



Schools & Libraries Committee

Audit Report Briefing Book

Monday, January 27, 2025

Available for Public Use

Universal Service Administrative Company

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

Washington, D.C. 20005

Summary of the Schools and Libraries Support Mechanism Beneficiary Audit Reports Released: October 2024.

Entity Name	Number of Findings	Significant Findings	Amount of Support	Monetary Effect	USAC Management Recovery Action*	Commitment Adjustment	Entity Disagreement
Attachment A West Linn-Wilsonville District 3 J	1	<ul style="list-style-type: none"> No significant findings. 	\$524,130	\$4,252	\$0	\$0	N
Attachment B Fort Worth Independent School District	0	<ul style="list-style-type: none"> Not applicable. 	\$1,247,335	\$0	\$0	\$0	N/A
Attachment C Biloxi School District	0	<ul style="list-style-type: none"> Not applicable. 	\$808,174	\$0	\$0	\$0	N/A
Attachment D Colchester Public Schools	0	<ul style="list-style-type: none"> Not applicable. 	\$20,384	\$0	\$0	\$0	N/A
Attachment E GigaKOM	0	<ul style="list-style-type: none"> Not applicable. 	\$5,032,022	\$0	\$0	\$0	N/A
Total	1		\$7,632,045	\$4,252	\$0	\$0	

* The USAC Management Recovery Action may be less than the Monetary Effect as the circumstances did not warrant a recovery of funds (e.g. entity ultimately paid for the services provided by the service provider).

Attachment A

SL2023LR007

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West Linn-Wilsonville District 3 J

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

USAC Audit No. SL2023LR007

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**Finding: FCC Form 472, Block 3 – FCC Form 472 Billed Entity Applicant
Reimbursement Form – Improper BEAR Request and Failure to Comply with Pay in
Full Requirement 6**

EXECUTIVE SUMMARY

July 26, 2024

Dr. Kathy Ludwig
West Linn-Wilsonville District 3 J
22210 SW Stafford Rd
Tualatin, OR 97062

Dear Dr. Ludwig:

The Universal Service Administrative Company (USAC or Administrator) Audit and Assurance Division (AAD) audited the compliance of West Linn-Wilsonville District 3 J (Beneficiary), Billed Entity Number (BEN) 144866, using regulations set forth in 47 C.F.R. Part 54 and orders governing the federal Universal Service E-Rate program, as well as other program requirements (collectively, the Federal Communications Commission (FCC) Rules). Compliance with the FCC Rules is the responsibility of the Beneficiary. AAD's responsibility is to make a determination regarding the Beneficiary's compliance with the FCC Rules based on 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 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 USAC management or other officials and/or details about internal operating processes or investigations. This report is intended solely for the use of USAC, the Beneficiary, and the FCC and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of those procedures for their purposes. This report is not confidential and may be released to a requesting third party.

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

Sincerely,



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

cc: Radha Sekar, USAC Chief Executive Officer
Craig Davis, USAC Vice President, E-Rate Division
Teleshia Delmar, USAC Vice President, Audit and Assurance Division

AUDIT RESULT AND COMMITMENT ADJUSTMENT/RECOVERY ACTION

Audit Result	Monetary Effect	Recommended Recovery	Recommended Commitment Adjustment
Finding: FCC Form 472 – Billed Entity Applicant Reimbursement (BEAR) Form – Improper BEAR Request and Failure to Comply with Pay in Full Requirement. The Beneficiary did not pay one of its Service Provider bills in full before requesting reimbursement from the E-Rate program via the BEAR form.	\$4,252	\$0	\$0
Total Net Monetary Effect	\$4,252	\$0	\$0

USAC MANAGEMENT RESPONSE

USAC management concurs with the Audit Result stated above. USAC may review other FCC forms and documents 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 issue identified. USAC also refers the Beneficiary to our website for additional resources. Various links are listed below:

- <https://www.usac.org/e-rate/applicant-process/invoicing/fcc-form-472-filing/>
- <https://www.usac.org/e-rate/applicant-process/invoicing/obligation-to-pay/>

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.

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 2021 (audit period):

Service Type	Amount Committed	Amount Disbursed
Internal Connections	\$505,770	\$505,770
Internet Access	\$18,360	\$18,360
Total	\$524,130	\$524,130

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

The committed total represents three FCC Form 471 applications with four Funding Request Numbers (FRNs). AAD selected all four of the FRNs,¹ which represent 100 percent of the funds committed and disbursed during the audit period, to perform the procedures enumerated below with respect to the Funding Year 2021 applications submitted by the Beneficiary.

BACKGROUND

The Beneficiary is a School District located in Tualatin, OR that serves over 9,302 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 determine if it supported effective use of funding and demonstrated that adequate controls existed 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 Bidding Process

AAD obtained and examined documentation to determine whether all bids received were properly evaluated and the 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: 2199003931, 2199040898, 2199040903, and 2199043010.

Form 470 was posted on USAC's website before signing contracts or executing month-to-month agreements with its 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 Reimbursement (BEAR) Forms, FCC Form 474 Service Provider Invoice (SPI) Forms, 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 physical inventory 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 forms for equipment and services provided to the Beneficiary. AAD verified that the equipment and services identified on the BEAR 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.

DETAILED AUDIT FINDING

Finding: FCC Form 472, Block 3 – FCC Form 472 Billed Entity Applicant Reimbursement Form – Improper BEAR Request and Failure to Comply with Pay in Full Requirement

CONDITION

AAD obtained and examined the FCC Form 472 Billed Entity Applicant Reimbursement (BEAR) Form, the corresponding Service Provider bills provided by the Beneficiary, and proof of payment to the Service Provider to determine whether the Beneficiary paid the Service Provider in full before submitting the BEAR form to the E-Rate program for FRN 2199040898. The Beneficiary received most of the funded equipment prior to filing its FCC Form 472 on October 26, 2021; however, AAD identified one invoice (Invoice Number M832280 dated October 28, 2021) totaling \$10,630 for three pieces of equipment shipped on October 28, 2021, two days after the Beneficiary filed its FCC Form 472. The Beneficiary paid this invoice on November 18, 2021, 23 days after filing its FCC Form 472 with USAC.² Thus, the Beneficiary did not pay one of its Service Provider bills in full prior to requesting reimbursement from the E-Rate program via the BEAR Form.³

CAUSE

The Beneficiary did not have adequate controls in place to ensure that it followed the FCC Rules regarding the beneficiary reimbursement process for the E-Rate program when filing an FCC Form 472. Specifically, the Beneficiary did not review its invoices to verify that they were paid in full before submitting a request for reimbursement from the E-Rate program using the BEAR process.⁴

EFFECT

The monetary effect of this finding is \$4,252. AAD determined the monetary effect of this finding by applying the Beneficiary’s discount rate to all payments occurring after the filing of the FCC Form 472. Because the Beneficiary received and ultimately paid the Service Provider in full for all of the E-Rate-funded equipment and services for FRN 2199040898, we are not recommending the recovery of E-Rate program funds. However, we note that the Beneficiary did not confirm that it had paid the Service Provider’s invoices in full before it sought reimbursement from the E-Rate program using the BEAR process.

FRN	Invoice Amount A	Discount Rate B	Monetary Effect C = A * B	Recommended Recovery
2199040898	\$10,630	40%	\$4,252	\$0

² “The discount amounts listed in this Billed Entity Applicant Reimbursement Form were already billed by the Service Provider and paid for by the Billed Entity Applicant on behalf of eligible schools, libraries, and consortia of those entities.” Billed Entity Applicant Reimbursement (BEAR) Form, OMB 3060-0856, at page 3 (July 2016) (FCC Form 472).

³ *Id.*

⁴ See Beneficiary response to Audit Inquiry Response received December 11, 2022.

RECOMMENDATION

AAD recommends that the Beneficiary establish and implement policies, controls, and procedures to ensure that it does not request reimbursement from the E-Rate program using the BEAR Form until after it has received its E-Rate eligible equipment and services and paid its Service Provider bills in full.⁵

The FCC Form 472 for E-Rate program reimbursement requires the Beneficiary to certify that it has paid its Service Provider invoices in full prior to requesting reimbursement from the E-Rate program.⁶ The Beneficiary can learn more about the BEAR process at <https://www.usac.org/e-rate/applicant-process/invoicing/fcc-form-472-filing/>, 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

We will follow the recommendations provided by AAD by reviewing and updating our policies, controls, and procedures to ensure we do not request reimbursement from the E-Rate program until we have received our E-Rate eligible equipment and services and have paid our Service Provider bills in full.

CRITERIA

"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." Billed Entity Applicant Reimbursement Form (BEAR), OMB 3060-0856, at Block 3 (2020) (FCC Form 472).

"The discount amounts listed in this Billed Entity Applicant Reimbursement Form were already billed by the Service Provider and paid for by the Billed Entity Applicant on behalf of eligible schools, libraries, and consortia of those entities." FCC Form 472 at Block 3.

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

⁵ "[F]unds must be returned to USAC if the applicant or the service provider invoiced USAC before the eligible equipment and services were shipped or delivered." Universal Service Administrative Company, *Schools and Libraries Program E-Rate Applicant Process*, usac.org, <https://www.usac.org/e-rate/applicant-process/before-youre-done/returning-funds-to-usac/> (last visited December 19, 2023). See also *Schools and Libraries Program E-Rate Applicant Process*, *supra* note 3.

⁶ Billed Entity Applicant Reimbursement Form (BEAR), OMB 3060-0856, at page 3 (2020).

Attachment B

SL2023LR009

Available For Public Use

*Limited Scope Performance Audit
of
Fort Worth Independent School District's*

*Compliance with the Federal Universal Service Fund E-Rate
Support Mechanism Rules*

for Funding Year 2021

Conducted for:

Universal Service Administrative Company

USAC Audit No. SL2023LR009

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

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Executive Summary

September 20, 2024

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 Fort Worth Independent School District (Beneficiary), Billed Entity Number (BEN) 140887, for the twelve-month period ended March 26, 2024 (Funding Year 2021), 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 Federal Communications Commission (FCC) Rules). Compliance with the FCC's Rules is the responsibility of the Beneficiary's management. Our responsibility is to make a determination regarding the Beneficiary's compliance with the FCC's Rules, based on our limited scope performance audit, pursuant to 47 C.F.R. Section 54.516(c).

We conducted this performance 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 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, physical inventory of equipment purchased and maintained, 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 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

Sincerely,
Regis & Associates, PC
Washington, DC
September 20, 2024

Background, Objective, Scope, and Procedures

Background

Fort Worth Independent School District – Overview

The Beneficiary is a public school district in Fort Worth, Texas. It is comprised of 145 schools with a current enrollment of approximately 76,858 students.

Objective

The objective of this performance audit was to determine whether the Beneficiary complied with the applicable requirements of the FCC’s Rules, as well as the FCC Orders that governed the E-Rate Program; in Funding Year 2021.

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 committed amounts and disbursements received during Funding Year 2021¹. 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 2021 (audit period):

Service Type	Amount Committed	Amount Disbursed
Data Transmission and/or Internet Access	\$1,264,723	\$1,247,335
Internal Connections	\$3,469,276	\$0
Total	\$4,733,999	\$1,247,335

Note: The amounts committed and disbursed reflect funding year activity, as of April 25, 2023.

The committed total represents two FCC Form 471 applications with two Funding Request Numbers (FRNs). We selected two FRNs of the funded two FRNs², which represent \$4,733,999 of the funds committed and \$1,247,335 of the funds disbursed during the audit period, to perform the procedures enumerated below with respect to the Funding year 2021 applications submitted by the Beneficiary.

¹ 47 C.F.R. Part 54.

² The FRNs included in the scope of this audit were: 2199024851 and 2199059110.

Procedures

We performed procedures related to the E-Rate program, relative to amounts committed to, and received by the Beneficiary, for Funding Year 2021, as of April 25, 2023. 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 existed 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.

B. Competitive Bid Process

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

Attachment C

SL2023SLR010

Available For Public Use

*Limited Scope Performance Audit
of
Biloxi School District's (BSD)*

*Compliance with the Federal Universal Service Fund E-Rate
Support Mechanism Rules*

for Funding Year 2021

Conducted for:

Universal Service Administrative Company

USAC Audit No. SL2023LR010


MANAGEMENT CONSULTANTS &
CERTIFIED PUBLIC ACCOUNTANTS
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MANAGEMENT CONSULTANTS &
CERTIFIED PUBLIC ACCOUNTANTS

Executive Summary

September 26, 2024

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 Biloxi School District (Beneficiary), Billed Entity Number (BEN) 128700, for the twelve-month period ended June 30, 2022 (Funding Year 2021), 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 Federal Communications Commission (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's Rules, based on our limited scope performance audit, pursuant to 47 C.F.R. Section 54.516(c).

We conducted this performance 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 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 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

Sincerely,
Regis & Associates, PC
Washington, DC
September 26, 2024

Background, Objective, Scope, and Procedures

Background

Biloxi Public Schools (BSD) – Overview

The Beneficiary is a public school district located in Biloxi, Mississippi. It is comprised of 10 schools with a current enrollment of approximately 5,800 students, and 456 educators.

Objective

The objective of this performance audit was to determine whether the Beneficiary complied with the applicable FCC's Rules¹, as well as the FCC's Orders that governed the E-Rate Program; in Funding Year 2021.

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 committed amounts and disbursements received during Funding Year 2021. 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 2021 (audit period):

Service Type	Amount Committed	Amount Disbursed
Data Transmission and/or Internet Access	\$133,920	\$133,920
Internal Connections	\$688,160	\$674,254
Total	\$822,080	\$808,174

Note: The amounts committed and disbursed reflect funding year activity, as of April 25, 2023.

The committed total represents two FCC Form 471 applications with three Funding Request Numbers (FRNs). We selected all three FRNs, which represent \$822,080 of the funds committed and \$808,174 of the funds disbursed during the audit period, to perform the procedures enumerated below with respect to the Funding year 2021 applications submitted by the Beneficiary.

Procedures

We performed procedures related to the E-Rate program, relative to amounts committed to, and received by the Beneficiary, for Funding Year 2021, as of April 25, 2023. These procedures are enumerated below.

¹ 47 C.F.R Part 54

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.

B. Competitive Bid Process

We obtained and examined documentation to determine whether the Beneficiary properly selected a 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 equipment and services identified on 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. Beneficiary Location

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

E. Reimbursement Process

We 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, we reviewed invoices associated with the SPI forms for equipment and services provided to the Beneficiary. We 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.

Attachment D

SL2024LR008

Available For Public Use

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

PERFORMANCE AUDIT

COLCHESTER PUBLIC SCHOOLS

**COMPLIANCE WITH THE FEDERAL UNIVERSAL SERVICE FUND
E-RATE SUPPORT MECHANISM RULES**

USAC AUDIT No. SL2024LR008



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SIKICH.COM

**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
COLCHESTER PUBLIC SCHOOLS
COMPLIANCE WITH THE FEDERAL UNIVERSAL SERVICE FUND
E-RATE SUPPORT MECHANISM RULES**

Executive Summary

September 25, 2024

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:

Sikich CPA LLC¹ (referred to as “Sikich” or “we”) audited the compliance of Colchester Public Schools (Beneficiary), Billed Entity Number (BEN) 122456, 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, Federal Communications Commission [FCC] Rules). Compliance with FCC Rules is the responsibility of the Beneficiary. Our responsibility is to make a determination regarding the Beneficiary’s compliance with FCC Rules based on our audit.

We conducted this performance audit in accordance with our contract with the Universal Service Administrative Company (USAC) and Generally Accepted Government Auditing Standards, issued by the Comptroller General of the United States (2018 Revision). 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 the audit objectives. The audit included examining, on a test basis: 1) evidence supporting the competitive bidding process undertaken to select the Beneficiary’s Service Providers, 2) data used to calculate the discount percentage and the type and amount of equipment and services received, and 3) physical inventory of equipment purchased and maintained. It also included performing other procedures we considered necessary to make a determination regarding the Beneficiary’s compliance with FCC Rules. The evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives.

¹ Effective December 14, 2023, we amended our legal name from “Cotton & Company Assurance and Advisory, LLC” to “Sikich CPA LLC” (herein referred to as “Sikich”).

Certain information may have been omitted from this report concerning communications with USAC management or other officials and/or details about internal operating processes or investigations. This report is intended solely for the use of USAC, the Beneficiary, and the FCC and should not be used by those who have not agreed to the procedures and accepted responsibility for ensuring that those procedures are sufficient for their purposes. This report is not confidential and may be released to a third party upon request.

Audit Results

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

Purpose, Background, Scope, and Procedures

The purpose of the audit was to determine whether the Beneficiary complied with FCC Rules for Funding Year (FY) 2022. The Beneficiary is a school district located in Colchester, Connecticut, that serves more than 2,235 students.

The following chart summarizes the E-Rate support amounts committed and disbursed to the Beneficiary for FY 2022 as of March 5, 2024, the date that our audit commenced.

Service Type	Amount Committed	Amount Disbursed
Data Transmission and/or Internet Access	\$18,155	\$12,536
Internal Connections	<u>\$7,848</u>	<u>\$7,848</u>
Total	<u>\$26,003</u>	<u>\$20,384</u>

The “amount committed” total represents two FCC Form 471, *Description of Services Ordered and Certification Form*, applications submitted by the Beneficiary for FY 2022 that resulted in three Funding Request Numbers (FRNs). We selected all three FRNs,² which represent \$26,003 of the funds committed and \$20,384 of the funds disbursed during the audit period, for testing. We performed the audit procedures enumerated below on all three FRNs.

A. Application Process

We obtained an understanding of the Beneficiary’s processes relating to the E-Rate program. Specifically, to determine if the Beneficiary used the funding in accordance with FCC Rules, we examined documentation to verify whether the Beneficiary used the funding effectively and whether it has adequate controls in place. We conducted inquiries, direct observations, and inspection of documentation to determine whether the Beneficiary was eligible to receive funds and had the necessary resources to support the equipment and services for which it requested funding. We also conducted inquiries to

² We performed testing on FRNs 2299016672, 2299016668, and 2299016694.

obtain an understanding of the process the Beneficiary used to calculate its discount percentage and validated the accuracy of the discount percentage.

B. Competitive Bid Process

We obtained and examined documentation to determine whether the Beneficiary: 1) properly evaluated all bids received, and 2) considered the price of the eligible equipment and services as the primary factor when selecting Service Providers. We also obtained and examined evidence to determine whether the Beneficiary waited the required 28 days from the date the FCC Form 470, *Description of Services Requested and Certification Form*, was posted on USAC’s website before signing contracts or executing month-to-month agreements with Service Providers. Additionally, we examined the Service Providers’ contracts to determine whether they were properly executed and we evaluated the cost-effectiveness of the services requested and purchased.

C. Invoicing Process

We obtained and examined invoices for which USAC disbursed payment to determine whether the equipment and services identified on the FCC Form 472s, *Billed Entity Applicant Reimbursement (BEAR) Forms*; FCC Form 474s, *Service Provider Invoice (SPI) Forms*; and corresponding Service Provider bills were consistent with the terms and specifications of the Service Providers agreements. We also examined documentation to determine whether the Beneficiary paid its non-discounted share.

D. Virtual Site Visit

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

E. Reimbursement Process

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

Sibich CPA LLC

This concludes the report.

Attachment E

SL2024SP007

Available For Public Use

GigaKOM

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

USAC Audit No. SL2024SP007

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EXECUTIVE SUMMARY

September 20, 2024

Andrej Komatina, CEO
GigaKOM
9245 Activity Rd Suite 105
San Diego, CA, 92126

Dear Andrej Komatina:

The Universal Service Administrative Company (USAC or Administrator) Audit and Assurance Division (AAD) audited the compliance of GigaKOM (Service Provider), Service Provider Identification Number (SPIN) 143027209 for Funding Year 2022, 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 Federal Communications Commission (FCC) Rules). Compliance with the FCC Rules is the responsibility of the Service Provider. AAD's responsibility is to make a determination regarding the Service Provider's compliance with the FCC Rules based on the limited review performance audit.

AAD conducted the audit in accordance with Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States (2018 Revision, as amended). Those standards require that AAD plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for its findings and conclusions based on the audit objectives. The audit included examining, on a test basis, evidence supporting the type and amount of services provided by the Service Provider to E-Rate program applicants in the state of California (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 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 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,

A handwritten signature in blue ink that reads "Jeanette Santana-Gonzalez". The signature is fluid and cursive.

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 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 2022 (audit period):

Service Type	Amount Committed	Amount Disbursed
Internal Connections	\$5,591,264	\$4,985,840
Basic Maintenance of Internal Connections	\$80,619	\$46,182
Total	\$5,671,883	\$5,032,022

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

The committed total represents 89 FCC Form 471 applications with 137 Funding Request Numbers (FRNs). AAD selected 19 FRNs,¹ which represent \$ 2,571,366 of the funds committed and \$2,320,725 of the funds disbursed during the audit period, to perform the procedures enumerated below with respect to the Funding Year 2022 applications submitted by the selected Beneficiaries.

BACKGROUND

The Service Provider provides telecommunication services to customers in California and its headquarters are located in San Diego, CA.

PROCEDURES

AAD performed the following procedures:

A. Eligibility Process

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

B. Competitive Bid Process

¹ The FRNs included in the scope of this audit were: 2299002414, 2299006376, 2299026253, 2299028899, 2299030952, 2299037135, 2299037630, 2299038084, 2299046570, 2299051035, 2299052224, 2299052246, 2299057835, 2299019436, 2299045811, 2299045647, 2299009045 & 2299009047, 2299017725.

AAD conducted inquiries and examined documentation to determine whether the Service Provider participated in or appeared to have influenced the selected Beneficiaries' competitive bidding process. AAD reviewed the Service Provider's contracts 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 474 Service Provider Invoices (SPIs), for selected Beneficiaries, for which payment was disbursed by USAC to determine whether the equipment and services identified on the 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 to its similarly situated non-residential customers. 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 rebates, including free services or products.

D. Reimbursement Process

AAD obtained and examined the SPIs Forms 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 SPIs Forms 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.

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

Summary of the Schools and Libraries Support Mechanism Beneficiary Audit Reports Released: November 2024.

Entity Name	Number of Findings	Significant Findings	Amount of Support	Monetary Effect	USAC Management Recovery Action*	Commitment Adjustment	Entity Disagreement
Attachment F Bering Strait School District	1	<ul style="list-style-type: none"> No significant findings. 	\$7,091,591	\$41,490	\$0	\$0	N
Attachment G TechNet Partners, Inc.	2	<ul style="list-style-type: none"> No significant findings. 	\$1,345,699	\$51,453	\$51,453	\$0	N
Total	3		\$8,437,290	\$92,943	\$51,453	\$0	

* The USAC Management Recovery Action may be less than the Monetary Effect as the circumstances did not warrant a recovery of funds (e.g. entity returned funds to USAC).

Attachment F

SL2022LR028

*Limited Scope Performance Audit
of
Bering Strait School District'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. SL2022LR028*



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

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Executive Summary

October 24, 2024

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 Bering Strait School District (Beneficiary), Billed Entity Number (BEN) 145617, for the twelve-month period ended June 30, 2021, (Funding Year 2020), using regulations set forth in 47 C.F.R. Part 54 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 Federal Communications Commission (FCC) Rules). Compliance with the FCC’s Rules is the responsibility of the Beneficiary’s. Our responsibility is to make a determination regarding the Beneficiary’s compliance with the FCC’s Rules, based on our limited scope performance audit.

We conducted this performance 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 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 audit disclosed one finding discussed in the Audit Result Recovery Action

Section of this report. 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’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 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,

Regis & Associates, PC

Regis & Associates, PC
Washington, DC
October 24, 2024

Audit Result Recovery Action

Audit Result	Monetary Effect	Recommended Recovery
Finding # 1: FCC Form 473 Service Provider Annual Certification (SPAC) Form at Block 2 and FCC Form 474, Service Provider Invoice (SPI) Form at Block 3- Service Provider Invoiced the E-Rate Program for Amounts Exceeding Actual Charges in Service Provider Bills. A Service Provider invoiced and was paid by USAC for more funding than was committed for charges it billed to the Beneficiary.	\$41,490	\$0
Total Net Monetary Effect	\$41,490	\$0

USAC Management’s Response

USAC management concurs with the Audit Result stated above. USAC may review other FCC forms and documents filed by the Service Provider, GCI Communication Corp., 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 that the Service Provider provide copies of policies and procedures implemented to address the issue identified. USAC also refers the Service Provider to our website for additional resources. Various links are listed below:

- <https://www.usac.org/wp-content/uploads/e-rate/documents/Webinars/2023/E-Rate-Fall-Training-2023-Invoicing.pdf> (please see slides 12, 16, 30 and 70).
- <https://www.usac.org/e-rate/learn/webinars/> (E-Rate Fall Training: Invoicing, November 09, 2023). Please see timestamps 8:50-11:15, 13:35-14:20, 23:40-26:05, 29:05-30:30, and 56:50-58:40.

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

Background, Objective, Scope, and Procedures

Background

Bering Strait School District – Overview

The Beneficiary is a public school district located in Unalakleet, Northwest Alaska. It is comprised of 15 schools with a current enrollment of approximately 1,800 students.

Objective

The objective of this performance audit was to determine whether the Beneficiary complied with the applicable FCC Rules,¹ as well as the FCC Orders that governed the E-Rate program in 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 committed 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 for Funding Year 2020 (audit period):

Service Type	Amount Committed	Amount Disbursed
Data Transmission and/or Internet Access	\$7,316,555	\$7,087,358
Managed Internal Broadband Services	\$4,233	\$4,233
Total	\$7,320,788	\$7,091,591

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 14 Funding Request Numbers (FRNs). We selected five FRNs,² which represent \$3,273,758 of the funds committed and \$3,248,042 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.

¹ 47 C.F.R. Part 54.

² The FRNs included in the scope of this audit are: 2099032850, 2099048744, 2099048762, 2099048764, and 2099048772.

Procedures

We performed procedures related to the E-Rate program, relative to amounts committed and disbursed 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 determine whether there was an effective use of funding and that adequate controls existed 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.

B. Competitive Bidding Process

We obtained and examined documentation to determine whether the Beneficiary properly selected a 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 its 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 equipment and services identified on the FCC Form 474 Service Provider Invoices Forms (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 Service Provider bills associated with the SPI Forms for services provided to the Beneficiary. We 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.

Detailed Audit Finding

Finding # 1: FCC Form 473 Service Provider Annual Certification (SPAC) Form at Block 2 and FCC Form 474 Service Provider Invoice Form Certification at Blocks 1 and 2– Service Provider Invoiced the E-Rate Program for Amounts Exceeding Actual Charges in Service Provider Bills.

Condition:

During the reconciliation of the invoices GCI Communication Corp. (Service Provider) submitted to USAC for reimbursement under FRN2099048764, we determined that the Service Provider invoiced the E-Rate program a total discounted amount of \$1,115,539. However, the actual discounted charges in the Service Provider bills to the Beneficiary totaled \$1,074,049. Thus, the Service Provider invoiced, and was paid by, the E-Rate program \$41,900 more than the actual discounted charges for this FRN that the Service Provider billed to the Beneficiary. Upon discovering this error, the Service Provider subsequently repaid USAC for the improperly-invoiced amount on one invoice that was submitted to USAC in error.

Cause:

The Service Provider submitted the request for reimbursement in error. The Service Provider did not have an adequate process in place to ensure that invoicing submitted to USAC was complete, accurate, and did not exceed the actual charges on the bills it provided to the Beneficiary. Consequently, the Service Provider's request for reimbursement did not comply with FCC Rules and also showed non-compliance with 1) The certification on the FCC Form 474 that states that the Service Provider "is in compliance with the rules and orders governing the schools and libraries universal support program" and 2) the certification on FCC Form 473 "that the Service Provider Invoice Forms (FCC Form 474) that are submitted by the Service Provider are based on bills or invoices issued by the Service Provider to the Service Provider's customers on behalf of schools, libraries, and consortia of those entities as deemed eligible for universal service support by the fund administrator[.]"

Effect:

The monetary effect of this finding is \$41,490. There is no recommended recovery for this finding because the Service Provider refunded the improperly-invoiced amount to USAC prior to the completion of the audit. However, because the Service Provider improperly invoiced USAC on FRN 2099048764, there is an increased risk that the Service Provider may not be accurately invoicing USAC as required by the FCC Rules.

Recommendation:

We recommend that the Service Provider implement policies and controls to ensure that its invoicing to USAC is complete and accurate and does not exceed the committed funding.

Service Provider Response:

The Service Provider agreed with the finding and recommendation. Refer to Appendix 1 for the entire response.

Auditor Response:

The Service Provider agreed with the finding and recommendation. Therefore, no further response is necessary.

Criteria

Finding	Criteria	Description
#1	Service Provider Annual Certification (SPAC) Form, FCC Form 473, at Block 2 a.	<p>9. I certify that the Service Provider Invoice Forms (FCC Form 474) that are submitted by the Service Provider contain requests for universal service support for services which have been billed to the Service Provider’s customers on behalf of schools, libraries, and consortia of those entities, as deemed eligible for universal service support by the fund administrator.</p> <p>10. I certify that the Service Provider Invoice Forms (FCC Form 474) that are submitted by this Service Provider are based on bills or invoices issued by the Service Provider to the Service Provider’s customers on behalf of schools, libraries, and consortia of those entities as deemed eligible for universal service support by the fund administrator, and exclude any charges previously invoiced to the fund administrator for which the fund administrator has not issued a reimbursement decision.</p> <p>11. I certify that the bills or invoices submitted by the Service Provider to the Billed Entity are for equipment and services eligible for universal service support by the Administrator and exclude any charges previously invoiced to the Administrator by the Service Provider.</p>

Finding	Criteria	Description
	<p>Service Provider Invoice Form, FCC Form 474, at Blocks 3 (2021).</p>	<p><i>I declare under penalty of perjury that the forgoing is true and correct and that I am authorized to submit this Service Provider Invoice Form (Form 474) and acknowledge to the best of my knowledge, information and belief as follows:</i></p> <p><i>A. I certify that this Service Provider is in compliance with the rules and orders governing the schools and libraries universal service support program and I acknowledge that failure to be in compliance and remain in compliance with those rules and orders may result in denial of discount funding and/or cancellation of funding commitments.</i></p> <p><i>B. I certify that the certifications made on the Service Provider Annual Certification Form (FCC Form 473) by this Service Provider are true and correct.</i></p>

Appendix 1: Service Provider Response



October 24, 2024

Regis & Associates, PC
1420 K Street, NW Suite 910
Washington, DC 20005

Subject: Bering Strait School District, Universal E-Rate Program Funding Year 2020

We are providing this letter in connection with the subject examination performed by Regis & Associates, PC on behalf of the Universal Service Administration Company (USAC).

We have reviewed the examination results and concur with the results. GCI has policies, procedures, and controls in place to ensure USAC invoicing is complete and accurate. After internal procedures identified the invoicing error, GCI voluntarily returned the funds to USAC, prior to the initiation of this audit. Additionally, GCI enhanced internal USAC invoicing procedures to mitigate future errors.

Sincerely,

A handwritten signature in blue ink that reads "Paula Cook".

PAULA COOK

GCI | Director, Strategic Account Program
t: 907-868-5662 | m: 907-444-2711 | w: www.gci.com/business

Attachment G

SL2022SP040

**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
PERFORMANCE AUDIT**

TECHNET PARTNERS, INC.

**COMPLIANCE WITH THE FEDERAL UNIVERSAL SERVICE FUND
E-RATE SUPPORT MECHANISM RULES**

USAC AUDIT No. SL2022SP040



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**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
CUSTOM COMPUTER SPECIALIST, INC.
COMPLIANCE WITH THE FEDERAL UNIVERSAL SERVICE FUND
E-RATE SUPPORT MECHANISM RULES**

Executive Summary

November 22, 2022

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:

Sikich CPA LLC¹ (referred to as “Sikich” or “we”) audited the compliance of TechNet Partners Inc. (Service Provider), Service Provider Identification Number (SPIN) 143036256, using regulations set forth in 47 C.F.R. Part 54 and orders governing the federal Universal Service E-Rate program, as well as other program requirements (collectively, the Federal Communications Commission [FCC] Rules). Compliance with FCC Rules is the responsibility of the Service Provider. Our responsibility is to make a determination regarding the Service Provider’s compliance with FCC Rules based on our audit.

We conducted this performance audit in accordance with our contract with the Universal Service Administrative Company (USAC) and Generally Accepted Government Auditing Standards, issued by the Comptroller General of the United States (2018 Revision). 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 the audit objectives. The audit included examining, on a test basis, evidence supporting the type and amount of services that the Service Provider offered to E-Rate applicants in the state of California (selected Beneficiaries), as well as performing other procedures we considered necessary to make a determination regarding the Service Provider’s compliance with FCC Rules. The evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives.

Based on the test work performed, our audit disclosed two detailed audit findings, discussed in the Audit Results and Recovery Action section below. For the purpose of this report, a “finding” is a condition that shows evidence of non-compliance with 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

¹ Effective December 14, 2023, we amended our legal name from “Cotton & Company Assurance and Advisory, LLC” to “Sikich CPA LLC” (herein referred to as “Sikich”).

FCC and should not be used by those who have not agreed to the procedures and accepted responsibility for ensuring that those procedures are sufficient for their purposes. This report is not confidential and may be released to a third party upon request.

Audit Results and Recovery Action

Based on the test work performed, our audit found that two of the selected Beneficiaries did not comply with FCC Rules, as provided in the two audit findings discussed below.

Audit Results	Monetary Effect (A)	Overlapping Recovery (B)	USAC Recovery Action (A) – (B)
Finding No. 1, 47 C.F.R. § 54.507(d)(4)(2019) – E-Rate-Funded Equipment Not Installed by Required Deadline. One of the selected Beneficiaries did not install non-recurring services in a timely manner.	\$50,472	\$0	\$50,472
Finding No. 2, FCC Form 472 at Block 3 – Beneficiary Invoiced E-Rate Program for Amounts Not Reconciled to the Service Provider’s Bills. One of the selected Beneficiaries invoiced USAC for amounts that exceeded the eligible costs the Service Provider billed.	\$981	\$0	\$981
Total Net Monetary Effect	<u>\$51,453</u>	<u>\$0</u>	<u>\$51,453</u>

USAC Management Response

USAC management concurs with the Audit Results stated above. See the chart below for the recovery amounts. USAC may review other invoices filed by the selected Beneficiaries 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 that the selected Beneficiaries provide copies of policies and procedures implemented to address the issues identified. USAC also refers the selected Beneficiaries to our website for additional resources. Various links are listed below:

- <https://www.usac.org/wp-content/uploads/e-rate/documents/Webinars/2021/07-27-2021-Procedure Filing Guideline Infograph.pdf>
- <https://www.usac.org/e-rate/learn/webinars/> (E-Rate Invoice Training Webinar, February 10, 2022)

- <https://www.usac.org/e-rate/learn/webinars/> (E-Rate Invoicing Process: Office Hour Webinar, July 21, 2022)

USAC records show that the selected Beneficiaries are currently subscribed to the E-Rate weekly News Brief. USAC encourages the Beneficiaries to review the News Brief as it contains valuable information about the E-Rate program.

FRN	Recovery Amount
2099048871	\$50,472
2099050966	\$981
Total	<u>\$51,453</u>

Purpose, Background, Scope, and Procedures

The purpose of the audit was to determine whether the Service Provider complied with FCC Rules for FY 2020. The Service Provider is headquartered in Carlsbad, California, and provides network services to customers in California.

The following chart summarizes the E-Rate support amounts committed and disbursed to the Service Provider for FY 2020 as of June 6, 2022, the date that our audit commenced.

Service Type	Amount Committed	Amount Disbursed
Internal Connections	<u>\$7,815,266</u>	<u>\$1,345,699</u>
Total	<u>\$7,815,266</u>	<u>\$1,345,699</u>

The “amount committed” total represents six FCC Form 471, *Description of Services Ordered and Certification Forms*, submitted by Beneficiaries for FY 2020 that resulted in 39 Funding Request Numbers (FRNs). We tested a sample of three of the FRNs, which represent \$1,396,886 of the funds committed and \$1,345,699 of the funds disbursed during the audit period. Using this sample, we performed the audit procedures enumerated below.

A. Eligibility Process

We conducted inquiries with the Service Provider and the selected Beneficiaries and examined documentation to determine whether equipment and services were eligible and had been delivered and installed in accordance with FCC Rules. We obtained an understanding of the Service Provider’s operations and background. We also conducted inquiries and examined documentation to determine if the Service Provider was eligible to perform services, as well as to obtain general background information.

B. Competitive Bid Process

We reviewed the Service Provider’s contracts with the selected Beneficiaries to determine whether the contracts were properly executed. We evaluated the equipment and services requested and purchased to determine whether the equipment and services

provided by the Service Provider matched those requested in the selected Beneficiaries' FCC Form 471 documents.

C. Billing Process

We reviewed the FCC Form 472s, *Billed Entity Applicant Reimbursement* (BEAR) Forms, and FCC Form 474s, *Service Provider Invoice* (SPI) Forms, for which USAC disbursed payment to determine whether 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's contracts and were eligible in accordance with the E-Rate Eligible Services List. We also examined documentation to determine whether the Service Provider charged the selected Beneficiaries the lowest corresponding price charged for similar equipment and services billed to similarly situated non-residential customers.

D. Reimbursement Process

We obtained and examined the SPI and BEAR Forms that the Service Provider and selected Beneficiaries submitted to USAC for reimbursement for the equipment and services delivered to the selected Beneficiaries, then performed procedures to determine whether the Service Provider and the selected Beneficiaries had properly invoiced USAC. Specifically, we reviewed Service Provider bills associated with the SPI and BEAR Forms for equipment and services provided to the selected Beneficiaries. We determined whether the Service Provider issued credits on its bills to the selected Beneficiaries.

Detailed Audit Findings

Finding No. 1, 47 C.F.R. § 54.507(d)(4)(2019) – E-Rate-Funded Equipment Not Installed by Required Deadline

Condition

One of the selected Beneficiaries, Charter Oak Unified School District (Charter Oak), did not install \$63,090 in Category 2 equipment by the non-recurring service implementation deadline. Specifically, Charter Oak acquired 124 indoor access points and 10 outdoor access points, as well as the associated licenses for each access point, using E-Rate program funding but did not install the access points prior to the FY 2020 implementation deadline of September 30, 2021. Charter Oak did not request an extension of the implementation deadline.

Cause

Charter Oak did not have sufficient policies and procedures in place to ensure that it either installed equipment within the implementation period or requested an extension of the implementation period when appropriate.

Effect

Charter Oak did not make effective use of \$63,090 in E-Rate-funded equipment. As a result, the monetary effect of this finding is \$50,472 (\$63,090 multiplied by the Beneficiary's 80 percent discount rate).

Support Type	Monetary Effect	Recommended Recovery
Internal Connections FRN 2099048871	\$50,472	\$50,472

Recommendations

We recommend that:

1. USAC management seek recovery of the amount identified in the Effect section above.
2. Charter Oak strengthen its procedures for: 1) installing Category 2 equipment by the applicable deadline(s), and 2) requesting extensions of deadlines when appropriate.

Beneficiary Response

In response to the TechNet Performance Audit finding by Cotton CPA² for funding year 2020, I would like to respectfully outline and highlight the unusual and extenuating operating circumstances during this funding year, particularly the COVID-19 Pandemic, that led to Charter Oak USD missing the equipment installation deadline for some Category 2 items. I would also like to clarify that Charter Oak USO does operate under policies and procedure in place that cover competitive bidding projects such as public works and E-Rate, but that it was the effect of the COVID-19 Pandemic on our operations as an organization, that worked to misalign the overall outcome of this project with those policies and procedures.

The 2020 E-Rate funding year represented Charter Oak's first year seeking funding for Category 2 items. The Funding Commitment Decision Letter was issued to Charter Oak on November 25th, 2020 which was approximately four months into the service period for this particular year. That being case, we rapidly placed the order for equipment and the accompanying installation services on December 17th, 2020 with TechNet Partners. By the end of January 2021, all equipment had been received and we coordinated installation to begin in February of 2021. TechNet was responsible for the installation of all Category 2 items with the exception of any wireless access points which was [sic] to be installed by internal Charter Oak USD IT staff.

In February of 2021, Charter Oak was operating a remote school year with all students and most teachers at home at this time. Charter Oak was struggling to keep staff on the job consistently at our school site offices and District office in the face COVID outbreaks and 2-week quarantine mandates for exposures and positive cases. This time period presented unusual operating circumstances outside of the norms as well as a disruption and shift of IT resources. Our IT department was spread thin during this school year as we had to convert from a live and in-person support department to running a helpdesk model where all resources were assigned to a desk manning phone lines the entire work day attempting to keep teachers, staff and students up and running using remote services. We also had some employee departures during this time in the IT department which forced us to backfill with substitute workers until we could fill slots with new staff. Throughout this time of

² Please see footnote 1 above for information regarding our firm's name change.

adversity, we pushed forward with installations of our access points as resources allowed and carried on like this the entire school year and summer school year until it was announced that we would be bringing students back in August of 2021. It was at this time we scrambled to flip our IT support model back to live support and prepare our campuses to bring students back to in-person instruction with 1 to 1 devices with only 3 to 4 weeks to get all of the work done. This represented a huge and rather daunting task for our entire district and as such, we regretfully lost sight of tracking on not just our E-Rate project but many others. At the time of filing our E-Rate application, Charter Oak had the internal resources within the IT department to handle the installation of the Category 2 access points being acquired. We were unable to foresee the true negative impact the pandemic would have on our internal resources going forward. By the installation deadline for this project we completed the installation of about 75% of all items.

Going forward, we have made changes to our policies and procedure to ensure we meet all requirements for future E-rate projects. It has become clear that if we had an external layer of oversight included in our E-rate projects, we would have had [sic] been able to stay aligned with this particular deadline despite our chaotic scenario. We have now added our E-rate consultant role to the follow-up layers, specifically to the status and completion layer of E-Rate projects, where they will serve as an external check in our process to ensure we are aligned with project deadlines and mitigate the risk of any potential internal oversight. Additionally, we will no longer take on E-rate projects using internal staff resources as the sole means of installation and implementation of Category 2 equipment. All Category 2 equipment will now be installed by the vendor. The COVID-19 Pandemic illustrated how internal resources could be inundated and overwhelmed to a debilitating point.

In closing, I would like to respectfully request that the aforementioned items be taken into consideration in any final outcome. Should a Commitment Adjustment be sought, I would like to humbly request consideration for the one-time waiving of that adjustment with the knowledge that the pandemic presented extenuating operating circumstances for Charter Oak USD of which we have made adjustments to policies and procedures to resolve in the future.

Finding No. 2, FCC Form 472 at Block 3 – Beneficiary Invoiced E-Rate Program for Amounts Not Reconciled to the Service Provider’s Bills

Condition

One of the selected Beneficiaries, El Monte Union High School District (El Monte), invoiced USAC for amounts that exceeded the eligible costs the Service Provider billed. Specifically, El Monte invoiced USAC \$126,079 for Category 2 equipment funded by FRN 2099050966; however, the Service Provider only billed El Monte a total of \$124,925, for a difference of \$1,154.

This condition occurred because El Monte invoiced USAC using the unit prices requested on the FCC Form 471, rather than the unit prices the Service Provider actually billed. After the Service Provider gave El Monte an initial quote for the equipment requested, the Service Provider received a discount that it passed on to El Monte, lowering the unit prices from the quoted

amount. However, El Monte did not realize that the Service Provider had decreased the unit prices. As a result, El Monte prepared its BEAR Form using the original unit prices requested on the FCC Form 471, rather than the actual unit prices that the Service Provider charged.

Cause

El Monte did not have adequate controls in place to ensure the accuracy of amounts invoiced to USAC.

Effect

The monetary effect for this finding is \$981 (\$1,154 multiplied by the Beneficiary’s 85 percent discount rate).

Support Type	Monetary Effect	Recommended Recovery
Internal Connections FRN 2099050966	\$981	\$981

Recommendations

We recommend that:

1. USAC management seek recovery of the amount identified in the Effect section above.
2. El Monte implement controls to ensure that its BEAR Forms are accurate before invoicing the E-Rate program.

Beneficiary Response

We agree with the results of the audit. Although certainly not intentional, our lack of a reconciliation process prior to the reimbursements through the 472 has been addressed with our new consultant and we do not expect this issue to reoccur.

Criteria

Finding	Criteria	Description
1	47 C.F.R. 54.507(d)(4) (2019)	<p><i>(4) The deadline for implementation of all non-recurring services will be September 30 following the close of the funding year. An applicant may request and receive from the Administrator an extension of the implementation deadline for non-recurring services if it satisfies one of the following criteria:</i></p> <p><i>(i) The applicant’s funding commitment decision letter is issued by the Administrator on or after March 1 of the funding year for which discounts are authorized;</i></p> <p><i>(ii) The applicant receives a service provider change authorization or service substitution authorization from the Administrator on or after March 1 of the funding year for which discounts are authorized;</i></p> <p><i>(iii) The applicant’s service provider is unable to complete implementation for reasons beyond the service provider’s control; or</i></p> <p><i>(iv) The applicant’s service provider is unwilling to complete installation because funding disbursements are delayed while the Administrator investigates the application for program compliance.</i></p>
2	Billed Entity Applicant Reimbursement (BEAR) Form, FCC Form 472, at Block 3	<p><i>I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to submit this Billed Entity Applicant Reimbursement Form on behalf of the eligible schools, libraries, or consortia of those entities represented on this Form, and I certify to the best of my knowledge, information and belief, as follows:</i></p> <p><i>A. 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.</i></p> <p><i>B. The discount amounts listed in this Billed Entity Applicant Reimbursement Form were already billed by the Service Provider and paid for by the Billed Entity Applicant on behalf of eligible schools, libraries, and consortia of those entities.</i></p>

Finding	Criteria	Description
		<p><i>C. 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).</i></p> <p><i>D. I acknowledge that I may be audited pursuant to this application and will retain for at least 10 years (or whatever retention period is required by the rules in effect at the time of this certification), after the latter of the last day of the applicable funding year or the service delivery deadline for the funding request any and all records that I rely upon to complete this form.</i></p> <p><i>E. I certify that, in addition to the foregoing, this Billed Entity Applicant is in compliance with the rules and orders governing the schools and libraries universal service support program, and I acknowledge that failure to be in compliance and remain in compliance with those rules and orders may result in the denial of discount funding and/or cancellation of funding commitments. I acknowledge that failure to comply with the rules and orders governing the schools and libraries universal service support program could result in civil or criminal prosecution by law enforcement authorities.</i></p>

Sibich CPA LLC