



# Rural Health Care Committee

## Audit Report Briefing Book

Available For Public Use

Monday, January 29, 2024

Universal Service Administrative Company Offices

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

Washington, D.C. 20005

Summary of Rural Health Care Support Mechanism Beneficiary Audit Reports Released: October 2023

Entity Name	Number of Findings	Significant Findings	Amount of Support	Monetary Effect*	USAC Management Recovery Action*	Commitment Adjustment	Entity Disagreement
Heartland Unified Broadband Network  <b>Attachment A</b>	0	<ul style="list-style-type: none"> <li>Not applicable.</li> </ul>	\$591,983	\$0	\$0	\$0	N/A
Tahoe Forest Hospital  <b>Attachment B</b>	0	<ul style="list-style-type: none"> <li>Not applicable.</li> </ul>	\$228,748	\$0	\$0	\$0	N/A
North Country Telemedicine Project  <b>Attachment C</b>	0	<ul style="list-style-type: none"> <li>Not applicable.</li> </ul>	\$229,190	\$0	\$0	\$0	N/A
Northeast Arkansas Community Mental Health Center, Inc.  <b>Attachment D</b>	0	<ul style="list-style-type: none"> <li>Not applicable.</li> </ul>	\$743,921	\$0	\$0	\$0	N/A
Zerg, Inc., (formerly Tek-Hut Inc.)  <b>Attachment E</b>	0	<ul style="list-style-type: none"> <li>Not applicable.</li> </ul>	\$345,720	\$0	\$0	\$0	N/A

<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>
Reid Hospital and Healthcare Services	0	<ul style="list-style-type: none"> <li>Not applicable.</li> </ul>	\$129,790	\$0	\$0	\$0	N/A
<b>Attachment F</b>							
<b>Total</b>	<b>0</b>		<b>\$2,269,352</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	

\* The Monetary Effect amount may include overlapping amounts; thus, the USAC Management Recovery Action amount may be less than the Monetary Effect to prevent double recovery.

**Attachment A**

**RH2022LR001**

Available For Public Use

# Heartland Unified Broadband Network

---

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

USAC Audit No. RH2022LR001



**TABLE OF CONTENTS**

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

**Purpose, Scope, Background and Procedures** .....3



## EXECUTIVE SUMMARY

January 16, 2023

Scott O'Farrell, Vice President of Technology Services  
Heartland Unified Broadband Network  
212 East 11<sup>th</sup> Street  
Sioux Falls, SD 57104

Dear Mr. O'Farrell,

The Universal Service Administrative Company (USAC or Administrator) Audit and Assurance Division (AAD) audited the compliance of Heartland Unified Broadband Network (Beneficiary), Health Care Provider (HCP) Number 17221, 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's management. 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 did not disclose any areas of non-compliance with the FCC Rules that were examined and 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,

A handwritten signature in blue ink that reads "Jeanette Santana-Gonzalez". The signature is written in a cursive style.

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

## 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 2019 (audit period):

Service Type	Amount Committed	Amount Disbursed
Ethernet	\$941,914	\$587,686
Installation of Services	\$3,040	\$3,040
Internet	\$1,295	\$956
Cable Modem Service	\$301	301
Not Applicable <sup>1</sup>	\$950	\$0
<b>Total</b>	<b>\$947,500</b>	<b>\$591,983</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 four FCC Form 462 applications with four Funding Request Numbers (FRNs). AAD selected two FRNs,<sup>2</sup> which represent \$571,735 of the funds committed and \$375,157 of the funds disbursed during the audit period, to perform the procedures enumerated below with respect to the Funding Year 2019 applications submitted by the Beneficiary.

### BACKGROUND

The Beneficiary provides healthcare services within the rural and frontier communities across South Dakota and portions of North Dakota, Iowa, Minnesota, and Nebraska.

### 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 documentation to determine whether the Project Coordinator obtained Letters of Agency from the Beneficiary's network of HCPs and/or the HCPs' health systems authorizing the Beneficiary's lead

---

<sup>1</sup> This Not Applicable description relates to FRN 19668981, an FRN not selected for sampling. This was the description within Open Data as of the start of our audit.

<sup>2</sup> The FRNs included in the scope of this audit were: 19637611 and 19670641.

entity and/or Project Coordinator to act on their behalf, confirming the HCPs' agreement to participate in the network, confirming the specific timeframe the Letter of Agency covers, and confirming the type of services covered by the Letter of Agency.

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.

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

AAD examined documentation to determine whether the Beneficiary properly selected a service provider to provide eligible services. AAD 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 but did not assess the reasonableness of the weight assigned to the non-cost factors since the FCC Rules do not define how to value the non-cost factors. 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 selecting and signing contracts with the selected service providers. If a contract was executed for the funding year under audit, AAD reviewed the service provider contracts to determine whether they were 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 examined documentation to determine whether the Beneficiary's eligible HCPs were public or non-profit eligible health care providers, and whether the annual limitation on support available to large non-rural hospitals was exceeded. AAD 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. AAD 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**

AAD examined invoices for which payment was disbursed by RHC program to determine whether the services identified on the FCC Form 463 service provider invoices submitted to RHC program and the corresponding service provider bills submitted to the Beneficiary were consistent with the terms and specifications of the service providers' 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. Reporting Process**

AAD examined documentation to determine whether the Beneficiary timely submitted its annual reports to the RHC program and whether the reports included the required information. AAD examined the Sustainability Plan and Network Plan to determine whether they included the required content. AAD did not assess the reasonableness of the Sustainability Plan or whether the Beneficiary can meet or maintain

the objectives described in that plan since the FCC Rules do not define how to assess the reasonableness of the content included in the Sustainability Plan.

**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.

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

**Attachment B**

**RH2022LR003**

Available For Public Use



# Tahoe Forest Hospital

---

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

USAC Audit No. RH2022LR003



## TABLE OF CONTENTS

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



## EXECUTIVE SUMMARY

August 23, 2023

Kyle Kittell, Director of Information Technology  
Tahoe Forest Hospital  
10121 Pine Avenue  
Truckee, CA 96161

Dear Mr. Kittell:

The Universal Service Administrative Company (USAC or Administrator) Audit and Assurance Division (AAD) audited the compliance of Tahoe Forest Hospital (Beneficiary), Health Care Provider (HCP) Number 17625, 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's management. 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, physical inventory of equipment purchased and maintained, 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 did not disclose any areas of non-compliance with the FCC Rules that were examined and 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

## 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 2019 (audit period):

Service Type	Amount Committed	Amount Disbursed
Ethernet	\$74,835	\$74,835
Virtual Private Network (VPN)	\$91,314	\$91,314
Telecommunications	\$9,041	\$9,041
Internet Access	\$53,558	\$53,558
<b>Total</b>	<b>\$228,748</b>	<b>\$228,748</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 five FCC Form 462 applications with five Funding Request Numbers (FRNs). AAD selected one FRN, 19594121, which represents \$208,834 of the funds committed and disbursed during the audit period, to perform the procedures enumerated below with respect to the Funding Year 2019 applications submitted by the Beneficiary.

### BACKGROUND

The Beneficiary provides healthcare services within Truckee, California, and Incline Village, Nevada.

### 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.

**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 properly retaining services with the incumbent service provider under an existing contract. 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's eligible HCPs were public or non-profit eligible health care providers, and whether the annual limitation on support available to large non-rural hospitals was exceeded. AAD 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. AAD 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**

AAD examined invoices for which payment was disbursed by USAC to determine whether the services identified on the FCC Form 463 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.

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

**Attachment C**

**RH2023LR002**

Available For Public Use

# North Country Telemedicine Project

---

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

USAC Audit No. RH2023LR002

## TABLE OF CONTENTS

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



## EXECUTIVE SUMMARY

June 30, 2023

Robert Hunt, Assistant Project Coordinator  
North County Telemedicine Project  
120 Washington Street, Suite 230  
Watertown, NY 13601

Dear Mr. Hunt:

The Universal Service Administrative Company (USAC or Administrator) Audit and Assurance Division (AAD) audited the compliance of North County Telemedicine Project (Beneficiary), Health Care Provider (HCP) Number 17236, 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's management. 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, physical inventory of equipment purchased and maintained, 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 did not disclose any areas of non-compliance with the FCC Rules that were examined and 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

## 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
Internet Access	\$21,528	\$20,738
Leased Firewall	\$1,170	\$0
Telecommunications	\$224,484	\$208,452
<b>Total</b>	<b>\$247,182</b>	<b>\$229,190</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 two FCC Form 462 applications with two Funding Request Numbers (FRNs). AAD selected one FRN,<sup>1</sup> 20867161, which represents \$247,182 of the funds committed and \$229,190 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 New York.

### 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 Worksheet (NCW).

AAD examined the FCC Form 462 and the FCC Form 462 Attachment 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 Worksheet (NCW) to determine whether ineligible costs, if any, were identified and ineligible entities, if any, paid their fair share.

---

<sup>1</sup> AAD tested all line items for FRN 20867161 within the invoicing testing procedures of the audit.

**B. Competitive Bid Process**

AAD examined documentation to determine whether the Beneficiary properly selected a service provider to provide eligible services. AAD 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. 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 selecting and signing contracts with the selected service provider. If a contract was executed for the funding year under audit, AAD reviewed the service provider contract to determine whether they were 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's eligible HCPs were public or non-profit eligible health care providers, and whether the annual limitation on support available to large non-rural hospitals was exceeded. AAD 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. AAD 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**

AAD examined invoices for which payment was disbursed by RCH program to determine whether the services identified on the FCC Form 463 service provider invoices submitted to RHC program 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. Reporting Process**

AAD examined documentation to determine whether the Beneficiary timely submitted its annual reports to the RHC program and whether the reports included the required information. AAD examined the Sustainability Plan and Network Plan to determine whether they included the required content. AAD did not assess the reasonableness of the Sustainability Plan or whether the Beneficiary can meet or maintain the objectives described in that plan since the FCC Rules do not define how to assess the reasonableness of the content included in the Sustainability Plan.

**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.

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

**Attachment D**

**RH2022LR002**

Available For Public Use

# Northeast Arkansas Community Mental Health Center, Inc.

---

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

USAC Audit No. RH2022LR002



**TABLE OF CONTENTS**

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

**Purpose, Scope, Background and Procedures** ..... 3



## EXECUTIVE SUMMARY

February 10, 2023

Ruth Allison Dover  
Chief Executive Officer/ Chief Legal Officer  
Northeast Arkansas Community Mental Health Center, Inc.  
207 Browns Lane  
Jonesboro, AR 72401

Dear Ms. Dover,

The Universal Service Administrative Company (USAC or Administrator) Audit and Assurance Division (AAD) audited the compliance of Northeast Arkansas Community Mental Health Center, Inc. (Beneficiary), Health Care Provider (HCP) Number 49050, 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, Federal Communications Commission (FCC) Rules). Compliance with the FCC Rules is the responsibility of the Beneficiary's management. 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, the type and amount of services received, physical inventory of equipment purchased and maintained, 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 did not disclose any areas of non-compliance with the FCC Rules that were examined and 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

## 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 2019 (audit period):

Service Type	Amount Committed	Amount Disbursed
Managed Ethernet	\$743,778	\$666,814
Internet	\$77,107	\$77,107
<b>Total</b>	<b>\$820,885</b>	<b>\$743,921</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 two FCC Form 462 applications with two Funding Request Numbers (FRNs). AAD selected two FRNs,<sup>1</sup> which represent \$820,885 of the funds committed and \$743,921 of the funds disbursed during the audit period, to perform the procedures enumerated below with respect to the Funding Year 2019 applications submitted by the Beneficiary.

### BACKGROUND

The Beneficiary provides mental health services within northeast Arkansas.

### 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 documentation to determine whether the Project Coordinator obtained Letters of Agency from the Beneficiary's network of HCPs and/or the HCPs' health systems authorizing the Beneficiary's lead entity and/or Project Coordinator to act on their behalf, confirming the HCPs' agreement to participate in the network, confirming the specific timeframe the Letter of Agency covers, and confirming the type of services covered by the Letter of Agency.

---

<sup>1</sup> The FRNs included in the scope of this audit were: 19490671 and 19598391.

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.

**B. Competitive Bid Process**

AAD examined documentation to determine whether the Beneficiary properly selected a service provider to provide eligible services. AAD 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 but did not assess the reasonableness of the weight assigned to the non-cost factors since the FCC Rules do not define how to value the non-cost factors. 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 selecting and signing contracts with the selected service provider. If a contract was executed for the funding year under audit, AAD reviewed the service provider 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 examined documentation to determine whether the Beneficiary's eligible HCPs were public or non-profit eligible health care providers, and whether the annual limitation on support available to large non-rural hospitals was exceeded. AAD 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. AAD 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**

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 the RHC program 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. Reporting Process**

AAD examined documentation to determine whether the Beneficiary timely submitted its annual reports to the RHC program and whether the reports included the required information. AAD examined the Sustainability Plan and Network Plan to determine whether they included the required content. AAD did not assess the reasonableness of the Sustainability Plan or whether the Beneficiary can meet or maintain the objectives described in that plan since the FCC Rules do not define how to assess the reasonableness of the content included in the Sustainability Plan.

**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.

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

**Attachment E**

**RH2022SP011**

Available For Public Use

# Zerg, Inc., (formerly Tek- Hut, Inc.)

---

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

USAC Audit No. RH2022SP011



## TABLE OF CONTENTS

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



## EXECUTIVE SUMMARY

September 11, 2023

Nate Bondelid, Director  
Zerg, Inc.  
460 Main Street South  
Twin Falls, ID 83301

Dear Mr. Bondelid:

The Universal Service Administrative Company (USAC or Administrator) Audit and Assurance Division (AAD) audited the compliance of Zerg, Inc., formerly Tek-Hut, Inc., (Service Provider), Service Provider Identification Number (SPIN) 143025617 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's management. AAD's responsibility is to make a determination regarding the Service Provider's compliance with the FCC Rules based on the limited scope 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 did not disclose any areas of non-compliance with the FCC Rules that were examined and 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

## 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 2019 (audit period):

Service Type	Amount Committed	Amount Disbursed
Multiprotocol Label Switching (MPLS)	\$345,720	\$345,720

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

The committed total represents five FCC Form 466 applications with five Funding Request Numbers (FRNs). AAD selected two FRNs,<sup>1</sup> which represent \$153,480 of the funds committed and \$153,480 of the funds disbursed during the audit period, to perform the procedures enumerated below with respect to the Funding Year 2019 applications submitted by the selected Beneficiaries.

### BACKGROUND

The Service Provider provides multi-protocol label switching (MPLS) services to its health care provider customers and its headquarters are located in Twin Falls, Idaho.

### PROCEDURES

AAD performed the following procedures:

#### A. Eligibility Process

AAD obtained an understanding of the Service Provider's processes and internal controls governing 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 with the selected Service Provider or properly retaining services with the incumbent Service Provider under an existing contract. AAD evaluated the services requested and purchased to determine whether the Beneficiary selected the most cost-effective option.

---

<sup>1</sup> The FRNs included in the scope of this audit were: 1962820 and 1962959.

**C. Rural and Urban Rates**

AAD conducted inquiries and examined the Service Provider's contracts, 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's 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 Provider 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.

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

**Attachment F**

**RH2023LR004**

Available For Public Use

# Reid Hospital and Healthcare Services

---

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

USAC Audit No. RH2023LR004



## TABLE OF CONTENTS

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



## EXECUTIVE SUMMARY

August 29, 2023

Craig Kinyon, President/Chief Executive Officer  
Reid Hospital and Healthcare Services  
1100 Reid Pkwy  
Richmond, IN 47374

Dear Mr. Kinyon:

The Universal Service Administrative Company (USAC or Administrator) Audit and Assurance Division (AAD) audited the compliance of Reid Hospital and Healthcare Services (Beneficiary), Health Care Provider (HCP) Number 49167, 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's management. AAD's responsibility is to make a determination regarding the Beneficiary's compliance with the FCC Rules based on our 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 did not disclose any areas of non-compliance with the FCC Rules that were examined and 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

## 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
Leased Facilities or Services – Dark Fiber	\$24,804	\$24,804
Leased Facilities or Services - Internet	\$36,465	\$36,465
Leased Facilities or Services - Ethernet	\$53,570	\$53,570
Leased Facilities or Services – ISDN PRI	\$14,951	\$14,951
<b>Total</b>	<b>\$129,790</b>	<b>\$129,790</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 five FCC Form 462 applications with five Funding Request Numbers (FRNs). AAD selected three,<sup>1</sup> which represents \$100,783 of the funds committed and 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 a range of healthcare services in over 10 counties in east central Indiana and Ohio.

### 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: 20736801, 20736871, 20736951.

**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 executing month-to-month agreements with the selected service providers or properly retaining services with the incumbent service provider under an existing contract. If a contract was executed for the funding year under audit, AAD reviewed the service providers' contracts 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 examined documentation to determine whether the Beneficiary's eligible HCPs were public or non-profit eligible health care providers, and whether the annual limitation on support available to large non-rural hospitals was exceeded. AAD 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. AAD 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**

AAD examined invoices for which payment was disbursed by RHC program to determine whether the services identified on the FCC Form 463 service provider invoices submitted to RHC program and the corresponding service provider bills submitted to the Beneficiary were consistent with the terms and specifications of the service providers' 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. Reporting Process**

AAD examined documentation to determine whether the Beneficiary timely submitted its annual reports to the RHC program and whether the reports included the required information. AAD examined the Sustainability Plan and Network Plan to determine whether they included the required content. AAD did not assess the reasonableness of the Sustainability Plan or whether the Beneficiary can meet or maintain the objectives described in that plan since the FCC Rules do not define how to assess the reasonableness of the content included in the Sustainability Plan.

**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.

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