscribers for whom documentation was not provided (15) by the Tribal Lifeline Program support amount requested on the April 2017 Form 497 (\$34.25) and rounded to the nearest whole dollar.

RECOMMENDATION

DPG recommends that USAC management seek recovery of the amount identified in the Effect section above. DPG also recommends that the Beneficiary implement policies and procedures to establish a documentation retention process that allows it to respond fully to audit documentation requests in compliance with the Rules.

BENEFICIARY RESPONSE

See Response included at Finding #1.

³ \$34 of the monetary effect for this finding overlaps with the monetary effect of Finding #2 and \$377 of the monetary effect for this finding overlaps with the monetary effect of Finding #3.

Finding #5: 47 C.F.R. § 54.417(a) – Lack of Documentation: Subscriber Certification and Recertification Documentation

CONDITION

DPG requested certification documentation for a sample of 19 subscribers and recertification documentation for a sample of 6 subscribers to determine whether subscribers were eligible to receive support. The Beneficiary did not provide documentation for any of the recertification documentation requested and did not provide certification documentation for two of the subscribers requested. Without subscriber certification or recertification forms for these subscribers, DPG cannot conclude that these subscribers were eligible to receive Lifeline Program support.

The Beneficiary indicated that it has a small subscriber base and conducts its recertification process via direct contact with its subscribers. While it is allowable to perform the recertification process via phone, there must be documented evidence to support that the required disclosures and certifications were presented to the subscriber and that the required information was obtained and/or confirmed as part of the recertification process.

CAUSE

The Beneficiary did not have adequate documentation or data retention procedures to ensure the proper retention of subscriber certification and recertification documentation.

EFFECT

Support Type	Monetary Effect (A)	Overlapping Recovery (B)	Recommended Recovery (A) – (B)
Lifeline	\$274	\$274 ⁴	\$0

DPG calculated the monetary effect by multiplying the number of subscribers for whom documentation was not provided (8) by the Tribal Lifeline Program support amount requested on the April 2017 Form 497 (\$34.25) and rounded to the nearest whole dollar.

RECOMMENDATION

DPG recommends that the Beneficiary implement policies and procedures to establish a documentation retention process that allows it to respond fully to audit documentation requests in compliance with the Rules.

BENEFICIARY RESPONSE

See Response included at Finding #1.

⁴ \$206 of the monetary effect for this finding overlaps with the monetary effect of Finding #3 and \$68 of the monetary effect for this finding overlaps with the monetary effect of Finding #4.

Finding #6: 47 C.F.R. § 54.417(a) – Lack of Documentation: Pass Through Documentation**CONDITION**

DPG requested documentation to demonstrate the pass through of Lifeline program support for 25 subscribers. The Beneficiary did not provide pass through documentation for four of the subscribers requested and the documentation provided for one subscriber reflected no amounts on the documentation. Without subscriber pass through documentation for these subscribers, DPG cannot conclude that these subscribers received the program support requested by the Beneficiary on the April 2017 Form 497.

CAUSE

The Beneficiary did not have adequate documentation or data retention procedures to ensure the proper retention of subscriber pass through documentation.

EFFECT

Support Type	Monetary Effect (A)	Overlapping Recovery (B)	Recommended Recovery (A) – (B)
Lifeline	\$171	\$137 ⁵	\$34

DPG calculated the monetary effect by multiplying the number of subscribers for whom documentation was not provided (5) by the Tribal Lifeline Program support amount requested on the April 2017 Form 497 (\$34.25) and rounded to the nearest whole dollar.

RECOMMENDATION

DPG recommends that USAC management seek recovery of the amount identified in the Effect section above. DPG also recommends that the Beneficiary implement policies and procedures to establish a documentation retention process that allows it to respond fully to audit documentation requests in compliance with the Rules.

BENEFICIARY RESPONSE

See Response included at Finding #1.

Finding #7: 47 C.F.R. § 54.416(b) – Failure to File Form 555**CONDITION**

The Beneficiary did not file the Form 555 that was due in January 2017. The Beneficiary was required to report its 2016 recertification results, including the Beneficiary's certifications that are required by 47 C.F.R. § 54.416, to USAC and the FCC via the Form 555.

⁵ \$137 of the monetary effect for this finding overlaps with the monetary effect of Finding #4.

CAUSE

The Beneficiary did not demonstrate sufficient knowledge of the Rules governing the Form 555 that must be filed with USAC and the FCC.

EFFECT

DPG is unable to calculate a monetary effect for this finding, as it does not correspond to a specific amount claimed on the Form 497. Because the form was not filed, USAC and the FCC did not receive the required data summarizing the recertification results or the required annual certifications for the Beneficiary.

RECOMMENDATION

DPG recommends that the Beneficiary implement an adequate system to capture and report the results of its annual recertification process on the required Form 555 submission and maintain adequate documentation to demonstrate compliance with the Rules.

BENEFICIARY RESPONSE

See Response included at Finding #1.

Finding #8: 47 C.F.R. § 54.405(e)(4) – Improper Recertification Process: Recertification Request

CONDITION

DPG determined that the Beneficiary's recertification process involved contacting subscribers directly via phone to accomplish recertification. We determined that this process was not in writing and did not specify that the subscriber must respond within 30 days of the date of the request. The Beneficiary must inform subscribers in writing separate from the subscriber's bill and use clear, easily understood language that failure to respond to the recertification request within 30 days of the date of the request will trigger de-enrollment from the Lifeline Program.

CAUSE

The Beneficiary did not demonstrate sufficient knowledge of the Rules governing the recertification process.

EFFECT

DPG is unable to calculate the monetary effect for this finding, as it is not known how many subscribers did not respond in the appropriate time period as a result of the 30-day response deadline not being communicated.

RECOMMENDATION

DPG recommends that the Beneficiary establish a written notification process separate from the subscriber's bill to clearly inform that they have 30 days to respond to the request or they will be de-enrolled. DPG notes that the rules have changed since the audit period and now allow 60 days from the date of notification.

BENEFICIARY RESPONSE

See Response included at Finding #1.

CRITERIA

	Criteria	Description
#1, #2, #5, #6	47 C.F.R. § 54.407(a) (2016)	“Universal service support for providing Lifeline shall be provided directly to an eligible telecommunications carrier based on the number of actual qualifying low-income consumers it serves...”
#1, #5, #6	47 C.F.R. § 54.407(e) (2016)	“In order to receive universal service support reimbursement, an eligible telecommunications carrier must keep accurate records of the revenues it forgoes in providing Lifeline services. Such records shall be kept in the form directed by the Administrator and provided to the Administrator at intervals as directed by the Administrator or as provided in this subpart.”
#1	47 C.F.R. § 54.413(a)(1) (2016)	<p>“<i>Definition.</i> For purposes of this subpart, the term ‘Tribal Link Up’ means an assistance program for eligible residents of Tribal lands seeking telecommunications service from a telecommunications carrier that is receiving high-cost support on Tribal lands, pursuant to subpart D of this part, that provides:</p> <p>(1) A 100 percent reduction, up to \$100, of the customary charge for commencing telecommunications service for a single telecommunications connection at a subscriber's principal place of residence imposed by an eligible telecommunications carrier that is also receiving high-cost support on Tribal lands, pursuant to subpart D of this part. For purposes of this subpart, a ‘customary charge for commencing telecommunications service’ is the ordinary charge an eligible telecommunications carrier imposes and collects from all subscribers to initiate service with that eligible telecommunications carrier. A charge imposed only on qualifying low-income consumers to initiate service is not a customary charge for commencing telecommunications service. Activation charges routinely waived, reduced, or eliminated with the purchase of additional products, services, or minutes are not customary charges eligible for universal service support.”</p>
#1	47 C.F.R. § 54.414(c) (2016)	“In order to receive universal service support reimbursement for providing Tribal Link Up, eligible telecommunications carriers must keep accurate records of the reductions in their customary charge for commencing telecommunications service and for providing a deferred schedule for payment of the charges assessed for commencing service for which the subscriber does not pay interest, in conformity with § 54.413. Such records shall be kept in the form directed by the Administrator and provided to the Administrator at intervals as directed by the Administrator or as provided in this subpart. The reductions in the customary charge for which the eligible telecommunications carrier may receive reimbursement shall include only the difference between the carrier's customary connection or interest charges and the charges actually assessed to the subscriber receiving Lifeline services.”
#1, #2, #3, #4, #5, #6, #7	47 C.F.R. § 54.417(a) (2016)	“Eligible telecommunications carriers must maintain records to document compliance with all Commission and state requirements governing the Lifeline and Tribal Link Up program for the three full preceding calendar years and provide that documentation to the Commission or Administrator upon request. Eligible telecommunications carriers must maintain the documentation

	Criteria	Description
		required in [47 C.F.R.] §§ 54.404(b)(11), 54.410(b), 54.410 (c), 54.410(d) and 54.410(f) for as long as the subscriber receives Lifeline service from that eligible telecommunications carrier, but for no less than the three full preceding calendar years.”
#2	47 C.F.R. § 54.404(b)(3) (2016)	“If the [National Lifeline Accountability] Database indicates that another individual at the prospective subscriber’s residential address is currently receiving a Lifeline service, the eligible telecommunications carrier must not seek and will not receive Lifeline reimbursement for providing service to that prospective subscriber, unless the prospective subscriber has certified, pursuant to [47 C.F.R.] § 54.410(d) that to the best of his or her knowledge, no one in his or her household is already receiving a Lifeline service.”
#2	47 C.F.R. § 54.409(c) (2016)	“In addition to meeting the qualifications provided in paragraph (a) or (b) of this section, in order to constitute a qualifying low-income consumer, a consumer must not already be receiving a Lifeline service, and there must not be anyone else in the subscriber’s household subscribed to a Lifeline service.”
#2	47 C.F.R. § 54.410(g) (2016)	“ <i>One-Per-Household Worksheet</i> . The prospective subscriber will complete a form certifying compliance with the one-per-household rule upon initial enrollment. Such form will provide an explanation of the one-per-household rule; include a check box that the applicant can mark to indicate that he or she lives at an address occupied by multiple households; a space for the applicant to certify that he or she shares an address with other adults who do not contribute income to the applicant’s household and share in the household’s expenses or benefit from the applicant’s income; and the penalty for consumer’s failure to make the required one-per-household certification, <i>i.e.</i> de-enrollment. At recertification, if there are changes to the subscriber’s household that would prevent the subscriber from accurately certifying to [47 C.F.R.] § 54.410(d)(3)(vi), then the subscriber must complete a new One-Per-Household Worksheet. If a Federal One Per Household Form is available, entities enrolling subscribers must use such form.”
#2	<i>Lifeline and Link Up Reform and Modernization, Lifeline and Link Up, et al., WC Docket No. 11-42 et al., Report and Order and Further Notice of Proposed Rulemaking, FCC 12-11, 27 FCC Rcd 6656, 6691, para. 78 (2012) (Lifeline Reform Order)</i>	“As explained below in the database section, upon receiving an application for Lifeline support, all ETCs must check the duplicates database to determine whether an individual at the applicant’s residential address is currently receiving Lifeline-supported service. The ETC must also search its own internal records to ensure that it does not already provide Lifeline-supported service to someone at that residential address. If nobody at the residential address is currently receiving Lifeline-supported service, the ETC may initiate Lifeline service after determining that the household is otherwise eligible to receive Lifeline and obtaining all required certifications from the household. If the ETC determines that an individual at the applicant’s residential address is currently receiving Lifeline-supported service, the ETC must take an additional step to ensure that the applicant and the current subscriber are part of different households. To enable applicants to make this demonstration, the ETC must require applicants to complete and submit to the ETC a written document, to be developed by USAC as discussed below, containing the following: (1) an explanation of the Commission’s one-per-household rule; (2) a check box that an applicant can mark to indicate that he or she lives at an address occupied by

	Criteria	Description
		multiple households; (3) a space for the applicant to certify that he or she shares an address with other adults who do not contribute income to the applicant's household and share in the household's expenses or benefit from the applicant's income, pursuant to the definition we adopt here today; and (4) the penalty for a consumer's failure to make the required one-per-household certification (<i>i.e.</i> , de-enrollment). All ETCs must collect the completed document upon initial program enrollment from those consumers who apply for Lifeline using a residential address that the ETC determines is already receiving Lifeline-supported service."
#3, #4	47 C.F.R. § 54.404(b)(11) (2016)	" All eligible telecommunications carriers must securely retain subscriber documentation that the ETC reviewed to verify subscriber eligibility, for the purposes of production during audits or investigations or to the extent required by NLAD processes, which require, <i>inter alia</i> , verification of eligibility, identity, address, and age."
#3, #5	47 C.F.R. § 54.410(b)(1)(i) (2016)	" <i>Initial income-based eligibility determination.</i> (1) Except where a state Lifeline administrator or other state agency is responsible for the initial determination of a subscriber's eligibility, when a prospective subscriber seeks to qualify for Lifeline or using the income-based eligibility criteria provided for in § 54.409(a)(1) or (a)(3) an eligible telecommunications carrier: (i) Must not seek reimbursement for providing Lifeline to a subscriber, unless the carrier has received a certification of eligibility from the prospective subscriber that complies with the requirements set forth in paragraph (d) of this section...."
#3	47 C.F.R. § 54.410(b)(1)(iii) (2016)	"An eligible telecommunications carrier must securely retain all information and documentation provided by the state Lifeline administrator or other state agency consistent with [47 C.F.R.] § 54.417."
#3, #5	47 C.F.R. § 54.410(c)(1)(i) (2016)	" <i>Initial program-based eligibility determination.</i> (1) Except in states where the National Verifier, state Lifeline administrator, or other state agency is responsible for the initial determination of a subscriber's program-based eligibility, when a prospective subscriber seeks to qualify for Lifeline service using the program-based criteria set forth in [47 C.F.R.] § 54.409(a)(2) or (b), an eligible telecommunications carrier: (i) Must not seek reimbursement for providing Lifeline to a subscriber unless the carrier has received a certification of eligibility from the subscriber that complies with the requirements set forth in paragraph (d) of this section...."
#5	47 C.F.R. § 54.410(f)(1), (2)(iii) (2016)	" <i>Annual eligibility re-certification process.</i> (1) All eligible telecommunications carriers must re-certify all subscribers 12 months after the subscriber's service initiation date and every 12 months thereafter, except for subscribers in states where the National Verifier state Lifeline administrator, or other state agency is responsible for the annual re-certification of subscribers' Lifeline eligibility. (2) In order to re-certify a subscriber's eligibility, an eligible telecommunications carrier must confirm a subscriber's current eligibility to receive Lifeline by: ...(iii) If the subscriber's program-based or income-based eligibility for Lifeline cannot be determined by accessing one or more state databases containing information regarding enrollment in qualifying assistance programs, then the eligible telecommunications carrier may obtain a signed certification from the subscriber on a form that meets

	Criteria	Description
		the certification requirements in paragraph (d) of this section.”
#6	47 C.F.R. § 54.403(a)(1) (2016)	“ <i>Basic support amount.</i> Federal Lifeline support in the amount of \$9.25 per month will be made available to an eligible telecommunications carrier providing Lifeline service to a qualifying low-income consumer, except as provided in paragraph (a)(2) of this section, if that carrier certifies to the Administrator that it will pass through the full amount of support to the qualifying low-income consumer and that it has received any non-federal regulatory approvals necessary to implement the rate reduction.”
#6	47 C.F.R. § 54.403(a)(2)(i) (2016)	“For a Lifeline provider offering either standalone voice service, subject to the minimum service standards set forth in [47 C.F.R.] § 54.408, or voice service with broadband below the minimum standards set forth in [47 C.F.R.] § 54.408, the support levels will be as follows: (i) Until December 1, 2019, the support amount will be \$9.25 per month.”
#6	47 C.F.R. § 54.403(a)(3) (2016)	“ <i>Tribal lands support amount.</i> Additional federal Lifeline support of up to \$25 per month will be made available to a eligible telecommunications carrier providing Lifeline service to an eligible resident of Tribal lands, as defined in [47 C.F.R.] § 54.400(e), to the extent that the eligible telecommunications carrier certifies to the Administrator that it will pass through the full Tribal lands support amount to the qualifying eligible resident of Tribal lands and that it has received any non-federal regulatory approvals necessary to implement the required rate reduction.”
#7	47 C.F.R. § 54.416(b) (2016)	“All eligible telecommunications carriers must annually provide the results of their re-certification efforts, performed pursuant to [47 C.F.R.] § 54.410(f), to the Commission and the Administrator.”
#8	47 C.F.R. § 54.405(e)(4) (2016)	“ <i>De-enrollment for failure to re-certify.</i> Notwithstanding paragraph (e)(1) of this section, an eligible telecommunications carrier must de-enroll a Lifeline subscriber who does not respond to the carrier’s attempts to obtain re-certification of the subscriber’s continued eligibility as required by [47 C.F.R.] § 54.410(f).....”



Assist Wireless, LLC

Limited Scope Audit on Compliance with the Federal Universal Service Fund
Lifeline Support Mechanism Rules
USAC Audit No. LI2017BE038

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EXECUTIVE SUMMARY

February 6, 2019

Ms. Lesli Rowe
Assist Wireless, LLC
3030 Lyndon B Johnson Freeway
Suite 1320
Dallas, TX 75234

Dear Ms. Rowe:

DP George & Company, LLC (DPG) audited the compliance of Assist Wireless, LLC (Beneficiary), study area code 439046, using regulations and orders governing the federal Universal Service Low Income Support Mechanism (also known as the Lifeline Program), set forth in 47 C.F.R. Part 54, as well as other program requirements, including any state-mandated Lifeline requirements (collectively, the Rules). Compliance with the Rules is the responsibility of the Beneficiary's management. DPG's responsibility is to make a determination regarding the Beneficiary's compliance with the Rules based on our limited scope audit.

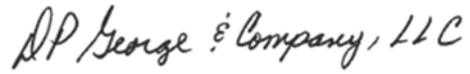
DPG conducted the audit in accordance with Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States (2011 Revision, as amended). Those standards require that DPG plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for its findings and conclusions based on the audit objectives. The audit included examining, on a test basis, evidence supporting the data used to calculate support, as well as performing other procedures we considered necessary to form a conclusion. The evidence obtained provides a reasonable basis for DPG's findings and conclusions based on the audit objectives.

Based on the test work performed, our audit disclosed one detailed audit finding (Finding) discussed in the Audit Results and Recovery Action section. For the purpose of this report, a Finding is a condition that shows evidence of non-compliance with the Rules that were in effect during the audit period.

Certain information may have been omitted from this report concerning communications with USAC management or other officials and/or details about internal operating processes or investigations. This report is intended solely for the use of USAC, the Beneficiary, and the FCC and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of those procedures for their purposes. This report is not confidential and may be released to a requesting third party.

We appreciate the cooperation and assistance extended by your staff during the audit.

Sincerely,

A handwritten signature in cursive script that reads "DP George & Company, LLC".

DP George & Company, LLC
Alexandria, Virginia

cc: Teleshia Delmar, USAC Vice President, Audit and Assurance Division
Radha Sekar, USAC Chief Executive Officer
Michelle Garber, USAC Vice President, Lifeline Division

AUDIT RESULTS AND RECOVERY ACTION

Audit Results	Monetary Effect	Recommended Recovery
Finding #1: 47 C.F.R. § 54.416(b) – Inaccurate Form 555 Reporting. The results reported on the January Form 555 were not supported by the Beneficiary’s detailed recertification results.	\$0	\$0
Total Net Monetary Effect	\$0	\$0

USAC MANAGEMENT RESPONSE

USAC management concurs with the audit results. USAC management notes that there is no recovery associated with the audit results. Thus, USAC management will not seek recovery at this time. USAC management will issue a separate memorandum to the Beneficiary to address the audit results.

PURPOSE, SCOPE AND PROCEDURES

PURPOSE

The purpose of our audit was to determine whether the Beneficiary complied with the Rules.

SCOPE

The following chart summarizes the Lifeline Program support the Beneficiary received based on its FCC Form 497 (Form 497) for June 2016 (the audit period):

Support Type	Number of Subscribers	Amount of Support
Lifeline	81,014	\$2,054,830

Note: The amount of support reflects disbursements as of the commencement of the audit.

BACKGROUND

The Beneficiary is a competitive eligible telecommunications carrier (ETC) that operates in Oklahoma.

PROCEDURES

DPG performed the following procedures:

A. Form 497

DPG obtained and examined the Beneficiary’s Form 497 for accuracy by comparing the amounts reported against the National Lifeline Accountability Database (NLAD) and the Beneficiary’s data files.

B. Certification and Recertification Process

DPG obtained an understanding of the Beneficiary’s enrollment, certification, and recertification processes relating to the Lifeline Program to determine whether the Beneficiary complied with the Rules. DPG also obtained and examined certification and/or recertification documentation for 55 subscribers to determine whether the subscribers were eligible to receive Lifeline Program discounts.

C. Subscriber Listing

DPG obtained and examined the Beneficiary's subscriber listing and used computer assisted auditing techniques to analyze the data files to determine whether:

- The total number of subscribers agreed to what was reported on the Form 497 and in NLAD.
- The data file contained subscribers who resided outside of the Beneficiary's ETC-designated service area.
- The data file contained duplicate subscribers.
- The data file contained blank telephone numbers/addresses or business names/addresses.
- Lifeline Program support was provided to subscribers whose lines were activated after the audit period.
- Lifeline Program support was provided to subscribers whose lines were disconnected prior to the audit period.

D. Lifeline Subscriber Discounts

DPG obtained and examined documentation to demonstrate the pass through of Lifeline Program support for 55 subscribers.

E. Independent Economic Households

DPG obtained and examined documentation to determine whether applicable subscribers satisfied the Independent Economic Household requirements.

F. Form 555

DPG obtained and examined the Beneficiary's FCC Form 555 (Form 555) for accuracy by comparing the amounts reported against the Beneficiary's data files.

G. Non-Usage Process

DPG obtained an understanding of the Beneficiary's non-usage process relating to the Lifeline Program to determine whether the Beneficiary complied with the Rules. DPG also examined documentation to determine whether the Beneficiary properly validated its low-income subscribers' continued use of the Lifeline-supported service.

DETAILED AUDIT FINDINGS

Finding #1: 47 C.F.R. § 54.416(b) – Inaccurate Form 555 Reporting

CONDITION

DPG examined the Beneficiary’s detailed recertification results to determine whether the Beneficiary could substantiate the number of subscribers reported on the Form 555 due in January 2016. DPG identified differences in the following required data fields:

	Block D	Block E	Block F
	Number of subscribers de-enrolled prior to recertification attempt by either the ETC, a state administrator, access to an eligibility database, or by USAC	Number of subscribers ETC is responsible for recertifying for current Form 555 calendar year	Number of subscribers ETC contacted directly to recertify eligibility through attestation
Form 555	61,124	21,271	21,271
Recertification Results	58,028	24,367	20,345
Difference	3,096	(3,096)	926

	Block G	Block H	Block J
	Number of subscribers responding to ETC contact	Number of non-responding subscribers	Number of subscribers de-enrolled or scheduled to be de-enrolled as a result of non-response or response of ineligibility from ETC recertification attempt
Form 555	15,444	5,827	5,827
Recertification Results	15,210	5,135	5,135
Difference	234	692	692

	Block M	Block N
	Number of subscribers that the ETC attempted to recertify directly or through a state administrator, ETC access to a state database, or by USAC	Number of subscribers de-enrolled or scheduled to be de-enrolled as a result of non-response or ineligibility
Form 555	21,271	5,827
Recertification Results	20,345	5,135
Difference	926	692

DPG also selected a sample of 15 subscribers reflected as de-enrolled or scheduled to be de-enrolled in the detailed recertification and non-usage results but who appeared as active on the June 2016 subscriber listing. We requested the most recent certification form supporting enrollment in the audit period. For three of the

subscribers, the Beneficiary provided valid recertification forms for the 2015 recertification period and indicated that the subscribers were incorrectly reported on the Form 555 as de-enrolled.

The Beneficiary must report the correct number of subscribers on the Form 555 and retain adequate documentation to support the number of subscribers reported.

CAUSE

The Beneficiary did not have an adequate system in place for collecting, reporting, and monitoring data to report the correct number of subscribers on the Form 555.

EFFECT

DPG is unable to calculate the monetary effect, as it does not correspond to a specific amount claimed for reimbursement on the Form 497. However, because an adequate system was not in place for collecting, reporting, and monitoring data, there is a risk that the Beneficiary may not have de-enrolled all of the subscribers it was required to de-enroll and continued to claim these subscribers for reimbursement on subsequent Forms 497.

RECOMMENDATION

DPG recommends that the Beneficiary implement an adequate system to report the correct number of subscribers on the Form 555 and maintain documentation to demonstrate compliance with the Rules.

BENEFICIARY RESPONSE

In December 2017 Assist Wireless experienced a major personnel and managerial transition. As a result of certain persons leaving the Company and billing system changes since 2015, accurate 555 reporting information could not be produced. Since December 2017 Assist has made substantial changes to ensure all its policies and procedures are documented and securely retains all reporting information. These changes include instituting transition plans to ensure future personnel changes have no impact reporting information. Assist has made all necessary changes to its processes for collecting, reporting, and monitoring data to report the correct number of subscribers on its FCC Form 555, including electing USAC to conduct the Annual Recertification for all its Lifeline subscribers.

CRITERIA

	Criteria	Description
#1	47 C.F.R. § 54.416(b) (2015)	“All eligible telecommunications carriers must annually provide the results of their re-certification efforts, performed pursuant to [47 C.F.R.] § 54.410(f), to the Commission and the Administrator.”
#1	Annual Lifeline Eligible Telecommunications Carrier Certification Form Instructions, FCC Form 555, OMB 3060-0819, at 3-5 (Nov. 2014)	<p>“<u>Block D</u> Report the number of subscribers who de-enrolled from Lifeline prior to the ETC’s attempt to recertify continued eligibility, either directly, through the use of a third-party administrator (such as USAC), by a state administrator, or by access to a state eligibility database. This number should include all subscribers who de-enrolled for any reason, including those subscribers that discontinued Lifeline service with the ETC on their own initiative and those that the ETC de-enrolled from Lifeline (for example, those de-enrolled for non-usage)...</p> <p><u>Block E</u> Report the number of subscribers the ETC was responsible for recertifying for the current Form 555 calendar year....</p> <p><u>Block F</u> Report the number of Lifeline subscribers the ETC contacted directly to obtain recertification of eligibility....</p> <p><u>Block G</u> Report the number of Lifeline subscribers that responded to the ETC’s request to recertify their eligibility for Lifeline....</p> <p><u>Block H</u> Report the number of subscribers who did not respond to the ETC’s request to recertify eligibility. This number should equal the number reported in Block F minus the number reported in Block G....</p> <p><u>Block J</u> Report the number of subscribers that have been, or are scheduled to be, de-enrolled as a result of non-response or ineligibility from the ETC recertification effort. A subscriber that fails to recertify continued eligibility must be de-enrolled from Lifeline pursuant to Sections 54.410(f)(5) and 54.405(e)(3) of the Lifeline rules. See 47 C.F.R. §§ 54.410(f)(5), 54.405(e)(3)....</p> <p><u>Block M</u> Enter the number of subscribers that the ETC attempted to recertify directly or through an administrator, access to a database or by USAC by calculating the sum of the numbers entered in Block F and Block K....</p> <p><u>Block N</u> Enter the number of subscribers de-enrolled or scheduled to be de-enrolled as a result of non-response or ineligibility. This number should equal the sum of the numbers entered in Block J and Block L.”</p>



Easy Telephone Services

Limited Scope Audit on Compliance with the Federal Universal Service Fund
Lifeline Support Mechanism Rules
USAC Audit No. LI2017BE039

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EXECUTIVE SUMMARY

February 6, 2019

Ms. Tina Allen, Compliance Manager
Easy Telephone Service Company, Inc.
4352 SE 95th St.
Ocala, FL 34480

Dear Ms. Allen:

DP George & Company, LLC (DPG) audited the compliance of Easy Telephone Service Company, Inc. (Beneficiary), study area code 439047, using regulations and orders governing the federal Universal Service Low Income Support Mechanism (also known as the Lifeline Program), set forth in 47 C.F.R. Part 54, as well as other program requirements, including any state-mandated Lifeline requirements (collectively, the Rules). Compliance with the Rules is the responsibility of the Beneficiary's management. DPG's responsibility is to make a determination regarding the Beneficiary's compliance with the Rules based on our limited scope audit.

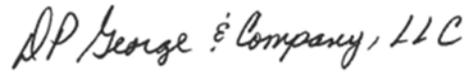
DPG conducted the audit in accordance with Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States (2011 Revision, as amended). Those standards require that DPG plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for its findings and conclusions based on the audit objectives. The audit included examining, on a test basis, evidence supporting the data used to calculate support, as well as performing other procedures we considered necessary to form a conclusion. The evidence obtained provides a reasonable basis for DPG's findings and conclusions based on the audit objectives.

Based on the test work performed, our audit disclosed one detailed audit finding (Finding) discussed in the Audit Results and Recovery Action section. For the purpose of this report, a Finding is a condition that shows evidence of non-compliance with the Rules that were in effect during the audit period.

Certain information may have been omitted from this report concerning communications with USAC management or other officials and/or details about internal operating processes or investigations. This report is intended solely for the use of USAC, the Beneficiary, and the FCC and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of those procedures for their purposes. This report is not confidential and may be released to a requesting third party.

We appreciate the cooperation and assistance extended by your staff during the audit.

Sincerely,

A handwritten signature in cursive script that reads "DP George & Company, LLC".

DP George & Company, LLC
Alexandria, Virginia

cc: Teleshia Delmar, USAC Vice President, Audit and Assurance Division
Radha Sekar, USAC Chief Executive Officer
Michelle Garber, USAC Vice President, Lifeline Division

AUDIT RESULTS AND RECOVERY ACTION

Audit Results	Monetary Effect	Recommended Recovery
Finding #1: 47 C.F.R. § 54.404(b) – Form 497 and NLAD Variances. The Beneficiary claimed subscribers on the FCC Form 497 who were not active in NLAD for the same period.	\$10,582	\$10,582
Total Net Monetary Effect	\$10,582	\$10,582

USAC MANAGEMENT RESPONSE

USAC management concurs with the audit results and will seek recovery of the Lifeline Program support amount noted in the chart above. USAC management will issue a separate memorandum to the Beneficiary to address the audit results.

PURPOSE, SCOPE AND PROCEDURES

PURPOSE

The purpose of our audit was to determine whether the Beneficiary complied with the Rules.

SCOPE

The following chart summarizes the Lifeline Program support the Beneficiary received based on its FCC Form 497 (Form 497) for June 2016 (the audit period):

Support Type	Number of Subscribers	Amount of Support
Lifeline	46,574	\$1,439,485

Note: The amount of support reflects disbursements as of the commencement of the audit.

BACKGROUND

The Beneficiary is a competitive eligible telecommunications carrier (ETC) that operates in Oklahoma.

PROCEDURES

DPG performed the following procedures:

A. Form 497

DPG obtained and examined the Beneficiary's Form 497 for accuracy by comparing the amounts reported against the National Lifeline Accountability Database (NLAD) and the Beneficiary's data files.

B. Certification and Recertification Process

DPG obtained an understanding of the Beneficiary's enrollment, certification, and recertification processes relating to the Lifeline Program to determine whether the Beneficiary complied with the Rules. DPG also obtained and examined certification and/or recertification documentation for 55 subscribers to determine whether the subscribers were eligible to receive Lifeline Program discounts.

C. Subscriber Listing

DPG obtained and examined the Beneficiary's subscriber listing and used computer assisted auditing techniques to analyze the data files to determine whether:

- The total number of subscribers agreed to what was reported on the Form 497 and in NLAD.
- The data file contained subscribers who resided outside of the Beneficiary's ETC-designated service area.
- The data file contained duplicate subscribers.
- The data file contained blank telephone numbers/addresses or business names/addresses.
- Lifeline Program support was provided to subscribers whose lines were activated after the audit period.
- Lifeline Program support was provided to subscribers whose lines were disconnected prior to the audit period.

D. Lifeline Subscriber Discounts

DPG obtained and examined documentation to demonstrate the pass through of Lifeline Program support for 55 subscribers.

E. Independent Economic Households

DPG obtained and examined documentation to determine whether applicable subscribers satisfied the Independent Economic Household requirements.

F. Form 555

DPG obtained and examined the Beneficiary's FCC Form 555 (Form 555) for accuracy by comparing the amounts reported against the Beneficiary's data files.

DETAILED AUDIT FINDINGS

Finding #1: 47 C.F.R. § 54.404(b) – Form 497 and NLAD Variances

CONDITION

DPG examined the Beneficiary's subscriber data in the National Lifeline Accountability Database (NLAD) to determine whether the Beneficiary reported the correct number of qualifying subscribers on the Form 497. Using the enrollment and de-enrollment dates in NLAD, DPG compared the subscribers who were identified as active in NLAD during the same time period used by the Beneficiary to determine the number of subscribers to report on its Form 497. DPG noted 344 subscribers claimed on the Form 497 and not active in NLAD as of the audit period.

Additionally, DPG identified 480 subscribers reflected in NLAD but not claimed on the audit period Form 497 and requested explanations to determine if any of these subscribers had been de-enrolled but not removed in NLAD. We determined that 451 of these subscribers should not have been listed as active in NLAD as of the audit period.

Because the Beneficiary is required to transmit requisite information for each new and existing Lifeline subscriber to NLAD (including de-enrollments within one business day of de-enrollment and updates within 10 business days), the number of subscribers claimed on the Form 497 must not exceed the number of subscribers the Beneficiary identified as active in NLAD for the same period. The Beneficiary must also report the actual number of subscribers on the Form 497 based on subscribers who have met all requirements to be eligible for Lifeline Program support and for whom the Beneficiary provides Lifeline service.

CAUSE

The Beneficiary did not have an adequate system in place for collecting, reporting, and monitoring data to report the correct number of qualifying Lifeline subscribers on the Form 497 and for transmitting and/or updating its new and existing subscriber data in NLAD.

EFFECT

Support Type	Monetary Effect	Recommended Recovery
Lifeline	\$10,582	\$10,582

The 344 subscribers identified by the Condition are comprised of 296 Tribal subscribers and 48 Non-Tribal subscribers. DPG calculated the monetary effect by multiplying the 296 Tribal subscribers claimed on the Form 497 and not recorded in NLAD by the Tribal support amount requested on the June 2016 Form 497 (\$34.25) and by multiplying the 48 Non-Tribal subscribers claimed on the Form 497 and not recorded in NLAD by the Non-Tribal support amount requested on the June 2016 Form 497 (\$9.25). The two amounts were added together and rounded to the nearest whole dollar.

There is no monetary effect for the 451 subscribers not de-enrolled in NLAD because these subscribers were not claimed on the Form 497. However, not-de-enrolling customers in NLAD within the required timeframes creates the potential for subscribers to be flagged for duplicate resolution unnecessarily.

RECOMMENDATION

DPG recommends that USAC management seek recovery of the amount recommended in the Effect section above. DPG also recommends that the Beneficiary implement an adequate system to collect, track, and report the correct number of subscribers on the Form 497 and transmit and/or update its new and existing subscriber data in NLAD, and maintain adequate documentation to demonstrate compliance with the Rules.

BENEFICIARY RESPONSE

Easy Wireless has filed revised FCC Form 497s to remove the 344 subscribers from its claims for the time period they were not in the NLAD. Issues with these accounts arose predominantly due to transmission errors and unforeseen issues involving the integration of Easy's systems and processes with the NLAD. Easy Wireless has systems in place to collect, track, and report the correct number of subscribers on its monthly Lifeline reimbursement claims and conducts daily NLAD reconciliation with its internal billing system. Because Lifeline claims are now based on a Universal Service Administrative Company monthly report which includes only subscribers enrolled in NLAD, safeguards are in place to prevent a recurrence.

CRITERIA

	Criteria	Description
#1	47 C.F.R. § 54.407(a) (2014)	“Universal service support for providing Lifeline shall be provided directly to an eligible telecommunications carrier, based on the number of actual qualifying low-income consumers it serves.”
#1	47 C.F.R. § 54.404(b)(6), (8), (10) (2015)	<p>“(b) <i>The National Lifeline Accountability Database</i>. In order to receive Lifeline support, eligible telecommunications carriers operating in states that have not provided the Commission with approved valid certification pursuant to paragraph (a) of this section must comply with the following requirements: ...</p> <p>(6) Eligible telecommunications carriers must transmit to the Database in a format prescribed by the Administrator each new and existing Lifeline subscriber’s full name; full residential address; date of birth and the last four digits of the subscriber’s Social Security number or Tribal Identification number, if the subscriber is a member of a Tribal nation and does not have a Social Security number; the telephone number associated with the Lifeline service; the date on which the Lifeline service was initiated; the date on which the Lifeline service was terminated, if it has been terminated; the amount of support being sought for that subscriber; and the means through which the subscriber qualified for Lifeline....</p> <p>(8) All eligible telecommunications carriers must update an existing Lifeline subscriber’s information in the Database within ten business days of receiving any change to that information, except as described in paragraph (b)(10) of this section....</p> <p>(10) When an eligible telecommunications carrier de-enrolls a subscriber, it must transmit to the Database the date of Lifeline service de-enrollment within one business day of de-enrollment.”</p>
#1	47 C.F.R. § 54.407(e) (2015)	“In order to receive universal service support reimbursement, an eligible telecommunications carrier must keep accurate records of the revenues it forgoes in providing Lifeline services. Such records shall be kept in the form directed by the Administrator and provided to the Administrator at intervals as directed by the Administrator or as provided in this subpart.”
#1	47 C.F.R. § 54.417(a) (2015)	“Eligible telecommunications carriers must maintain records to document compliance with all Commission and state requirements governing the Lifeline and Tribal Link Up program for the three full preceding calendar years and provide that documentation to the Commission or Administrator upon request. Eligible telecommunications carriers must maintain the documentation required in [47 C.F.R.] §§ 54.404(b)(11), 54.410(b), 54.410 (c), 54.410(d) and 54.410(f) for as long as the subscriber receives Lifeline service from that eligible telecommunications carrier, but for no less than the three full preceding calendar years.”