

Rural Health Care – Documentation for Auditors Checklist

Tips to Prepare for a Rural Health Care Audit

- 1. Retain all documentation supporting submitted RHC filings in accordance with FCC rules.**
 - Participants, including consortium leaders and health care providers, shall maintain records at least five years after the last day of service delivered in a particular funding year.¹
 - Service providers shall retain documents at least five years after the last day of the delivery of discounted services, facilities, or equipment.²
- 2. Upon receiving documentation requests from auditors, prepare the requests in a timely manner and organize the requested documentation by labeling each request according to the documentation request listing.**
- 3. Have key stakeholders available to answer questions.**
 - Person who managed the bidding and award process
 - Person who reviews and approves service provider bills
 - Person who writes checks, makes deposits, and reconciles the HCP's bank account
 - Person knowledgeable about the location and use of supported services

HCP Eligibility

Documentation to support compliance with eligibility rules

- IRS not-for-profit determination letter
- Business license
- IRS Form 990
- Audited financial statement(s) (including OMB A-133 audits on compliance with federal programs)
- Documentation demonstrating any site substitutions requested and approved by USAC
- For non-rural hospitals receiving RHC program support of more than \$30,000 per year for recurring charges, or more than \$70,000 for non-recurring charges over a five-year period, documentation demonstrating the non-rural hospital has fewer than 400 licensed patient beds

Competitive Bidding

Documentation to support compliance with competitive bidding rules

- RFPs issued
- Copies of all bids received (winning and losing), including those used for the initiation of evergreen contracts and/or long-term contracts, master service agreements, etc.

¹ See 47 §54.631(b).

² See 47 §§ 54.631(b)(1)(iii) and 54.631(b)(2)(ii).



- Copies of all correspondence with potential bidders and/or the selected service provider(s) up to one year preceding the selection of the service provider(s)
- Bid evaluation documentation supporting the selection of a cost-effective service provider, showing that price was a primary consideration factor
- Bid matrix, if applicable
- Bid evaluation meeting notes
- Contracts, including leases, for supported services
- Copies of all services contracts/agreements with consultants, or channel partners, if applicable
- Copies of all state and local procurement regulations and/or policies
- Documentation showing that the HCP met exemptions claimed on the FCC Forms 462/466
- Description of the competitive bidding and service provider selection process

Payment of Non-Discounted Portion or Reimbursement

Documentation to show that payment was made towards the non-discounted portion of service charges

- Copies of all service provider bills for supported services
 - If the bills include locations that were not funded by RHC, provide a reconciliation of the breakdown
- Documentation showing that the HCP paid its share of the service provider bills, such as:
 - Copies of all canceled checks
 - Accounts payable register showing the payment was made and bank statement showing payment cleared
 - Documentation that shows the service provider issued credits or other form of reimbursement to the HCP for amounts received in RHC program support
 - Reconciliation, by FRN, of service provider bills to the amounts invoiced to USAC seeking reimbursement
 - Documentation to show that the service provider(s) accurately reimbursed/credited the HCP(s) for disbursements received from the RHC program

Delivery or Installation of Eligible Products and Services

Documentation to demonstrate eligibility in product and service delivery

- Description, by FRN, of the supported service(s) and their use by the HCP
- Documentation to support installation (or termination, if applicable) date(s) of the supported service(s)
- Documentation supporting when requested dark fiber was lit
- Detailed, itemized list of all items and charges included in the monthly recurring charge (MRC) contained in the service provider's winning bid for services included for each FRN
 - For each item noted, provide documentation to identify the charges associated with each ineligible item. If the documentation does not specifically delineate the total



costs of equipment and services, provide documentation that describes how the costs are allocated between eligible and ineligible items for each FRN

- Documentation to support the allocation of costs
- Documentation to show the portion of time that RHC program supported services are used by part-time facilities
- Detailed network diagrams delineating the connection of lines to eligible and non-eligible locations, including connections to and from data centers, off-site administrative offices, hub locations, and huts
 - If RHC supported equipment or services were located at a data center, off-site administrative office, or HCP hub location, please explain who is connected to the equipment or services and how costs are allocated between RHC approved and unapproved locations. If available, provide a detailed network diagram of the connections to and from the location
- Documentation demonstrating that any service substitutions were requested and approved by USAC
 - If receiving RHC program support from both the Telecommunications Program and the Healthcare Connect Fund, document the specific services supported from each program
- Documentation supporting utilization of the requested service(s) and/or equipment for the duration of the funding year
- Documentation supporting connections to customers within the towns/villages or surrounding community in which the HCP(s) is located (e.g., network ping report, etc.)
- Business plan, including the long-run incremental cost (not embedded cost) of the build-out plan for the HCP(s)

Consortia

Documentation to demonstrate consortium participation

- Letters of Agency (LOAs) from members authorizing the consortium lead to act on their behalf
- Letters of Exemption (LOEs)
- Other documentation to support the following submissions to USAC:
 - Annual reports submitted to USAC
 - Sustainability plans submitted to USAC
 - Network plans submitted to USAC

Excess Capacity and Fair Share

Documentation showing ownership and use of installed excess capacity

- Documentation supporting ownership of the excess capacity (i.e., HCP or service provider)
- Documentation of how fair share was determined for connections to ineligible locations, lines owned by the service provider, lines owned by the HCP and leased or sold to other entities, etc.

- Documentation for the use of any excess capacity constructed or purchased through IRUs or leases. If there were discussions about build-out/construction costs, provide support and explain the contact responsible for the impending costs

Other

Other documentation to support the auditing process

- Reports of any other audits conducted that relate to the Rural Health Care program
- Copy of the HCP's records retention policy
- List of individuals including staff, service providers, and consultants that work on USF funding requests, as well as their roles and responsibilities
- Any correspondence to/from USAC, the FCC, potential service providers, or any individuals listed above
- Waiver orders, if applicable
- Explanation for any sites that were requested on the FCC Form(s) 461/465, but not included in the Network Cost Worksheet(s) for FCC Forms 462 or 466.
- Documentation demonstrating the oversight and ownership of the HCF project, including who owns the equipment funded by the HCF
- Description of invoice processing and approval procedures at the lead entity level (HCP) and HCP member level, as applicable
- Documentation of how fair share was determined for connections to ineligible locations, lines owned by the service provider, lines owned by the HCP and leased or sold to other entities, etc.
- Copies of policies and procedures, including the following:
 - Fraud policies and any other policies related to whistleblower programs
 - Policies and procedures for ensuring compliance with the FCC document retention rules
 - Conflict of interest policy ensuring independence between the service provider(s) and the HCP(s)

Rural Rates (Telecommunications Program)

Documentation to demonstrate compliance with rural-rate rules

- Policies and procedures for determining rural rates in accordance with FCC rules
- Documentation supporting the rural rates charged to the HCP(s) that identifies which of the below methods was used in determining the rate³
 - i. The rural rate should be the average of the rates charged to commercial customers other than HCPs for identical or similar services (e.g., the applicant's rate for internet service is within the range of rates for other available bandwidths) offered by the service provider in the rural area in which the applicant is located.

³ 47 C.F.R. § 54.607.



- Documentation should include the entities served and, if available, the service provider's price list
- Documentation should support the specific geographic region (e.g., county, Census tract) used to determine the rural rate and why this particular geographic region was used, including an explanation as to how the service provider identified this particular region and the characteristics the service provider used to identify it
- Documentation should support how the rural rate reflects the average of the rates actually being charged to commercial customers for functionally similar services, other than HCPs, by the service provider in the rural area in which the HCP(s) is located
- Documentation to support the calculation of the average of the rates charged to commercial customers other than health care providers
- ii. If the service provider is not providing identical or similar services in the rural area, the rural rate should be the average of the tariffed and other publicly available rates charged for the same or similar services in that rural area over the same distance as the eligible service by other carriers.
 - Documentation showing the specific tariffs and other publicly available rates (e.g., USAC's Open Data extracts/screenshots, etc.) that were used to calculate the monthly rural rate
 - Documentation to support the specific geographic region (e.g., county, Census tract) used to determine the rural rate and why this particular geographic region was used, including an explanation as to how the service provider identified this particular region and the characteristics the service provider used to identify it
 - Documentation to support how the rural rate reflects the average of the tariffed or publicly available rates charged for functionally similar services
 - Documentation to support the calculation of the average, including identification of which rates and/or rate components came from which tariff(s) and/or other publicly available document(s)
- iii. If there are no tariffed or publicly available rates, the service provider must provide, to the state commission, for intrastate rates, or to the FCC, for interstate rates, a justification of the proposed rural rate, including an itemization of the costs of providing the requested service.
 - Documentation sent to state commission and/or FCC, including the time stamp of submission and timestamp or confirmation of receipt by state commission and/or FCC, if applicable
 - Documentation supporting the justification of the proposed rural rate, including documentation supporting the itemization of the costs of providing the requested service(s)

Urban Rates (Telecommunications Program)

Documentation to demonstrate compliance with urban-rate rules



- Policies and procedures for determining urban rates in accordance with FCC rules
- Documentation supporting the urban rates charged to the HCP(s)
 - i. The urban rate is the highest tariffed or publicly available rate charged to a commercial customer for a functionally similar service (in any city with a population of 50,000 or more in that state ... [or] a functionally similar service provided over the standard urban distance in any city with a population of 50,000 or more in that state if the health care provider is requesting service over a distance greater than the standard urban distance).⁴
 - Documentation showing the specific tariffs and other publicly available rates (e.g., USAC's Open Data extracts/screenshots, etc.) that were used to calculate the monthly rural rate

⁴ 47 C.F.R. §54.605.