



The E-rate Program

Audit Readiness & Success

Fall 2012 Applicant Trainings

Overview

- Beneficiary and Contributor Audit Program (BCAP)
- Payment Quality Assurance (PQA)
- Document Retention
- Common Audit Findings
- Success Tips

Audit Readiness & Success

Beneficiary and Contributor Audit Program (BCAP)

What are BCAP Audits ?

- BCAP audits are conducted to determine compliance with FCC & program rules, for example:
 - Eligibility
 - Discount
 - Disbursements
 - Delivery, installation & effective use of services
 - Competitive bidding
 - Tech planning (if applicable)
 - CIPA (if applicable)
- Generally site visits occur at the applicant's location. Some audits may be conducted from USAC's offices
 - Although an audit takes several weeks, most site visits take **3 to 5 days**
- Generally performed by USAC's Internal Audit Staff

What are BCAP Audits?

- Auditees are selected randomly
 - Applicant size, complexity of services funded, discount percent and geographic locations are factors considered
 - Specific funding year, FCC Form 471, and FRN(s) are selected (*note: not all FRNs on an FCC Form 471 may be audited*)

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Payment Quality Assurance (PQA)

What is PQA?

- Payment Quality Assessment (PQA) is a program that assesses the rate of improper E-rate disbursements, specifically:
 - The eligibility of program beneficiaries,
 - The calculation of support performed by USAC, and
 - The beneficiary documentation supporting the funding disbursed
- PQA measures E-rate payments **made** during the **current calendar year** are compliant with the Improper Payments Elimination and Recovery Act (IPERA)
- **Assessment**, not an audit. Assessment is similar to a **condensed** desk audit. No on-site visits occur.

What is PQA?

- The PQA program was designed in response to the requirements of the Improper Payment Elimination and Recovery Act of 2010 (IPERA), that requires each federal agency to review the programs and activities it administers and identify those that may be susceptible to significant improper payments.
- Per IPERA, an Improper Payment is defined as “*any payment that should not have been made or that was made in an incorrect amount.*”

What is PQA?

- Payments to be assessed are selected on a line item basis, therefore a beneficiary may be selected for more than one assessment throughout the program year
- Recent payments are selected and USAC verifies that each payment was made properly
 - A statistical sample of payments (meeting IPERA standards) is obtained within the population of payments
 - There is not a *de minimis* amount for the payment selected

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Document Retention

Retain, Retain

- USAC prepared documentation checklists for applicants and service providers to use when preparing for an audit or PQA review. These lists are located on USAC's website as [BCAP Checklist](#) and [PQA Checklist](#)
- Documentation must be retained for **5 years** from **last date service delivery** and can be in electronic format or paper
- Applicants & service providers must retain **ALL** documentation that shows compliance with all FCC rules

Retain, Retain cont'd

- Any document from a *prior year* that supports current year activities must be kept for a period of 5 years after the last day of service delivered
 - E.g., Contract from 2005, used to support FY 2013 recurring service FRNs, must be kept until at least **June 30, 2019**

Required Documents to Retain

- Technology Plan (drafted & approved)
- Technology Plan Approval Letter
- RFPs or similar documents
- All bid responses & correspondence
- Bid evaluation (score sheets)
- Contracts, service agreements, addendums, etc.
- Eligibility (school charter, accreditation)
- Consortium LOA
- Discount (NSLP, survey, direct cert.)
- Item 21 attachment
- Budget
- CIPA compliance documents
- Purchase requisitions, POs, Packing Slips, customer bills
- Delivery & installation records
- Maintenance logs
- Inventory records
- Payments (canceled checks, credit card receipts, ACH transactions)

Required Documents to Retain cont'd

- USAC approved SPIN changes and/or service substitutions (request, supporting documentation, and approval)
- USAC approved invoice deadline extension, service delivery and service substitution (request, supporting documentation, and approval)
- Retain documents used to prepare the FCC Forms
- Retain FCC Forms and letters received from USAC (e.g., FCC Forms 470, 471, 486)

Provide Timely Responses

- Applicants have **2-3 weeks** to a provide response to BCAP announcement letter
- Applicants have **10 days** to provide a response to PQA notification
- **TIPS:**
 - Always acknowledge receipt of letter/notification
 - Inform USAC when your contact person or information changes
 - Request a deadline extension, if you need more time to respond
 - Provide complete responses

Responding to PQA

- Make sure you are submitting the correct documentation, especially when a disbursement selected for review is from the current year, and payment is for a previous funding year
- When corresponding by email, please be sure to have the full case ID (e.g. SL-2012-xx-Case-xxx) on the subject line
- When sending documents by fax, make sure the case ID is on the cover page
- PQA processors are available by phone to assist participants with understanding and fulfilling program requirements

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Common Audit Findings

Most Common Audit Findings

- Missing documentation
- Invoice errors
 - over billing, ineligible services, eligible services not approved in PIA review, billing before services delivered
- Services not delivered or installed
- Competitive bidding violations
- Contracts
- Ineligible entities
- Discount calculations

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Success Tips

Invoices & Payments

- Ensure invoices submitted are for eligible entities and from eligible service providers
- Compare invoice to approved FRN to ensure disbursements are for approved eligible services/products and funding
 - Remove ineligible costs & services/products from SPI/BEAR
- Ensure installation/service delivery dates are within the allowable time period to receive services

Invoices & Payments cont'd

- Applicants must pay their non-discount share
- Service providers must bill applicants for the non-discount share of the services or products
- Service providers must reimburse applicants for BEAR payments in a timely manner

Delivery and Installation

- Applicants should make sure they can demonstrate that equipment was received and installed
- Delivery and installation dates must be recorded
- Inventory log/asset registry should include
 - Equipment Location
 - Transfers (date and new location)
 - Equipment/serial numbers
 - Make/model
 - Disposal date
- Applicants should be able to demonstrate maintenance or service was performed

Contracts

- Contracts must be signed and dated by the applicant on or prior to the FCC Form 471 certification postmark date
 - Service provider signature is not required

Discount Calculations & Eligibility

- Don't rely on state or school district website to maintain National School Lunch Program (NSLP) data for you. Data on these websites can be refreshed or removed
- Libraries must use the NSLP data in which the library is located and NOT the **population served** by the library

PQA Contact Information

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BCAP Contact Information

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Questions?

Thank you!