



# E-rate Program

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## **Audit Update - PQA and BCAP**

May 3, 2011 - Los Angeles | May 12, 2011 - Atlanta

## Payment Quality Assurance Program (PQA)

- Commitment to support Improper Payments Improvement Act (IPIA) requirements
- Assess estimated rates of improper payments
- Assessment, not audit

## Beneficiary/Audit Compliance Program (BCAP)

- Commitment to safeguarding the integrity of the USF
- Assess compliance with FCC rules
- Performance or agreed-upon procedures

## 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 Process**

- New to USAC and the FCC
- Process designed to:
  - Minimize requirements placed on beneficiaries
  - Reduce processing time
  - Capitalize on documents within USAC

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

## PQA Process Flow

1  
USAC selects beneficiaries  
for payment quality  
assessment

## PQA Process Flow

**1** USAC selects beneficiaries  
for payment quality  
assessment

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

**2**

## PQA Process Flow

**1** USAC selects beneficiaries for payment quality assessment

USAC contacts beneficiary to request payment documentation and/or confirm eligibility **2**

USAC reviews beneficiary information **3**



## PQA Process Flow

**4**

USAC concludes on the  
payment and closes  
the case

## PQA Process Flow

4

USAC concludes on the payment and closes the case

5

USAC submits annual assessment results to the FCC

## **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”

## **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

## Differences from previous audits

- Improvements to scheduling
  - Other time requirements considered
  - No audits during last two weeks of the filing period
- Materials will be reviewed before the auditors arrive on site

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