



Schools & Libraries Program

A New Way to Safeguard the USF

Fall 2010 Applicant Trainings

Washington, DC | Newark | Minneapolis | Los Angeles | Kansas City | Jacksonville | Portland | Dallas/Fort Worth



A New Way to Safeguard the USF

Agenda

- Historical review of the audit program
- What's New?
 - Aligning responsibilities with objectives
- USAC's commitment to safeguarding the USF
 - Payment Quality Assurance Program (PQA)
 - Compliance audit activities
- How to prepare for PQA or Audit



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Historical Review



Historical Review

Improper Payments Information Act (IPIA) Program

- At the direction of the FCC OIG
- Single program with two objectives
 - Evaluating compliance with Commission rules
 - Assessing rates of improper payments



Historical Review

Improper Payments Information Act (IPIA) Program

- One size fits all
- Attest examinations
- Condensed timeframe
- Extremely costly
- Burdensome for beneficiaries
- Coverage limited to High Cost and Schools & Libraries
- Ineffective at assessing rates of improper payments

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Historical Review

IPIA Round Summary:

Program Area	1	2	3
Schools & Libraries	155 (FRNs)	260	346
High Cost	65	390	331
Low Income	61	0	0
Rural Health Care	89	0	0
Contributor Revenue	90	0	0
Total	460	650	677
Status	CLOSED	CLOSED	FOLLOW UP*

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Historical Review

Error Rate Summary:

Program Area	1		2	3
	Original	Revised	Original	
Schools & Libraries	12.9%	8.6%	13.8%	Not Published
High Cost	16.6%	2.7%	23.3%	
Low Income	9.5%	-	-	
Rural Healthcare	20.6%	-	-	
Contributor Revenue	5.5%	-	-	

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What's New

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What's New

A refined approach to meeting regulatory requirements

- Aligning responsibilities with objectives
- Separate work into distinct activities

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What's New

<p>Beneficiary/Audit Compliance Program</p> <ul style="list-style-type: none">• Commitment to safeguarding the integrity of the USF• Assess compliance with FCC rules• Performance or agreed-upon procedures	<p>Payment Quality Assurance Program</p> <ul style="list-style-type: none">• Commitment to support IPIA requirements• Assess estimated rates of improper payments• Assessment, not audit
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PQA and BCAP



PQA and BCAP

Preserving the integrity of the USF

- How will USAC meet its regulatory requirements?
 - Payment Quality Assurance (PQA) Program
 - Beneficiary and Contributor Audit Program (BCAP)



PQA and BCAP

Payment Quality Assurance Program (PQA):

- Covers all four programs
- Measures accuracy of payments to program applicants
- Evaluates eligibility of applicants who received payments
- High-level testing of information from program participant
- Scope of procedures tailored to ensure reasonable cost, while meeting IPIA requirements for sample size and precision



PQA and BCAP

PQA Process

- New to USAC and the FCC
- Process designed to:
 - Minimize requirements placed on beneficiaries
 - Reduce processing time
 - Capitalize on documents within USAC
 - Not require USAC to be on site
 - Not be an audit

 **PQA and BCAP**

The PQA Program is a **5 step** quality assurance process

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 **PQA and BCAP**

PQA Process Flow

1 USAC selects beneficiaries for payment quality assessment

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 **PQA and BCAP**

PQA Process Flow

USAC selects beneficiaries for payment quality assessment

1

USAC contacts beneficiary to request payment documentation and/or confirm eligibility

2

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 **PQA and BCAP**

PQA Process Flow

USAC selects beneficiaries for payment quality assessment

1

USAC contacts beneficiary to request payment documentation and/or confirm eligibility

2

USAC reviews beneficiary information

3

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 **PQA and BCAP**

PQA Process Flow

4 USAC concludes on the payment and closes the case

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 **PQA and BCAP**

PQA Process Flow

4 USAC concludes on the payment and closes the case

5 USAC submits annual assessment results to the FCC

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PQA and BCAP

Beneficiary and Contributor Audit Program (BCAP)

- Formal audit program designed to evaluate USF beneficiary compliance with Commission rules
- Covers all four programs and contributors
- Audit type and scope of work are tailored to program risk elements, size of disbursement, etc.
 - Utilizes Performance audits and Agreed Upon Procedures audits
 - Recognizes that “one size does not fit all”



PQA and BCAP

Beneficiary and Contributor Audit Program (BCAP)

- Spread audits throughout the year to:
 - Smooth workload
 - Improve efficiencies
 - Control costs
 - Reduce unnecessary burdens on beneficiaries
 - Maintain pool of trained auditors
- Reasonable cost in relation to program disbursements and specific beneficiary being audited



PQA and BCAP

Differences you will see

- Improvements to scheduling
 - Other time requirements considered
 - No audits during last two weeks of the filing period
- Implementation of a USAC Engagement Lead
 - Additional USAC visibility
 - More manageable number of audits
- Auditors spending more time on planning
 - Review and use of materials before arriving on-site



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How to Prepare for PQA or Audit



How to Prepare

Tips to Ease the Process

- Verify that USAC has the correct e-mail address
 - Check on FCC Form 498
- Periodically check spam e-mail boxes
- Reply to the PQA announcement e-mail
- Confused about requests? Ask questions!
- Keep copies of all documents provided
- Adequately label all documents
 - Helps reviewers process documents and work quickly



How to Prepare

Document Requests

- Document indicating non-profit status
 - Recent financial statement audit (stating type of entity),
IRS not-for-profit letter, business license
- Invoice for Funding Request Number (FRN) under verification
 - OK to provide information indicating how that agrees with disbursement
- If applicable, copy of the Technology Plan approval letter
- Sign confirmation letter provided in the announcement e-mail



How to Prepare

Document Requests

- List of entities that received goods/services if not on the invoice
- Support/confirm no endowments over \$50 million
- Document indicating a status of primary/secondary school/district or library

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How to Prepare

PQA information

- On usac.org/fund-administration, select “Universal Service Fund Program Integrity” on the left, then “PQA Program”

About Fund Administration:

- Fund Administration Overview
- Purpose of the Universal Service Fund
- How the Universal Service Fund Works
- **Universal Service Fund Program Integrity**
- PQA Program
- PQA FAQs
- Understanding Audits

- **E-File**
- **Submit a Payment**

Payment Quality Assurance (PQA) P

How the PQA Program Works

USAC selects a limited number of support mechanism assessments. When selected, beneficiaries are re USF support. PQA participants receive a letter by e assessment. Instructions about what information ; these materials. Participants in the Schools and Li 10 business days to gather and submit their mater Income Programs have 15 business days to gathe

USAC analyzes the materials received and delivers Within 90 days of submitting materials, participant assessment. Every year, USAC provides estimates support mechanisms to the FCC. To the extent req procedures defined by the Office of Management a as implementation.

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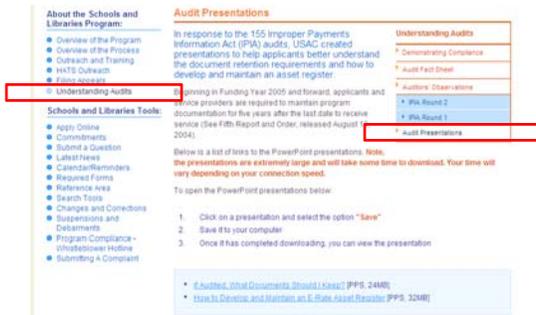
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How to Prepare

Audit information

- On usac.org/sl, select “Understanding Audits” on the left, then “Audit Presentations” on the right.



The screenshot shows the USAC website interface. On the left, there are three main navigation categories: 'About the Schools and Libraries Program', 'Schools and Libraries Tools', and 'Understanding Audits'. The 'Understanding Audits' category is highlighted with a red box. Within this category, 'Audit Presentations' is also highlighted with a red box. The main content area on the right provides information about the 155 Improper Payments Information Act (IPIA) audits, explaining that USAC created presentations to help applicants understand document retention requirements. It includes a list of links to presentations for Round 1 and Round 2, with 'Audit Presentations' highlighted in blue. Below the main text, there are numbered steps for opening the presentations and a list of related documents like 'E-Subbed, What Documents Should I Save? (PPS, 24W)' and 'How to Delete and Maintain an E-Sub Asset Register (PPS, 22W)'.

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Review

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Review

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- Prior audit rounds will close soon
 - USAC will provide the FCC with updated error rate amounts
- New programs implemented this year
 - Separates objectives into two distinct tasks
 - More efficient and requires less involvement from beneficiaries
 - Recognizes that one size does not fit all

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Review

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- Maintain open and positive communication flow with stakeholder groups
 - USAC is interested in feedback about the payment quality assurance program
 - Each audit includes a USAC Engagement Team Lead

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A New Way to Safeguard the USF Questions?



Questions, please contact us!

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Questions, please contact us!

Audit Contacts

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Thank you!