

USAC National Supply Chain Audit Strategy



Universal Service
Administrative Co.

National Supply Chain Audit Strategy

Background

- On Nov. 26, 2019, the FCC issued the *Protecting the Communications Supply Chain Order*, adopting section 54.9 prohibiting the use of Universal Service Funds (USF) to purchase, obtain, maintain, improve, modify, or otherwise support equipment/services from companies deemed to pose a security threat to the nation's communications infrastructure.*

***Note:** On June 30, 2020, the FCC's Public Safety and Homeland Security Bureau issued orders designating Huawei and ZTE as covered companies that pose a national security threat to the communications network and supply chain.

National Supply Chain Audit Strategy *(continued)*

Requirements

- USF recipients must **affirmatively** demonstrate that no USF program funds were used to purchase, obtain, maintain, improve, modify, or otherwise support any equipment or services provided or manufactured by covered companies (*emphasis added*).
- USAC and USAC's vendors must certify its compliance with the National Supply Chain Order.

National Supply Chain Audit Strategy *(continued)*

Audit Objectives

- To determine whether program participants have used USF program funds to purchase, upgrade, or maintain equipment or services from Huawei or ZTE (and any other companies designated in the future).
- To determine whether USAC and USAC's vendors use prohibited equipment.

National Supply Chain Audit Strategy *(continued)*

Key Items to Note

- This is a separate initiative (not a part of BCAP or PQA).
- The use of contractors to perform audits (to provide flexibility to increase or decrease volume as necessary).
- The communication plan will highlight helpful tips for a successful audit.



**Universal Service
Administrative Co.**