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Audit News Brief Series – Document Retention

June 30, 2009

This is the second in a series of three short News Briefs dedicated to issues identified during the Improper Payments Information Act (IPIA) Round 2 beneficiary audits.

DOCUMENT RETENTION

Record Retention Rule

Starting with Funding Year 2004 and in accordance with the [FCC's Fifth Report and Order \(FCC 04-190, released August 13, 2004\)](#), both **applicants** and **service providers** are required "...to retain all records related to the application for, receipt and delivery of discounted services for a period of **five years after the last day of services delivered** for a particular Funding Year."

Reasons to Keep Good Records

Keeping good records is an essential part of Program success for the following reasons:

- To comply with Program rules
- To help resolve disputes
- To prepare appeals
- To respond to audits
- To archive documentation for successors

Consequences of Poor Recordkeeping

In addition, complete and accurate records are important to ensure applicant and service provider accountability of funds disbursed. Some consequences of poor recordkeeping are:

- Audit findings
- Modifications or denials of funding requests
- Rejected invoices
- Required repayment of funds already disbursed
- Additional or more complex review of pending applications
- All pending applications put on hold and outstanding repayments turned over to collections (Red Light status)

E-Rate Binder

USAC recommends maintaining an E-Rate Binder as a records retention tool. We have created a [Guide to E-Rate Binder Table of Contents](#) that contains a list of key documents commonly requested during programmatic reviews and audits. The headings are organized by forms, letters, programmatic reviews, change requests, and invoicing. Applicants are encouraged to download the guide. The E-Rate Binder can be organized by Funding Year, BEN, or Form 471 application, and it can be maintained as a paper or electronic binder. For more information, you can locate the guide under Checklists and Samples in the [Reference Area](#) of the USAC website.

Competitive Bidding Records Retention Recommendations

Whenever competitive bidding documents are posted to a website, applicants should retain a copy (paper or electronic). Websites are often updated or changed, and links may be changed or unavailable. Documents to keep include – but are not limited to – winning and losing bids, copies of Forms 470 and Requests For Proposals (RFPs), and copies of any related correspondence and bid evaluations.

We recommend that applicants check the dates and signatures on contracts. Make sure that the applicant has signed and dated the contract on or before the date the Form 471 is certified (filed if online or postmarked if on paper). Make sure the contract complies with state and local procurement rules as well as Program rules. In addition, keep paper copies of any e-certifications.

Also, keep updated information on any state master contracts cited on a Form 471.

Tips

When filing and certifying a Program form online, print and retain a copy of the form and e-certification page.

When filing a Program form online and certifying it on paper, print and retain a copy of the form, the paper certification page and [proof of postmark date](#).

When filing and certifying a Program form on paper, retain a copy of the original form and proof of postmark date.

Consortium members and consortium leaders should both keep copies of:

- [Form 479, Schools and Libraries Universal Service Certification by Administrative Authority to Billed Entity of Compliance with the Children's Internet Protection Act](#), to verify compliance with the Children's Internet Protection Act. **DO NOT** submit this form to USAC or to the FCC.
- A [Letter of Agency \(LOA\)](#) between the applicant and the consortium leader to verify that the consortium leader has your permission to negotiate on your behalf.

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