

E-rate Program

Audits

May 7, 2013 – Atlanta
May 9, 2013 - Los Angeles

- Document Retention
- Audits
 - BCAP audits
 - Your Role
 - Helping Applicants with PQA responses
- COMAD/ RIDF
 - Recovery types
 - Notifications
 - Appeal
- Red Light

Retain, Retain

- Documentation must be retained for **5 years** from **last date of service delivery** and can be in electronic format or paper
- Applicants & service providers must retain **ALL** documentation that shows compliance with all FCC rules
- 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

- RFPs or similar documents
- All bid responses & correspondence
- Contracts, service agreements, addendums, etc.
- Item 21 attachments
- Purchase requisitions, POs, Packing Slips, customer bills
- Delivery & installation records
- Maintenance logs
- Payments (canceled checks, credit card receipts, ACH transactions)
- 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)
- Documents used to prepare forms
- FCC Forms & letters received from USAC (e.g., FCC Forms 498, 474)

- **Service Provider audits**
 - Start in late spring 2013
 - Desk audits (no site visit)
 - Randomly selected
 - Small sample size (less than 20)
 - Auditing invoices submitted (competitive bidding & discount will not be reviewed)
 - Review FY 2010
- USAC prepared a documentation checklist for service providers to use when preparing for an audit. The list is located on USAC's website as [BCAP Checklist](#)

- **Helping Applicants with Audit Requests**
 - Applicant undergo Beneficiary & Contributor Audit Program (BCAP) audits and Payment Quality Assurance (PQA) reviews.

 - Applicants may need service provider assistance during these reviews
 - Need an explanation of SPI charges
 - Reconciling bills to invoicing submitted
 - Service provider submitted requests, like service substitutions or SPIN changes

- Recovery occurs as a result of an audit/PQA finding, whistleblower, appeal or invoicing
 - **Examples:** invoice for ineligible services, competitive bidding violations, invoice for services not received, gifts violations
- When recovery is warranted USAC determines the recovery amount, and from whom USAC should seek recovery (applicant, service provider or both).

- **Commitment Adjustment (COMAD)**
 - The commitment was improperly funded. An error or rule violation occurred prior to commitment.
 - COMADs may require commitment reduction and/or cash recovery.

- **Recovery of Improperly Disbursed Funds (RIDF)**
 - The commitment was correct, but funds were disbursed in error. Post commitment violation of an error or rule violation occurred after USAC committed funds
 - RIDFs always have cash recoveries.

■ **DAY Zero**

- Commitment Adjustment (**CAL**) or RDIF letter issued
 - Indicates specific FRN(s), commitment adjustment and/or recovery amount, recovery reason
 - Letter is address to at fault party
 - The party not at fault is cc'ed
- Can be appealed to USAC or FCC
- If no cash recovery, end of process

■ **DAY 61**

- 1st Demand Payment Letter issued
- An invoice from USAC to repay funds disbursed
- Non-appealable letter to USAC can be appealed to the FCC
- Can request a payment plan

- **DAY 91**

- 2nd Demand Payment Letter issued
- Red Light is turned on
- Notice of Withholdings Letter issued. FCC Form 471 applications are dismissed if payment in full is not received within 30 days of letter date
- Invoices are held until payment is received

- **DAY 150**

- Debt is transferred to US Treasury
- Payments are made to US Treasury

Questions?