



Rural Health Care Committee

Audit Report Briefing Book

Monday, October 27, 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 Report Released: July 2025.

Entity Name	Number of Findings	Significant Findings	Amount of Support	Monetary Effect	USAC Management Recovery Action	Commitment Adjustment	Entity Disagreement
Attachment A Madison Network Systems, Inc.	0	Not applicable.	\$53,183	\$0	\$0	\$0	N/A
Total	0		\$53,183	\$0	\$0	\$0	

INFO Item: Audit Released July 2025
Attachment A
10/27/2025

Attachment A

RH2024SP007

**Madison Network Systems, Inc
Limited Review Performance Audit on
Compliance with the Federal Universal
Service Fund Rural Health Care
Support Mechanism Rules
Funding Year 2022**

Audit Report No. 0627971-3355-24

**Audit ID: RH2024SP007
Report Date: June 12, 2025**



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EXECUTIVE SUMMARY

Mary J. Westerhold, Vice President/Chief Financial Officer
Madison Network Systems, Inc
21668 Double Arch Road
P.O. Box 29
Staunton, IL 62088

Dear Ms. Westerhold:

CohnReznick LLP (CohnReznick) audited the compliance of Madison Network Systems, Inc (Service Provider), Service Provider Identification Number (SPIN) [143003939], using the regulations set forth in 47 C.F.R. Part 54 and orders and other program requirements governing the federal Universal Service Rural Health Care Support Mechanism (collectively, the Federal Communications Commission (FCC) Rules). Compliance with the FCC Rules is the responsibility of the Service Provider. CohnReznick's responsibility is to make a determination regarding the Service Provider's compliance with the FCC Rules based on the limited review performance audit.

CohnReznick 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 CohnReznick 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 CohnReznick considered necessary to make a determination regarding the Service Provider's compliance with the FCC Rules. The evidence obtained provides a reasonable basis for CohnReznick'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 Universal Service Administrative Company (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.

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

Sincerely,



Bethesda, Maryland
June 12, 2025

Audit ID: RH2024SP007

Funding Year 2022

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
Jeanette Santana-Gonzalez, USAC Senior Director, 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 2022:

Service Type	Amount Committed	Amount Disbursed
Voice Grade Business Lines	\$53,183	\$53,183
Total	\$53,183	\$53,183

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

The committed total represents seven FCC Form 466 applications with eight Funding Request Numbers (FRN). CohnReznick selected two FRNs,¹ which represent \$21,135 of the funds committed and disbursed during the audit period, to perform the procedures enumerated below with respect to the Funding Year 2022 application submitted by the Beneficiary.

BACKGROUND

The Service Provider provides voice services to its health care provider customers and its headquarters is located in Staunton, Illinois.

PROCEDURES

CohnReznick performed the following procedures:

A. Eligibility Process

CohnReznick obtained an understanding of the Service Provider's processes and internal controls governing its participation in the Rural Health Care (RHC) program. CohnReznick conducted inquiries of the Service Provider and the Beneficiary 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. CohnReznick conducted inquiries and examined documentation to determine whether the Service Provider assisted with the completion of the Beneficiary's FCC Form 465.

¹ The FRNs included in the scope of this audit were: FRN2223408 and FRN2223409.

B. Competitive Bidding Process

CohnReznick examined documentation to determine whether the Beneficiary properly selected a service provider to provide eligible services. CohnReznick conducted inquiries and examined documentation to determine whether the Beneficiary considered price and other non-cost factors, and whether no evaluation criteria were weighted higher than price. CohnReznick examined evidence that the Beneficiary waited the required 28 days from the date the FCC Form 465 was posted on USAC's website before selecting and executing month-to-month agreements with the selected Service Provider. CohnReznick evaluated the services requested and purchased to determine whether the Beneficiary selected the most cost-effective option.

C. Rural and Urban Rates

CohnReznick conducted inquiries and examined the Service Provider's contract, service agreement, service quote, tariffs, and/or other documentation to determine whether the Service Provider's rural rate was established in accordance with the FCC Rules. CohnReznick also conducted inquiries and examined documentation to substantiate the urban rate listed in the FCC Form 466.

D. Invoicing Process

CohnReznick 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 Beneficiary were consistent with the terms and specifications of the Service Provider's agreements. CohnReznick examined documentation to determine whether the Beneficiary paid its non-discounted share in a timely manner in accordance with the FCC Rules.

E. Billing Process

CohnReznick examined the Service Provider's 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, CohnReznick examined documentation to determine whether the Service Provider billed the selected Beneficiary for the rural rate and only collected payment for the selected Beneficiary's equivalent of the urban rate for the eligible services purchased with universal service discounts.

F. Health Care Provider Location

CohnReznick determined through inquiry and inspection of documentation whether the services were provided and were functional. CohnReznick 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.



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

Entity Name	Number of Findings	Significant Findings	Amount of Support	Monetary Effect	USAC Management Recovery Action	Commitment Adjustment	Entity Disagreement
Attachment B CenturyLink Corporation (FKA Embarq)	1	47 C.F.R. § 54.607(a) (2019) – Inaccurate Determination of the Rural Rate: Service Provider and Beneficiaries Did Not Use Method 1 - Rural rates on the FCC Forms 466 should have been calculated using customer rates under Method 1.	\$310,487	\$162,799	\$151,106	\$153,688	N
Attachment C Vision Net, Inc.	1	No significant findings.	\$389,477	\$900	\$900	\$0	N
Total	2		\$699,964	\$163,699	\$152,006	\$153,688	

INFO Item: Audit Released August 2025
Attachment B
10/27/2025

Attachment B

RH2022SP014

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

for

CenturyLink Corporation (FKA Embarq)

Audit No. RH2022SP014

January 5, 2024



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Executive Summary

Ms. Teleshia Delmar, Vice President – Audit and Assurance Division
Universal Service Administrative Company
700 12th 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 CenturyLink Corporation (FKA Embarq) (Service Provider), Service Provider Identification Number (SPIN) 143019614, for Funding Year 2019, 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. 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.

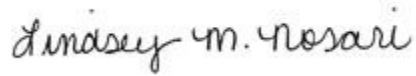
Kearney conducted the audit in accordance with Generally Accepted Government Auditing Standards (GAGAS), issued by the Comptroller General of the United States (2018 Revision, as amended). Those standards require that Kearney plan and perform the audit to obtain sufficient, appropriate evidence to provide 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 disclosed one detailed audit finding (Finding) discussed in the Audit Result and Commitment Adjustment/Recovery Action section. For the purpose of this report, a Finding is a condition that shows evidence of non-compliance with the FCC Rules that were in effect during the audit period.

Certain information may have been omitted from this report concerning communications with 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

Audit Result and Commitment Adjustment/Recovery Action

Audit Result	Monetary Effect	Recommended Recovery	Recommended Commitment Adjustment
Finding: 47 C.F.R. §54.607 (a) (2019) – Inaccurate Determination of the Rural Rate: Service Provider and Beneficiaries Did Not Use Method 1 Rural rates on the FCC Forms 466 should have been calculated using customer rates under Method 1.	\$162,799	\$151,106	\$153,668

USAC Management Response to Auditor Recommended Commitment Adjustment/Recovery Action

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

FRN	USAC Recovery Action	Commitment Adjustment
1958226	\$1,049	\$1,049
1954845	\$5,266	\$5,266
1954846	\$5,266	\$5,266
1962835	\$48,256	\$48,256
1962856	\$20,260	\$20,260
1956874	\$5,424	\$5,424
1956876	\$4,995	\$4,995
1959210	\$3,885	\$3,885
1963350	\$5,570	\$5,570
1952412	\$1,207	\$1,207
1956023	\$2,801	\$2,801
1959641	\$5,123	\$5,123
1959669	\$4,332	\$4,332
1959957	\$5,123	\$5,123
1955771	\$3,779	\$3,779
1954829	\$2,944	\$2,944
1954833	\$2,944	\$2,944
1959698	\$4,692	\$4,692
1952418	\$4,090	\$4,090
1952373	\$2,995	\$2,995
1961091	\$1,703	\$1,703
1957963	\$2,017	\$2,017
1956968	\$0	\$2,562
1954976	\$2,330	\$2,330
1954979	\$2,682	\$2,682
1954967	\$2,373	\$2,373
Total	\$151,106	\$153,668

Purpose, Scope, Background and Procedures

PURPOSE

The purpose of the audit is to determine whether the Service Provider complied with the 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 2019 (audit period):

Service Type	Amount Committed	Amount Disbursed
Direct Inward Dialing (DID) Line(s)	\$633	\$663
Ethernet	\$68,516	\$68,516
PBX Line(s)	\$12,824	\$9,075
Voice Grade Business Line(s)	\$238,964	\$232,233
Total	\$320,967¹	\$310,487

Note: The amounts committed and disbursed reflect funding year activity as of September 2022, the date of the commencement of the audit.

The committed total represents 114 FCC Form 466 applications with 114 FRNs. Kearney selected 27 FRNs² which represent \$208,822 of the funds committed and \$200,829 of the funds disbursed during the audit period, to perform the procedures enumerated below with respect to Funding Year 2019 applications submitted by selected Beneficiaries.

BACKGROUND

Lumen Technologies, Inc. (formerly CenturyLink Corporation) is an American telecommunications company headquartered in Monroe, Louisiana, that offers communications, network services, security, cloud solutions, voice, and managed services. Its communications services include local and long-distance voice, DID lines, broadband, Multi-Protocol Label Switching (MPLS), private line (PBX), Ethernet, hosting (including cloud hosting and managed hosting), data integration, video, network, public access, Voice over Internet Protocol (VoIP), information technology, and other ancillary services.

¹ Subsequent to the date of the commencement of the audit, the Beneficiary submitted a request to downward adjust one of the FRNs, which RHCP approved and reduced the committed funds for this FRN to \$2,489. As of the date of this audit report, the total amount remaining committed is \$319,706. The FRNs AAD selected to perform the procedures enumerated below represent \$207,562 of the revised committed amount.

² The FRNs included in the scope of this audit were: 1962835, 1962856, 1963350, 1958226, 1959641, 1959957, 1954845, 1954846, 1952418, 1957963, 1959669, 1959698, 1956874, 1956876, 1959210, 1952373, 1956023, 1954829, 1954833, 1956968, 1952412, 1954979, 1954976, 1954967, 1952110, 1955771, 1961091.

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

B. Competitive Bid Process

Kearney conducted inquiries of the Beneficiaries to determine that no bids were received for the requested services. We examined evidence that the Beneficiary waited the required 28 days from the date the FCC Form 465 was posted on USAC's website before signing contracts with the selected service provider(s) or properly retaining services with the incumbent service provider(s) under an existing contract. If a contract was executed for the funding year under audit, Kearney reviewed the service provider's contract to determine whether it was properly executed. 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. 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. Kearney 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, Kearney 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. 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 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.

Detailed Audit Finding**Finding – 47 C.F.R. §54.607 (a) (2019) – Inaccurate Determination of the Rural Rate: Service Provider and Beneficiaries Did Not Use Method 1³****CONDITION**

The Service Provider supplied documentation, including a list of its commercial customers and rate data applicable during the funding year (July 2019 through June 2020), and tariffs to determine whether the rural rates stated on the FCC Forms 466 were established in accordance with the FCC Rules for all sampled FRNs (see footnote 1 for the list of FRNs). Since it is the Beneficiaries who complete and certify the information on the FCC Forms 466, the Beneficiaries are responsible for including the rural rate in its submission to the RHC program, although they have the option to seek assistance from the Service Provider. The Beneficiaries stated that, at the time of the FCC Forms 466 submission, due to privacy laws, the Service Provider did not provide them with customer data pertaining to Method 1. Per discussion with the Service Provider during the audit, the customer rate data to calculate the rural rates under Method 1 at the time of the FCC Forms 466 submission was not made available to the Beneficiaries. The Service Provider did not justify why it did not work with the Beneficiaries to use Method 1 as per the FCC Rules. This caused the Beneficiaries to provide copies of local tariffs per Method 2 for all 27 FRNs.

The Service Provider provided its commercial customer list during the audit and Kearney was able to confirm that the Service Provider provides similar or identical services in the rural area where the HCP is located. Thus, the Service Provider should not have used publicly available rates the Beneficiaries used on their FCC Form 466 for its calculation of its rural rates.

Kearney performed a calculation of the rural rates using the commercial customer list and rates applicable during the funding year (July 2019 through June 2020) that were provided by the Service Provider and determined that all but one FRN had rural rates reported on the FCC Forms 466 which were higher than the rural rates calculated using customer rates.⁴ Further, FCC Rules allow Service Providers to use publicly available rates, if they do not provide similar or identical services in the rural area where the HCP is located.⁵ Because the Service Provider did not

³ For discussion of the methods for determining the rural rate as set forth in the Commission's Rules, see *Promoting Telehealth in Rural America*, WC Docket No. 17-310, Notice of Proposed Rulemaking and Order, 32 FCC Rcd 10631, 10651-10652, para. 62 (2017) (*2017 Promoting Telehealth Notice and Order*) (citing the 2017 version of 47 C.F.R. §54.607 (a)-(b), which contains the same language as the 2018 and 2019 version used in this audit). The Commission's rules currently permit three methods for calculating the rural rate depending on each health care provider's situation: (1) averaging the rates that the carrier actually charges to non-health care provider commercial customers for the same or similar services provided in the rural area where the health care provider is located; (2) averaging publicly available rates charged by other service providers for the same or similar services over the same distance in the rural area where the health care provider is located (applicable in cases where the service provider does not provide service to the health care provider's rural area); or (3) requesting approval of a cost-based rate from the Commission (for interstate services) or a state commission (for intrastate services) if there are no rates for same or similar services in that rural area or the carrier believes the calculated rural rate is unfair. Applicants must justify the rural rate calculation on which they rely when seeking Telecom Program support by using one of these three methods. *Id.*

⁴ Kearney acknowledges that the health care provider may have submitted the FCC Forms 466 prior to the start of the funding year; however, the majority of the Service Provider's customer rate data was consistent and the same month to month.

⁵ 47 C.F.R. §54.607 (a); *Federal-State Joint Board of Universal Service*, Report and Order, CC Docket No. 96-45, FCC 97-157, 12 FCC Rcd 8776, paras. 660-62 (May 8, 1997).

provide the rates it charged to its other commercial customers to determine the rural rates per Method 1 and the Beneficiaries reported higher rural rates on the FCC Forms 466, the Service Provider and the Beneficiaries did not properly determine the rural rates in accordance with the FCC Rules and the RHC Program was over-invoiced \$162,799. Kearney summarized the rural rate comparison and finding calculation below.

Rural Rate Calculation Comparison						
HCP	FRN	SP Rates per Customer List (Method 1) Rural Rate (A)	FCC Form 466 Rate (B)	Difference between Rural Rates (C) = (A) - (B)	Number of Months (D)	Total Finding Amount (C) * (D)
10030	1958226	\$962.50	\$1,049.95	\$(87.45)	12.00	\$(1,049.35)
10766	1954845	\$820.77	\$1,698.45	\$(877.68)	6.00	\$(5,266.08)
10766	1954846	\$820.77	\$1,698.45	\$(877.68)	6.00	\$(5,266.08)
11688	1962835	\$576.50	\$7,047.14	\$(6,470.64)	8.45161	\$(54,687.29)
11688	1962856	\$576.50	\$7,047.14	\$(6,470.64)	3.54839	\$(22,960.34)
11947	1956874	\$271.83	\$723.84	\$(452.01)	12.00	\$(5,424.17)
11947	1956876	\$251.92	\$668.16	\$(416.24)	12.00	\$(4,994.84)
12125	1959210	\$264.77	\$588.51	\$(323.74)	12.00	\$(3,884.84)
13003	1963350	\$758.73	\$1,222.90	\$(464.17)	12.00	\$(5,570.05)
14076	1952412	\$367.43	\$467.99	\$(100.56)	12.00	\$(1,206.69)
15132	1956023	\$196.95	\$430.35	\$(233.40)	12.00	\$(2,800.81)
15173	1959641	\$617.03	\$1,470.79	\$(853.76)	6.00	\$(5,122.56)
15173	1959669	\$334.22	\$695.23	\$(361.01)	12.00	\$(4,332.06)
15173	1959957	\$617.03	\$1,470.79	\$(853.76)	6.00	\$(5,122.56)
16478	1955771	\$267.61	\$582.53	\$(314.92)	12.00	\$(3,779.02)
17765	1954829	\$498.94	\$989.62	\$(490.68)	6.00	\$(2,944.07)
17765	1954833	\$498.94	\$989.62	\$(490.68)	6.00	\$(2,944.07)
31566	1959698	\$283.07	\$674.11	\$(391.04)	12.00	\$(4,692.43)
45577	1952418	\$374.89	\$715.71	\$(340.82)	12.00	\$(4,089.79)
46202	1952373	\$275.31	\$524.93	\$(249.62)	12.00	\$(2,995.43)
48646	1961091	\$305.72	\$447.60	\$(141.88)	12.00	\$(1,702.58)
49306	1957963	\$494.91	\$663.01	\$(168.10)	12.00	\$(2,017.24)
51279	1956968	\$327.31	\$540.80	\$(213.49)	12.00	\$(2,561.88)
52148	1954976	\$204.63	\$398.76	\$(194.13)	12.00	\$(2,329.60)
52149	1954979	\$233.18	\$456.66	\$(223.48)	12.00	\$(2,681.77)
52150	1954967	\$210.64	\$408.39	\$(197.75)	12.00	\$(2,372.98)
Total						\$(162,798.54)

CAUSE

The Service Provider did not provide its own rates for Method 1 and the Beneficiaries calculated the rural rates under Method 2 unnecessarily. Due to significant changes in management of the Service Provider, it was unable to justify why Method 1 was not utilized as required by FCC rules.

EFFECT

The monetary effect for this finding is \$162,799. The recommended recovery is \$151,106, and the recommended downward commitment adjustment is \$153,668. The monetary effect amount represents the difference between the calculated Method 1 rural rate and the original rural rate, as

noted in the FCC Forms 466 that followed Method 2, multiplied by the number of months applicable for the funding year.

FRN	Monetary Effect	Recommended Recovery	Recommended Commitment Adjustment
1958226	\$1,049	\$1,049	\$1,049
1954845	\$5,266	\$5,266	\$5,266
1954846	\$5,266	\$5,266	\$5,266
1962835	\$54,687	\$48,256 ⁶	\$48,256
1962856	\$22,960	\$20,260 ⁷	\$20,260
1956874	\$5,424	\$5,424	\$5,424
1956876	\$4,995	\$4,995	\$4,995
1959210	\$3,885	\$3,885	\$3,885
1963350	\$5,570	\$5,570	\$5,570
1952412	\$1,207	\$1,207	\$1,207
1956023	\$2,801	\$2,801	\$2,801
1959641	\$5,123	\$5,123	\$5,123
1959669	\$4,332	\$4,332	\$4,332
1959957	\$5,123	\$5,123	\$5,123
1955771	\$3,779	\$3,779	\$3,779
1954829	\$2,944	\$2,944	\$2,944
1954833	\$2,944	\$2,944	\$2,944
1959698	\$4,692	\$4,692	\$4,692
1952418	\$4,090	\$4,090	\$4,090
1952373	\$2,995	\$2,995	\$2,995
1961091	\$1,703	\$1,703	\$1,703
1957963	\$2,017	\$2,017	\$2,017
1956968	\$2,562	\$0 ⁸	\$2,562
1954976	\$2,330	\$2,330	\$2,330
1954979	\$2,682	\$2,682	\$2,682
1954967	\$2,373	\$2,373	\$2,373
Total	\$162,799	\$151,106	\$153,668

RECOMMENDATION

Kearney recommends USAC management seek recovery of the amounts identified in the Effect section above from the Service Provider and issue a downward commitment adjustment.

The Service Provider and the Beneficiaries must familiarize themselves with the FCC Rules requiring the determination of rural rates to ensure that Method 1 is used if the Service Provider has other commercial customers providing the same or similar services in the rural area where an HCP is located. The Service Provider and the Beneficiaries can learn more about the rural rates and training offered on USAC's website.

⁶ Recommended recovery does not match monetary effect amount since the calculated monetary effect was higher than the original committed and disbursed amount.

⁷ *Id.*

⁸ Recommended recovery does not match monetary effect amount since no funds were disbursed as of the audit announcement date or as of March 12, 2025. However, the recommended commitment adjustment does include this amount since this amount was committed as of the audit announcement date. As of March 12, 2025, the commitment amount was \$4,244 for this FRN.

SERVICE PROVIDER RESPONSE

Lumen aka CenturyLink Corporation (FKA Embarq) has read the report and is in concurrence with the finding.

BENEFICIARY RESPONSE

We received a response from Highlands Medical Center, which is responsible for two of the impacted FRNs: 1956874 and 1956876. They provided the following response: "Highlands Medical Center concurs with the findings." The other Beneficiaries did not provide a response.

KEARNEY RESPONSE

As the Service Provider agreed with our finding and recommendation, we have no further response.

CRITERIA:

Finding	Criteria	Description
#1	47 C.F.R. §54.607 (a) (2019)	<i>Determining the rural rate</i> (a) The rural rate shall be the average of the rates actually being charged to commercial customers, other than health care providers, for identical or similar services provided by the telecommunications carrier providing the service in the rural area in which the health care provider is located. The rates included in this average shall be for services provided over the same distance as the eligible service. The rates averaged to calculate the rural rate must not include any rates reduced by universal service support mechanisms. The "rural rate" shall be used as described in this subpart to determine the credit or reimbursement due to a telecommunications carrier that provides eligible telecommunications services to eligible health care providers.

This concludes the report.

INFO Item: Audit Released August 2025
Attachment C
10/27/2025

Attachment C

RH2022SP015

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

for

Vision Net, Inc.

Audit No. RH2022SP015

October 12, 2023



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Criteria:	8

Executive Summary

Ms. Teleshia Delmar, Vice President – Audit and Assurance Division
Universal Service Administrative Company
700 12th 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 Vision Net, Inc. (Service Provider), Service Provider Identification Number (SPIN) 143010651, for Funding Year 2019, 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. 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.

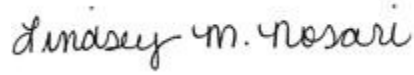
Kearney conducted the audit in accordance with Generally Accepted Government Auditing Standards (GAGAS), issued by the Comptroller General of the United States (2018 Revision, as amended). Those standards require that Kearney plan and perform the audit to obtain sufficient, appropriate evidence to provide 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 disclosed one detailed audit finding (Finding) discussed in the Audit Results and Commitment Adjustment/Recovery Action section. For the purpose of this report, a Finding is a condition that shows evidence of non-compliance with the FCC Rules that were in effect during the audit period.

Certain information may have been omitted from this report concerning communications with 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

Audit Results and Commitment Adjustment/Recovery Action

Audit Result	Monetary Effect and Recommended Recovery
Finding: 47 C.F.R. §54.602 (d) (2019) Service Provider Invoiced RHC Program for Service Not Rendered An invoice was submitted and processed for services that were terminated in a prior month.	\$900

USAC Management Response

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

FRN	Monetary Effect and USAC Recovery Action
1949813	\$900

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 (RHC) Telecommunications Program support amounts committed and disbursed to the Service Provider for Funding Year 2019 (audit period):

Service Type	Amount Committed	Amount Disbursed
Ethernet	\$378,720	\$378,683
T1 or DS1	\$10,794	\$10,794
Total	\$389,514	\$389,477

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

The committed total represents 54 FCC Form 466 applications with 54 FRNs. Kearney selected 20 FRNs¹ which represent \$303,305 of the funds committed and \$303,305 of the funds disbursed during the audit period, to perform the procedures enumerated below with respect to Funding Year 2019 applications submitted by selected Beneficiaries.

BACKGROUND

The Service Provider provides a full suite of business-to-business telecommunications solutions for financial services, healthcare, government, professional, and educational clients in the state of Montana, including fiber, ethernet, internet, VoIP, Video and Cloud services.

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.

¹ The FRNs included in the scope of this audit were: 1949820, 1950074, 1950069, 1950061, 1949819, 1950053, 1948613, 1949508, 1950073, 1959423, 1958091, 1958128, 1949813, 1950055, 1950065, 1958102, 1961000, 1958105, 1950057, 1958085.

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. Kearney 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. 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. Kearney 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, Kearney 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. 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 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.

DETAILED AUDIT FINDING**Finding – 47 C.F.R. §54.602 (d) (2019) Service Provider Invoiced RHC Program for Service Not Rendered****CONDITION**

The Service Provider supplied bills for all sampled FRNs and billing months to verify that the USAC invoices were for actual services provided to the HCPs. For FRN 1949813, services that were billed to USAC for June 2020 had been terminated in the prior month, May 2020. Thus, the RHC Program was over-invoiced \$900 for FRN 1949813.

CAUSE

The Service Provider did not properly ensure that invoices submitted to USAC were for active services being provided to the HCP.

EFFECT

The monetary effect and recommended recovery for this finding is \$900.

FRN	Monetary Effect and Recommended Recovery
1949813	\$900

RECOMMENDATION

Kearney recommends that USAC management seek recovery of the amount identified in the Effect section above.

The Service Provider must establish and maintain complete knowledge and understanding of the FCC Rules in order to submit accurate and compliant invoices to USAC.

SERVICE PROVIDER RESPONSE

Vision Net concurs with Kearney's finding.

KEARNEY RESPONSE

As the Service Provider agreed with our finding and recommendation, we have no further response.

CRITERIA:**47 C.F.R. §54.602 (d) (2019)**

(d) *Health care purposes.* Services for which eligible health care providers receive support from the Telecommunications Program or the Healthcare Connect Fund Program must be reasonably related to the provision of health care services or instruction that the health care provider is legally authorized to provide under the law in the state in which such health care services or instruction are provided.

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