



Schools and Libraries Committee Meeting

Audit Reports Briefing Book

Monday, July 24, 2023

Available For Public Use

Universal Service Administrative Company Offices

700 12th Street NW, Suite 900

Washington, DC, 20005

Summary of Schools and Libraries Support Mechanism Beneficiary Audit Reports Released: April 2023.

Entity Name	Number of Findings	Significant Findings	Amount of Support	Monetary Effect	USAC Management Recovery Action	Commitment Adjustment	Entity Disagreement
Round Rock Independent School District Attachment A	0	<ul style="list-style-type: none"> Not applicable. 	\$705,249	\$0	\$0	\$0	N/A
West Virginia State Department of Education Attachment B	0	<ul style="list-style-type: none"> Not applicable. 	\$2,281,837	\$0	\$0	\$0	N/A
Total	0		\$2,987,086	\$0	\$0	\$0	

Attachment A

SL2021LR004

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Round Rock Independent School District

Limited Review Performance Audit on Compliance with the Federal
Universal Service Fund E-Rate Support Mechanism Rules

USAC Audit No. SL2021LR004



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EXECUTIVE SUMMARY

August 17, 2022March 31, 2023

Dr. Hafeedh Azaiez, Superintendent of Schools
Round Rock Independent School District
1311 Round Rock Avenue
Round Rock, TX 78681

Dear Dr. Hafeedh Azaiez:

The Universal Service Administrative Company (USAC or Administrator) Audit and Assurance Division (AAD) audited the compliance of Round Rock Independent School District (Beneficiary), Billed Entity Number (BEN) 141736, using regulations and orders governing the federal Universal Service E-Rate program, set forth in 47 C.F.R. Part 54, as well as other program requirements (collectively, the FCC Rules). Compliance with the FCC Rules is the responsibility of the Beneficiary's management. AAD's responsibility is to make a determination regarding the Beneficiary's compliance with the FCC Rules based on our limited review performance audit.

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

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

Certain information may have been omitted from this report concerning communications with 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 Federal Communications Commission (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
Craig Davis, USAC Vice President, E-Rate Division
Teleshia Delmar, USAC Vice President, Audit and Assurance Division

PURPOSE, SCOPE, BACKGROUND AND PROCEDURES

PURPOSE

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

SCOPE

The following chart summarizes the E-Rate program support amounts committed and disbursed to the Beneficiary for Funding Year 2019 (audit period):

Service Type	Amount Committed	Amount Disbursed
Internet Access	\$123,181	\$120,414
Internal Connections	\$585,102	\$584,835
Total	\$708,283	\$705,249

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

The committed total represents nine FCC Form 471 applications with nine Funding Request Numbers (FRNs). AAD selected three FRNs of the nine FRNs,¹ which represent \$557,583 of the funds committed and \$554,550 of the funds disbursed during the audit period, to perform the procedures enumerated below with respect to the Funding Year 2019 applications submitted by the Beneficiary.

BACKGROUND

The Beneficiary is a school district located in Round Rock, Texas that serves over 55,000 students.

PROCEDURES

AAD performed the following procedures:

A. Application Process

AAD obtained an understanding of the Beneficiary's processes relating to the E-Rate 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 direct observation to determine whether the Beneficiary was eligible to receive funds and had the necessary resources to support the equipment and services for which funding was requested. AAD also conducted inquiries to obtain an understanding of the process the Beneficiary used to calculate its discount percentage and validated its accuracy.

B. Competitive Bid Process

AAD obtained and examined documentation to determine whether all bids received were properly evaluated and price of the eligible services and goods was the primary factor considered. AAD also obtained and examined evidence that the Beneficiary waited the required 28 days from the date the FCC

¹ The FRNs included in the scope of this audit were: 1999026733, 1999040740, and 1999040819.

Form 470 was posted on USAC's website before signing contracts or executing month-to-month agreements with the selected service providers.

C. Invoicing Process

AAD obtained and examined invoices for which payment was disbursed by USAC to determine whether the equipment and services identified on the FCC Form 472 Billed Entity Applicant Reimbursements (BEARs) and corresponding service provider bills were consistent with the terms and specifications of the service provider agreements. AAD also examined documentation to determine whether the Beneficiary paid its non-discounted share in a timely manner.

D. Site Visit

AAD performed a virtual site visit to evaluate the location and use of equipment and services to determine whether it was delivered and installed, located in eligible facilities, and utilized in accordance with the FCC Rules. AAD evaluated whether the Beneficiary had the necessary resources to support the equipment and services for which funding was requested. AAD also evaluated the equipment and services purchased by the Beneficiary to determine whether funding was and/or will be used in an effective manner.

E. Reimbursement Process

AAD obtained and examined invoices submitted for reimbursement for the equipment and services delivered to the Beneficiary and performed procedures to determine whether USAC was invoiced properly. Specifically, AAD reviewed invoices associated with the BEAR and SPI forms for equipment and services provided to the Beneficiary. AAD verified that the equipment and services identified on the BEAR and SPI forms and corresponding service provider bills were consistent with the terms and specifications of the service provider agreements and eligible in accordance with the E-Rate Eligible Services List.

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

Attachment B

SL2022LR010

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*Limited Scope Performance Audit
of
West Virginia State Department of Education's
Compliance with the Federal Universal Service Fund E-Rate
Support Mechanism Rules
for Funding Year 2020*

Conducted for:

Universal Service Administrative Company

USAC Audit No. SL2022LR010



MANAGEMENT CONSULTANTS &
CERTIFIED PUBLIC ACCOUNTANTS
1420 K Street, NW
Suite 910
Washington, DC 20005

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Executive Summary

March 27, 2023

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

Dear Ms. Delmar:

The Universal Service Administrative Company (USAC or Administrator) Audit and Assurance Division (AAD) engaged Regis & Associates, PC to audit the compliance of West Virginia State Department of Education (Beneficiary), Billed Entity Number (BEN) 126678, for the twelve-month period ended June 30, 2021, (Funding Year 2020), using regulations and orders governing the federal Universal Service E-Rate program, set forth in 47 C.F.R. Part 54, as well as other program requirements (collectively, the FCC Rules). Compliance with the FCC Rules is the responsibility of the Beneficiary's management. Our responsibility is to make a determination regarding the Beneficiary's compliance with the FCC Rules, based on our limited scope performance audit.

We conducted this performance audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States (2018 Revision, as amended). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. The audit included examining, on a test basis, evidence supporting the competitive bidding process undertaken to select service providers, data used to calculate the discount percentage and the type and amount of services received, as well as performing other procedures we considered necessary to make a determination regarding the Beneficiary's compliance with the FCC Rules. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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

Certain information may have been omitted from this report concerning communications with USAC's 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 Federal Communications Commission (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.

Regis + Associates, PC

Regis & Associates, PC
Washington, DC
March 27, 2023

Background, Objectives, Scope, and Procedures

Background

E-Rate Program – Overview

USAC is an independent not-for-profit corporation that operates under the directives of the FCC, in accordance with the provisions of 47 C.F.R. Part 54. Pursuant to governing regulations, USAC serves as the neutral administrator of the Universal Service Fund (USF). This neutral posture requires that USAC not make policies, interpret regulations, or advocate regarding any matter of universal service policy. USAC executes its mission through the following four support mechanisms:

- High Cost;
- Lifeline;
- Rural Health Care;
- and E-Rate.

The purpose of these four support mechanisms is to ensure that all people, regardless of location or income level, have affordable access to telecommunications and information services.

The E-Rate program is one of four support mechanisms funded through a Universal Service fee charged to telecommunications companies that provide interstate and/or international telecommunications services. This program is designed to support connectivity by schools and libraries, for telecommunications services and/or the Internet. Participating schools and libraries are responsible for providing additional resources such as end-user equipment (computers, telephone handsets, and modems), software, professional development, and other resources that are necessary to fully enable and utilize such connectivity.

The E-Rate program provides discounts to assist eligible schools and libraries in obtaining affordable telecommunications equipment and/or services, and Internet access, through two categories of service. Category One services consist of data transmission services, and Internet access. Category Two services consist of internal connections, basic maintenance of internal connections (BMIC), and managed internal broadband services (MIBS). Under existing regulations, schools and libraries may receive statutory discounts for Category One and Category Two eligible services, depending on the type of service, level of poverty, and the urban/rural status of the population served. Eligible schools, school districts, and libraries may apply for discounts individually, or as part of a consortium.

West Virginia State Department of Education – Overview

The Beneficiary is the state education agency of West Virginia, located in Charleston, West Virginia. The Beneficiary operates a statewide school consortium that serves 55 county school districts with two state school districts (institutional education and the school for the deaf and the blind).

Objectives

The objective of this performance audit was to determine whether the Beneficiary complied with the applicable requirements of the FCC Rules that govern the E-Rate program for Funding Year 2020.

Scope

The scope of this performance audit includes examining on a test basis, evidence supporting the Beneficiary's compliance with the FCC Rules. The FCC Rules govern commitment amounts and disbursements received during Funding Year 2020. The testing and analysis conducted are detailed in the Procedures section of this report. The following chart summarizes the E-Rate program support amounts committed and disbursed to the Beneficiary for Funding Year 2020 (audit period):

Service Type	Amount Committed	Amount Disbursed
Internet Access	\$2,993,200	\$2,281,837

Note: The amounts committed and disbursed reflect funding year activity, as of May 16, 2022.

The committed total represents three FCC Form 471 applications with three Funding Request Numbers (FRNs). We selected two FRNs of the funded three FRNs¹, which represent \$2,953,946 of the funds committed and \$2,242,583 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.

Procedures

We performed procedures related to the E-Rate program, relative to amounts committed to, and received by the Beneficiary, for Funding Year 2020, as of May 16, 2022. These procedures are enumerated below:

A. Application Process

We obtained an understanding of the Beneficiary's processes relating to the E-Rate program. Specifically, we 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. We also conducted inquiries to obtain an understanding of the process the Beneficiary used to calculate its discount percentage and validated its accuracy.

We obtained and examined documentation to determine whether the Beneficiary complied with the E-Rate program's Children's Internet Protection Act (CIPA) requirements. Specifically, we obtained and evaluated the Beneficiary's Internet Safety Policy. We obtained an understanding of the process by which the Beneficiary communicated and administered the policy.

B. Competitive Bid Process

We obtained and examined documentation to determine whether the Beneficiary properly selected a

¹ The FRNs included in the scope of this audit were: 2099086045 and 2099026223.

service provider that provided eligible services and the price of the eligible services was the primary factor considered. We also obtained and examined evidence that the Beneficiary waited the required 28 days from the date the FCC Form 470 was posted on USAC's website before signing contracts with the selected service providers. We examined the service provider contracts to determine whether they were properly executed.

C. Invoicing Process

We obtained and examined invoices for which payment was disbursed by USAC to determine whether the services identified on the FCC Form 474 Service Provider Invoices (SPIs), and corresponding service provider bills were consistent with the terms and specifications of the service provider agreements. We also examined documentation to determine whether the Beneficiary paid its non-discounted share in a timely manner.

D. Reimbursement Process

We obtained and examined invoices submitted for reimbursement for the services delivered to the Beneficiary, and performed procedures to determine whether USAC was invoiced properly. Specifically, we reviewed invoices associated with SPI forms for services provided to the Beneficiary. We verified that the equipment and services identified on SPI forms and corresponding service provider bills were consistent with the terms and specifications of the service provider agreements and eligible in accordance with the E-Rate Eligible Services List.

Summary of Schools and Libraries Support Mechanism Beneficiary Audit Report Released: May 2023.

Entity Name	Number of Findings	Significant Findings	Amount of Support	Monetary Effect	USAC Management Recovery Action	Commitment Adjustment	Entity Disagreement
Cablevision Lightpath of New Jersey Attachment C	1	<ul style="list-style-type: none"> No significant findings. 	\$8,302,653	\$13,903	\$13,903	\$0	N
Total	1		\$8,302,653	\$13,903	\$13,903	\$0	

Attachment C

SL2021SP032

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Cablevision Lightpath of New Jersey

Limited Review Performance Audit on Compliance with the Federal
Universal Service Fund E-Rate Support Mechanism Rules

USAC Audit No. SL2021SP032

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EXECUTIVE SUMMARY

May 31, 2022

Thomas Flahive, Vice President
Cablevision Lightpath of New Jersey
200 Jericho Quadrangle
Jericho, NY 11753

The Universal Service Administrative Company (USAC or Administrator) Audit and Assurance Division (AAD) audited the compliance of Cablevision Lightpath of New Jersey (Service Provider), Service Provider Identification Number (SPIN) 143013604, for Funding Year 2019, using regulations and orders governing the federal Universal Service E-Rate program, set forth in 47 C.F.R. Part 54, as well as other program requirements (collectively, the FCC Rules). Compliance with the FCC Rules is the responsibility of the Service Provider's management. AAD's responsibility is to make a determination regarding the Service Provider's compliance with the FCC Rules based on the limited 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). 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 type and amount of services provided by the Service Provider to E-Rate program applicants (selected Beneficiaries), as well as performing other procedures AAD considered necessary to make a determination regarding the Service Provider's compliance with the FCC Rules. The evidence obtained provides a reasonable basis for AAD's findings and conclusions based on the audit objectives.

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

Certain information may have been omitted from this report concerning communications with USAC management or other officials and/or details about internal operating processes or investigations. This report is intended solely for the use of USAC, the Service Provider, and the Federal Communications Commission (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
Craig Davis, USAC Vice President, E-Rate Division
Teleshia Delmar, USAC Vice President, Audit and Assurance Division

AUDIT RESULTS AND RECOVERY ACTION

Audit Result	Monetary Effect	Recommended Recovery
Finding #1: FCC Form 472, at Block 3 - Beneficiary Invoiced the E-Rate Program for Amounts Exceeding Service Provider Bills and Charges Exceeding the Rate and Service Speed Approved on the FCC Form 471: The Beneficiary’s Service Provider bills did not support the amount invoiced to the E-Rate program, and the Beneficiary invoiced the E-Rate program for rates and bandwidth in excess of the rates and bandwidth requested and approved on the FCC Form 471 and approved on the Funding Commitment Decision Letter.	\$13,903	\$13,903

USAC MANAGEMENT RESPONSE

USAC management concurs with the Audit Result stated above. See the chart below for the recovery amount. USAC may review other invoices filed by the Beneficiary during the audited Funding Year that were not in the scope of this audit and there may be additional recoveries and/or commitment adjustments. USAC will request the Beneficiary provide copies of policies and procedures implemented to address the issues identified. USAC also refers the Beneficiary to our website for additional resources. Various links are listed below:

- <https://www.usac.org/e-rate/learn/webinars/> (E-Rate Invoicing Process: Office Hour Webinar, July 21, 2022)
- <https://www.usac.org/e-rate/learn/webinars/> (E-Rate Invoice Training Webinar, February 10, 2022)
- <https://www.usac.org/wp-content/uploads/e-rate/documents/Webinars/2022/E-Rate-Invoice-Training-Webinar-2022-Slides.pdf>

USAC records show the Beneficiary is currently subscribed to the E-Rate weekly News Brief. USAC encourages the Beneficiary to review the News Brief as it contains valuable information about the E-Rate Program.

FRN	Recovery Amount
1999015645	\$13,903

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 E-Rate program support amounts committed and disbursed to the Service Provider for Funding Year 2019 (audit period):

Service Type	Amount Committed	Amount Disbursed
Internet Access	\$10,037,357	\$8,254,682
Basic Maintenance of Internal Connections	\$2,400	\$0
Managed Internal Broadband Services	\$47,971	\$47,971
Total	\$10,087,728	\$8,302,653

Note: The amounts committed and disbursed reflect Funding Year activity as of the commencement of the audit, December 3, 2020

The committed total represents 230 FCC Form 471 applications with 303 Funding Request Numbers (FRNs). AAD selected seven FRNs of the 303 FRNs,¹ which represent \$2,097,444 of the funds committed and \$1,725,606 of the funds disbursed during the audit period, to perform the procedures enumerated below with respect to the Funding Year 2019 applications submitted by the selected Beneficiaries.²

BACKGROUND

The Service Provider provides Internet telephony services to customers in New York, New Jersey, Connecticut, Pennsylvania, and Alabama, and its headquarters are located in Bethpage, New York.

PROCEDURES

AAD performed the following procedures:

A. Eligibility Process

AAD obtained an understanding of the Service Provider's processes and internal controls over its participation in the E-Rate program. Specifically, AAD conducted inquiries of the Service Provider and the selected Beneficiaries and examined documentation to determine whether controls existed to ensure equipment and services were eligible, delivered, and installed in accordance with the FCC Rules. AAD

¹ The FRNs included in the scope of this audit were: 1999015645, 1999005969, 1999016690, 1999015743, 1999003128, 1999015678, and 1999019230.

² Seven beneficiaries were sampled for the audit. Of the seven beneficiaries, one Beneficiary was identified to be non-compliant with FCC Rules resulting in a detailed audit finding.

conducted inquiries and examined documentation to determine whether the Service Provider assisted with the completion of the selected Beneficiaries' FCC Forms 470.

B. Competitive Bid Process

AAD conducted inquiries and examined documentation to determine whether the Service Provider participated in or appeared to have influenced the selected Beneficiaries' competitive bidding processes. AAD reviewed the Service Provider's contracts (if applicable) with the selected Beneficiaries to determine whether the contracts were properly executed. AAD evaluated the equipment and services requested and purchased to determine whether the Service Provider provided the equipment and services requested in the selected Beneficiaries' FCC Form 471. AAD also examined documentation to determine whether the Service Provider offered the selected Beneficiaries the lowest corresponding price charged for similar equipment and services to non-residential customers similarly situated to the selected Beneficiaries.

C. Billing Process

AAD reviewed the FCC Form 472 Billed Entity Applicant Reimbursements (BEARs) and FCC Form 474 Service Provider Invoices (SPIs) for which payment was disbursed by USAC to determine whether the equipment and services identified on the BEARs and SPIs, and corresponding Service Provider bills, were consistent with the terms and specifications of the Service Provider's contracts and eligible in accordance with the E-Rate program Eligible Services List. AAD also examined documentation to determine whether the Service Provider charged the selected Beneficiaries the lowest corresponding price charged for similar equipment and services to non-residential customers similarly situated to the selected Beneficiaries. In addition, AAD examined documentation to determine whether the Service Provider billed the selected Beneficiaries for the non-discounted portion of eligible equipment and services purchased with universal service discounts and did not provide the Beneficiaries with rebates, including free services or products.

D. Reimbursement Process

AAD obtained and examined the BEARs and SPIs submitted for reimbursement for the equipment and services delivered to the selected Beneficiaries and performed procedures to determine whether USAC was invoiced properly. Specifically, AAD reviewed Service Provider bills associated with the BEARs and SPIs for equipment and services provided to the selected Beneficiaries. AAD determined whether the Service Provider billed the selected Beneficiaries for only the non-discount portion of the cost, or if the Service Provider issued credits on the Service Provider bills to the selected Beneficiaries.

DETAILED AUDIT FINDING

FINDING #1: FCC Form 472, at Block 3 - Beneficiary Invoiced the E-Rate Program for Amounts Exceeding Service Provider Bills and Charges Exceeding the Rate and Service Speed Approved on the FCC Form 471

CONDITION

AAD obtained and examined the Beneficiary's (Greater Bergen Community Action, Inc., BEN 16040958) FCC Forms 471, FCC Form 472 Billed Entity Applicant Reimbursement (BEAR) Forms, and corresponding contracts and bills provided by the Service Provider to determine whether the E-Rate program was invoiced only for the cost of approved eligible services. For FRN 1999015645, AAD determined that (a) the Beneficiary's Service Provider bills did not support the amount invoiced to the E-Rate program, and (b) the Beneficiary invoiced the E-Rate program for rates and bandwidth in excess of the rates and bandwidth requested and approved on its FCC Form 471 and approved on the Funding Commitment Decision Letter (FCDL).³ Specifically, the Beneficiary invoiced the E-Rate program as follows:

- A. **Amounts Exceeding Service Provider Bills** - On its BEAR Form numbers 2959616, 3012513, 3047800, 3065540, 3087667, 3094175, and 3107084, the Beneficiary included a total pre-discounted amount of \$464,963. However, the total pre-discounted amount of eligible, approved services supported by the Service Provider bills totaled \$460,340. The difference between the eligible pre-discounted costs supported by the Service Provider bills was \$4,623. Thus, AAD concludes that the Beneficiary over-invoiced the E-Rate program by \$4,161 ($\$4,623 \times$ the Beneficiary's 90 percent discount rate).
- B. **Rates, Services and Amounts Exceeding FCC Form 471 and FCDL** - On its BEAR Form numbers 3087667, 3094175, and 3107084, the Beneficiary invoiced the E-Rate program for rates and bandwidth in excess of the rates and bandwidth requested and approved on the FCC Form 471 and approved on the Funding Commitment Decision Letter (FCDL) and associated Service Provider bills for the periods February 2020 through June 2020. Because the Beneficiary was only approved and committed funds by the E-Rate program for the costs and bandwidth listed in its FCC Form 471, AAD concludes that the Beneficiary invoiced the E-Rate program for costs in excess of the approved amount by \$13,903, as detailed below.

³ FCC Form 472, Billed Entity Applicant Reimbursement (BEAR) Form at Block 3.

Table 1: Charges Exceeding the Rate and Bandwidth Requested and Approved on the FCC Form 471 and FCDL

FRN	BEAR #	Service Requested in FCC Form 471	Service Billed	Bill Period	MRC Requested in FCC Form 471 (A)	MRC Billed (B)	Number of Locations (C)	Difference (D) = (B*C) - (A*C)	Discount Rate (E)	Discounted Cost of Difference (D x E)
1999015645	3087667, 3094175, 3107084	150 MB Ethernet	300 MB Ethernet	Feb. 2020	\$362	\$664 ⁴	1	\$302	90%	\$272
					\$1,376	\$2,522 ⁵	1	\$1,146	90%	\$1,031
				Mar. 2020	\$2,100	\$3,850	2	\$3,500	90%	\$3,150
				Apr. 2020	\$2,100	\$3,850	2	\$3,500	90%	\$3,150
				May 2020	\$2,100	\$3,850	2	\$3,500	90%	\$3,150
				Jun. 2020	\$2,100	\$3,850	2	\$3,500	90%	\$3,150
Total Over-Invoiced Amount										\$13,903

Because the Beneficiary included in its BEARs amounts that exceeded the actual costs that the Service Provider charged and amounts that exceeded rates approved and committed funds by the E-Rate program for the costs and bandwidth listed in its FCC Form 471, AAD concludes that the Beneficiary invoiced the E-Rate program by \$18,064 (\$13,903 + \$4,161). Subsequent to AAD’s audit announcement, the Beneficiary was aware of the \$4,161 over-invoiced amount and returned these funds to the E-Rate program on January 8, 2021.

CAUSE

The Beneficiary did not have adequate controls and procedures in place to ensure the E-Rate program was invoiced only for eligible services at the requested monthly recurring cost and bandwidth. The Beneficiary did not have an individual with sufficient knowledge of the E-Rate FCC Rules performing a secondary review of Service Provider bills and USAC invoices to ensure that USAC was only invoiced for eligible charges requested and approved on the FCC Form 471.

EFFECT

The monetary effect of this finding is \$18,064 for FRN 1999015645 (\$13,903 + \$4,161). This amount represents the difference between the amount disbursed by the E-Rate program and the approved charges.

⁴ Upgrade for location started 5 days before the end of the month, and was partially billed.

⁵ Upgrade for location started 19 days before the end of the month, and was partially billed.

RECOMMENDATION

AAD recommends that USAC Management seek recovery of \$13,903 (the portion of the amount not reimbursed to the E-Rate program).

The Beneficiary must implement controls and procedures to ensure that the E-Rate program is invoiced only for approved rates and services that are requested on the FCC Form 471 and approved and committed in an FCDL. The Beneficiary should implement a secondary review of the Service Provider bills and invoices to the E-Rate program to only include changes for eligible services and rates requested and approved by the E-Rate program. The Beneficiary can familiarize itself with the FCC Rules related to invoicing at <https://www.usac.org/e-rate/applicant-process/invoicing/>. The Beneficiary can learn more about the E-Rate program's training opportunities on USAC's website at <https://www.usac.org/e-rate/trainings/> and keep current on E-Rate news at <https://www.usac.org/e-rate/resources/news-brief/>.

BENEFICIARY RESPONSE

The Beneficiary did not provide a response to the audit finding.

CRITERIA

FCC Form 472, Billed Entity Applicant Reimbursement (BEAR) Form at Block 3:

The discount amounts listed in this Billed Entity Applicant Reimbursement Form represent charges for eligible services and/or equipment delivered to and used by eligible schools, libraries, or consortia of those entities for educational purposes, on or after the service start date reported on the associated FCC Form 486.

The discount amounts listed in this Billed Entity Applicant Reimbursement Form are for eligible services and/or equipment approved by the Fund Administrator pursuant to a Funding Commitment Decision Letter (FCDL).

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

Summary of Schools and Libraries Support Mechanism Beneficiary Audit Reports Released: June 2023

Entity Name	Number of Findings	Significant Findings	Amount of Support	Monetary Effect	USAC Management Recovery Action	Commitment Adjustment	Entity Disagreement
Phenix City School District Attachment D	0	<ul style="list-style-type: none"> Not applicable. 	\$421,675	\$0	\$0	\$0	N/A
Kuspuk School District Attachment E	0	<ul style="list-style-type: none"> Not applicable. 	\$4,744,874	\$0	\$0	\$0	N/A
Los Angeles Public Library System Attachment F	0	<ul style="list-style-type: none"> Not applicable. 	\$1,123,128	\$0	\$0	\$0	
Total	0		\$6,289,677	\$0	\$0	\$0	

Attachment D

SL2022LR004

Available For Public Use

Phenix City School District

Limited Review Performance Audit on Compliance with the Federal
Universal Service Fund E-Rate Support Mechanism Rules

USAC Audit No. SL2022LR004

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EXECUTIVE SUMMARY

March 23, 2023

Dr. Darrell Seldon
Phenix City School District
1212 9th Avenue
Phenix City, AL 36867

Dear Dr. Seldon:

The Universal Service Administrative Company (USAC or Administrator) Audit and Assurance Division (AAD) audited the compliance of Phenix City School District (Beneficiary), Billed Entity Number (BEN) 128202, using regulations and orders governing the federal Universal Service E-Rate program, set forth in 47 C.F.R. Part 54, as well as other program requirements (collectively, the FCC Rules). Compliance with the FCC Rules is the responsibility of the Beneficiary's management. AAD's responsibility is to make a determination regarding the Beneficiary's compliance with the FCC Rules based on our limited review performance audit.

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

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

Certain information may have been omitted from this report concerning communications with 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 Phenix City School District, and the Federal Communications Commission (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
Craig Davis, USAC Vice President, E-Rate Division
Teleshia Delmar, USAC Vice President, Audit and Assurance Division

PURPOSE, SCOPE, BACKGROUND AND PROCEDURES

PURPOSE

The purpose of the audit was to determine whether the Phenix City School District complied with the FCC Rules.

SCOPE

The following chart summarizes the E-Rate program support amounts committed and disbursed to the Phenix City School District for Funding Year 2020 (audit period):

Service Type	Amount Committed	Amount Disbursed
Internal Connections	\$212,744	\$212,744
Data Transmission and/or Internet Access	\$208,931	\$208,931
Total	\$421,675	\$421,675

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

The committed total represents two FCC Form 471 applications with three Funding Request Numbers (FRNs). AAD selected all three FRNs,¹ which represent \$421,675 of the funds committed and \$421,675 of the funds disbursed during the audit period, to perform the procedures enumerated below with respect to the Funding Year 2020 applications submitted by Phenix City School District.

BACKGROUND

The Beneficiary is a school district located in Phenix, Alabama that serves over 7,200 students.

PROCEDURES

AAD performed the following procedures:

A. Application Process

AAD obtained an understanding of the Beneficiary's processes relating to the E-Rate 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 direct observation to determine whether the Beneficiary was eligible to receive funds and had the necessary resources to support the equipment and services for which funding was requested. AAD also conducted inquiries to obtain an understanding of the process the Beneficiary used to calculate its discount percentage and validated its accuracy.

B. Competitive Bid Process

AAD obtained and examined documentation to determine whether all bids received were properly evaluated and price of the eligible services and goods was the primary factor considered. AAD also

¹ The FRNs included in the scope of this audit were: 2099025801, 2099019690, and 2099019675.

obtained and examined evidence that the Beneficiary waited the required 28 days from the date the FCC Form 470 was posted on USAC's website before signing contracts or executing month-to-month agreements with the selected Service Providers.

C. Invoicing Process

AAD obtained and examined invoices for which payment was disbursed by USAC to determine whether the equipment and services identified on the FCC Form 474 Service Provider Invoices (SPIs) and corresponding Service Provider bills were consistent with the terms and specifications of the Service Provider agreements. AAD also examined documentation to determine whether the Beneficiary paid its non-discounted share in a timely manner.

D. Site Visit

AAD performed a virtual site visit to evaluate the location and use of equipment and services to determine whether it was delivered and installed, located in eligible facilities, and utilized in accordance with the FCC Rules. AAD evaluated whether the Beneficiary had the necessary resources to support the equipment and services for which funding was requested. AAD also evaluated the equipment and services purchased by the Beneficiary to determine whether funding was used in an effective manner.

E. Reimbursement Process

AAD obtained and examined invoices submitted for reimbursement for the equipment and services delivered to the Beneficiary and performed procedures to determine whether USAC was invoiced properly. Specifically, AAD reviewed invoices associated with the SPI forms for equipment and services provided to the Beneficiary. AAD verified that the equipment and services identified on the SPI forms and corresponding Service Provider bills were consistent with the terms and specifications of the Service Provider agreements and eligible in accordance with the E-Rate Eligible Services List.

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

Attachment E

SL2022LR007

Available For Public Use

Kuspuk School District

Limited Review Performance Audit on Compliance with the Federal
Universal Service Fund E-Rate Support Mechanism Rules

USAC Audit No. SL2022LR007

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EXECUTIVE SUMMARY

March 9, 2023

Madeline Aguillard
Kuspuk School District
100 Boundary Avenue
Aniak, AK 99557

Dear Madeline Aguillard:

The Universal Service Administrative Company (USAC or Administrator) Audit and Assurance Division (AAD) audited the compliance of Kuspuk School District (Beneficiary), Billed Entity Number (BEN) 145560, using regulations and orders governing the federal Universal Service E-Rate program, set forth in 47 C.F.R. Part 54, as well as other program requirements (collectively, the FCC Rules). Compliance with the FCC Rules is the responsibility of the Beneficiary's management. AAD's responsibility is to make a determination regarding the Beneficiary's compliance with the FCC Rules based on our limited review performance audit.

AAD conducted the audit in accordance with Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States (2018 Revision, as amended). Those standards require that AAD plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for its findings and conclusions based on the audit objectives. The audit included examining, on a test basis, evidence supporting the competitive bidding process undertaken to select service providers, data used to calculate the discount percentage and 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 examination did not disclose any areas of non-compliance with the FCC Rules that were in effect during the audit period.

Certain information may have been omitted from this report concerning communications with 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 Federal Communications Commission (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
Craig Davis, USAC Vice President, E-Rate Division
Teleshia Delmar, USAC Vice President, Audit and Assurance Division

PURPOSE, SCOPE, BACKGROUND AND PROCEDURES

PURPOSE

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

SCOPE

The following chart summarizes the E-Rate program support amounts committed and disbursed to the Beneficiary for Funding Year 2020 (audit period):

Service Type	Amount Committed	Amount Disbursed
Managed Internal Broadband Services	\$17,853	\$17,853
Data Transmission and/or Internet Access	\$6,212,560	\$4,727,021
Total	\$6,230,413	\$4,744,874

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

The committed total represents four FCC Forms 471 applications with seven Funding Request Numbers (FRNs). AAD selected two FRNs of the seven FRNs,¹ which represent \$5,641,088 of the funds committed and \$4,163,456 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 is a School District located in Aniak, Alaska that serves over 300 students.

PROCEDURES

AAD performed the following procedures:

A. Application Process

AAD obtained an understanding of the Beneficiary's processes relating to the E-Rate 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 direct observation/inspection of documentation to determine whether the Beneficiary was eligible to receive funds in a limited review and had the necessary resources to support the equipment and services for which funding was requested. AAD also conducted inquiries to obtain an understanding of the process the Beneficiary used to calculate its discount percentage and validated its accuracy.

B. Competitive Bid Process

¹ The FRNs included in the scope of this audit were: 2099081297 and 2099081097.

AAD obtained and examined documentation to determine whether all bids received were properly evaluated and price of the eligible services and goods was the primary factor considered. AAD also obtained and examined evidence that the Beneficiary waited the required 28 days from the date the FCC Form 470 was posted on USAC's website before signing contracts or executing month-to-month agreements with the selected service providers.

C. Invoicing Process

AAD obtained and examined invoices for which payment was disbursed by USAC to determine whether the equipment and services identified on the FCC Form 474 Service Provider Invoices (SPIs) and corresponding service provider bills were consistent with the terms and specifications of the service provider agreements. AAD also examined documentation to determine whether the Beneficiary paid its non-discounted share in a timely manner.

D. Beneficiary Location

AAD conducted inquiries to determine whether the services were located in eligible facilities and utilized in accordance with the FCC Rules. AAD evaluated whether the Beneficiary had the necessary resources to support the services for which funding was requested. AAD also evaluated the services purchased by the Beneficiary for cost effectiveness to determine whether funding was and/or will be used in an effective manner.

E. Reimbursement Process

AAD obtained and examined invoices submitted for reimbursement for the equipment and services delivered to the Beneficiary and performed procedures to determine whether USAC was invoiced properly. Specifically, AAD reviewed invoices associated with the SPI forms for services provided to the Beneficiary. AAD verified that the services identified on the SPI forms and corresponding service provider bills were consistent with the terms and specifications of the service provider agreements and eligible in accordance with the E-Rate Eligible Services List.

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

Attachment F

SL2022LR008

Available For Public Use

Los Angeles Public Library System

Limited Review Performance Audit on Compliance with the Federal
Universal Service Fund E-Rate Support Mechanism Rules

USAC Audit No. SL2022LR008

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EXECUTIVE SUMMARY

April 19, 2023

Mr. John Szabo, City Librarian
Los Angeles Public Library System
200 N. Main St. Suite 1400
Los Angeles, CA 90012

Dear Mr. Szabo:

The Universal Service Administrative Company (USAC or Administrator) Audit and Assurance Division (AAD) audited the compliance of Los Angeles Public Library System (Beneficiary), Billed Entity Number (BEN) 16020848, using regulations and orders governing the federal Universal Service E-Rate program, set forth in 47 C.F.R. Part 54, as well as other program requirements (collectively, the FCC Rules). Compliance with the FCC Rules is the responsibility of the Beneficiary's management. AAD's responsibility is to make a determination regarding the Beneficiary's compliance with the FCC Rules based on our limited review performance audit.

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

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

Certain information may have been omitted from this report concerning communications with 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 Los Angeles Public Library System, and the Federal Communications Commission (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
Craig Davis, USAC Vice President, E-Rate Division
Teleshia Delmar, USAC Vice President, Audit and Assurance Division

PURPOSE, SCOPE, BACKGROUND AND PROCEDURES

PURPOSE

The purpose of the audit was to determine whether the Los Angeles Public Library System complied with the FCC Rules.

SCOPE

The following chart summarizes the E-Rate program support amounts committed and disbursed to the Los Angeles Public Library System for Funding Year 2020 (audit period):

Service Type	Amount Committed	Amount Disbursed
Internal Connections	\$3,369,705	\$0
Basic Maintenance of Internal Connections	\$181,653	\$0
Data Transmission and/or Internet Access	\$1,128,961	\$1,123,128
Total	\$4,680,319	\$1,123,128

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

The committed total represents twelve FCC Form 471 applications with one hundred and five Funding Request Numbers (FRNs). AAD selected seven FRNs,¹ which represent \$2,732,306 of the funds committed and \$1,123,128 of the funds disbursed during the audit period, to perform the procedures enumerated below with respect to the Funding Year 2020 applications submitted by Los Angeles Public Library System.

BACKGROUND

The Beneficiary is a library system located in Los Angeles, California that serves a community with over 3.9 million residents.

PROCEDURES

AAD performed the following procedures:

A. Application Process

AAD obtained an understanding of the Beneficiary's processes relating to the E-Rate 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 direct observation to determine whether the Beneficiary was eligible to receive funds and had the necessary resources to support the equipment and services for which funding was requested. AAD also conducted inquiries to obtain an understanding of the process the Beneficiary used to calculate its discount percentage and validated its accuracy.

¹ The FRNs included in the scope of this audit were: 2099007450, 2099032532, 2099032551, 2099033486, 2099033524, 2099042743, and 2099049960.

AAD obtained and examined documentation to determine whether the Beneficiary complied with the E-Rate program Children's Internet Protection Act (CIPA) requirements. Specifically, AAD obtained and evaluated the Beneficiary's Internet Safety Policy. AAD obtained an understanding of the process by which the Beneficiary communicated and administered the policy.

B. Competitive Bid Process

AAD obtained and examined documentation to determine whether all bids received were properly evaluated and price of the eligible services and goods was the primary factor considered. AAD also obtained and examined evidence that the Beneficiary waited the required 28 days from the date the FCC Form 470 was posted on USAC's website before signing contracts or executing month-to-month agreements with the selected Service Providers.

C. Invoicing Process

AAD obtained and examined invoices for which payment was disbursed by USAC to determine whether the equipment and services identified on the FCC Form 474 Service Provider Invoices (SPIs) and corresponding Service Provider bills were consistent with the terms and specifications of the Service Provider agreements. AAD also examined documentation to determine whether the Beneficiary paid its non-discounted share in a timely manner.

D. Reimbursement Process

AAD obtained and examined invoices submitted for reimbursement for the equipment and services delivered to the Beneficiary and performed procedures to determine whether USAC was invoiced properly. Specifically, AAD reviewed invoices associated with the SPI forms for equipment and services provided to the Beneficiary. AAD verified that the equipment and services identified on the SPI forms and corresponding Service Provider bills were consistent with the terms and specifications of the Service Provider agreements and eligible in accordance with the E-Rate Eligible Services List.

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