



# Rural Health Care Committee Meeting

## Audit Report Briefing Book

Monday, July 28, 2025

Available for Public Use

Universal Service Administrative Company

700 12th Street, NW, Suite 900

Washington, DC, 20005

Summary of the Rural Health Care Support Mechanism Beneficiary Audit Reports Released: May 2025.

Entity Name	Number of Findings	Significant Findings	Amount of Support	Monetary Effect	USAC Management Recovery Action	Commitment Adjustment	Entity Disagreement
<b>Attachment A</b> DRS Global Enterprise Solution, Inc.	0	<ul style="list-style-type: none"> <li>Not applicable.</li> </ul>	\$8,347,234	\$0	\$0	\$0	N/A
<b>Attachment B</b> Southwest Alabama Mental Health Consortium	1	<ul style="list-style-type: none"> <li>No significant findings.</li> </ul>	\$612,996	\$92,339	\$27,999	\$99,440	Partial
<b>Total</b>	<b>1</b>		<b>\$8,960,230</b>	<b>\$92,339</b>	<b>\$27,999</b>	<b>\$99,440</b>	

**INFO Item: Audit Released May 2025**

**Attachment A**

**7/28/2025**

**Attachment A**

**RH2023SP011**

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

***for***

***DRS Global Enterprise Solution, Inc.***

***Audit No. RH2023SP011***

***December 17, 2024***





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**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 DRS Global Enterprise Solution, Inc. (Service Provider), Service Provider Identification Number (SPIN) 143021118, 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 Service Provider’s management. Kearney’s responsibility is to make a determination regarding the Service Provider’s compliance with the FCC Rules based on the limited scope performance audit.

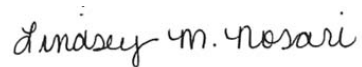
Kearney conducted the audit in accordance with Generally Accepted Government Auditing Standards (GAGAS), issued by the Comptroller General of the United States (2018 Revision, as amended). Those standards require that Kearney plan and perform the audit to obtain sufficient, appropriate evidence to provide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

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 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.

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.

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 (CEO)  
Mark Sweeney, USAC Vice President (VP), RHC Division

## **Purpose, Scope, Background, and Procedures**

### **Purpose**

The purpose of the audit was to determine whether DRS Global Enterprise Solution, Inc. (Service Provider) complied with the Federal Communications Commission (FCC) Rules.

### **Scope**

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

Service Type	Amount Committed	Amount Disbursed
Microwave Service	\$4,895,364	\$4,895,364
Satellite Service	\$3,451,870	\$3,451,870
<b>Total</b>	<b>\$8,347,234</b>	<b>\$8,347,234</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 21 FCC Form 466 applications with 21 FCC Registration Numbers (FRNs). Kearney selected 15 FRNs<sup>1</sup> which represent \$6,524,964 of the funds committed and \$6,524,964 of the funds disbursed during the audit period to perform the procedures enumerated below with respect to Funding Year 2020 applications submitted by selected Beneficiaries.

### **Background**

For more than 50 years, DRS Global Enterprise Solution, Inc. has built a legacy of technology leadership by providing advanced defense products, systems, and solutions for the United States Department of Defense (DoD) and allied customers. As a diverse and agile defense technology company, we are uniquely positioned to deliver solutions as a prime contractor, a systems, sub-system, or a component level provider. With an innovative workforce, our platform-agnostic technologies are fielded on thousands of military platforms worldwide.

### **Procedures**

Kearney performed the following procedures:

#### **A. Eligibility Process**

Kearney obtained an understanding of the Service Provider's processes and internal

<sup>1</sup> The FCC Registration Numbers (FRN) included in the scope of this audit were: 2072946, 2072966, 2072935, 2072961, 2072957, 2072930, 2072928, 2072931, 2072933, 2072952, 2072942, 2072941, 2072925, 2072943, 2072940.



controls governing its participation in the RHC program. Specifically, we 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. Kearney 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**

Kearney examined documentation to determine whether all bids for the services received were properly evaluated. We conducted inquiries and examined documentation to determine whether the Beneficiaries selected the most cost-effective method. Kearney examined evidence that the Beneficiaries waited the required 28 days from the date the FCC Form 465 was posted on USAC's website before selecting or signing contracts with the Service Provider. Kearney evaluated the services requested and purchased to determine whether the Beneficiary selected the most cost-effective option.

## **C. Rural and Urban Rates**

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

## **D. Invoicing Process**

Kearney 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. We examined documentation to determine whether each Beneficiary paid its non-discounted share in a timely manner.

## **E. Billing Process**

Kearney 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, we 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**

Kearney determined through inquiry and direct observation whether the services were provided and were functional. We also determined through inquiry and direct 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.

**G. Work Related to Internal Controls**

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

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

**INFO Item: Audit Released May 2025**

**Attachment B**

**7/28/2025**

**Attachment B**

**RH2024LR003**

# Southwest Alabama Mental Health Consortium

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

USAC Audit No. RH2024LR003

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## EXECUTIVE SUMMARY

January 27, 2025

Candace Harden, Executive Director  
Southwest Alabama Mental Health Consortium  
328 West Claiborne Street  
Monroeville AL, 36461

Dear Ms. Harden:

The Universal Service Administrative Company (USAC or Administrator) Audit and Assurance Division (AAD) audited the compliance of Southwest Alabama Mental Health Consortium (Beneficiary), Health Care Provider (HCP) Number 17255, 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 one detailed audit finding (Finding) and one other matter (Other Matter) 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. An "other matter" is a condition that does not necessarily constitute a rule violation but warrants the Beneficiary and USAC Management's attention.

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	Recommended Recovery	Recommended Downward Commitment Adjustment
<b>Finding #1: 47 C.F.R. § 54.601(b) (2021) – Ineligible Entities Receiving RHC Program Support.</b> The Beneficiary invoiced USAC and received RHC program support for sites that were closed and no longer eligible for support.	\$27,999	\$27,999	\$35,100
<b>Other Matter #1: 47 C.F.R. § 54.624 (2021)– Failure to Update RHC Program for Changes in Approved Services.</b> The Beneficiary did not file a revised funding request to align with the reduced services received from the service provider.	\$64,340	\$0	\$64,340
<b>Total Net Monetary Effect</b>	<b>\$92,339</b>	<b>\$27,999</b>	<b>\$99,440</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 to address the areas of deficiency that are identified below in the audit report. See the chart below for USAC management’s recovery action.

FRN	Finding 1	Other Matter 1
21150571	\$32,110	\$64,340
19612161	\$2,990	\$0
<b>Total USAC Recovery Action for Finding 1 and Downward Adjustment for Finding 1 and Other Matter 1</b>	<b>\$35,100</b>	<b>\$64,340</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 2021 (audit period):

Service Type	Amount Committed	Amount Disbursed
Wireless Access Network (WAN)	\$982,478	\$612,996
<b>Total</b>	<b>\$982,478</b>	<b>\$612,996</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 one FCC Form 462 application with one Funding Request Number (FRN). AAD selected the one FRN,<sup>1</sup> which represents \$982,478 of the funds committed and \$612,996 of the funds disbursed during the audit period, to perform the procedures enumerated below with respect to the Funding Year 2021 applications submitted by the Beneficiary.

### BACKGROUND

The Beneficiary is a consortium comprised of non-profit mental health centers, certified by the Alabama Department of Mental Health and provide comprehensive mental health services in Alabama.

### 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.

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<sup>1</sup> The FRN included in the scope of this audit was: 21150571.

**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 a contract 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 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 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 FINDING AND OTHER MATTER

### Finding: 47 C.F.R. § 54.601(b) (2021) – Ineligible Entities Receiving RHC Program Support

#### CONDITION

AAD obtained and examined documentation, including the FCC Form 461, Network Cost Worksheet (NCW), service provider bills, Beneficiary board meeting minutes, and searched the internet and placed calls to each location other than data centers to determine whether the services delivered and invoiced as part of the RHC Healthcare Connect Fund (HCF) were provided to an eligible entity for the provision of healthcare services<sup>2</sup> for funding year request (FRN) 21150571. AAD determined that three Health Care Providers (HCP) in the consortium received HCF support for funding year 2021, and one site received support for a portion of funding year (FY) 2019, despite being closed and thus ineligible during those periods. The details are listed below:

- SWABHCS Monroe Satellite Office Monroe Activity Center (HCP# 16511) closed in January 2021, and USAC was invoiced for services through August 2023. The service for FY2019<sup>3</sup> was under an Evergreen contract with a term of July 2019 through June 2021 and should not have been requested for FY 2021 since it was already closed.
- ECMHMR Pike MR Day Program (HCP# 16532) closed in April 2023, and USAC was invoiced for services through December 2023.
- ECMHMR Pike Children Services Program (HCP# 16531) closed in November 2022, and USAC was invoiced for services through January 2023.

Because the Beneficiary received RHC HCF support for closed HCPs (i.e., no longer providing health care services) for FRN 21150571 and FRN 19612161, AAD concludes that the RHC program was invoiced for amounts that were not considered to be eligible for health care services.

#### CAUSE

The Beneficiary did not have adequate systems/controls in place to ensure that the RHC program was not invoiced for sites that were not eligible to receive support.<sup>4</sup>

#### EFFECT

The monetary effect of this finding is \$27,999. This amount represents the funds disbursed by the RHC program for the three sites after closure. In addition, \$35,100 represents the amount overcommitted by the RHC program for the three sites as outlined below:

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<sup>2</sup> 47 CFR 54.602(d) (2021)

<sup>3</sup> FRN 19612161

<sup>4</sup> Beneficiary response to Audit Results Summary received on February 27, 2024.

FRN	HCP #	Name	Monetary Effect and Recommended Recovery	Downward Commitment Adjustment
21150571	16511	SWABHCS Monroe Satellite Office Monroe Activity Ctr.	\$15,129	\$22,230
19612161	16511	SWABHCS Monroe Satellite Office Monroe Activity Ctr.	\$2,990	\$2,990
21150571	16532	ECMHMR Pike MR Day Program	\$8,645	\$8,645
21150571	16531	ECMHMR Pike Children Services	\$1,235	\$1,235
<b>Total</b>			<b>\$27,999</b>	<b>\$35,100</b>

#### RECOMMENDATION

AAD recommends that USAC Management seek recovery of the total amount of \$27,999, which represents disbursed for the three sites/four FRN line items as of October 2, 2024. AAD also recommends that USAC Management issue a downward commitment adjustment for \$35,100 (to adjust the total commitment amount to \$32,110 for FY 2021 and a downward commitment adjustment of \$2,990 to adjust the total commitment amount to \$2,990 for FY 2019).

The Beneficiary must implement adequate review and monitoring procedures to ensure that the sites receiving support are eligible both prior to the start of the funding year as well as during the funding period to prevent another occurrence of ineligible sites being funded.

The Service Provider must implement controls and procedures to confirm that the 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 to the RHC program.

The Beneficiary may visit USAC's website at <https://www.usac.org/rural-health-care/healthcare-connect-fund-program/step-1-determine-eligibility-of-your-site/> to learn more about determining the eligibility of sites for receiving RHC program support. In addition, AAD recommends the Beneficiary take advantage of the training and outreach available from RHC program on USAC's website at <https://www.usac.org/rural-health-care/learn/>.

#### BENEFICIARY RESPONSE

The consortium has hired a consultant specializing in USAC processes to handle all invoicing going forward. A notice will be sent to all consortium members for signature that states that each member will notify the Consortium Leader if any site changes/closes or moves that would effect eligibility of the site. The HCP 16531 noted above has not closed, but moved to the 16532 site. A report of services for the time period will be uploaded for verification of services. As a result, we believe the monetary recovery for the two sites be removed.

#### SERVICE PROVIDER RESPONSE

Service Provider agrees with the finding that USAC should seek recovery of the total amount of \$27,999 from the Beneficiary.

Service Provider can adjust invoices to remove ineligible locations only when it receives from Beneficiary timely notice of any ineligible location. Service Provider will send monthly email to Beneficiary asking if any changes or updates need to be made to the account. Service Provider also will send monthly email to Beneficiary indicating if any services are not at requested speeds. If Service Provider performs invoicing to the RHC program, Service Provider will confirm that amounts invoiced are consistent with Service Provider bills and ensure that accurate billing end dates are listed on the FCC Form 463. Service Provider reiterates that accurate billing end dates will depend on Beneficiary's timely notice to Service Provider of any location that becomes ineligible because it is no longer providing health care services.

#### AAD RESPONSE

AAD reviewed the report of services, which the Beneficiary provided to demonstrate continued services at ECMHMR Pike MR Day Program (HCP 16532). The report detailed services provided between November 1, 2022 and January 31, 2023, prior to the noted closure in April 2023. In addition, the report stated that the services were held at Pike Children Services Outpatient Office, but did not list an address for the site. Since the report provided by the Beneficiary did not provide any evidence to substantiate that the facility was open and providing health care services after April 2023, the AAD's position on the finding remains unchanged.

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**Other Matter:** 47 C.F.R. § 54.624 (2021)– Failure to Update RHC Program for Changes in Approved Services

#### CONDITION

AAD obtained and examined the Beneficiary's FCC Form 462, Network Cost Worksheet (NCW), FCC Form 463 Invoice and Request for Disbursement Forms, and service provider bills to determine if any site or service substitutions occurred for FRN 21150571. AAD examined the Service Provider's bills and identified that the Beneficiary received lower bandwidths of service than what was approved by the Rural Health Care program (RHC). The lower bandwidths were provided for six months of the funding period<sup>5</sup> and associated with 19<sup>6</sup> FRN line items, resulting in an overcommitment of \$64,340.

AAD further examined the service provider bills and determined that the line items were invoiced and disbursed based on the actual bandwidths received and did not exceed the recommended commitment adjustment. Because the Beneficiary failed to properly notify the RHC program of the downward adjustments in the bandwidth received, the RHC program committed more funds than necessary for the provision of health care services.

#### CAUSE

The Beneficiary did not demonstrate sufficient knowledge of the rules requiring them to submit timely requests to the RHC program for changes in the services received. The Service Provider intended to have the higher bandwidth noted in the executed contract available at the time of service. Since it was not available,

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<sup>5</sup> In the Matter of Rural Health Care Support Mechanism, WC Docket No 02-60, FCC 12-150, 27 FCC Rcd. 16678, 16806, para. 311 (December 21, 2012).

<sup>6</sup> The FRN line item numbers are 1, 4, 6-18, 25, 28, 29 and 33.

the Service Provider continued to bill the Beneficiary for the lower bandwidths until the new service was available.<sup>7</sup>

#### EFFECT

The monetary effect of this other matter is \$64,340. This amount represents the amount overcommitted by the RHC program for the 19 line items associated with FRN 21150571.

#### RECOMMENDATION

AAD recommends that USAC Management issue a downward commitment adjustment for the total overcommitted amount of \$64,340 to adjust the commitment amount to \$480,178. The disbursements for the noted FRN line items were in accordance with the actual services received by the Beneficiary for the funding period and did not exceed the recommended commitment adjustment. Therefore, there is no recommendation for a recovery.

The Beneficiary must implement policies, procedures, and controls to ensure that service substitutions are submitted to the RHCP program are timely. The Beneficiary may visit USAC's website at <https://www.usac.org/e-rate/applicant-process/before-youre-done/service-substitutions/> to learn more about the rules for site and service substitutions. In addition, AAD recommends the Beneficiary take advantage of the training and outreach available from the RHC program on USAC's website at <https://www.usac.org/rural-health-care/learn/>.

#### BENEFICIARY RESPONSE

The consortium has contracted with a consultant specializing in USAC processes to ensure service substitutions and other USAC processes are followed in a timely manner. All members of the consortium will receive a notice for signature of these requirements.

## CRITERIA

Item	Criteria	Description
Finding	47 C.F.R. § 54.601(b) (2021)	<b>Determination of health care provider eligibility for the Healthcare Connect Fund program.</b> Health care providers in the Healthcare Connect Fund program may certify to the eligibility of particular sites at any time prior to, or concurrently with, filing a request for services to initiate competitive bidding for the site. Applicants who utilize a competitive bidding exemption must provide eligibility information for the site to the Administrator prior to, or concurrently with, filing a request for funding for the site. Health care providers must also notify the Administrator within 30 days of a change in the health care provider's name, site location, contact information, or eligible entity type.
Finding	47 CFR 54.602(d) (2021)	<b>Health care purposes.</b> Services for which eligible health care providers receive support from the Telecommunications Program or the Healthcare Connect Fund Program must be reasonably related to

<sup>7</sup> Beneficiary response to the Audit Results Summary received February 27, 2024.

Item	Criteria	Description
		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.
Other Matter	47 C.F.R. § 54.624 (2021)	<p>(a) Health care providers or Consortium Leaders may request a site or service substitution if:</p> <p>(1) The substitution is provided for in the contract, within the change clause, or constitutes a minor modification;</p> <p>(2) The site is an eligible health care provider and the service is an eligible service under the Telecommunications Program or the Healthcare Connect Fund Program;</p> <p>(3) The substitution does not violate any contract provision or state, Tribal, or local procurement laws; and</p> <p>(4) The requested change is within the scope of the controlling Request for Services, including any applicable RFP used in the competitive bidding process.</p> <p>(b) Filing deadline. An applicant must file their request for a site or service change to the Administrator no later than the service delivery deadline as defined in § 54.626.</p>
Other Matter	In the Matter of Rural Health Care Support Mechanism, WC Docket No 02-60, FCC 12-150, 27 FCC Rcd. 16678, 16806, para. 311 (December 21, 2012).	<p>An eligible HCP seeking to modify a contract without undertaking a competitive bidding process should, within 30 calendar days of signing or otherwise entering into the contract modification, file a revised funding commitment request indicating the value of the proposed contract modification so that USAC can track contract performance. The HCP also must demonstrate that the modification is within the original contract's change clause or is otherwise a minor modification that is exempt from the competitive bidding process. The HCP's justification for exemption from the competitive bidding process will be subject to audit and will be reviewed by USAC to determine whether the applicant's request is, in fact, a minor contract modification that is exempt from the competitive bidding process. We note that program participants make contract modifications without competitive bidding at their own risk. If a participant makes a contract modification without competitive bidding, and the modification does not qualify as minor, USAC will not allow support for the modification.</p>

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

Summary of the Rural Health Care Support Mechanism Beneficiary Audit Reports Released: June 2025.

Entity Name	Number of Findings	Significant Findings	Amount of Support	Monetary Effect	USAC Management Recovery Action	Commitment Adjustment	Entity Disagreement
<b>Attachment C</b> SRHO HCF Consortium	0	<ul style="list-style-type: none"> <li>Not applicable.</li> </ul>	\$4,071,013	\$0	\$0	\$0	N/A
<b>Attachment D</b> GCI Communication Corp.	0	<ul style="list-style-type: none"> <li>Not applicable.</li> </ul>	\$39,837,616	\$0	\$0	\$0	N/A
<b>Total</b>	<b>0</b>		<b>\$43,908,629</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	



**INFO Item: Audit Released June 2025**

**Attachment C**

**7/28/2025**

**Attachment C**

**RH2023LR005**

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

***for***

***SRHO HCF Consortium***

***Audit No. RH2023LR005***

***October 21, 2024***



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**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 SRHO HCF Consortium (Beneficiary), Health Care Provider (HCP) Number 64866, 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’s management. Kearney’s responsibility is to make a determination regarding the Beneficiary’s compliance with the FCC Rules based on the limited review performance audit.

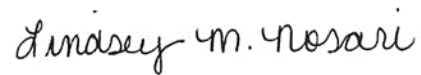
Kearney conducted the audit in accordance with Generally Accepted Government Auditing Standards (GAGAS), issued by the Comptroller General of the United States (2018 Revision, as amended). Those standards require that Kearney plan and perform the audit to obtain sufficient, appropriate evidence to provide 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 noncompliance 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 (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	\$431,890	\$431,890
Internet Access	\$6,544	\$6,544
Ethernet	\$2,192,900	\$2,192,900
Internet	\$886,510	\$886,510
ISDN PRI	\$345,006	\$345,006
MPLS	\$33,548	\$33,548
T-1 / DS-1	\$97,703	\$97,703
T1/DS1	\$5,569	\$5,569
T-3 / DS-3	\$41,429	\$41,429
WAN	\$29,913	\$29,913
<b>Total</b>	<b>\$4,071,013</b>	<b>\$4,071,013</b>

*Note: The amounts committed and disbursed reflect funding year activity as of March 2023, the date of the commencement of the audit.*

The committed total represents 69 FCC Form 462 applications with 69 FRNs. Kearney & Company, P.C. (Kearney) selected 22 FRNs<sup>1</sup>, which represent \$3,167,407 of the funds committed and \$3,167,407 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 originated in 2019 from the Strategic Regional Healthcare Organization to link to rural caregivers, hospitals, and clinics to the correct resources and expertise to improve the healthcare delivery system across communities in need. SRHO HCF Consortium wanted to make these programs available to individual regions to share lessons learned with members and to provide lower costs, as well as higher-quality care.

<sup>1</sup> The FRNs included in the scope of this audit were: 20821441, 20820801, 20814511, 20824251, 20818441, 20821451, 20832291, 20820181, 20823641, 20820721, 20818521, 20824151, 20816531, 20832361, 20851191, 20831561, 20824271, 20868121, 20819641, 20860911, 20823891, 20829121.

## **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 (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 two other 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 Health Care Providers (HCP) 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.\*\***



**INFO Item: Audit Released June 2025**

**Attachment D**

**7/28/2025**

**Attachment D**

**RH2023SP016**

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

***for***

***GCI Communication Corp.***

***Audit No. RH2023SP016***

***August 29, 2024***





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**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 GCI Communication Corp. (GCI) (Service Provider), Service Provider Identification Number (SPIN) 14001199, 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 (CFR) 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. Kearney’s responsibility is to make a determination regarding the Service Provider’s compliance with the FCC Rules based on the limited review performance audit.

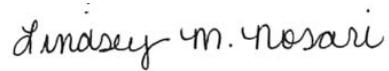
Kearney conducted the audit in accordance with Generally Accepted Government Auditing Standards (GAGAS), issued by the Comptroller General of the United States (2018 Revision, as amended). Those standards require that Kearney plan and perform the audit to obtain sufficient, appropriate evidence to provide 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 the Service Provider, the type and amount of services provided, as well as performing other procedures Kearney considered necessary to make a determination regarding the Service Provider’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 noncompliance 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 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,



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 Service Provider complied with the FCC Rules.

### **Scope**

The following chart summarizes the RHC Telecommunications Program support amounts committed and disbursed to the Service Provider for Funding Year 2020 (audit period):

Service Type	Amount Committed	Amount Disbursed
MPLS	\$31,893,607	\$31,893,607
Satellite Service	\$7,944,009	\$7,944,009
<b>Total</b>	<b>\$39,837,616</b>	<b>\$39,837,616</b>

*Note: The amounts committed and disbursed reflect funding year activity as of March 14, 2023, as the commencement of the audit.*

The committed total represents 53 FCC Form 466 applications with 53 Funding Request Numbers (FRNs). Kearney selected 9 FRNs,<sup>1</sup> which represent \$31,300,245 of the funds committed and \$31,300,245 of the funds disbursed during the audit period, to perform the procedures enumerated below with respect to Funding Year 2020 applications submitted by selected Beneficiaries.

### **Background**

In 1979, GCI was established to provide Alaskans with better options in long-distance telephone services. GCI also creates economic opportunity across Alaska, as the state's largest internet provider and employing over 1,800 people.

### **Procedures**

Kearney performed the following procedures:

#### **A. Eligibility Process**

Kearney obtained an understanding of the Service Provider's processes and internal controls governing its participation in the RHC program. Specifically, Kearney 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. Kearney conducted inquiries and examined documentation to determine whether the

<sup>1</sup> The FRNs included in the scope of this audit were: 2085912, 2086322, 2085908, 2081382, 2082420, 2080688, 2085296, 2086418, and 2086020.

Service Provider assisted with the completion of each selected Beneficiary's FCC Form 465.

**B. Competitive Bid Process**

Kearney examined documentation to determine whether all bids for the services received were properly evaluated. We conducted inquiries and examined documentation to determine whether the Beneficiaries selected the most cost-effective method. Kearney examined evidence that the Beneficiaries waited the required 28 days from the date the FCC Form 465 was posted on USAC's website before selecting or signing contracts with the Service Provider. We evaluated the services requested and purchased to determine whether the Beneficiary selected the most cost-effective option.

**C. Rural and Urban Rates**

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

**D. Invoicing Process**

Kearney 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. We examined documentation to determine whether each Beneficiary paid its non-discounted share in a timely manner.

**E. Billing Process**

Kearney 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, we 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**

Through inquiry and direct observation, we determined whether the services were provided and were functional. Kearney also determined, through inquiry and direct

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.

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

In accordance with GAGAS Section 8.39, Kearney determined that internal controls surrounding the Service Provider's compliance with the Telecommunications program and select FCC rules and regulations are not significant to the audit objectives. Our audit objective is to determine the compliance of the Service Provider's funds disbursed under sampled FRNs; therefore, our testing procedures were designed to meet that objective.

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