



# Rural Health Care Committee

## Audit Report Briefing Book

Available For Public Use

Monday, October 28, 2024

Universal Service Administrative Company Offices

700 12th Street, N.W., Suite 900

Washington, D.C. 20005

*Summary of the Rural Health Care Support Mechanism Beneficiary Audit Reports Released: July 2024.*

<b>Entity Name</b>	<b>Number of Findings</b>	<b>Significant Findings</b>	<b>Amount of Support</b>	<b>Monetary Effect</b>	<b>USAC Management Recovery Action</b>	<b>Commitment Adjustment</b>	<b>Entity Disagreement</b>
<b>Attachment A</b> Novant Health, Inc. Consortium	0	<ul style="list-style-type: none"> <li>Not applicable.</li> </ul>	\$3,296,766	\$0	\$0	\$0	N/A
<b>Attachment B</b> Kansas Health-E Broadband Consortium	0	<ul style="list-style-type: none"> <li>Not applicable.</li> </ul>	\$1,920,176	\$0	\$0	\$0	N/A
<b>Total</b>	<b>0</b>		<b>\$5,216,942</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	

**Attachment A**

**RH2023LR006**

Available For Public Use

***Report on the Limited Review Performance Audit over  
Compliance with the Federal Universal Service Fund Rural  
Health Care Support Mechanism Rules***

***for***

***Novant Health, Inc. Consortium***

***Audit No. RH2023LR006***

***March 26, 2024***



**TABLE OF CONTENTS**

	<b>Page #</b>
<b>Executive Summary.....</b>	<b>1</b>
<b>Purpose, Scope, Background, and Procedures.....</b>	<b>3</b>

**EXECUTIVE SUMMARY**

Ms. Teleshia Delmar, Vice President – Audit and Assurance Division  
Universal Service Administrative Company  
700 12<sup>th</sup> Street NW, Suite 900  
Washington, D.C. 20005

Dear Ms. Delmar:

Kearney & Company, P.C. (defined as “Kearney,” “we,” and “our” in this report) audited the compliance of Novant Health, Inc. Consortium (Beneficiary), Health Care Provider (HCP) Number 48783, for Funding Year 2020, using the regulations and orders governing the Federal Universal Service Rural Health Care (RHC) Support Mechanism, set forth in 47 Code of Federal Regulations (C.F.R.) Part 54, as well as other program requirements (collectively, the Federal Communications Commission [FCC] Rules). Compliance with the FCC Rules is the responsibility of the Beneficiary. Kearney’s responsibility is to make a determination regarding the Beneficiary’s compliance with the FCC Rules based on the limited scope performance audit.

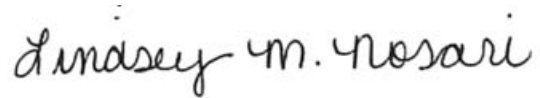
Kearney conducted the audit in accordance with Generally Accepted Government Auditing Standards (GAGAS), issued by the Comptroller General of the United States (2018 Revision, as amended). Those standards require that Kearney plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on the audit objectives. The audit included examining, on a test basis, evidence supporting the competitive bidding process undertaken to select service providers, the type and amount of services received, physical inventory of equipment purchased and maintained, as well as performing other procedures Kearney considered necessary to make a determination regarding the Beneficiary’s compliance with the FCC Rules. The evidence obtained provides a reasonable basis for Kearney’s findings and conclusions based on the audit objectives.

Based on the test work performed, our audit did not disclose any areas of non-compliance with the FCC Rules that were in effect during the audit period.

Certain information may have been omitted from this report concerning communications with Universal Service Administrative Company (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 you and your staff during the audit.

Sincerely,



Lindsey Nosari  
Engagement Partner

CC: Radha Sekar, USAC Chief Executive Officer  
Mark Sweeney, USAC Vice President, RHC Division

**PURPOSE, SCOPE, BACKGROUND, AND PROCEDURES**

**PURPOSE**

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

**SCOPE**

The following chart summarizes the Rural Health Care (RHC) Healthcare Connect Fund (HCF) program support amounts committed and disbursed to the Beneficiary for Funding Year 2020 (audit period):

Service Type	Amount Committed	Amount Disbursed
Dedicated Internet Access (DIA)	\$184,781	\$184,781
Ethernet	\$2,955,890	\$2,955,890
Internet	\$43,016	\$43,016
ISDN PRI	\$21,494	\$21,494
T-1/DS-1	\$4,705	\$4,705
Virtual Private Network (VPN)	\$86,879	\$86,879
<b>Total</b>	<b>\$3,296,766</b>	<b>\$3,296,766</b>

*Note: The amounts committed and disbursed reflect funding year activity as of the date of the commencement of the audit.*

The committed total represents 8 FCC Form 462 applications with 8 FRNs. Kearney & Company, P.C. (Kearney) selected 2 FRNs<sup>1</sup>, which represent \$2,639,181 of the funds committed and \$2,639,181 of the funds disbursed during the audit period, to perform the procedures enumerated below with respect to the Funding Year 2020 applications submitted by the Beneficiary.

**BACKGROUND**

The Novant Health, Inc. Consortium is an integrated healthcare consortium that provides a collaborative broadband network to its rural health clinics and nonprofit hospitals. Novant Health, Inc. Consortium serves healthcare providers in North Carolina and Virginia with a high-speed, mesh network with colocation sites in North Carolina, South Carolina, Virginia, and Georgia.

**PROCEDURES**

Kearney performed the following procedures:

**A. Application Process**

Kearney obtained an understanding of the Beneficiary’s processes relating to the RHC HCF program. Specifically, we examined documentation to support its effective use of funding and determined that adequate processes exist to determine whether funds were

<sup>1</sup> The FRNs included in the scope of this audit were: 20821551, 20816171.



used in accordance with the FCC Rules. Kearney conducted inquiries, observations, and inspections of documentation to determine whether the Beneficiary used funding, as indicated in its Network Cost Worksheets (NCW).

Kearney examined the FCC Forms 462 and the FCC Form 462 Attachments to determine whether the Beneficiary identified the participating HCPs and documented the allocation of eligible costs related to the provision of health care services. We also examined the NCWs to determine whether ineligible costs, if any, were identified and ineligible entities, if any, paid their fair share.

## **B. Competitive Bid Process**

Kearney conducted inquiries of the Beneficiary to determine that no bids were received for the requested services. We examined evidence that the Beneficiary waited the required 28 days from the date the FCC Form 461 was posted on USAC's website before signing contracts with the selected service providers or retaining services with the incumbent service providers. If a contract was executed for the funding year under audit, then Kearney reviewed the service provider contract to determine whether it was properly executed. We also evaluated the services requested and purchased to determine whether the Beneficiary selected the most cost-effective option.

## **C. Eligibility**

Kearney conducted inquiries and virtual observations and examined documentation to determine whether the Beneficiary's eligible HCPs were public or non-profit-eligible HCPs and whether the annual limitation on support available to large non-rural hospitals was exceeded. We examined documentation to determine whether more than 50 percent of the sites in the consortium were rural HCPs and determined whether the member HCPs' physical addresses were the same as listed on the FCC Form 462 applications and NCWs. Kearney conducted inquiries and examined documentation to determine whether the HCPs participating in the consortium received funding in the HCF program for the same services for which they requested support in the RHC Telecommunications program.

## **D. Invoicing Process**

Kearney examined invoices for which payment was disbursed by USAC to determine whether the services identified on the FCC Form 463 service provider invoices submitted to USAC and the corresponding service provider bills submitted to the Beneficiary were consistent with the terms and specifications of the service provider agreements. We examined documentation to determine whether the Beneficiary paid its required 35 percent minimum contribution and that the required contribution was from eligible sources. Kearney also examined documentation to determine whether the HCF program disbursements did not exceed 65 percent of the total eligible costs.

**E. Health Care Provider Location**

Kearney determined, through inquiry and virtual observation, whether the services were provided and were functional. We also determined through inquiry and virtual observation whether the supported services were used for purposes reasonably related to the provision of health care services and in accordance with the FCC Rules.

**F. Work Related to Internal Controls**

In accordance with Generally Accepted Government Auditing Standards (GAGAS) 8.39, Kearney determined that internal controls surrounding the Beneficiary's compliance with the HCF program and select FCC rules and regulations are not significant to the audit objectives. Our audit objective is to determine the compliance of the Beneficiary's funds disbursed under the sampled FRNs; therefore, our testing procedures were designed to meet that objective.

**\*\*This concludes the report.\*\***

**Attachment B**

**RH2023LR008**

Available For Public Use

***Report on the Limited Review Performance Audit over  
Compliance with the Federal Universal Service Fund Rural  
Health Care Support Mechanism Rules***

***for***

***Kansas Health-E Broadband Consortium***

***Audit No. RH2023LR008***

***March 26, 2024***



**TABLE OF CONTENTS**

	<b>Page #</b>
Executive Summary.....	<b>1</b>
Purpose, Scope, Background, and Procedures.....	<b>3</b>

**EXECUTIVE SUMMARY**

Ms. Teleshia Delmar, Vice President – Audit and Assurance Division  
Universal Service Administrative Company  
700 12<sup>th</sup> Street NW, Suite 900  
Washington, D.C. 20005

Dear Ms. Delmar:

Kearney & Company, P.C. (defined as “Kearney,” “we,” and “our” in this report) audited the compliance of Kansas Health-E Broadband Consortium (Beneficiary), Health Care Provider (HCP) Number 33832, for Funding Year 2020, using the regulations and orders governing the Federal Universal Service Rural Health Care (RHC) Support Mechanism, set forth in 47 Code of Federal Regulations (C.F.R.) Part 54, as well as other program requirements (collectively, the Federal Communications Commission [FCC] Rules). Compliance with the FCC Rules is the responsibility of the Beneficiary. Kearney’s responsibility is to make a determination regarding the Beneficiary’s compliance with the FCC Rules based on the limited review performance audit.

Kearney conducted the audit in accordance with Generally Accepted Government Auditing Standards (GAGAS), issued by the Comptroller General of the United States (2018 Revision, as amended). Those standards require that Kearney plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on the audit objectives. The audit included examining, on a test basis, evidence supporting the competitive bidding process undertaken to select service providers, the type and amount of services received, physical inventory of equipment purchased and maintained, as well as performing other procedures Kearney considered necessary to make a determination regarding the Beneficiary’s compliance with the FCC Rules. The evidence obtained provides a reasonable basis for Kearney’s findings and conclusions based on the audit objectives.

Based on the test work performed, our audit did not disclose any areas of non-compliance with the FCC Rules that were in effect during the audit period.

Certain information may have been omitted from this report concerning communications with Universal Service Administrative Company (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 you and your staff during the audit.

Sincerely,

*Lindsey M. Nosari*

Lindsey Nosari  
Engagement Partner

CC: Radha Sekar, USAC Chief Executive Officer (CEO)  
Mark Sweeney, USAC Vice President (VP), RHC Division

## PURPOSE, SCOPE, BACKGROUND, AND PROCEDURES

### PURPOSE

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

### SCOPE

The following chart summarizes the Rural Health Care (RHC) Healthcare Connect Fund (HCF) program support amounts committed and disbursed to the Beneficiary for Funding Year 2020 (audit period):

Service Type	Amount Committed	Amount Disbursed
Dark Fiber	\$12,090	\$12,090
Dedicated Internet Access (DIA)	\$268,797	\$268,797
Digital Subscriber Line (DSL)	\$4,121	\$4,121
Ethernet	\$800,490	\$797,884
Firewall (HCP owned)	\$1,829	-
Firewall (leased)	\$50,157	\$50,157
Installation of Equipment	\$11,372	\$11,372
Installation of Recurring Services	\$24,375	\$24,375
Internet	\$215,242	\$203,707
Internet Access	\$455	\$455
ISDN	\$29,427	\$29,427
ISDN PRI	\$135,234	\$135,234
Managed Ethernet	\$1,359	\$1,359
MPLS	\$19,801	\$19,801
Network Management Services	\$137,155	\$137,155
Network Switch (HCP owned)	\$15,483	\$2,561
Network Switch (leased)	\$21,587	\$21,587
Routers (HCP owned)	\$8,015	\$4,020
T-1 / DS-1	\$935	\$935
Warranty (3 year)	\$1,112	-
Warranty (5 year)	\$9,162	\$3,298
Wide Area Network (WAN)	\$191,841	\$191,841
<b>Total</b>	<b>\$1,960,040</b>	<b>\$1,920,176</b>

*Note: The amounts committed and disbursed reflect funding year activity as of the date of the commencement of the audit.*

The committed total represents 108 FCC Form 462 applications with 108 FRNs. Kearney & Company, P.C. (Kearney) selected 19 FRNs,<sup>1</sup> which represent \$1,515,175 of the funds committed and \$1,489,787 of the funds disbursed during the audit period, to perform the

<sup>1</sup> The FRNs included in the scope of this audit were: 20836831, 20826511, 20838201, 20836621, 20836541, 20843301, 20839191, 20854291, 20839181, 20811661, 20831141, 20777201, 20775211, 20862431, 20850251, 20771711, 20829091, 20786721, 20829171.



procedures enumerated below with respect to the Funding Year 2020 applications submitted by the Beneficiary.

## **BACKGROUND**

The Kansas Health-E Broadband Consortium is a collaboration of healthcare related organizations in Kansas developing and maintaining a dedicated broadband network for Kansas. The consortium supports broadband connectivity and broadband networks for health care providers by driving integration of medical information and collaboration between hospitals, mental health centers and other health clinics through video, voice, and electronic transfer of data.

## **PROCEDURES**

Kearney performed the following procedures:

### **A. Application Process**

Kearney obtained an understanding of the Beneficiary's processes relating to the RHC HCF program. Specifically, we examined documentation to support its effective use of funding and determined that adequate processes exist to determine whether funds were used in accordance with the FCC Rules. Kearney conducted inquiries, observations, and inspections of documentation to determine whether the Beneficiary used funding, as indicated in its Network Cost Worksheets (NCWs).

Kearney examined the FCC Forms 462 and the FCC Form 462 Attachments to determine whether the Beneficiary identified the participating HCPs and documented the allocation of eligible costs related to the provision of health care services. We also examined the NCWs to determine whether ineligible costs, if any, were identified and ineligible entities, if any, paid their fair share.

### **B. Competitive Bid Process**

Kearney examined documentation to determine whether the Beneficiary properly selected a service provider to provide eligible services. Kearney conducted inquiries and examined documentation to determine whether the Beneficiary considered price and other non-cost factors and that no evaluation criteria was weighted higher than price. Kearney examined evidence that the Beneficiary waited the required 28 days from the date the FCC Form 461 was posted on USAC's website before selecting and executing month-to-month agreements with the selected service providers. If a contract was executed for the funding year under audit, Kearney reviewed the service provider contracts to determine whether they were properly executed. Kearney evaluated the services requested and purchased to determine whether the Beneficiary selected the most cost-effective option.

### **C. Eligibility**

Kearney conducted inquiries and virtual observations and examined documentation to determine whether the Beneficiary's eligible HCPs were public or non-profit-eligible HCPs and whether the annual limitation on support available to large non-rural hospitals was exceeded. We examined documentation to determine whether more than 50 percent of the sites in the consortium were rural HCPs and determined whether the member HCPs' physical addresses were the same as listed on the FCC Form 462 applications and NCWs. Kearney conducted inquiries and examined documentation to determine whether the HCPs participating in the consortium received funding in the HCF program for the same services for which they requested support in the RHC Telecommunications program.

### **D. Invoicing Process**

Kearney examined invoices for which payment was disbursed by USAC to determine whether the services identified on the FCC Form 463 service provider invoices submitted to USAC and the corresponding service provider bills submitted to the Beneficiary were consistent with the terms and specifications of the service provider agreements. We examined documentation to determine whether the Beneficiary paid its required 35 percent minimum contribution and that the required contribution was from eligible sources. Kearney also examined documentation to determine whether the HCF program disbursements did not exceed 65 percent of the total eligible costs.

### **E. Health Care Provider Location**

Kearney determined, through inquiry and virtual observation, whether the services were provided and were functional. We also determined through inquiry and virtual observation whether the supported services were used for purposes reasonably related to the provision of health care services and in accordance with the FCC Rules.

### **F. Work Related to Internal Controls**

In accordance with Generally Accepted Government Auditing Standards (GAGAS) 8.39, Kearney determined that internal controls surrounding the Beneficiary's compliance with the HCF program and select FCC rules and regulations are not significant to the audit objectives. Our audit objective is to determine the compliance of the Beneficiary's funds disbursed under the sampled FRNs; therefore, our testing procedures were designed to meet that objective.

**\*\*This concludes the report.\*\***

*Summary of the Rural Health Care Support Mechanism Beneficiary Audit Reports Released: September 2024.*

Entity Name	Number of Findings	Significant Findings	Amount of Support	Monetary Effect	USAC Management Recovery Action*	Commitment Adjustment	Entity Disagreement
Attachment C Trinity Health Consortium	5	<ul style="list-style-type: none"> <li><b><u>Failure to Maintain Service Provider Bills:</u></b> The Beneficiary did not maintain the required documentation to evidence the amount billed for services by the Service Provider.</li> <li><b><u>RHC Program Invoiced for Amounts Exceeding the Service Provider's Bills:</u></b> The amount reflected on the Service Provider's bills supported a lower amount than the amount submitted on the FCC Form 463 invoices.</li> </ul>	\$5,856,906	\$197,659	\$187,803	\$0	Partial
Attachment D Michigan Bell Telephone Company	2	<ul style="list-style-type: none"> <li>No significant findings.</li> </ul>	\$198,119	\$38,052	\$38,052	\$0	N
Attachment E Mosaic Medical Center	2	<ul style="list-style-type: none"> <li>No significant findings.</li> </ul>	\$145,551	\$13,290	\$13,290	\$0	N

<b>Entity Name</b>	<b>Number of Findings</b>	<b>Significant Findings</b>	<b>Amount of Support</b>	<b>Monetary Effect</b>	<b>USAC Management Recovery Action*</b>	<b>Commitment Adjustment</b>	<b>Entity Disagreement</b>
<b>Total</b>	<b>9</b>		<b>\$6,200,576</b>	<b>\$249,001</b>	<b>\$239,145</b>	<b>\$0</b>	

\* The USAC Management Recovery Action may be less than the Monetary Effect to prevent double recovery for findings that overlap.

**Attachment C**

**RH2019BE003**



---

# Trinity Health Consortium

---

Performance Audit on Compliance with the Federal Universal Service Fund Rural  
Health Care Support Mechanism Healthcare Connect Fund Program Rules  
USAC Audit No. RH2019BE003

## TABLE OF CONTENTS

Executive Summary .....	1
Audit Results and Recovery Action .....	2
USAC Management Response .....	2
Purpose, Scope, Background, and Procedures.....	3
Detailed Audit Findings .....	6
<b>Finding #1:</b> 47 C.F.R. § 54.648(b) (2016) (2017) – Failure to Maintain Service Provider Bills in Support of Amounts Invoiced to the RHC Program .....	6
<b>Finding #2:</b> 47 C.F.R. § 54.648(b)(1) (2016) (2017)– Lack of Documentation: Matching Contribution .....	8
<b>Finding #3:</b> 47 C.F.R. § 54.645(b) (2016) (2017) – Invoiced RHC Program for Amounts Exceeding the Service Provider’s Bills .....	11
<b>Finding #4:</b> 47 C.F.R. § 54.602(c) (2016) (2017) – Support Not Allocated Between Eligible and Ineligible Activities .....	15
<b>Finding #5:</b> 47 C.F.R. § 54.600(a) (2016) (2017) – Invoiced RHC Program for Services Delivered to Ineligible Entity .....	18
Criteria.....	20
<b>Appendix – Schedule of Monetary Effects by FRN and Line Item.....</b>	<b>22</b>

---

EXECUTIVE SUMMARY

September 11, 2024

Ms. Teleshia Delmar, Vice President – Audit and Assurance Division  
Universal Service Administrative Company  
700 12th Street, NW, Suite 900  
Washington, DC 20005

Dear Ms. Delmar:

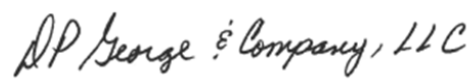
DP George & Company, LLC (DPG) audited the compliance of Trinity Health Consortium (Beneficiary), Health Care Provider Number (HCP) 50049, using regulations and orders governing the federal Universal Service Rural Health Care Support Mechanism, Healthcare Connect Fund program set forth in 47 C.F.R. Part 54, as well as other program requirements (collectively, the Federal Communications Commission (FCC) Rules). Compliance with the FCC Rules is the responsibility of the Beneficiary's management. DPG's responsibility is to make a determination regarding the Beneficiary's compliance with the FCC Rules based on our audit.

DPG conducted the audit in accordance with Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States. 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 competitive bidding process undertaken to select service providers, the type and amount of services received, physical inventory of equipment purchased and maintained, as well as performing other procedures DPG considered necessary to make a determination regarding the Beneficiary's compliance with the FCC Rules. 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 five 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 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.

Sincerely,

  
DP George & Company, LLC  
Alexandria, Virginia

cc: Radha Sekar, USAC Chief Executive Officer  
Mark Sweeney, USAC Vice President, Rural Health Care Division



## AUDIT RESULTS AND RECOVERY ACTION

Audit Results	Monetary Effect (A)	Overlapping Recovery <sup>1</sup> (B)	Recommended Recovery (A)-(B)
<b>Finding #1: 47 C.F.R. § 54.648(b) (2016) (2017) – Failure to Maintain Service Provider Bills in Support of Amounts Invoiced to the RHC Program.</b> The Beneficiary did not maintain the required documentation to evidence the amount billed for services by the Service Provider.	\$ 40,770	\$ 0	\$ 40,770
<b>Finding #2: 47 C.F.R. § 54.648(b)(1) (2016) (2017) – Lack of Documentation: Matching Contribution.</b> The Beneficiary did not maintain the required documentation to evidence that its (35%) matching contribution was paid.	\$ 43,662	\$ 3,609	\$ 40,053
<b>Finding #3: 47 C.F.R. § 54.645(b) (2016) (2017) – Invoiced RHC Program for Amounts Exceeding the Service Provider’s Bills.</b> The amount reflected on the Service Provider’s bills selected for sampling supported a lower amount than the amount submitted on the FCC Form 463 invoices.	\$ 83,782	\$ 1,967	\$ 81,815
<b>Finding #4: 47 C.F.R. § 54.602(c) (2016) (2017) – Support Not Allocated Between Eligible and Ineligible Activities.</b> The Beneficiary invoiced the Rural Healthcare Program for services delivered to eligible entities that were not allocated based on eligible and ineligible activity usage.	\$ 17,852	\$ 4,280	\$ 13,572
<b>Finding #5: 47 C.F.R. § 54.600(a) (2016) (2017) – Invoiced RHC Program for Services Delivered to an Ineligible Entity.</b> The entity receiving support does not meet the qualifying definition for any of the seven health care provider entities allowed under a consortium.	\$ 11,593	\$ 0	\$ 11,593
<b>Total</b>	<b>\$ 197,659</b>	<b>\$ 9,856</b>	<b>\$ 187,803</b>

## USAC MANAGEMENT RESPONSE

USAC management concurs with the audit results and will seek recovery of the Rural Health Care program support amount consistent with the FCC Rules. In addition, USAC management will conduct outreach to the Beneficiary/Service Provider to address the areas of deficiency that are identified below in the audit report. See the chart in the Appendix for USAC management’s recovery action by FRN.

<sup>1</sup> If a finding is subsequently withdrawn on appeal, any overlapping recovery for that finding will be recommended for recovery for the remaining findings.

## PURPOSE, SCOPE, BACKGROUND, AND PROCEDURES

### PURPOSE

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

### SCOPE

The following chart summarizes the overall Healthcare Connect Fund (HCF) program support amounts committed and disbursed to the Beneficiary for Funding Year (FY) 2017 (audit period):

Service Type	Amount Committed	Amount Disbursed
Infrastructure/Outside Plant – Dark Fiber	\$ 75,654	\$ 75,654
Leased/Tariffed Services – Dark Fiber	\$ 665,098	\$ 665,098
Dedicated Internet Access (DIA)	\$ 3,787	\$ 3,787
Leased/Tariffed Services – Ethernet	\$ 2,616,621	\$ 2,579,507
Fiber Network Transport Equipment	\$ 5,682	\$ 5,682
Leased/Tariffed Services – Internet	\$ 327,698	\$ 327,698
Leased/Tariffed Services – ISDN/BRI	\$ 3,061	\$ 3,061
Leased/Tariffed Services – ISDN/PRI	\$ 447,871	\$ 447,871
Leased/Tariffed Services – MPLS	\$ 938,969	\$ 938,969
Leased/Tariffed Services – T-1 / DS-1	\$ 569,061	\$ 569,061
Leased/Tariffed Services – T-3 / DS-3	\$ 98,587	\$ 98,587
Leased/Tariffed Services – Virtual Private Network (VPN)	\$ 90,240	\$ 90,240
Network Management/Maintenance/Operations Cost (not captured elsewhere) – Network Management Services	\$ 51,691	\$ 51,691
<b>Total</b>	<b>\$ 5,894,020</b>	<b>\$ 5,856,906</b>

*Note:* The amounts committed and disbursed reflect funding year activity as of the date of the commencement of the audit.

The committed total represents 62 FCC Form 462 applications with 62 Funding Request Numbers (FRNs). DPG selected 21 FRNs<sup>2</sup> issued in FY 2017, which represent \$4,845,411 of the funds committed and \$4,845,411 of the funds disbursed during the audit period, to perform the procedures enumerated below with respect to the FY 2017 applications submitted by the Beneficiary.

### BACKGROUND

The Beneficiary represents a consortium of health care providers owned and operated by Trinity Health Consortium. The consortium provides healthcare services across 20 states. Funding provided for the 62 FRNs approved in FY 2017 was used to support telecommunications services and network connections for MPLS and VPN services via dark fiber, DIA, Ethernet, Fiber Network Transport Equipment, internet, ISDN BRI, ISDN PRI, T-1/DS-1, and T3/DS-3 circuits and network management services. The HCF funded connections were used to support the transfer of digital medical imaging and electronic medical records, the provision of telehealth applications as well as back-up and redundant connectivity.

<sup>2</sup> The FRNs included in the scope of this audit were: FRNs 17183651, 17183801, 17186401, 17186411, 17189001, 17189171, 17189651, 17197031, 17197041, 17197051, 17197081, 17197091, 17197101, 17197111, 17197121, 17225621, 17248031, 17249111, 17249161, 17249251, and 17255171.

## PROCEDURES

DPG performed the following procedures:

### **A. Application Process**

DPG obtained an understanding of the Beneficiary's processes relating to the Rural Health Care (RHC) HCF program application process. Specifically, DPG obtained and reviewed the FCC Form(s) 460 and related attachments to determine whether the Beneficiary identified the participating HCPs in the network. DPG conducted inquiry and interviews to confirm its understanding of the Beneficiary's FCC Form 460 application process and related controls, the role of the Consortium Leader in the application process, and any outside support received from third parties with respect to the application process.

DPG obtained and reviewed documentation to determine whether the Consortium Leader obtained the appropriate Letters of Agency or Letters of Exemption for the consortium members and/or consortium HCPs authorizing the Consortium Leader to act on their behalf and participate in the network.

### **B. Competitive Bid Process**

DPG obtained an understanding of the Beneficiary's competitive bidding process. Specifically, DPG conducted inquiry and interviews to confirm its understanding of the Beneficiary's FCC Form 461 preparation process, bid posting and bid receipt process, and bid review and evaluation process, including related controls.

DPG obtained and reviewed documentation to determine whether the Beneficiary conducted a fair and open competitive bidding process in selecting a service provider to provide eligible services. DPG used inquiry and review of documentation to determine whether the Beneficiary established evaluation criteria where no factor was weighted more heavily than price, properly considered and declared any assistance provided, prepared a request for proposal (where required), prepared a network plan, and posted the appropriate bidding documents to the USAC website. DPG obtained evidence that the Beneficiary waited the required 28 days from the date the FCC Form 461 was posted on USAC's website before selecting a service provider or met the requirements for any competitive bidding exemptions claimed. DPG evaluated the services requested and purchased to determine whether the Beneficiary selected the most cost-effective option.

### **C. Funding Request Process**

DPG obtained an understanding of the Beneficiary's funding request process. Specifically, DPG conducted inquiry and interviews to confirm its understanding of the Beneficiary's FCC Form 462 and related Network Cost Worksheet (NCW) preparation processes and related controls.

DPG obtained and reviewed the FCC Forms 462 and the FCC Forms 462 attachments to determine whether the Beneficiary identified the participating HCPs and documented the allocation of eligible costs related to the provision of health care services. DPG also obtained and reviewed the NCWs to determine whether ineligible costs, if any, were identified and ineligible entities, if any, paid their fair share. DPG used inquiry, direct observation, and inspection of documentation to determine whether the Beneficiary used funding as indicated in its NCWs.

DPG used inquiry, direct observation, and inspection of documentation to determine whether the Beneficiary's member HCPs were public or non-profit eligible health care providers and that a fair

share allocation was properly applied for any ineligible entities. DPG determined whether the eligible HCPs' physical addresses were the same as those listed on the FCC Form 462 applications and NCWs. DPG used inquiry and inspection of documentation to determine whether funding requested for any non-rural hospital sites with 400 or more licensed patient beds was consistent with the limits set forth in the FCC Rules. DPG used inquiry and reviewed documentation to determine whether the HCPs participating in the consortium received funding in the HCF program for the same services for which they requested support in the RHC Telecommunications program. DPG also obtained and reviewed documentation to determine whether more than 50 percent of the sites in the consortium were rural HCPs within three years from its first request for HCF support.

**D. Health Care Provider Location**

DPG determined through inquiry, direct observation, and inspection of documentation whether the services were provided and were functional. DPG also determined through inquiry, direct observation, and inspection of documentation whether the supported services were used for purposes reasonably related to the provision of health care services and in accordance with the FCC Rules.

**E. Invoicing Process**

DPG obtained an understanding of the Beneficiary's invoicing process. Specifically, DPG conducted inquiry and interviews to confirm its understanding of the Beneficiary's FCC Form 463 preparation and submission process.

DPG obtained and reviewed a sample of invoices for which payment was disbursed by USAC to determine whether the services identified on the FCC Form 463 Service Providers' invoices submitted to USAC and the corresponding Service Providers' bills submitted to the Beneficiary were consistent. DPG obtained and reviewed documentation to determine whether the Beneficiary paid its required 35 percent minimum contribution and that the required contribution was from eligible sources. DPG also obtained and reviewed documentation to determine whether the HCF program disbursements did not exceed 65 percent of the total eligible costs.

**F. Reporting Process**

DPG obtained and reviewed documentation to determine whether the Beneficiary timely submitted its annual reports to the RHC program and whether the reports included the required information. DPG obtained and reviewed the Sustainability Plan, if applicable, and Network Plan(s) to determine whether they included the required content. DPG did not assess the reasonableness of the Sustainability Plan or whether the Beneficiary could meet or maintain the objectives described in that plan since the FCC Rules do not define how to assess the reasonableness of the content in the Sustainability Plan.

## DETAILED AUDIT FINDINGS

### Finding #1: 47 C.F.R. § 54.648(b) (2016) (2017) – Failure to Maintain Service Provider Bills in Support of Amounts Invoiced to the RHC Program

#### CONDITION

DPG obtained and examined documentation, for a sample of 21 FRNs, that included the FCC Forms 462 Healthcare Connect Fund Funding Request Form and attachments, associated NCWs, FCC Forms 463 Invoice and Request for Disbursement Form, and the corresponding Service Provider bills provided by the Beneficiary to determine whether the HCF program was invoiced only for the cost of the services billed by the Service Provider. For each FRN, DPG selected between one and three months of Service Provider bills based on Billing Account Number, which resulted in a total of 189 sample requests to verify support for the amounts invoiced on the FCC Form 463. DPG further selected multiple FRN line-items within each month tested resulting in a total of 1,357 FRN line-item and billing month combinations selected for detailed testing. Neither the Beneficiary nor the Service Provider were able to provide Service Provider bills to support the costs invoiced for 4 FRN line-items included within FRN 17183651. As a result, DPG was unable to confirm that the amount invoiced to the HCF program for the affected FRN line-items represented the amount billed by the Service Provider. Therefore, the Beneficiary and Service Provider did not maintain the necessary documentation to evidence the costs of services for these FRNs.<sup>3</sup>

The table below summarizes the unsupported amounts invoiced to the HCF program by FRN and FRN line-item number.

FRN	FRN Line-Item Number	HCP Number	HCP Name	Months Invoiced	Number of Unsupported Months	Invoiced Amount for Unsupported Months
17183651	25	25153	Mercy Medical Center-Sioux City	10	10	\$ 2,314
	26	25153	Mercy Medical Center-Sioux City	10	10	\$ 30,930
	27	25153	Mercy Medical Center-Sioux City	10	10	\$ 2,847
	48	50108	Saint Alphonsus Hospital - Boise	12	12	\$ 4,679
					<b>Total</b>	<b>\$ 40,770</b>

#### CAUSE

The Beneficiary and Service Provider did not have sufficient policies and procedures in place to ensure that documentation was maintained and available to evidence that invoiced services were billed by the Service Provider.

<sup>3</sup> See 47 C.F.R. §54.648(b) (2016) (2017).

## EFFECT

FRN	Monetary Effect and Recommended Recovery
17183651	\$ 40,770
<b>Total</b>	<b>\$ 40,770</b>

DPG calculated the Monetary Effect by first identifying the number of months the support was invoiced on the FCC Form 463. Where only one billing month was selected for testing and support was not provided, then all invoiced months were included in the Monetary Effect. If multiple months were selected for testing and support was provided for some but not all months selected, then the amount invoiced for the unsupported month and any subsequent invoiced months up to the sampled month where the supporting invoice was received were included in the Monetary Effect.

## RECOMMENDATION

DPG recommends that USAC management seek recovery from the Beneficiary for the amounts identified in the Effect section above. DPG also recommends that the Beneficiary and its Service Provider establish policies and procedures to ensure that the Service Provider's billing documentation is maintained in a manner that allows it to be readily retrieved in support of program audit requests.

## BENEFICIARY RESPONSE

Trinity Health understands the audit finding and has taken the appropriate steps to implement policies, procedures, and software support to address invoice documentation retention. All invoices are now saved in a cloud server for every month and will be available at will rather than prior process which was to save hard copies in a file cabinet. During the audit period every attempt to request invoice copies from vendors was submitted, we were unsuccessful in obtaining new copies of old invoices.

## SERVICE PROVIDER RESPONSE

Lumen has established a document retention policy to save all documentation related to Universal Service Fund ("USF") programs for 10 years, which meets the documentation retention requirements for all four USF programs. If we can't easily find the bills in individual staff file storage systems, we can rely on the internal billing systems to retain copies of them. And, if we have trouble with a bill, e.g., a customer disputes a charge, then we request a copy from the customer and save it on our Team OneDrive. In this situation, we did not have some of the bills because the person who did the review did not follow Lumen's established FCC Form 463 review process.

**Finding #2:** 47 C.F.R. § 54.648(b)(1) (2016) (2017)– Lack of Documentation: Matching Contribution

**CONDITION**

DPG obtained and examined documentation, for a sample of 21 FRNs, that included the FCC Forms 463 Invoice and Request for Disbursement Form, corresponding Service Provider bills, and copies of checks or other evidence reflecting payment to the Service Providers to determine whether the Beneficiary paid its thirty-five percent (35%) matching contribution amount.<sup>4</sup> For each FRN, DPG selected specific FRN line-items and between one and three months of Service Provider bills based on Billing Account Number, which resulted in a total of 189 sample requests for detailed testing. DPG also requested the payment remittance advice, and accounting system Accounts Payable (AP) detail information to identify individual invoice numbers and amounts paid through consolidated Service Provider payments. DPG used the documentation received to confirm that the Beneficiary paid billed amounts prior to receiving credit payments from the service providers for 17 of the FRNs tested. The Beneficiary was unable to provide sufficient evidence to support that payments for services were made to the Service Providers for some or all of the FRN line-items sampled for the remaining four FRNs tested.<sup>5</sup> Without evidence to support that payment was made to the service provider for the 35% matching contribution or \$23,506, DPG is not able to conclude that the Beneficiary satisfied the matching contribution requirement. Because the sixty-five percent (65%) support discount is predicated on meeting the matching contribution requirement, we are also unable to conclude that the costs for the FRN line-items tested were then eligible to receive discounted support of \$43,664.

The following table summarizes the matching contribution amount and discounted support amount for each FRN line item where documentation was not received to evidence payment of the 35% matching contribution amount.

FRN	HCP Number	HCP Name	Billing Periods Tested	FRN Line-Item Number	Matching Contribution Amount 35%	Discounted Support Amount 65%
17183651	25151	Mercy Medical Center-Dubuque	7/1/17 - 7/31/17	22	\$ 381	\$ 707
				23	\$ 571	\$ 1,061
				24	\$ 190	\$ 354
			5/1/18 - 5/31/18	23	\$ 571	\$ 1,061
			6/1/18 - 6/30/18	23	\$ 571	\$ 1,061
	25153	Mercy Medical Center-Sioux City	4/1/18 - 4/30/18	25	\$ 125	\$ 231
				26	\$ 1,665	\$ 3,093
				27	\$ 153	\$ 285
28				\$ 107	\$ 199	
17186401	50117	Mount Sinai Rehab Hospital	7/1/17 - 7/31/17	1	\$ 460	\$ 855
				2	\$ 625	\$ 1,160
			6/1/18 - 6/30/18	1	\$ 460	\$ 855
				2	\$ 625	\$ 1,160
	50218	Saint Mary's Hospital	7/1/17 - 7/31/17	3	\$ 101	\$ 188
				4	\$ 768	\$ 1,427

<sup>4</sup> See 47 C.F.R. §54.633(a) (2016) (2017).

<sup>5</sup> See 47 C.F.R. §54.648(b) (2016) (2017).

FRN	HCP Number	HCP Name	Billing Periods Tested	FRN Line-Item Number	Matching Contribution Amount 35%	Discounted Support Amount 65%
				5	\$ 383	\$ 712
				6	\$ 206	\$ 384
				7	\$ 206	\$ 384
				8	\$ 206	\$ 384
			4/1/18 - 4/30/18	3	\$ 101	\$ 188
				4	\$ 768	\$ 1,427
				5	\$ 383	\$ 712
			6/1/18 - 6/30/18	3	\$ 101	\$ 188
				4	\$ 768	\$ 1,427
				5	\$ 383	\$ 712
				6	\$ 206	\$ 384
				7	\$ 206	\$ 384
				8	\$ 206	\$ 384
17197051	50218	Saint Mary's Hospital	7/1/17 - 7/31/17	130	\$ 490	\$ 910
				131	\$ 421	\$ 782
			6/1/18 - 6/30/18	130	\$ 490	\$ 910
				131	\$ 421	\$ 782
			7/1/17 - 7/31/17	1	\$ 392	\$ 728
				2	\$ 588	\$ 1,092
				3	\$ 680	\$ 1,262
				4	\$ 735	\$ 1,364
				5	\$ 437	\$ 813
				6	\$ 223	\$ 414
				7	\$ 276	\$ 512
				8	\$ 223	\$ 414
				9	\$ 187	\$ 346
				10	\$ 223	\$ 414
			4/1/18 - 4/30/18	4	\$ 735	\$ 1,364
				5	\$ 437	\$ 813
				6	\$ 223	\$ 414
				7	\$ 276	\$ 512
				8	\$ 223	\$ 414
				9	\$ 187	\$ 346
				10	\$ 223	\$ 414
			6/1/18 - 6/30/18	1	\$ 348	\$ 646
				2	\$ 588	\$ 1,092
				3	\$ 680	\$ 1,262
				4	\$ 735	\$ 1,364
				5	\$ 437	\$ 813
				6	\$ 223	\$ 414
				7	\$ 276	\$ 512
				8	\$ 223	\$ 414
				9	\$ 187	\$ 346
				10	\$ 223	\$ 414
<b>Total</b>					<b>\$ 23,506</b>	<b>\$ 43,664</b>



## CAUSE

The Beneficiary did not have sufficient policies and procedures in place to ensure that documentation was maintained and available to evidence that payment for supported services was made to the Service Providers.

## EFFECT

FRN	Monetary Effect (A)	Overlap with Other Finding (B)	Recommended Recovery (A)-(B)
17183651	\$ 8,052	\$ 3,609 <sup>6</sup>	\$ 4,443
17186401	\$ 13,310	\$ 0	\$ 13,310
17197051	\$ 3,383	\$ 0	\$ 3,383
17249161	\$ 18,917	\$ 0	\$ 18,917
<b>Total</b>	<b>\$ 43,662</b>	<b>\$ 3,609</b>	<b>\$ 40,053</b>

DPG calculated the Monetary Effect by determining the amount of discounted support the Beneficiary received for each service where evidence of payment was not provided.

Note - Monetary effect amounts are calculated based on the schedule included in the Appendix and may differ slightly from the schedule in the Condition section due to rounding at different levels.

## RECOMMENDATION

DPG recommends USAC management seek recovery from the Beneficiary for the amounts identified in the Effect section above.

DPG also recommends that the Beneficiary establish policies and procedures to ensure that Service Providers' payment documentation is maintained in a manner that allows it to be readily retrieved in support of program audit requests.

## BENEFICIARY RESPONSE

Trinity Health understands the audit finding and has taken the appropriate steps to implement policies, procedures, and software support to address payment verification documentation requirements. Every attempt was made to retrieve these additional payment requests but due to the age of the request, merger and divestiture activities, system archiving, and system standardization over the years the location of requested proof of payment for above invoices was unsuccessful.

## DPG RESPONSE

DPG acknowledges that the timing for completion of the audit was delayed because of restrictions and alternate approaches implemented in response to the COVID-19 pandemic. However, our initial request to obtain a full listing of service provider payment amounts and dates for the FRNs selected for audit was presented on 6/22/2020<sup>7</sup> and our request for the specific samples tested was sent on 4/7/2022<sup>8</sup>.

---

<sup>6</sup> \$3,609 of the Monetary Effect for this finding overlaps with the Monetary Effect of Finding #1.

<sup>7</sup> See Request #7 contained in Attachment I to the audit announcement letter.

<sup>8</sup> See Audit Request #39.

Both requests were made prior to the end of the five-year retention period identified within the FCC rules.<sup>9</sup>

**Finding #3: 47 C.F.R. § 54.645(b) (2016) (2017) – Invoiced RHC Program for Amounts Exceeding the Service Provider’s Bills**

**CONDITION**

DPG obtained and examined documentation, for a sample of 21 FRNs, that included the FCC Forms 462 Healthcare Connect Fund Funding Request Form and attachments, associated NCWs, FCC Forms 463 Invoice and Request for Disbursement Form, and the corresponding Service Provider bills provided by the Beneficiary to determine whether the HCF program was invoiced only for the cost of service supported by Service Provider bills. For various line items within FRNs 17183651, 17197031, 17197111, 17248031, and 17249111, DPG determined that the amounts invoiced to the HCF program for services were billed at a lower monthly cost than the amounts requested on the Beneficiary’s FCC Form 462 Attachments, associated NCWs, and Funding Commitment Letters (FCL).<sup>10</sup> For various line-items within FRNs 17197031, 17197051, 17197101, and 17197111, DPG determined that amounts were invoiced for services beyond the disconnect dates.<sup>11</sup> Therefore, the Beneficiary and Service Providers invoiced RHC Program for amounts exceeding the actual costs listed in the Service Provider bills.

**Lower Monthly Cost**

Based on our review of the Service Provider bills supporting the FCC Forms 463, DPG identified 19 FRN line-items where some or all of the monthly recurring costs billed by the Service Provider were lower than the amounts used to establish the “Total Cost Invoiced (Undiscounted)” amount on the FCC Forms 463. In these instances, the amounts in the NCW were used to establish the “Total Cost Invoiced (Undiscounted)” amount instead of the actual monthly undiscounted costs billed by the Service Provider.

**Disconnected Service**

Based on our review of the Service Provider bills supporting the FCC Forms 463, DPG determined that the Forms 463 invoiced for periods occurring after the disconnect date of the funded services for 29 FRN line-items.

The following table summarizes information by FRN, FRN line-item number, and RHC Invoice number for the excess support received:

FRN	FRN Line-Item Number	HCP Number	HCP Name	RHC Invoice Number	Issue	Number of Months / Days of Excess Support	Form 463 Amount of Excess Support
17183651	22	25151	Mercy Medical Center-Dubuque	1000050950	Disconnected Service	6 Mos.	\$ 2,122
	22	25151		1000050950	Lower Monthly Cost	10 Mos.	\$ 3,536
	23	25151		1000059179	Lower Monthly Cost	2 Mos. 4 Days	\$ 1,556
	24	25151		1000050950	Disconnected Service	6 Mos.	\$ 2,122
	28	25153	Mercy Medical Center – Sioux City	1000050950	Disconnected Service	2 Mos.	\$ 400

<sup>9</sup> 47 CFR §54.648(b) (2016) (2017).

<sup>10</sup> See 47 C.F.R. §54.645(b) (2016) (2017).

<sup>11</sup> See *id.*

FRN	FRN Line-Item Number	HCP Number	HCP Name	RHC Invoice Number	Issue	Number of Months / Days of Excess Support	Form 463 Amount of Excess Support
	32	50071	Saint Alphonsus Hospital - Nampa	1000050950 20171000050950	Lower Monthly Cost	9 Mos.	\$ 541
	46	50108	Saint Alphonsus Hospital - Boise	1000059179	Lower Monthly Cost	11 Mos.	\$ 666
	47				Lower Monthly Cost	11 Mos.	\$ 666
	49				Lower Monthly Cost	11 Mos.	\$ 666
	50				Lower Monthly Cost	11 Mos.	\$ 666
	51				Lower Monthly Cost	11 Mos.	\$ 666
	52				Lower Monthly Cost	11 Mos.	\$ 666
	53				Lower Monthly Cost	11 Mos.	\$ 666
	54				Lower Monthly Cost	11 Mos.	\$ 666
	17197031				76	50119	Valley Forge Data Ctr
77		Lower Monthly Cost	10 Mos.	\$ 930			
79		50120	TierPoint Chicago	Disconnected Service	4 Days	\$ 117	
80				Disconnected Service	4 Days	\$ 144	
17197051	71	50095	Mount Carmel St. Ann's Hospital	1000050967 20171000050967 1000059348	Disconnected Service	2 Mos. 23 Days	\$ 75
	72				Disconnected Service	2 Mos. 23 Days	\$ 75
	73				Disconnected Service	2 Mos. 23 Days	\$ 75
	74				Disconnected Service	2 Mos. 23 Days	\$ 75
	75				Disconnected Service	2 Mos. 23 Days	\$ 75
	76				Disconnected Service	2 Mos. 23 Days	\$ 75
17197101	1	50081	Our Lady of Lourdes Medical Center	1000050663 20171000050663 1000053597 20171000053597	Disconnected Service	4 Mos. 16 Days	\$ 2,350
	3	50082	St. Francis Hospital - Trenton		Disconnected Service	5 Mos.	\$ 2,607
	4	50086	St. Francis Medical Center - Wilmington		Disconnected Service	5 Mos.	\$ 2,607
	5	50096	Mercy Fitzgerald Hospital		Disconnected Service	5 Mos.	\$ 2,607
	6	50097	St. Mary Medical Center - Langhorne		Disconnected Service	5 Mos.	\$ 2,607
	11	50098	Nazareth Hospital		Disconnected Service	5 Mos.	\$ 3,006
	12				Disconnected Service	5 Mos.	\$ 2,607
	13	50099	Mercy Philadelphia Hospital		Disconnected Service	5 Mos.	\$ 2,607
	15	50119	Valley Forge Data Ctr		Disconnected Service	5 Mos.	\$ 2,607
	16	50355	Trinity Health Corporate Office - Newtown Square		Disconnected Service	5 Mos.	\$ 2,607
	17	51778	Carrier Hotel - 401 North Broad		Disconnected Service	5 Mos.	\$ 2,607
	19				Disconnected Service	5 Mos.	\$ 1,625
	20	52355	Elm Street - Admin Site		Disconnected Service	5 Mos.	\$ 2,607
17197111	1	50069	Albany Memorial Hospital	1000051011 20171000051011	Disconnected Service	2 Mos. 8 Days	\$ 1,754
	2				Disconnected Service	2 Mos. 8 Days	\$ 501
	22	50089	Saint Mary's Hospital		Disconnected Service	2 Mos. 8 Days	\$ 1,754
	23				Disconnected Service	2 Mos. 8 Days	\$ 701

FRN	FRN Line-Item Number	HCP Number	HCP Name	RHC Invoice Number	Issue	Number of Months / Days of Excess Support	Form 463 Amount of Excess Support
	37	50090	Samaritan Hospital		Lower Monthly Cost	12 Mos.	\$ 95
17248031	1	18395	Covenant Clinic - Oelwein	1000051038 20171000051038	Lower Monthly Cost	9 Mos.	\$ 9,205
	7	50219	Covenant Medical Center		Lower Monthly Cost	9 Mos.	\$ 9,205
	8	52352	Sartori Memorial Hospital		Lower Monthly Cost	9 Mos.	\$ 9,205
17249111	6	53960	Admin Office - Trinity Senior Communities	1000053662 20171000053662	Lower Monthly Cost	4 Mos. 1 Day	\$ 179
	7				Lower Monthly Cost	4 Mos. 10 Days	\$ 193
<b>Total</b>							<b>\$ 83,787</b>

### CAUSE

The Beneficiary prepared the FCC Form 463 invoices based on the costs listed in the NCW and did not realize that monthly costs for service decreased during the funding period or that the services were disconnected prior to the end of the funding period. The Service Provider did not identify in its review of the FCC Form 463 that there were differences between the invoiced amounts on the form and the amounts it billed for the circuits.

### EFFECT

FRN	Monetary Effect (A)	Overlap with Other Finding (B)	Recommended Recovery (A)-(B)
17183651	\$ 15,601	\$ 1,967 <sup>12</sup>	\$ 13,634
17197031	\$ 1,889	\$ 0	\$ 1,889
17197051	\$ 450	\$ 0	\$ 450
17197101	\$ 33,050	\$ 0	\$ 33,050
17197111	\$ 4,805	\$ 0	\$ 4,805
17248031	\$ 27,616	\$ 0	\$ 27,616
17197111	\$ 371	\$ 0	\$ 371
<b>Total</b>	<b>\$ 83,782</b>	<b>\$ 1,967</b>	<b>\$ 81,815</b>

DPG calculated the monetary effect by determining the amount of discounted support the Beneficiary should have claimed based on the actual amounts charged or disconnect dates on the Service Provider bills and subtracted that amount from the total amount invoiced by the Beneficiary on the corresponding FCC Forms 463. For FRN line items where a lower support amount was identified by our testing, DPG requested billing support from the Beneficiary for the months not tested to identify the actual amount billed by the Service Provider for all claimed months. If additional support was not provided by the Beneficiary, DPG used the billed amount for the month containing the exception as the basis for the calculation.

<sup>12</sup> \$1,967 of the Monetary Effect for this finding overlaps with the Monetary Effect of Finding #2. Because the time period impacted by the Finding #3 condition was different, the overlap does not represent all of the Monetary Effect identified for the same FRN line item in Finding #2.

Note - Monetary effect amounts are calculated based on the schedule included in the Appendix and may differ slightly from the schedule in the Condition section due to rounding at different levels.

#### RECOMMENDATION

DPG recommends USAC management seek recovery from the Beneficiary for the amounts identified in the Effect section above.

DPG also recommends that the Beneficiary and Service Providers establish control procedures to confirm amounts invoiced are consistent with Service Provider bills and ensure that accurate billing end dates are listed on the FCC Form 463 when performing invoicing.

#### BENEFICIARY RESPONSE

Trinity Health understands the audit finding and has taken the appropriate steps to implement policies, procedures, and software support to confirm accurate data listed on the FCC Form 463 when performing invoicing. This action will be monitored by our third party vendor partner FG with the incorporation and utilization of their proprietary software to reconcile MACD in real time along with invoice processing and payment capture.

#### SERVICE PROVIDER RESPONSES

##### Lumen (CenturyLink Qwest)

Since this time, Lumen has procedures to validate all invoices prior to certifying them for invoicing. This procedure includes the following steps:

- Lumen representatives log into the RHC portal and open the FCC form 463.
- Lumen representatives log the 463 details of Invoice #, FRN, amount requested, date received, date worked, and date closed in a document that is saved on the Team OneDrive.
- Lumen representatives log the final disposition of either Rejected or Approved.
- If rejected, the representative logs why it was rejected.
- If the customer revises the 463 and resubmits, the Lumen representative will log this as a new work item in the shared log.
- If the Lumen representative requests additional documentation from the customer, this information is saved in both our group email box and our Team OneDrive.

##### AT&T Corporation

No response was provided by AT&T Corporation.

##### Crown & Castle (Formerly Sunyses LLC)

CCF is in agreement with the audit findings.

Appropriate controls have been established to ensure alignment between the FCC Form 463 as filed to our billing records. We have further refined these controls to match records on a monthly basis.

CCF reviews each FCC Form 463 invoice within RHC Connect (for FY 2022 and later) and My Portal (for FY 2021 and earlier) prior to submission.

Each invoice line of the Form 463 is compared against our billing records for accuracy of the location, service period, service type and service amount. If the Form 463 matches our billing records, the form is

finalized, certified, and submitted. If the form does not match our records, comments are entered noting the incorrect information and returned to the HCP for review.

For FY 2021 and earlier, the invoice is reviewed on My Portal, but the procedure remains the same.

---

**Finding #4:** 47 C.F.R. § 54.602(c) (2016) (2017) – Support Not Allocated Between Eligible and Ineligible Activities

CONDITION

DPG examined the FCC Forms 462 and associated attachments, the NCWs, and the network diagrams to gain an understanding of the Consortium’s network established to provide health care services and instruction. DPG also reviewed the RHC Commitments and Disbursements information downloaded from USAC’s Open Data website to consider the number of circuits and types of services funded by the HCF program at the consortium HCPs during FY 2017. We then selected 67 HCP locations within the network and performed virtual site visits to confirm our understanding of how funded circuits were used within the network.<sup>13</sup> During the virtual site visits, the Beneficiary indicated that 16 supported internet services and one supported Ethernet circuit was used for “guest internet” purposes for FRNs 17183651, 17186401, 17197081, 17225621, and 17249111. Further inquiry with the Beneficiary indicated that “guest internet” was a term used by its technicians to refer to internet services that exist outside of the internal firewall. These services are used to provide connectivity to hospital guests but may also be used to back up the primary internet services should they become unavailable, and to perform new device configuration, testing, and turn-up prior to installing in the private internal network.

Based on our discussions and observations from the documentation reviewed, the primary use of the funded services was connectivity for hospital guests rather than the provision of health information technology<sup>14</sup> and did not comply with the requirement that eligible services be reasonably related to the provision of health care services or instruction.<sup>15</sup> Because the services received were used for a combination of eligible and ineligible activities, the Beneficiary should have developed an allocation methodology to establish a pro-rated support amount for the services at the time it requested support.<sup>16</sup>

The table below lists the locations and circuit types of the “guest internet” services identified.

---

<sup>13</sup> Site visits were conducted between April 13, 2021, and January 20, 2022.

<sup>14</sup> See 47 C.F.R. § 54.634(a) (2016) (2017).

<sup>15</sup> See 47 C.F.R. § 54.602(d) (2016) (2017).

<sup>16</sup> See 47 C.F.R. § 54.602(c) (2016) (2017).

FRN	FRN ID	HCP Number	HCP Name	Service Type	Support Disbursed
17183651	56	50108	Saint Alphonsus Hospital – Boise	Internet	\$ 8,525
	57	50108	Saint Alphonsus Hospital – Boise	Internet	\$ 7,354
17186401	4	50218	Saint Mary’s Hospital	Internet	\$ 17,121
17197081	3	50077	St. Mary Mercy Hospital – Livonia	Internet	\$ 390
	4	50087	Sunnyview Rehab Hospital	Internet	\$ 1,493
	13	50114	St. Mary’s Hospital and Health Care System	Internet	\$ 936
	18	52107	Our Lady of Mercy Life Center	Internet	\$ 702
17225621	25	50074	Mercy Medical Center – Springfield	Internet	\$ 11,505
	29	50074	Mercy Medical Center – Springfield	Internet	\$ 1,705
	30	50075	Holy Cross Hospital – Germantown	Internet	\$ 1,277
	43	50101	St. Mary’s Hospital – Grand Rapids	Internet	\$ 1,036
	46	50106	MHP – Mercy Campus	Internet	\$ 1,091
	49	50106	MHP – Mercy Campus	Ethernet	\$ 7,365
	50	50220	Saint Agnes Data Center	Internet	\$ 3,034
	51	50355	Trinity Health Corporate Office – Newtown Square	Internet	\$ 1,159
	56	51913	Sanctuary At Bellbrook	Internet	\$ 974
17249111	1	53272	Johnson Memorial Hospital	Internet	\$ 5,741
<b>Total</b>					<b>\$ 71,408</b>

**CAUSE**

The Beneficiary did not have a clear understanding of the FCC Rules and believed that the services were being used for activities that were eligible for HCF program support.

**EFFECT**

FRN	Monetary Effect (A)	Overlap with Other Finding (B)	Recommended Recovery (A)-(B)
17183651	\$ 3,970	\$ 0	\$ 3,970
17186401	\$ 4,280	\$ 4,280 <sup>17</sup>	\$ 0
17197081	\$ 880	\$ 0	\$ 880
17225621	\$ 7,287	\$ 0	\$ 7,287
17249111	\$ 1,435	\$ 0	\$ 1,435
<b>Total</b>	<b>\$ 17,852</b>	<b>\$ 4,280</b>	<b>\$ 13,572</b>

DPG calculated the Monetary Effect by determining the amount of discounted support the Beneficiary received for each service where a portion of the service was used as “guest internet” and multiplying that amount by 25%.<sup>18</sup>

<sup>17</sup> \$4,280 of the Monetary Effect for this finding overlaps with the Monetary Effect of Finding #2.

<sup>18</sup> See DPG Response at page 18 of this report.

## RECOMMENDATION

DPG recommends USAC management seek recovery from Beneficiary for the amounts identified in the Effect section above. DPG also recommends that the Beneficiary establish procedures to ensure that services requested are specifically used for the provision of health care services or instruction and that if only a portion of those services are used for that purpose, the proper allocation percentage and basis are included in the Form 462 and NCW submission.

## BENEFICIARY RESPONSE

Despite the designation of “guest internet” Trinity Health would not classify these services as guest use. This classification is in place to acknowledge the insecurity of the network service from our firewalls and security protocols. These services are used for new device testing and deployment to ensure operability before moving behind our firewall. Additionally, these services are used by consulting physicians and clinicians who do not possess Trinity Health credentials when seeing our patients or entering our facilities. While the insecure nature would allow guest access, this is only a small percentage of its potential use, and not the main purpose of the service. Trinity Health understands the audit finding but would like it reconsidered as this service is used in a clinical or healthcare capacity at least 80% of the time. Trinity Health understands the finding and is working with our filing partner to take the appropriate steps to implement policies, procedures, and documentation to differentiate and cost allocate services that are used for both eligible and ineligible uses (i.e., guest Internet) to comply with FCC rules.

## DPG RESPONSE

Based on the Beneficiary’s response, further discussion with both the Beneficiary and USAC, and additional review of our test work, DPG identified the following uses for the internet services included in the finding: 1) guest internet – general access, 2) network redundancy, 3) guest internet - new device testing and deployment, and 4) guest internet - use by consulting doctors and clinicians. DPG determined these were reasonable uses of the service based on the combination of 1) identified uses within the corresponding Requests for Proposal, and 2) the location types and healthcare services observed at the locations during the site visit process. We identified that all locations where guest internet services were provided represented larger healthcare facilities offering a variety of medical equipment, in-patient, and out-patient services where it was reasonable to expect that both new device testing would occur and where consulting doctors not on the Beneficiary’s network would require internet access.

While the Beneficiary provided an estimated percentage of 80% for the use of these services in a health care capacity, DPG did not receive documentation from the Beneficiary to support its 80% estimate. Thus, DPG was unable to validate the accuracy of the Beneficiary’s claim that 80% of their services were eligible as we could not verify the basis for the estimate. DPG is required to conduct audits in accordance with Generally Accepted Government Auditing Standards (GAGAS),<sup>19</sup> which require us to obtain sufficient, appropriate evidence to substantiate audit findings and conclusions. Because the Beneficiary did not provide documentation to demonstrate its allocation estimate for the use of these services, DPG was unable to conclude that the Beneficiary was compliant with eligibility of service and cost allocation requirements.

---

<sup>19</sup> See U.S. Government Accountability Office, Government Auditing Standards, GAO-18-568G, para. 8.06 (Rev. Dec. 2018).



Because it was clear that portions of the service were reasonably related to the provision of health care, DPG developed an independent calculation for the purpose of estimating the monetary effect of the finding. The FCC rules at 47 C.F.R. §54.602(c) indicate that an allocation must be made between eligible and ineligible activities. The FCC rules at 47 C.F.R. §54.602(d) further indicate that to receive support, services must be reasonably related to the provision of health care or instruction. Based on these portions of the FCC Rules, DPG determined that the provision of guest internet for general access was not reasonably related to the provision of health care and was therefore an ineligible activity. We determined that the remaining three uses of the service were reasonably related to the provision of health care and were therefore eligible activities. DPG assigned an even allocation weight to each of the four activities identified for the service which resulted in a 25% ineligible and 75% eligible allocation rate. DPG modified the original monetary effect amount accordingly. We maintain our recommendation that USAC management seek recovery of the modified monetary effect and that the Beneficiary establish procedures to ensure that a proper allocation percentage and basis are submitted with the Form 462 going forward for services that support both eligible and ineligible activities.

---

**Finding #5:** 47 C.F.R. § 54.600(a) (2016) (2017)– Invoiced RHC Program for Services Delivered to Ineligible Entity

**CONDITION**

DPG obtained and examined documentation, including the FCC Forms 460, researched geolocation data of the selected HCPs, conducted virtual site visits, and inquired with the Beneficiary to determine the eligibility of each HCP selected for audit. DPG noted that, per the Form 460, HCP 48092 was located in Oceana County (Block 2, Line 10) and identified as a rural health clinic (Block 5, Line 43). In addition, the Beneficiary specified in Block 5, Line 44 of the form that the site qualified as a “Non-profit clinic providing medical services to the surrounding community.” The HCP received HCF program support for a 10 Mbps Ethernet circuit connection to allow access to the internet for 12 months of service covering the fund year (FRN 17225621, Line 23).

DPG requested information and photographs of the HCP in preparation for a virtual site visit and noted that there were no health care services shown within the facility or the building front. During the virtual site visit,<sup>20</sup> the Beneficiary staff indicated that the funded internet services were to assist individuals seeking health care in identifying health care providers. Further inquiry with the Beneficiary indicated that the site was filed incorrectly as a Rural Health Clinic and should have been filed as an Admin Site. DPG determined that because the site was not providing health care services or patient treatment it was not eligible as a rural health care clinic, as indicated in the Form 460.<sup>21</sup> Therefore, DPG considered all

---

<sup>20</sup> The site visit for HCP 48092 was conducted on September 20, 2021, and the demonstration of services received was performed on September 22, 2021.

<sup>21</sup> See 47 C.F.R. §54.600(a) (2016) (2017).

requested support associated with the services provided for the location to be ineligible for HCF program support.<sup>22</sup>

**CAUSE**

The Beneficiary did not have proper review procedures in place to ensure that information filed on the FCC Form 460 was an accurate representation of the entities for which an eligibility determination was requested.

**EFFECT**

<b>FRN</b>	<b>Monetary Effect (A)</b>	<b>Overlap with Other Finding (B)</b>	<b>Recommended Recovery (A)-(B)</b>
17225621	\$ 11,593	\$ 0	\$ 11,593

DPG calculated the Monetary Effect for FRN 17225621 using the total amount invoiced on the applicable FCC Forms 463 for HCP 48092.

**RECOMMENDATION**

DPG recommends USAC management seek recovery from the Beneficiary for the amounts identified in the Effect section above.

DPG also recommends the Beneficiary establish control procedures to ensure that the FCC Form 460 properly identifies the eligible entity type and support is only requested for eligible entities.

**BENEFICIARY RESPONSE**

Finding is understood, however, despite the misdesignation as a Rural Health Clinic versus an Admin Site both services are allowable funding recipients under the current program, and technical classification does not change the rural services provided to local persons needing support to locate and engage with a clinician for necessary healthcare services. This site is used as a referral source in a rural community to connect patients with medical services they are unable to register for, find, or have access to. Trinity Health understands the audit finding but would ask for consideration of a reclassification of this site and continued USAC support for the important clinical support service it provides to a disenfranchised population who need the support provided on a daily basis. Trinity Health has taken the appropriate steps to reclassify and file for HCF funding under the appropriate classification and will properly identify and verify the entity type submitted on FCC Form 460 for future funding requests.

**DPG RESPONSE**

DPG performed audit procedures to determine whether the HCP met the criteria established for Rural Health Clinics which is the designation assigned to it on the Form 460 submission. DPG determined that the HCP did not meet those criteria because it was not directly providing health care services. Recognition of the HCP as an Admin Site and determination of the allowability of service costs under that designation is a separate matter for determination by USAC and the FCC. For this reason, DPG’s position on this finding remains unchanged.

---

<sup>22</sup> See 47 C.F.R. §54.602(b) (2016) (2017).

## CRITERIA

Finding	Criteria <sup>23</sup>	Description
#1, #2	47 C.F.R. § 54.648(b) (2016) (2017)	<p><b>Audits and recordkeeping.</b></p> <p>(1) Participants, including Consortium Leaders and health care providers, shall maintain records to document compliance with program rules and orders for at least 5 years after the last day of service delivered in a particular funding year. Participants who receive support for long-term capital investments in facilities whose useful life extends beyond the period of the funding commitment shall maintain records for at least 5 years after the end of the useful life of the facility. Participants shall maintain asset and inventory records of supported network equipment to verify the actual location of such equipment for a period of 5 years after purchase.</p> <p>(2) Vendors shall retain records related to the delivery of supported services, facilities, or equipment to document compliance with program rules and orders for at least 5 years after the last day of the delivery of supported services, equipment, or facilities in a particular funding year.</p> <p>(3) Both participants and vendors shall produce such records at the request of the Commission, any auditor appointed by the Administrator or the Commission, or of any other state or federal agency with jurisdiction.</p>
#2	47 C.F.R. §54.633(a) (2016) (2017)	<p><b>Health Care Provider Contribution.</b> All health care providers receiving support under the Healthcare Connect Fund shall receive a 65 percent discount on the cost of eligible expenses and shall be required to contribute 35 percent of the total cost of all eligible expenses.</p>
#3	47 C.F.R. §54.645(b) (2016) (2017)	<p>Before the Administrator may process and pay an invoice, both the Consortium Leader (or health care provider, if participating individually) and the vendor must certify that they have reviewed the document and that it is accurate. All invoices must be received by the Administrator within six months of the end date of the funding commitment.</p>
#4	47 C.F.R. §54.602(c) (2016) (2017)	<p><b>Allocation of discounts.</b> An eligible health care provider that engages in both eligible and ineligible activities or that collocates with an ineligible entity shall allocate eligible and ineligible activities in order to receive pro-rated support for the eligible activities only. Health care providers shall choose a method of cost allocation that is based on objective criteria and reasonably reflects the eligible usage of the facilities.</p>
#4	47 C.F.R. §54.602(d) (2016) (2017)	<p><b>Health care purposes.</b> Services for which eligible health care providers receive support from the Telecommunications Program or the Healthcare Connect Fund must be reasonably related to the provision of health care services or instruction that the health care</p>

<sup>23</sup> The referenced criteria cite the applicable section of the FCC Rules in effect during the audit period. The Rural Health Care Support Mechanism rules were subsequently re-codified and the comparable rules section under the current Code of Federal Regulations (C.F.R.) may be different.

Finding	Criteria <sup>23</sup>	Description
		provider is legally authorized to provide under the law in the state in which such health care services or instruction are provided.
#4	47 C.F.R. § 54.634(a) (2016) (2017)	<p><b>Eligible services.</b></p> <p>(a) Eligible services. Subject to the provisions of sections 54.600 through 54.602 and sections 54.630 through 54.680, eligible health care providers may request support from the Healthcare Connect Fund for any advanced telecommunications or information service that enables health care providers to post their own data, interact with stored data, generate new data, or communicate, by providing connectivity over private dedicated networks or the public Internet for the provision of health information technology.</p>
#5	47 C.F.R. §54.600(a) (2016)	<p>As used in this subpart, the following terms shall be defined as follows:</p> <p>(a) Health care provider. A “health care provider” is any:</p> <ol style="list-style-type: none"> <li>(1) Post-secondary educational institution offering health care instruction, including a teaching hospital or medical school.</li> <li>(2) Community health center or health center providing health care to migrants.</li> <li>(3) Local health department or agency.</li> <li>(4) Community mental health center.</li> <li>(5) Not-for-profit hospital.</li> <li>(6) Rural health clinic; or</li> <li>(7) Consortium of health care providers consisting of one or more entities described in paragraphs (a)(1) through (a)(6) of this section.</li> </ol>
#5	47 C.F.R. §54.600(a) (2017)	<p>As used in this subpart, the following terms shall be defined as follows:</p> <p>(a) Health care provider. A “health care provider” is any:</p> <ol style="list-style-type: none"> <li>(1) Post-secondary educational institution offering health care instruction, including a teaching hospital or medical school.</li> <li>(2) Community health center or health center providing health care to migrants.</li> <li>(3) Local health department or agency.</li> <li>(4) Community mental health center.</li> <li>(5) Not-for-profit hospital.</li> <li>(6) Rural health clinic; or</li> <li>(7) Skilled nursing facility; or</li> <li>(8) Consortium of health care providers consisting of one or more entities described in paragraphs (a)(1) through (7) of this section.</li> </ol>
#5	47 C.F.R. §54.602(b) (2016) (2017)	Eligible health care providers may request support for eligible services, equipment, and infrastructure, subject to the provisions and limitations set forth in §§ 54.600 through 54.602 and §§ 54.630 through 54.680. This support is referred to as the “Healthcare Connect Fund.”

## APPENDIX – SCHEDULE OF MONETARY EFFECTS BY FRN AND LINE ITEM

FRN	FRN Line Item	Finding #1	Finding #2	Finding #3	Finding #4	Finding #5	Monetary Effect	Overlap	Recommended Recovery	Commitment Adjustment
17183651	22	\$0.00	\$707.20	\$5,657.80	\$0.00	\$0.00	\$6,365.00	\$353.60	\$6,011.40	\$0.00
17183651	23	\$0.00	\$3,182.40	\$1,555.84	\$0.00	\$0.00	\$4,738.24	\$1,414.40	\$3,323.84	\$0.00
17183651	24	\$0.00	\$353.60	\$2,121.60	\$0.00	\$0.00	\$2,475.20	\$0.00	\$2,475.20	\$0.00
17183651	25	\$2,314.00	\$231.40	\$0.00	\$0.00	\$0.00	\$2,545.40	\$231.40	\$2,314.00	\$0.00
17183651	26	\$30,930.20	\$3,093.02	\$0.00	\$0.00	\$0.00	\$34,023.22	\$3,093.02	\$30,930.20	\$0.00
17183651	27	\$2,847.00	\$284.70	\$0.00	\$0.00	\$0.00	\$3,131.70	\$284.70	\$2,847.00	\$0.00
17183651	28	\$0.00	\$199.40	\$398.80	\$0.00	\$0.00	\$598.20	\$199.40	\$398.80	\$0.00
17183651	32	\$0.00	\$0.00	\$541.17	\$0.00	\$0.00	\$541.17	\$0.00	\$541.17	\$0.00
17183651	46	\$0.00	\$0.00	\$665.72	\$0.00	\$0.00	\$665.72	\$0.00	\$665.72	\$0.00
17183651	47	\$0.00	\$0.00	\$665.72	\$0.00	\$0.00	\$665.72	\$0.00	\$665.72	\$0.00
17183651	48	\$4,679.28	\$0.00	\$0.00	\$0.00	\$0.00	\$4,679.28	\$0.00	\$4,679.28	\$0.00
17183651	49	\$0.00	\$0.00	\$665.72	\$0.00	\$0.00	\$665.72	\$0.00	\$665.72	\$0.00
17183651	50	\$0.00	\$0.00	\$665.72	\$0.00	\$0.00	\$665.72	\$0.00	\$665.72	\$0.00
17183651	51	\$0.00	\$0.00	\$665.72	\$0.00	\$0.00	\$665.72	\$0.00	\$665.72	\$0.00
17183651	52	\$0.00	\$0.00	\$665.72	\$0.00	\$0.00	\$665.72	\$0.00	\$665.72	\$0.00
17183651	53	\$0.00	\$0.00	\$665.72	\$0.00	\$0.00	\$665.72	\$0.00	\$665.72	\$0.00
17183651	54	\$0.00	\$0.00	\$665.72	\$0.00	\$0.00	\$665.72	\$0.00	\$665.72	\$0.00
17183651	56	\$0.00	\$0.00	\$0.00	\$2,131.26	\$0.00	\$2,131.26	\$0.00	\$2,131.26	\$2,131.26
17183651	57	\$0.00	\$0.00	\$0.00	\$1,838.51	\$0.00	\$1,838.51	\$0.00	\$1,838.51	\$1,838.51
17186401	1	\$0.00	\$1,709.50	\$0.00	\$0.00	\$0.00	\$1,709.50	\$0.00	\$1,709.50	\$0.00
17186401	2	\$0.00	\$2,320.50	\$0.00	\$0.00	\$0.00	\$2,320.50	\$0.00	\$2,320.50	\$0.00
17186401	3	\$0.00	\$563.07	\$0.00	\$0.00	\$0.00	\$563.07	\$0.00	\$563.07	\$0.00
17186401	4	\$0.00	\$4,280.25	\$0.00	\$4,280.25	\$0.00	\$8,560.50	\$4,280.25	\$4,280.25	\$4,280.25

FRN	FRN Line Item	Finding #1	Finding #2	Finding #3	Finding #4	Finding #5	Monetary Effect	Overlap	Recommended Recovery	Commitment Adjustment
17186401	5	\$0.00	\$2,135.25	\$0.00	\$0.00	\$0.00	\$2,135.25	\$0.00	\$2,135.25	\$0.00
17186401	6	\$0.00	\$767.00	\$0.00	\$0.00	\$0.00	\$767.00	\$0.00	\$767.00	\$0.00
17186401	7	\$0.00	\$767.00	\$0.00	\$0.00	\$0.00	\$767.00	\$0.00	\$767.00	\$0.00
17186401	8	\$0.00	\$767.00	\$0.00	\$0.00	\$0.00	\$767.00	\$0.00	\$767.00	\$0.00
17197031	76	\$0.00	\$0.00	\$697.70	\$0.00	\$0.00	\$697.70	\$0.00	\$697.70	\$0.00
17197031	77	\$0.00	\$0.00	\$930.30	\$0.00	\$0.00	\$930.30	\$0.00	\$930.30	\$0.00
17197031	79	\$0.00	\$0.00	\$117.33	\$0.00	\$0.00	\$117.33	\$0.00	\$117.33	\$0.00
17197031	80	\$0.00	\$0.00	\$143.55	\$0.00	\$0.00	\$143.55	\$0.00	\$143.55	\$0.00
17197051	71	\$0.00	\$0.00	\$74.97	\$0.00	\$0.00	\$74.97	\$0.00	\$74.97	\$0.00
17197051	72	\$0.00	\$0.00	\$74.97	\$0.00	\$0.00	\$74.97	\$0.00	\$74.97	\$0.00
17197051	73	\$0.00	\$0.00	\$74.97	\$0.00	\$0.00	\$74.97	\$0.00	\$74.97	\$0.00
17197051	74	\$0.00	\$0.00	\$74.97	\$0.00	\$0.00	\$74.97	\$0.00	\$74.97	\$0.00
17197051	75	\$0.00	\$0.00	\$74.97	\$0.00	\$0.00	\$74.97	\$0.00	\$74.97	\$0.00
17197051	76	\$0.00	\$0.00	\$74.97	\$0.00	\$0.00	\$74.97	\$0.00	\$74.97	\$0.00
17197051	130	\$0.00	\$1,820.00	\$0.00	\$0.00	\$0.00	\$1,820.00	\$0.00	\$1,820.00	\$0.00
17197051	131	\$0.00	\$1,563.26	\$0.00	\$0.00	\$0.00	\$1,563.26	\$0.00	\$1,563.26	\$0.00
17197081	3	\$0.00	\$0.00	\$0.00	\$97.40	\$0.00	\$97.40	\$0.00	\$97.40	\$97.40
17197081	4	\$0.00	\$0.00	\$0.00	\$373.35	\$0.00	\$373.35	\$0.00	\$373.35	\$373.35
17197081	13	\$0.00	\$0.00	\$0.00	\$233.96	\$0.00	\$233.96	\$0.00	\$233.96	\$233.96
17197081	18	\$0.00	\$0.00	\$0.00	\$175.48	\$0.00	\$175.48	\$0.00	\$175.48	\$175.48
17197101	1	\$0.00	\$0.00	\$2,349.71	\$0.00	\$0.00	\$2,349.71	\$0.00	\$2,349.71	\$0.00
17197101	3	\$0.00	\$0.00	\$2,606.93	\$0.00	\$0.00	\$2,606.93	\$0.00	\$2,606.93	\$0.00
17197101	4	\$0.00	\$0.00	\$2,606.93	\$0.00	\$0.00	\$2,606.93	\$0.00	\$2,606.93	\$0.00
17197101	5	\$0.00	\$0.00	\$2,606.93	\$0.00	\$0.00	\$2,606.93	\$0.00	\$2,606.93	\$0.00
17197101	6	\$0.00	\$0.00	\$2,606.93	\$0.00	\$0.00	\$2,606.93	\$0.00	\$2,606.93	\$0.00
17197101	11	\$0.00	\$0.00	\$3,006.25	\$0.00	\$0.00	\$3,006.25	\$0.00	\$3,006.25	\$0.00

FRN	FRN Line Item	Finding #1	Finding #2	Finding #3	Finding #4	Finding #5	Monetary Effect	Overlap	Recommended Recovery	Commitment Adjustment
17197101	12	\$0.00	\$0.00	\$2,606.93	\$0.00	\$0.00	\$2,606.93	\$0.00	\$2,606.93	\$0.00
17197101	13	\$0.00	\$0.00	\$2,606.93	\$0.00	\$0.00	\$2,606.93	\$0.00	\$2,606.93	\$0.00
17197101	15	\$0.00	\$0.00	\$2,606.93	\$0.00	\$0.00	\$2,606.93	\$0.00	\$2,606.93	\$0.00
17197101	16	\$0.00	\$0.00	\$2,606.93	\$0.00	\$0.00	\$2,606.93	\$0.00	\$2,606.93	\$0.00
17197101	17	\$0.00	\$0.00	\$2,606.93	\$0.00	\$0.00	\$2,606.93	\$0.00	\$2,606.93	\$0.00
17197101	19	\$0.00	\$0.00	\$1,625.00	\$0.00	\$0.00	\$1,625.00	\$0.00	\$1,625.00	\$0.00
17197101	20	\$0.00	\$0.00	\$2,606.93	\$0.00	\$0.00	\$2,606.93	\$0.00	\$2,606.93	\$0.00
17197111	1	\$0.00	\$0.00	\$1,753.86	\$0.00	\$0.00	\$1,753.86	\$0.00	\$1,753.86	\$0.00
17197111	2	\$0.00	\$0.00	\$500.93	\$0.00	\$0.00	\$500.93	\$0.00	\$500.93	\$0.00
17197111	22	\$0.00	\$0.00	\$1,753.86	\$0.00	\$0.00	\$1,753.86	\$0.00	\$1,753.86	\$0.00
17197111	23	\$0.00	\$0.00	\$701.31	\$0.00	\$0.00	\$701.31	\$0.00	\$701.31	\$0.00
17197111	37	\$0.00	\$0.00	\$95.16	\$0.00	\$0.00	\$95.16	\$0.00	\$95.16	\$0.00
17225621	23	\$0.00	\$0.00	\$0.00	\$0.00	\$11,593.44	\$11,593.44	\$0.00	\$11,593.44	\$11,593.44
17225621	25	\$0.00	\$0.00	\$0.00	\$2,876.35	\$0.00	\$2,876.35	\$0.00	\$2,876.35	\$2,876.35
17225621	29	\$0.00	\$0.00	\$0.00	\$426.39	\$0.00	\$426.39	\$0.00	\$426.39	\$426.39
17225621	30	\$0.00	\$0.00	\$0.00	\$319.17	\$0.00	\$319.17	\$0.00	\$319.17	\$319.17
17225621	43	\$0.00	\$0.00	\$0.00	\$259.06	\$0.00	\$259.06	\$0.00	\$259.06	\$259.06
17225621	46	\$0.00	\$0.00	\$0.00	\$272.71	\$0.00	\$272.71	\$0.00	\$272.71	\$272.71
17225621	49	\$0.00	\$0.00	\$0.00	\$1,841.25	\$0.00	\$1,841.25	\$0.00	\$1,841.25	\$1,841.25
17225621	50	\$0.00	\$0.00	\$0.00	\$758.40	\$0.00	\$758.40	\$0.00	\$758.40	\$758.40
17225621	51	\$0.00	\$0.00	\$0.00	\$289.83	\$0.00	\$289.83	\$0.00	\$289.83	\$289.83
17225621	56	\$0.00	\$0.00	\$0.00	\$243.46	\$0.00	\$243.46	\$0.00	\$243.46	\$243.46
17248031	1	\$0.00	\$0.00	\$9,205.38	\$0.00	\$0.00	\$9,205.38	\$0.00	\$9,205.38	\$0.00
17248031	7	\$0.00	\$0.00	\$9,205.38	\$0.00	\$0.00	\$9,205.38	\$0.00	\$9,205.38	\$0.00
17248031	8	\$0.00	\$0.00	\$9,205.38	\$0.00	\$0.00	\$9,205.38	\$0.00	\$9,205.38	\$0.00
17249111	1	\$0.00	\$0.00	\$0.00	\$1,435.20	\$0.00	\$1,435.20	\$0.00	\$1,435.20	\$1,435.20

FRN	FRN Line Item	Finding #1	Finding #2	Finding #3	Finding #4	Finding #5	Monetary Effect	Overlap	Recommended Recovery	Commitment Adjustment
17249111	6	\$0.00	\$0.00	\$178.65	\$0.00	\$0.00	\$178.65	\$0.00	\$178.65	\$0.00
17249111	7	\$0.00	\$0.00	\$192.76	\$0.00	\$0.00	\$192.76	\$0.00	\$192.76	\$0.00
17249161	1	\$0.00	\$1,374.75	\$0.00	\$0.00	\$0.00	\$1,374.75	\$0.00	\$1,374.75	\$0.00
17249161	2	\$0.00	\$2,184.00	\$0.00	\$0.00	\$0.00	\$2,184.00	\$0.00	\$2,184.00	\$0.00
17249161	3	\$0.00	\$2,525.26	\$0.00	\$0.00	\$0.00	\$2,525.26	\$0.00	\$2,525.26	\$0.00
17249161	4	\$0.00	\$4,093.05	\$0.00	\$0.00	\$0.00	\$4,093.05	\$0.00	\$4,093.05	\$0.00
17249161	5	\$0.00	\$2,437.50	\$0.00	\$0.00	\$0.00	\$2,437.50	\$0.00	\$2,437.50	\$0.00
17249161	6	\$0.00	\$1,242.15	\$0.00	\$0.00	\$0.00	\$1,242.15	\$0.00	\$1,242.15	\$0.00
17249161	7	\$0.00	\$1,536.60	\$0.00	\$0.00	\$0.00	\$1,536.60	\$0.00	\$1,536.60	\$0.00
17249161	8	\$0.00	\$1,242.15	\$0.00	\$0.00	\$0.00	\$1,242.15	\$0.00	\$1,242.15	\$0.00
17249161	9	\$0.00	\$1,039.35	\$0.00	\$0.00	\$0.00	\$1,039.35	\$0.00	\$1,039.35	\$0.00
17249161	10	\$0.00	\$1,242.15	\$0.00	\$0.00	\$0.00	\$1,242.15	\$0.00	\$1,242.15	\$0.00
<b>Total</b>		<b>\$40,770.48</b>	<b>\$43,661.51</b>	<b>\$83,782.60</b>	<b>\$17,852.03</b>	<b>\$11,593.44</b>	<b>\$197,660.06</b>	<b>\$9,856.77</b>	<b>\$187,803.29</b>	<b>\$29,445.47</b>

\*\*This concludes the report.\*\*



**Attachment D**

**RH2023SP012**

# Michigan Bell Telephone Company

---

Limited Review Performance Audit on Compliance with the Federal  
Universal Service Fund Rural Health Care Support Mechanism Rules

USAC Audit No. RH2023SP012

**TABLE OF CONTENTS**

**Executive Summary** ..... 1

**Purpose, Scope, Background and Procedures** ..... 4

**Detailed Audit Findings** ..... 6

**Finding #1:** 47 C.F.R. § 54.602(d) (2019) – Service Provider Invoiced RHC Program for Service Not Rendered ..... 6

**Finding #2:** 47 C.F.R. §§ 54.602(d); 54.619(a)(1),(d) (2019) – Lack of Documentation to Support Services Were in Use ..... 8

**Criteria** ..... 11



## EXECUTIVE SUMMARY

February 15, 2024

Anisa Green, Director - Federal Regulatory  
AT&T Services, Inc.  
1120 20th Street, NW, Suite 1000  
Washington, D.C. 20036

Dear Ms. Green:

The Universal Service Administrative Company (USAC or Administrator) Audit and Assurance Division (AAD) audited the compliance of Michigan Bell Telephone Company (Service Provider), Service Provider Identification Number (SPIN) 143001727, using the regulations and orders governing the federal Universal Service Rural Health Care Support Mechanism, set forth in 47 C.F.R. Part 54, as well as other program requirements (collectively, the Federal Communications Commission (FCC) Rules). Compliance with the FCC Rules is the responsibility of the Service Provider. AAD's responsibility is to make a determination regarding the Service Provider's compliance with the FCC Rules based on the limited review performance audit.

AAD conducted the audit in accordance with Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States (2018 Revision, as amended). Those standards require that AAD 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 competitive bidding process undertaken to select the Service Provider, the type and amount of services provided, as well as performing other procedures AAD considered necessary to make a determination regarding the Service Provider's compliance with the FCC Rules. The evidence obtained provides a reasonable basis for AAD's findings and conclusions based on the audit objectives.

Based on the test work performed, our audit disclosed two detailed audit findings (Findings) discussed in the Audit Results and Commitment Adjustment/Recovery Action section. For the purpose of this report, a Finding is a condition that shows evidence of non-compliance with the FCC 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 Service Provider, 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 you and your staff during the audit.

Sincerely,



Jeanette Santana-Gonzalez  
USAC Senior Director, Audit and Assurance Division

cc: Radha Sekar, USAC Chief Executive Officer  
Mark Sweeney, USAC Vice President, Rural Health Care Division  
Teleshia Delmar, USAC Vice President, Audit and Assurance Division

## AUDIT RESULTS AND RECOVERY ACTION

Audit Results	Monetary Effect	Recommended Recovery
<b>Finding #1: 47 C.F.R. § 54.602(d) (2019) – Service Provider Invoiced RHC Program for Service Not Rendered.</b> The Service Provider did not provide the requested service for three months of the funding year and invoiced the RHC program for services not provided for the provision of health care.	\$25,452	\$25,452
<b>Finding #2: 47 C.F.R. §§ 54.602(d); 54.619(a)(1),(d) (2019) – Lack of Documentation to Support Services Were in Use.</b> The Service Provider did not provide evidence to indicate that a portion of services were delivered or were used for the provision of healthcare during the funding year.	\$12,600	\$12,600
<b>Total Net Monetary Effect</b>	<b>\$38,052</b>	<b>\$38,052</b>

## USAC MANAGEMENT RESPONSE

USAC management concurs with the audit results and will seek recovery of the Rural Health Care program support amount consistent with the FCC Rules.

	Finding #1	Finding #2	Total
FRN 2084521	\$14,700	\$12,600	\$27,300
FRN 2084524	\$10,752	\$0	\$10,752
<b>USAC Recovery Action</b>	<b>\$25,452</b>	<b>\$12,600</b>	<b>\$38,052</b>

## PURPOSE, SCOPE, BACKGROUND AND PROCEDURES

### PURPOSE

The purpose of the audit was to determine whether the Service Provider complied with the FCC Rules.

### SCOPE

The following chart summarizes the Rural Health Care Telecommunications program support amounts committed and disbursed to the Service Provider for Funding Year 2020 (audit period):

Service Type	Amount Committed	Amount Disbursed
Telecommunications	\$198,119	\$198,119

*Note:* The amounts committed and disbursed reflect funding year activity as of the date of the commencement of the audit.

The committed total represents 27 FCC Form 466 applications with 27 Funding Request Numbers (FRNs). AAD selected four FRNs,<sup>1</sup> which represent \$135,297 of the funds committed and \$135,297 of the funds disbursed during the audit period, to perform the procedures enumerated below with respect to the Funding Year 2020 applications submitted by the selected Beneficiaries.

### BACKGROUND

The Service Provider provides telecommunications services to its health care provider customers and its headquarters are located in Detroit, Michigan.

### PROCEDURES

AAD performed the following procedures:

#### A. Eligibility Process

AAD obtained an understanding of the Service Provider's processes and internal controls over its participation in the Rural Health Care (RHC) program. Specifically, AAD conducted inquiries of the Service Provider and the selected Beneficiaries and examined documentation to obtain an understanding of the controls that exist to determine whether services were eligible, delivered, and installed in accordance with the FCC Rules. AAD conducted inquiries and examined documentation to determine whether the Service Provider assisted with the completion of each selected Beneficiary's FCC Form 465.

#### B. Competitive Bid Process

AAD conducted inquiries of the Beneficiaries to determine that no bids were received for the requested services. AAD examined evidence that the Beneficiaries waited the required 28 days from the date the FCC Form 465 was posted on USAC's website before signing contracts or executing month-to-month agreements with the selected Service Provider or properly retaining services with the incumbent Service

---

<sup>1</sup> The FRNs included in the scope of this audit were: 2080354, 2084521, 2084524 and 2084525.

Provider under an existing contract. If a contract was executed for the funding year under audit, AAD reviewed the Service Provider's contract to determine whether it was properly executed. AAD evaluated the services requested and purchased to determine whether the Beneficiary selected the most cost-effective option.

**C. Rural and Urban Rates**

AAD conducted inquiries and examined the Service Provider's contract, service agreements, tariffs, and other documentation to determine whether the Service Provider's rural rate was established in accordance with the FCC Rules. AAD also conducted inquiries and examined documentation to substantiate the urban rate listed in the FCC Forms 466.

**D. Invoicing Process**

AAD examined invoices for which payment was disbursed by USAC to determine whether the services identified on the Service Provider invoices submitted to USAC and the corresponding Service Provider bills submitted to the Beneficiaries were consistent with the terms and specifications of the Service Provider agreements. AAD examined documentation to determine whether each Beneficiary paid its non-discounted share in a timely manner.

**E. Billing Process**

AAD examined the Service bills for the RHC program supported services to determine whether the services identified were consistent with the terms and specifications of the Service Provider's contracts or other service agreements, and eligible in accordance with the FCC Rules. In addition, AAD examined documentation to determine whether the Service Provider billed the selected Beneficiaries for the rural rate and only collected payment for the selected Beneficiaries' equivalent of the urban rate for the eligible services purchased with universal service discounts.

**F. Health Care Provider Location**

AAD determined through inquiry and inspection of documentation whether the services were provided and were functional. AAD also determined through inquiry and inspection of documentation whether the supported services were used for purposes reasonably related to the provision of health care services and in accordance with the FCC Rules.



## DETAILED AUDIT FINDINGS

**Finding #1:** 47 C.F.R. § 54.602(d) (2019) – Service Provider Invoiced RHC Program for Service Not Rendered

### CONDITION

AAD obtained and examined documentation, including the FCC Form 466 Funding Request and Certification Form, Service Provider Invoice Status Report, the relevant Service Provider guidebook, and the corresponding Service Provider bills to determine if the Rural Health Care Telecommunications (RHC) program was invoiced only for approved, eligible services for the provision of health care for FRNs 2084521 and 2084524. On the FCC Forms 466, the Beneficiary<sup>1</sup> requested 16 Direct Inward Dialing (DID) Lines at 56 Kbps with a monthly funded cost of \$5,600 for FRN 2084521 and 18 Central Office Terminal (COT) Lines at 56 Kbps with a monthly funded cost of \$4,032 for FRN 2084524. However, per Service Provider bills, AAD identified that for the last three months of the funding year, the number of lines billed to the Beneficiary decreased from 16 DID lines to two DID lines for FRN 2084521 and from 18 COT Lines to two COT lines for FRN 2084524. AAD summarized the information below:

FRN	FCC Form 466 Monthly Support  <b>A</b>	FCC Form 466 Line Count  <b>B</b>	Monthly Support Per Line  <b>A/B = C</b>	No. of Lines Not in Service  <b>D</b>	No. of Months Not in Service  <b>E</b>	Total  <b>C*D*E</b>
2084521	\$5,600	16 DID	\$350	14	3	\$14,700
2084524	\$4,032	18 COT	\$224	16	3	\$10,752
<b>Grand Total</b>						<b>\$25,452</b>

Because (1) the Service Provider did not render the requested service for three months of the funding year, (2) the Beneficiary did not submit a service change request to reduce the number of DID and the COT lines, and (3) the Service Provider invoiced USAC for all the lines requested for the 12-months period of the funding year and did not submit a refund to USAC, AAD concludes that the Service Provider invoiced RHC program \$25,452 for services not rendered and thus not provided for the provision of health care.<sup>2</sup>

### CAUSE

The Service Provider did not have adequate controls and procedures in place to ensure that the RHC program was invoiced only for services rendered. The Service Provider informed AAD that no action was taken with regard to the change in services.<sup>3</sup> The Beneficiary informed AAD that the relevant employees and director left the organization with no knowledge transfer, and there was no annual review for changes in services.<sup>4</sup>

<sup>1</sup> The Beneficiary is Mymichigan Medical Center - Sault.

<sup>2</sup> See 47 C.F.R. § 54.602(d) (2019).

<sup>3</sup> See Service Provider response to audit inquiries, received July 11, 2023.

<sup>4</sup> See Beneficiary response to audit results summary, received Oct. 27, 2023.

## EFFECT

The monetary effect of this finding is \$25,452. This amount represents the total amount disbursed by the RHC program for the three months services were not rendered for the following FRNs:

FRN	Monetary Effect and Recommended Recovery
2084521	\$14,700
2084524	\$10,752
<b>Total</b>	<b>\$25,452</b>

## RECOMMENDATION

AAD recommends USAC management seek recovery of the amount identified in the Effect section above from the Service Provider.

The Service Provider must familiarize itself with the FCC Rules and implement controls and procedures to ensure that it invoices for actual services used for the provision of health care. In addition, the Service Provider may learn more about the RHC Telecommunications program requirements regarding invoicing at <https://www.usac.org/rural-health-care/telecommunications-program/step-6-invoice-usac/>.

The Beneficiary must familiarize itself with the FCC Rules and ensure that it submits a service substitution for a change in requested services. The Beneficiary may learn more about the RHC Telecommunications program requirements regarding service substitutions at <https://www.usac.org/rural-health-care/healthcare-connect-fund-program/post-commitment-actions/site-and-service-substitutions/>.

Further, the Beneficiary and Service Provider may visit USAC's website at <https://www.usac.org/rural-health-care/learn/> to become familiar with the training and outreach available from the RHC program.

## SERVICE PROVIDER RESPONSE

Changes to dates pertaining to the 466 and 467 entered by the Applicant/Beneficiary resulting in the amounts on the HSS should be corrected by the Applicant/Beneficiary. Michigan Bell has implemented in its Funding Commitment Letter (FCL) review process the requirement for the Health Care Provider (HCP) to correct any inaccurate information on its FCL for Michigan Bell to certify the invoice for payment. Michigan Bell will reject FCLs that cannot be substantiated and will not certify invoices that have inaccurate information on them going forward. Michigan Bell is prepared to return funds in the amount of \$25,452 to USAC and recover the overage from the Beneficiary.

## BENEFICIARY RESPONSE

The Beneficiary declined to respond to the Finding.<sup>5</sup>

---

### **Finding #2:** 47 C.F.R. §§ 54.602(d); 54.619(a)(1),(d) (2019) – Lack of Documentation to Support Services Were in Use

#### CONDITION

AAD obtained and examined documentation, including the FCC Form 466 Funding Request and Certification Form, Service Provider Invoice Status Report, telephone number logs, call detail records, and the corresponding Service Provider bills to determine if the Rural Health Care Telecommunications (RHC) program was invoiced only for approved, eligible services that were used for the provision of healthcare for FRN 2084521. The Beneficiary<sup>6</sup> requested service for 16 direct inward dialing (DID) lines on its FCC Form 466. The Service Provider did not retain call detail records for DID lines and was unable to provide the call log detail that shows usage/activity made each month; call log activity for DID lines are captured, if at all, by the customer's end user equipment, according to the Service Provider.<sup>7</sup> The Beneficiary provided telephone number details for 12 of the 16 DID lines,<sup>8</sup> and did not provide evidence<sup>9</sup> or call log details<sup>10</sup> for the remaining four DID lines to indicate that services were delivered or were used for the provision of healthcare during the funding year.

USAC is required to conduct audits in accordance with generally accepted government auditing standards, which require AAD to obtain sufficient, appropriate evidence to substantiate audit findings and conclusions.<sup>11</sup> Because neither the Beneficiary nor the Service Provider provided documentation to demonstrate the use of four DID lines, AAD concludes the Service Provider invoiced the RHC program \$12,600 for services not used for the provision of health care.

#### CAUSE

The Service Provider did not demonstrate adequate knowledge of the FCC Rules regarding invoicing for services used for the provision of health care. The Beneficiary did not have an adequate system in place for collecting, reporting, and monitoring data to properly demonstrate usage details, applicable to the services delivered during the funding year. The Beneficiary informed AAD that the relevant employees and director left the organization with no knowledge transfer, and there was no annual review for changes in services.<sup>12</sup>

---

<sup>5</sup> AAD confirmed the Beneficiary received the findings Feb. 23, 2024. AAD followed-up with the Beneficiary Feb. 27, 2024 and Mar. 5, 2024.

<sup>6</sup> The Beneficiary is Mymichigan Medical Center – Sault.

<sup>7</sup> See Service Provider response to audit inquiries, received Mar. 28, 2024.

<sup>8</sup> See Beneficiary response to audit inquiries, received July 26, 2023.

<sup>9</sup> See 47 C.F.R §§ 54.619(a)(1), 54.619(d) (2019).

<sup>10</sup> AAD requested call log details from the Beneficiary on Mar. 29, 2024, and did not receive a response.

<sup>11</sup> See U.S. Government Accountability Office, *Government Auditing Standards*, GAO-21-368G, para. 8.90 (Apr. 2021)

(“Auditors must obtain sufficient, appropriate evidence to provide a reasonable basis for addressing the audit objectives and supporting their findings and conclusions.”).

<sup>12</sup> See Beneficiary response to audit results summary, received Oct. 27, 2023.

**EFFECT**

The monetary effect of this finding is \$12,600, and is the total amount disbursed by the RHC program for the nine months in which the Beneficiary did not demonstrate the use of four DID lines for FRN 2084521.<sup>13</sup> AAD summarized the results below:

<b>FRN</b>	<b>Monthly RHC Telecom Support</b> <b>A</b>	<b>Monthly RHC Telecom Support Per DID Line</b> <b>A/16 = B</b>	<b>No. of DID Lines Not in Use</b> <b>C</b>	<b>No. of Months Without Documented Usage</b> <b>D</b>	<b>Monetary Effect and Recommended Recovery</b> <b>B*C*D</b>
2084521	\$5,600	\$350	4	9	\$12,600

**RECOMMENDATION**

AAD recommends that USAC management seek recovery of the amount identified in the Effect section above from the Service Provider and the Beneficiary.

The Service Provider must familiarize itself with the FCC Rules and implement controls and procedures to ensure that it invoices for actual services used for the provision of health care. The Service Provider may learn more about the RHC Telecommunications program requirements regarding invoicing at <https://www.usac.org/rural-health-care/telecommunications-program/step-6-invoice-usac/>.

The Beneficiary must implement an adequate system for collecting, reporting, and monitoring data to properly demonstrate usage details, applicable to the services delivered during the funding year.

In addition, the Beneficiary and Service Provider may visit USAC’s website at <https://www.usac.org/rural-health-care/learn/> to become familiar with the training and outreach available from the RHC program.

**SERVICE PROVIDER RESPONSE**

The Beneficiary purchased, and Michigan Bell provided, 16 DID lines that were in service throughout the funding period. Michigan Bell does not manage how the Beneficiary administers the assignment of telephone numbers to those lines or have any way of knowing the rooms at the service location served by those lines and numbers. Michigan Bell is not aware of any requirement to gather and maintain such information, which is solely in the possession of the Beneficiary. Consequently, Michigan Bell referred USAC to the Beneficiary when it requested the information. To the extent that the Beneficiary failed to provide the information for the four remaining lines or to substantiate that the services AT&T delivered were used for the provision of healthcare during the funding year, USAC should direct the finding to the HCP. Nonetheless, Michigan Bell is prepared to return the funds in the amount of \$12,600 to USAC and recover the overage from the Beneficiary.

---

<sup>13</sup> The monetary effect does not overlap with Finding #1. Finding #1 monetary effect is specific to the last three months of the funding year and is for different lines. Finding #2 monetary effect is specific to the first nine months of the funding year and for lines different than Finding #1.

BENEFICIARY RESPONSE

The Beneficiary declined to respond to the Finding.<sup>14</sup>

---

<sup>14</sup> AAD confirmed the Beneficiary received the findings Feb. 23, 2024. AAD followed-up with the Beneficiary Feb. 27, 2024 and Mar. 5, 2024.

## CRITERIA

Finding	Criteria	Description
#1, #2	47 C.F.R. § 54.602(d) (2019).	(d) <i>Health care purposes.</i> Services for which eligible health care providers receive support from the Telecommunications Program or the Healthcare Connect Fund Program must be reasonably related to the provision of health care services or instruction that the health care provider is legally authorized to provide under the law in the state in which such health care services or instruction are provided.
#2	47 C.F.R. § 54.619 (a)(1)(2019).	Health care providers shall maintain for their purchases of services supported under the Telecommunications Program documentation for five years from the end of the funding year sufficient to establish compliance with all rules in this subpart. Documentation must include, among other things, records of allocations for consortia and entities that engage in eligible and ineligible activities, if applicable. Mobile rural health care providers shall maintain annual logs indicating: The date and locations of each clinic stop; and the number of patients served at each such clinic stop.
#2	47 C.F.R. § 54.619(d) (2019).	Service providers. Service providers shall retain documents related to the delivery of discounted services under the Telecommunications Program for at least 5 years after the last day of the delivery of discounted services. Any other document that demonstrates compliance with the statutory or regulatory requirements for the rural health care mechanism shall be retained as well.

\*\*This concludes the report.\*\*

**Attachment E**

**RH2023LR003**

# Mosaic Medical Center

---

Limited Review Performance Audit on Compliance with the Federal  
Universal Service Fund Rural Health Care Support Mechanism Rules

USAC Audit No. RH2023LR003



**TABLE OF CONTENTS**

**Executive Summary** ..... 1

**Audit Results And Commitment Adjustment/Recovery Action** ..... 3

**USAC Management Response** ..... 3

**Purpose, Scope, Background and Procedures** ..... 4

**Finding #1:** 47 C.F.R. §54.612(a) (2020) – Service Provider Submitted FCC Form 463 for Ineligible Services ..... 6

**Finding #2:** 47 C.F.R. § 54.631(b) & (c) (2020) – Inadequate Documentation: Beneficiary or Service Provider Did Not Demonstrate That Services Were Delivered or in Use..... 7

**Criteria** ..... 10

## EXECUTIVE SUMMARY

November 10, 2023

Mike Poore, Chief Executive Officer  
Mosaic Medical Center  
705 N. College Street  
Albany, MO 64402

Dear Mr. Poore:

The Universal Service Administrative Company (USAC or Administrator) Audit and Assurance Division (AAD) audited the compliance of Mosaic Medical Center (Beneficiary), Health Care Provider (HCP) Number 17908, using the regulations and orders governing the federal Universal Service Rural Health Care Support Mechanism, set forth in 47 C.F.R. Part 54, as well as other program requirements (collectively, the Federal Communications Commission (FCC) Rules). Compliance with the FCC Rules is the responsibility of the Beneficiary. AAD's responsibility is to make a determination regarding the Beneficiary's compliance with the FCC Rules based on the limited review performance audit.

AAD conducted the audit in accordance with Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States (2018 Revision, as amended). Those standards require that AAD 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 competitive bidding process undertaken to select service providers, the type and amount of services received, as well as performing other procedures AAD considered necessary to make a determination regarding the Beneficiary's compliance with the FCC Rules. The evidence obtained provides a reasonable basis for AAD's findings and conclusions based on the audit objectives.

Based on the test work performed, our audit disclosed two detailed audit findings (Findings) discussed in the Audit Results and Commitment Adjustment/Recovery Action section. For the purpose of this report, a Finding is a condition that shows evidence of non-compliance with the FCC 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 you and your staff during the audit.

Sincerely,



Jeanette Santana-Gonzalez  
USAC Senior Director, Audit and Assurance Division

cc: Radha Sekar, USAC Chief Executive Officer  
Mark Sweeney, USAC Vice President, Rural Health Care Division  
Teleshia Delmar, USAC Vice President, Audit and Assurance Division

## Audit Results And Commitment Adjustment/Recovery Action

Audit Results	Monetary Effect and Recommended Recovery	Recommended Commitment Adjustment
<p><b>Finding #1: 47 C.F.R. §54.612(a) (2020) – Service Provider Submitted FCC Form 463 for Ineligible Services.</b> The Beneficiary invoiced USAC for Integrated Services Digital Network Primary Rate Interface lines for voice services, which are ineligible services in the RHC Healthcare Connect Fund Program.</p>	\$13,290	\$13,290
<p><b>Finding #2: 47 C.F.R. § 54.631(b) &amp; (c) (2020) – Inadequate Documentation – Beneficiary or Service Provider Did Not Demonstrate That Services Were Delivered or in Use.</b> The Beneficiary did not provide sufficient documentation (i.e., utilization reports, or any other documentation) to demonstrate that the services funded were delivered or in use during the entire funding year.</p>	\$0	\$0

## USAC MANAGEMENT RESPONSE

USAC management concurs with the audit results and will seek recovery of the Rural Health Care program support amount consistent with the FCC Rules. See the chart below for USAC management’s recovery action.

FRN 20746511	Finding #1	USAC Recovery Action and Commitment Adjustment
Line Item 1	\$9,096	\$9,096
Line Item 2	\$4,194	\$4,194
<b>Total</b>	<b>\$13,290</b>	<b>\$13,290</b>

## PURPOSE, SCOPE, BACKGROUND AND PROCEDURES

### PURPOSE

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

### SCOPE

The following chart summarizes the Rural Health Care Healthcare Connect Fund program support amounts committed and disbursed to the Beneficiary for Funding Year 2020 (audit period):

Service Type	Amount Committed	Amount Disbursed
Ethernet	\$113,548	\$113,548
Telecommunications	\$31,230	\$31,230
Internet Access	\$773	\$773
<b>Total</b>	<b>\$145,551</b>	<b>\$145,551</b>

*Note:* The amounts committed and disbursed reflect funding year activity as of the date of the commencement of the audit.

The committed total represents three FCC Form 462 applications with three Funding Request Numbers (FRNs). AAD selected two FRNs,<sup>1</sup> which represent \$104,601 of the funds committed and \$104,601 of the funds disbursed during the audit period, to perform the procedures enumerated below with respect to the Funding Year 2020 applications submitted by the Beneficiary.

### BACKGROUND

The Beneficiary provides healthcare services within the state of Missouri.

### PROCEDURES

AAD performed the following procedures:

#### A. Application Process

AAD obtained an understanding of the Beneficiary's processes relating to the Rural Health Care (RHC) Healthcare Connect Fund (HCF) program. Specifically, AAD examined documentation to support its effective use of funding and that adequate controls exist to determine whether funds were used in accordance with the FCC Rules. AAD conducted inquiries and inspection of documentation to determine whether the Beneficiary used funding as indicated in its Network Cost Worksheets (NCWs).

AAD examined the FCC Forms 462 and the FCC Form 462 Attachments to determine whether the Beneficiary identified the participating HCPs and documented the allocation of eligible costs related to the provision of health care services. AAD also examined the Network Cost Worksheets (NCW) to determine whether ineligible costs, if any, were identified and ineligible entities, if any, paid their fair share.

---

<sup>1</sup> The FRNs included in the scope of this audit were 20746471 and 20746511.

**B. Competitive Bid Process**

AAD conducted inquiries of the Beneficiary to determine that no bids were received for the requested services. AAD examined evidence that the Beneficiary waited the required 28 days from the date the FCC Form 461 was posted on USAC's website before signing contracts or executing month-to-month agreements with the selected service providers or properly retaining services with the incumbent service providers under an existing contract. If a contract was executed for the funding year under audit, AAD reviewed the service provider's contract to determine whether it was properly executed. AAD evaluated the services requested and purchased to determine whether the Beneficiary selected the most cost-effective option.

**C. Eligibility**

AAD conducted inquiries and inspection of documentation and examined documentation to determine whether the Beneficiary was a public or non-profit eligible health care provider, and whether the annual limitation on support available to large non-rural hospitals was exceeded. AAD examined documentation to determine whether the member HCPs' physical addresses were the same as listed on the FCC Form 462 applications and NCWs. AAD conducted inquiries and examined documentation to determine whether the Beneficiary received funding in the HCF program for the same services for which they requested support in the RHC Telecommunications program.

**D. Invoicing Process**

AAD examined invoices for which payment was disbursed by USAC to determine whether the services identified on the FCC Form 463 service provider invoices submitted to USAC and the corresponding service provider bills submitted to the Beneficiary were consistent with the terms and specifications of the service provider agreements. AAD examined documentation to determine whether the Beneficiary paid its required 35 percent minimum contribution and that the required contribution was from eligible sources. AAD also examined documentation to determine whether the HCF program disbursements did not exceed 65 percent of the total eligible costs.

**E. Health Care Provider Location**

AAD determined through inquiry and inspection of documentation whether the services were provided and were functional. AAD also determined through inquiry and inspection of documentation whether the supported services were used for purposes reasonably related to the provision of health care services and in accordance with the FCC Rules.

## DETAILED AUDIT FINDINGS

**Finding #1:** 47 C.F.R. §54.612(a) (2020)<sup>2</sup> – Service Provider Submitted FCC Form 463 for Ineligible Services

### CONDITION

AAD obtained and examined documentation, including the Network Cost Worksheet (NCW), Service Provider Bills, call detailed records, and FCC Form(s) 463 to determine whether the services delivered were eligible services supported by the RHC Healthcare Connect Fund (HCF) Program as required by the FCC Rules. FRN 20746511 lines 1 and 2 were for 1.544 Mbps ISDN services. The Beneficiary stated it recognized that lines 1 and 2 were ISDN PRI lines for voice services and that its FY2020 consultant, USF Healthcare Consulting, incorrectly posted for lines 1 and 2 in the HCF Program when in fact, those services should have been posted in, the Telecommunications Program.<sup>3</sup> AAD obtained call detailed records (i.e., call logs) from the Service Provider for line items 1 and 2,<sup>4</sup> which showed call activity for the voice services funded from July 2020 to February 2021 (8 months), but no evidence of call activity from March 2021 through June 2021 (4 months). The Beneficiary confirmed the ISDN services received for FRN line items 1 and 2 were 100% voice.<sup>5</sup>

Network connections for voice services are not eligible in the HCF Program.<sup>6</sup> Thus, AAD concludes the 1.544 Mbps ISDN services delivered and invoiced by the Beneficiary were ineligible for funding in the RHC Healthcare Connect Fund Program.

### CAUSE

The Beneficiary did not have adequate knowledge of the services eligible for support under the HCF Program. In addition, the Beneficiary stated that the consultant incorrectly posted line items 1 and 2 in the RHC Healthcare Connect Fund Program.

### EFFECT

The monetary effect of this finding is \$13,290, which represents the total amount disbursed by the RHC program for line items 1 and 2 for FRN 20746511.

### RECOMMENDATION

AAD recommends that USAC Management seek recovery of the amount identified in the Effect section above from the Beneficiary and issue a downward commitment adjustment.

Further, AAD recommends that the Service Provider implement controls and procedures to ensure services provided and invoiced to the RHC HCF program are eligible services. In addition, the Beneficiary may learn

---

<sup>2</sup> 47 C.F.R. § 54.634(a) (2019).

<sup>3</sup> See Beneficiary's response to draft DAF, received November 8, 2023.

<sup>4</sup> See call logs provided by the Service Provider, Windstream, received Feb. 28, 2024.

<sup>5</sup> See Beneficiary's email response, received June 27, 2024.

<sup>6</sup> See *Healthcare Connect Fund Order*, FCC 12-150, para. 95 (n.258) "*HCPs only can purchase telecommunications services through the Telecommunications Program*).

more about RHC HCF and Telecommunication Program eligible services on USAC's website at <https://www.usac.org/wp-content/uploads/rural-health-care/documents/handouts/HCF-Program-Examples-of-Common-Products-and-Services.pdf>, and <https://www.usac.org/wp-content/uploads/rural-health-care/documents/handouts/Telecom-Program-Examples-of-Common-Services.pdf>, respectively.

#### BENEFICIARY RESPONSE

The HCP agrees with the DAF that the combined Lines 1 and 2 total of \$13,289.97 should be refunded to the USAC RHC program.

#### SERVICE PROVIDER RESPONSE

Upon reviewing the usage reports Windstream provided for lines 1 & 2 the HCP has determined these lines were only in use for voice services and thus believe they should have filed under the telecom program. The HCP has informed Windstream they are in agreement with the DAF and that this funding should be returned.

---

**Finding #2:** 47 C.F.R. § 54.631(b) & (c) (2020)<sup>7</sup> – Inadequate Documentation: Beneficiary or Service Provider Did Not Demonstrate That Services Were Delivered or in Use

#### CONDITION

AAD requested documentation (i.e., circuit utilization reports, call detailed records, data usage reports, network ping reports, or any other source) to determine whether the RHC Healthcare Connect Fund program supported services were used during the funding year<sup>8</sup> and were not sold, resold, or transferred in consideration for money or any other thing of value for FRN 20746511.<sup>9</sup> The Beneficiary stated it did not have any documentation to demonstrate that the services were delivered or in use, and to inquire with the Service Provider.<sup>10</sup> The Service Provider stated that it did not have the tools to pull historical usage (e.g., the audited funding year) on the Beneficiary's<sup>11</sup> account.<sup>12</sup> A current utilization report was not provided for line item 3, and services for line item 4 were disconnected in 2021; therefore, a current report could not be provided.

USAC is required to conduct audits in accordance with generally accepted government auditing standards, which require AAD to obtain sufficient, appropriate evidence to substantiate audit findings and conclusions.<sup>13</sup> Because the Beneficiary or the Service Provider could not provide adequate documentation to demonstrate that RHC program supported services were (1) in use during the

---

<sup>7</sup> 47 C.F.R. § 54.648(b) (2019).

<sup>8</sup> See 47 C.F.R. § 54.602(d) (2020; 2019).

<sup>9</sup> See 47 C.F.R. §§ 54.629(a) (2020); 54.671(a) (2019).

<sup>10</sup> See Beneficiary's response to audit inquiries, received April 18, 2023.

<sup>11</sup> The Beneficiary's Service Provider for this FRN was Windstream Communications, LLC.

<sup>12</sup> See Service Provider's response to audit inquiries, received June 8, 2023.

<sup>13</sup> See U.S. Government Accountability Office, *Government Auditing Standards*, GAO-21-368G, para. 8.90 (Apr. 2021) ("Auditors must obtain sufficient, appropriate evidence to provide a reasonable basis for addressing the audit objectives and supporting their findings and conclusions.").



audited funding year, or thereafter, and (2) were not sold, resold or transferred as per the FCC Rules, AAD concludes that the Beneficiary was not in compliance with the FCC Rules establishing the document retention requirements.<sup>14</sup>

#### CAUSE

The Beneficiary and Service Provider did not have an adequate system in place for collecting, reporting, and monitoring data to properly demonstrate circuit utilization or other usage details, applicable to the services delivered during the funding year, either during the audit period or thereafter.<sup>15</sup>

#### EFFECT

The monetary effect of this finding is \$6,291, which represents the total amount disbursed by the RHC program for line items 3 and 4 for FRN 20746511.

#### RECOMMENDATION

AAD recommends that USAC Management seek recovery of the amount identified in the Effect section above from the Service Provider.

The Beneficiary and Service Provider must implement controls and procedures to ensure it maintains documentation demonstrating compliance with the FCC Rules for services supported under the RHC Healthcare Connect Fund program for at least five years after the last day of service delivered in a funding year. This can include historical network reports that demonstrate circuit utilization or other usage details applicable to the services delivered during the funding year. Further, AAD recommends that the Beneficiaries visit USAC's website at <https://www.usac.org/rural-health-care/learn/> to become familiar with the training and outreach available from the RHC program.

#### BENEFICIARY RESPONSE

After additional requests, the HCP received the Line 3 Circuits Utilization report as proof of circuit usage from Windstream on October 30, 2023 and uploaded to the audit team via Box.com on that date. The HCP respectfully requests that USAC accepts the Line 3 Circuit Utilization report submitted as proof of circuit usage thus retaining the \$5,517.80. The HCP also respectfully requests that USAC accept the cancellation analysis and reconciliation for Line 4, thus retaining the Line 4 funding of \$773.39. In the future, the HCP will work with all selected Service Providers to request and retain an annual circuit utilization report for all USAC funded circuits/services and retain that information for five years. The HCP appreciates the patience of the audit team throughout the entire audit process.

#### SERVICE PROVIDER RESPONSE

On line items 3 & 4 – Windstream has provided a usage report of the last year as well as invoices showing these services installed as far back as 2018 which predates the start date of this funding. Due to all the information provided Windstream agrees with the HCP that this funding should remain in

---

<sup>14</sup> See 47 C.F.R. § 54.648(b) (2019).

<sup>15</sup> See Service Provider's response to audit inquiries, received June 8, 2023.

place as all qualifications for funding were met as the services were installed and in use during the period they were funded. Line item 4 was disconnected during the funding year in question.

We are happy to provide any additional detail that may be required and appreciate that patience USAC staff had in pulling all the necessary documents required.

#### AAD RESPONSE

AAD reviewed the Beneficiary's current utilization report for line item 3 and determined that it supported the services funded. For line item 4, AAD reviewed Service Provider bills for the audit period and determined that these services were disconnected in May 2021; thus, current utilization reports could not be provided for services on this line. Therefore, AAD agrees with the Beneficiary and Service Provider to exclude line items 3 and 4 from this finding.

AAD adjusts the monetary effect and recommended recovery to be \$0.

## CRITERIA

Finding	Criteria	Description
#1	47 C.F.R. §§ 54.612(a) (2020); 54.634(a) (2019)	(a) <i>Eligible services.</i> Subject to the provisions of §§54.600 through 54.602 and 54.607 through 54.633, eligible health care providers may request support under the Healthcare Connect Fund Program for any advanced telecommunications or information service that enables health care providers to post their own data, interact with stored data, generate new data, or communicate, by providing connectivity over private dedicated networks or the public internet for the provision of health information technology.
#2	47 C.F.R. § 54.648(b) (2019)	<p>(b) <i>Recordkeeping.</i> (1) Participants, including Consortium Leaders and health care providers, shall maintain records to document compliance with program rules and orders for at least 5 years after the last day of service delivered in a particular funding year. Participants who receive support for longterm capital investments in facilities whose useful life extends beyond the period of the funding commitment shall maintain records for at least 5 years after the end of the useful life of the facility. Participants shall maintain asset and inventory records of supported network equipment to verify the actual location of such equipment for a period of 5 years after purchase.</p> <p>(2) Vendors shall retain records related to the delivery of supported services, facilities, or equipment to document compliance with program rules and orders for at least 5 years after the last day of the delivery of supported services, equipment, or facilities in a particular funding year.</p> <p>(3) Both participants and vendors shall produce such records at the request of the Commission, any auditor appointed by the Administrator or the Commission, or of any other state or federal agency with jurisdiction.</p>
#2	47 C.F.R. § 54.631(b) & (c) (2020)	<p>(b) <i>Recordkeeping.</i> Participants, including Consortium Leaders and health care providers, shall maintain records to document compliance with program rules and orders for at least five years after the last day of service delivered in a particular funding year sufficient to establish compliance with all rules in this subpart.</p> <p>(1) Telecommunications Program.</p> <p>(i) Participants must maintain, among other things, records of allocations for consortia and entities that engage in eligible and ineligible activities, if applicable.</p> <p>(ii) Mobile rural health care providers shall maintain annual logs for a period of five years. Mobile rural health care providers shall maintain annual logs indicating: The date and locations of each clinical stop; and the number of patients served at each clinical stop. Mobile rural health care</p>

Finding	Criteria	Description
		<p>providers shall make their logs available to the Administrator and the Commission upon request.</p> <p>(iii) Service providers shall retain documents related to the delivery of discounted services for at least five years after the last day of the delivery of discounted services. Any other document that demonstrates compliance with the statutory or regulatory requirements for the rural health care mechanism shall be retained as well.</p> <p>(2) Healthcare Connect Fund Program.</p> <p>(i) Participants who receive support for long-term capital investments in facilities whose useful life extends beyond the period of the funding commitment shall maintain records for at least five years after the end of the useful life of the facility. Participants shall maintain asset and inventory records of supported network equipment to verify the actual location of such equipment for a period of five years after purchase.</p> <p>(ii) Service providers shall retain records related to the delivery of supported services, facilities, or equipment to document compliance with the Commission rules or orders pertaining to the Healthcare Connect Fund Program for at least five years after the last day of the delivery of supported services, equipment, or facilities in a particular funding year.</p> <p>(c) <i>Production of records.</i> Both participants and service providers under the Telecommunications Program and Healthcare Connect Fund Program shall produce such records at the request of the Commission, any auditor appointed by the Administrator or Commission, or any other state or federal agency with jurisdiction.</p>
#2	47 C.F.R. §§ 54.629(a) (2020); 54.671(a) (2019)	(a) <i>Prohibition on resale.</i> Services purchased pursuant to universal support mechanisms under this subpart shall not be sold, resold, or transferred in consideration for money or any other thing of value.
#2	47 C.F.R. § 54.602(d) (2020; 2019)	(d) <i>Health care purposes.</i> Services for which eligible health care providers receive support from the Telecommunications Program or the Healthcare Connect Fund Program must be reasonably related to the provision of health care services or instruction that the health care provider is legally authorized to provide under the law in the state in which such health care services or instruction are provided.

\*\*This concludes the report.\*\*