



Rural Health Care Committee

Audit Reports Briefing Book

Monday, July 29, 2024

Available for Public Use

Universal Service Administrative Offices

700 12th Street, NW, Suite 900

Washington, DC

Summary of the Rural Health Care Support Mechanism Beneficiary Audit Reports Released: April 2024

Entity Name	Number of Findings	Significant Findings	Amount of Support	Monetary Effect*	USAC Management Recovery Action*	Commitment Adjustment	Entity Disagreement
Attachment A Christus Health dba The Texas Health Information Network Collaborative (Txhinc)	0	• Not applicable.	\$1,864,004	\$0	\$0	\$0	N/A
Attachment B Baptist Memorial Health Care Corporation Consortium	0	• Not applicable.	\$1,168,962	\$0	\$0	\$0	N/A
Attachment C Palmetto State Providers Network	0	• Not applicable.	\$7,683,607	\$0	\$0	\$0	N/A
Attachment D Southwest Telehealth Access Grid	0	• Not applicable.	\$4,088,453	\$0	\$0	\$0	N/A
Attachment E Ascension Health	0	• Not applicable.	\$4,179,178	\$0	\$0	\$0	N/A
Attachment F Vital Networks, LLC	0	• Not applicable.	\$674,359	\$0	\$0	\$0	N/A
Total	0		\$19,658,563	\$0	\$0	\$0	

* The Monetary Effect amount may include overlapping amounts; thus, the USAC Management Recovery Action amount may be less than the Monetary Effect to prevent double recovery.

Attachment A

RH2022LR004

***Report on the Limited Review Performance Audit over
Compliance with the Federal Universal Service Fund Rural
Health Care Support Mechanism Rules***

for

***Christus Health, Dba The Texas Health Information Network
Collaborative (Txhinc)***

Audit No. RH2022LR004

December 4, 2023



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EXECUTIVE SUMMARY

Ms. Teleshia Delmar, Vice President – Audit and Assurance Division
Universal Service Administrative Company
700 12th Street NW, Suite 900
Washington, D.C. 20005

Dear Ms. Delmar:

Kearney & Company, P.C. (defined as “Kearney,” “we,” and “our” in this report) audited the compliance of Christus Health, DbA The Texas Health Information Network Collaborative (Txhinc) (Beneficiary), Health Care Provider (HCP) Number 17259, for Funding Year 2019, using the regulations and orders governing the Federal Universal Service Rural Health Care (RHC) Support Mechanism, set forth in 47 Code of Federal Regulations (C.F.R.) Part 54, as well as other program requirements (collectively, the Federal Communications Commission [FCC] Rules). Compliance with the FCC Rules is the responsibility of the Beneficiary. Kearney’s responsibility is to make a determination regarding the Beneficiary’s compliance with the FCC Rules based on the limited review performance audit.

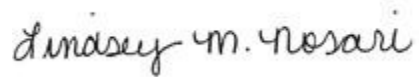
Kearney conducted the audit in accordance with Generally Accepted Government Auditing Standards (GAGAS), issued by the Comptroller General of the United States (2018 Revision, as amended). Those standards require that Kearney plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on the audit objectives. The audit included examining, on a test basis, evidence supporting the competitive bidding process undertaken to select service providers, the type and amount of services received, physical inventory of equipment purchased and maintained, as well as performing other procedures Kearney considered necessary to make a determination regarding the Beneficiary’s compliance with the FCC Rules. The evidence obtained provides a reasonable basis for Kearney’s findings and conclusions based on the audit objectives.

Based on the test work performed, our audit did not disclose any areas of non-compliance with the FCC Rules that were in effect during the audit period.

Certain information may have been omitted from this report concerning communications with Universal Service Administrative Company (USAC) management or other officials and/or details about internal operating processes or investigations. This report is intended solely for the use of USAC, the Beneficiary, and the FCC and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of those procedures for their purposes. This report is not confidential and may be released to a requesting third party.

We appreciate the cooperation and assistance extended by you and your staff during the audit.

Sincerely,



Lindsey Nosari
Engagement Partner

CC: Radha Sekar, USAC Chief Executive Officer
Mark Sweeney, USAC Vice President, RHC Division

PURPOSE, SCOPE, BACKGROUND, AND PROCEDURES

PURPOSE

The purpose of the audit was to determine whether the Beneficiary complied with the FCC Rules.

SCOPE

The following chart summarizes the Rural Health Care (RHC) Healthcare Connect Fund (HCF) program support amounts committed and disbursed to the Beneficiary for Funding Year 2019 (audit period):

Service Type	Amount Committed	Amount Disbursed
Ethernet	\$1,686,451	\$1,532,189
Internet	\$180,433	\$180,433
Professional Services	\$151,382	\$151,382
Total	\$2,018,266¹	\$1,864,004

Note: The amounts committed and disbursed reflect funding year activity as of the date of the commencement of the audit.

The committed total represents 30 FCC Form 462 applications with 30 FRNs. Kearney selected 16 FRNs,² which represent \$1,616,518 of the funds committed and \$1,469,715 of the funds disbursed during the audit period, to perform the procedures enumerated below with respect to the Funding Year 2019 applications submitted by the Beneficiary.

BACKGROUND

Christus Health, dba The Texas Health Information Network Collaborative (TxHINC), is a Texas based consortium participating in the RHC Program as an aggregator of a variety of healthcare providers and entities that provide various healthcare services including clinical services, telemedicine, mental and behavioral health, and educational training programs. The Christus Health Wide Area Network connects all Christus Health critical hospitals, rural health clinics, emergency departments, offsite primary and backup data centers, etc. and provides access to healthcare services such as the health records management system and medical imaging.

PROCEDURES

Kearney performed the following procedures:

A. Application Process

Kearney obtained an understanding of the Beneficiary’s processes relating to the RHC HCF program. Specifically, we examined documentation to support its effective use of

¹ Subsequent to the date of the commencement of the audit, the Beneficiary submitted a request to downward adjust 10 of the FRNs, which RHCP approved and reduced the committed funds for those FRNs to \$627,500. As of the date of this audit report, the total amount remaining committed is \$1,979,883. The FRNs Kearney selected to perform the procedures enumerated below represent \$1,585,594 of the revised committed amount.

² The FRNs included in the scope of this audit were: 19542401, 19544641, 19545601, 19546701, 19546861, 19575831, 19583411, 19584461, 19584891, 19600601, 19602911, 19606471, 19606981, 19609981, 19614621, 19629051.

funding and determined that adequate processes exist to determine whether funds were used in accordance with the FCC Rules. Kearney conducted inquiries, observations, and inspections of documentation to determine whether the Beneficiary used funding as indicated in its Network Cost Worksheets (NCW).

Kearney examined the FCC Forms 462 and the FCC Form 462 Attachments to determine whether the Beneficiary identified the participating HCPs and documented the allocation of eligible costs related to the provision of health care services. We also examined the NCWs to determine whether ineligible costs, if any, were identified and ineligible entities, if any, paid their fair share.

B. Competitive Bid Process

Kearney conducted inquiries of the Beneficiary to determine that no bids were received for the requested services. We examined evidence that the Beneficiary waited the required 28 days from the date the FCC Form 461 was posted on USAC's website before signing contracts with the selected service providers or properly retaining services with the incumbent service providers under existing contracts. If a contract was executed for the funding year under audit, Kearney reviewed the service provider contract to determine whether it was properly executed. Kearney evaluated the services requested and purchased to determine whether the Beneficiary selected the most cost-effective option.

C. Eligibility

Kearney conducted inquiries and virtual observations and examined documentation to determine whether the Beneficiary's eligible HCPs were public or non-profit-eligible HCPs, and whether the annual limitation on support available to large non-rural hospitals was exceeded. We examined documentation to determine whether more than 50 percent of the sites in the consortium were rural HCPs and determined whether the member HCPs' physical addresses were the same as listed on the FCC Form 462 applications and NCWs. Kearney conducted inquiries and examined documentation to determine whether the HCPs participating in the consortium received funding in the HCF program for the same services for which they requested support in the RHC Telecommunications program.

D. Invoicing Process

Kearney examined invoices for which payment was disbursed by USAC to determine whether the services identified on the FCC Form 463 service provider invoices submitted to USAC and the corresponding service provider bills submitted to the Beneficiary were consistent with the terms and specifications of the service provider agreements. We examined documentation to determine whether the Beneficiary paid its required 35 percent minimum contribution and that the required contribution was from eligible sources. Kearney also examined documentation to determine whether the HCF program disbursements did not exceed 65 percent of the total eligible costs.

E. Health Care Provider Location

Kearney determined, through inquiry and virtual observation, whether the services were provided and were functional. We also determined, through inquiry and virtual observation, whether the supported services were used for purposes reasonably related to the provision of health care services and in accordance with the FCC Rules.

F. Work Related to Internal Controls

In accordance with Generally Accepted Government Auditing Standards (GAGAS) 8.39, Kearney determined that internal controls surrounding the Beneficiary's compliance with the HCF program and select FCC rules and regulations are not significant to the audit objectives. Our audit objective is to determine the compliance of the Beneficiary's funds disbursed under the sampled FRNs; therefore, our testing procedures were designed to meet that objective.

****This concludes the report.****

Attachment B

RH2022LR005

***Report on the Limited Review Performance Audit over
Compliance with the Federal Universal Service Fund Rural
Health Care Support Mechanism Rules***

for

Baptist Memorial Health Care Corporation Consortium

Audit No. RH2022LR005

November 8, 2023





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EXECUTIVE SUMMARY

Ms. Teleshia Delmar, Vice President – Audit and Assurance Division
Universal Service Administrative Company
700 12th Street NW, Suite 900
Washington, D.C. 20005

Dear Ms. Delmar:

Kearney & Company, P.C. (defined as “Kearney,” “we,” and “our” in this report) audited the compliance of Baptist Memorial Health Care Corporation Consortium (Beneficiary), Health Care Provider (HCP) Number 48624, for Funding Year 2019, using the regulations and orders governing the Federal Universal Service Rural Health Care (RHC) Support Mechanism, set forth in 47 Code of Federal Regulations (C.F.R.) Part 54, as well as other program requirements (collectively, the Federal Communications Commission [FCC] Rules). Compliance with the FCC Rules is the responsibility of the Beneficiary. Kearney’s responsibility is to make a determination regarding the Beneficiary’s compliance with the FCC Rules based on the limited review performance audit.

Kearney conducted the audit in accordance with Generally Accepted Government Auditing Standards (GAGAS), issued by the Comptroller General of the United States (2018 Revision, as amended). Those standards require that Kearney plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on the audit objectives. The audit included examining, on a test basis, evidence supporting the competitive bidding process undertaken to select service providers, the type and amount of services received, physical inventory of equipment purchased and maintained, as well as performing other procedures Kearney considered necessary to make a determination regarding the Beneficiary’s compliance with the FCC Rules. The evidence obtained provides a reasonable basis for Kearney’s findings and conclusions based on the audit objectives.

Based on the test work performed, our audit did not disclose any areas of non-compliance with the FCC Rules that were in effect during the audit period.

Certain information may have been omitted from this report concerning communications with Universal Service Administrative Company (USAC) management or other officials and/or details about internal operating processes or investigations. This report is intended solely for the use of USAC, the Beneficiary, and the FCC and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of those procedures for their purposes. This report is not confidential and may be released to a requesting third party.



We appreciate the cooperation and assistance extended by you and your staff during the audit.

Sincerely,

A handwritten signature in black ink that reads "Lindsey M. Nosari". The signature is written in a cursive, flowing style.

Lindsey Nosari
Engagement Partner

CC: Radha Sekar, USAC Chief Executive Officer
Mark Sweeney, USAC Vice President, RHC Division

PURPOSE, SCOPE, BACKGROUND, AND PROCEDURES

PURPOSE

The purpose of the audit was to determine whether the Beneficiary complied with the FCC Rules.

SCOPE

The following chart summarizes the Rural Health Care (RHC) Healthcare Connect Fund (HCF) program support amounts committed and disbursed to the Beneficiary for Funding Year 2019 (audit period):

Service Type	Amount Committed	Amount Disbursed
Dark Fiber	\$40,126	\$40,126
Dedicated Internet Access (DIA)	\$94,249	\$94,249
Ethernet	\$612,496	\$612,496
Internet	\$58,538	\$58,538
ISDN PRI	\$132,399	\$132,399
MPLS	\$192,316	\$192,316
T-1 / DS-1	\$3,010	\$3,010
Virtual Private Network (VPN)	\$35,828	\$35,828
Total	\$1,168,962	\$1,168,962

Note: The amounts committed and disbursed reflect funding year activity as of the date of the commencement of the audit.

The committed total represents 11 FCC Form 462 applications with 11 FRNs. Kearney & Company, P.C. (Kearney) selected five FRNs,¹ which represent \$942,465 of the funds committed and \$942,465 of the funds disbursed during the audit period, to perform the procedures enumerated below with respect to the Funding Year 2019 applications submitted by the Beneficiary.

BACKGROUND

The nonprofit Baptist Memorial Health Care Corporation Consortium joins together various network opportunities to healthcare providers in the Alabama, Arkansas, Kentucky, Mississippi, Missouri, and Tennessee areas. The Baptist Memorial Health Care Corporation Consortium provides their healthcare facilities with an integrated data network, connecting acute-care hospitals, surgery centers, dialysis centers, clinical facilities, skilled nursing facilities, rehabilitation facilities, administration, and data centers into one cohesive system.

PROCEDURES

Kearney performed the following procedures:

A. Application Process

Kearney obtained an understanding of the Beneficiary's processes relating to the RHC HCF program. Specifically, we examined documentation to support its effective use of

¹ The FRNs included in the scope of this audit were: 19616531, 19616541, 19624841, 19630791, 19655841.

funding and determined that adequate processes exist to determine whether funds were used in accordance with the FCC Rules. Kearney conducted inquiries, observations, and inspections of documentation to determine whether the Beneficiary used funding, as indicated in its Network Cost Worksheets (NCW).

Kearney examined the FCC Forms 462 and the FCC Form 462 Attachments to determine whether the Beneficiary identified the participating HCPs and documented the allocation of eligible costs related to the provision of health care services. We also examined the NCWs to determine whether ineligible costs, if any, were identified and ineligible entities, if any, paid their fair share.

B. Competitive Bid Process

Kearney conducted inquiries of the Beneficiary to determine that no bids were received for the requested services. We examined evidence that the Beneficiary waited the required 28 days from the date the FCC Form 461 was posted on USAC's website before signing contracts with the selected service providers or retaining services with the incumbent service providers. If a contract was executed for the funding year under audit, then Kearney reviewed the service provider contract to determine whether it was properly executed. We also evaluated the services requested and purchased to determine whether the Beneficiary selected the most cost-effective option.

C. Eligibility

Kearney conducted inquiries and virtual observations and examined documentation to determine whether the Beneficiary's eligible HCPs were public or non-profit-eligible HCPs and whether the annual limitation on support available to large non-rural hospitals was exceeded. We examined documentation to determine whether more than 50 percent of the sites in the consortium were rural HCPs and determined whether the member HCPs' physical addresses were the same as listed on the FCC Form 462 applications and NCWs. Kearney conducted inquiries and examined documentation to determine whether the HCPs participating in the consortium received funding in the HCF program for the same services for which they requested support in the RHC Telecommunications program.

D. Invoicing Process

Kearney examined invoices for which payment was disbursed by USAC to determine whether the services identified on the FCC Form 463 service provider invoices submitted to USAC and the corresponding service provider bills submitted to the Beneficiary were consistent with the terms and specifications of the service provider agreements. We examined documentation to determine whether the Beneficiary paid its required 35 percent minimum contribution and that the required contribution was from eligible sources. Kearney also examined documentation to determine whether the HCF program disbursements did not exceed 65 percent of the total eligible costs.

E. Health Care Provider Location

Kearney determined, through inquiry and virtual observation, whether the services were provided and were functional. We also determined through inquiry and virtual observation whether the supported services were used for purposes reasonably related to the provision of health care services and in accordance with the FCC Rules.

F. Work Related to Internal Controls

In accordance with Generally Accepted Government Auditing Standards (GAGAS) 8.39, Kearney determined that internal controls surrounding the Beneficiary's compliance with the HCF program and select FCC rules and regulations are not significant to the audit objectives. Our audit objective is to determine the compliance of the Beneficiary's funds disbursed under the sampled FRNs; therefore, our testing procedures were designed to meet that objective.

****This concludes the report.****

Attachment C

RH2022LR006

***Report on the Limited Review Performance Audit over
Compliance with the Federal Universal Service Fund Rural
Health Care Support Mechanism Rules***

for

Palmetto State Providers Network

Audit No. RH2022LR006

June 15, 2023





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Executive Summary

Ms. Teleshia Delmar, Vice President – Audit and Assurance Division
Universal Service Administrative Company
700 12th Street NW, Suite 900
Washington, D.C. 20005

Dear Ms. Delmar:

Kearney & Company, P.C. (defined as “Kearney,” “we,” and “our” in this report) audited the compliance of Palmetto State Providers Network (Beneficiary), Health Care Provider (HCP) Number 17243, for Funding Year 2019, using the regulations and orders governing the Federal Universal Service Rural Health Care (RHC) Support Mechanism, set forth in 47 Code of Federal Regulations (C.F.R.) Part 54, as well as other program requirements (collectively, the Federal Communications Commission [FCC] Rules). Compliance with the FCC Rules is the responsibility of the Beneficiary. Kearney’s responsibility is to make a determination regarding the Beneficiary’s compliance with the FCC Rules based on the limited review performance audit.

Kearney conducted the audit in accordance with Generally Accepted Government Auditing Standards (GAGAS), issued by the Comptroller General of the United States (2018 Revision, as amended). Those standards require that Kearney plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on the audit objectives. The audit included examining, on a test basis, evidence supporting the competitive bidding process undertaken to select service providers, the type and amount of services received, physical inventory of equipment purchased and maintained, as well as performing other procedures Kearney considered necessary to make a determination regarding the Beneficiary’s compliance with the FCC Rules. The evidence obtained provides a reasonable basis for Kearney’s findings and conclusions based on the audit objectives.

Based on the test work performed, our audit did not disclose any areas of non-compliance with the FCC Rules that were in effect during the audit period.

Certain information may have been omitted from this report concerning communications with Universal Service Administrative Company (USAC) management or other officials and/or details about internal operating processes or investigations. This report is intended solely for the use of USAC, the Beneficiary, and the FCC and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of those procedures for their purposes. This report is not confidential and may be released to a requesting third party.



We appreciate the cooperation and assistance extended by you and your staff during the audit.

Sincerely,

A handwritten signature in black ink that reads "Lindsey M. Nosari". The signature is written in a cursive, flowing style.

Lindsey Nosari
Engagement Partner

CC: Radha Sekar, USAC Chief Executive Officer
Mark Sweeney, USAC Vice President, RHC Division

PURPOSE, SCOPE, BACKGROUND, AND PROCEDURES

PURPOSE

The purpose of the audit was to determine whether the Beneficiary complied with the FCC Rules.

SCOPE

The following chart summarizes the Rural Health Care (RHC) Healthcare Connect Fund (HCF) program support amounts committed and disbursed to the Beneficiary for Funding Year 2019 (audit period):

Service Type	Amount Committed	Amount Disbursed
Cable Modem Service	\$131,243	\$44,832
Dark Fiber	\$245,443	\$154,292
Ethernet	\$1,911,087	\$755,906
Firewall (leased)	\$109,713	\$47,989
Installation of Equipment	\$107	\$97
Installation of Recurring Services	\$15,604	\$12,531
Internet	\$195,364	\$127,034
ISDN PRI	\$203,498	\$149,377
Managed Ethernet	\$12,951,071	\$5,877,079
MPLS	\$17,550	\$8,775
Network Switch (leased)	\$11,545	\$5,651
Not Applicable	\$16,098	-
Routers (leased)	\$12,203	\$7,380
T-1 / DS-1	\$363,740	\$169,140
Wide Area Network (WAN)	\$805,881	\$323,524
Total	\$16,990,147¹	\$7,683,607

Note: The amounts committed and disbursed reflect funding year activity as of the date of the commencement of the audit.

The committed total represents 87 FCC Form 462 applications with 87 FRNs. Kearney selected 16 FRNs², which represent \$11,079,798 of the funds committed and \$4,406,329 of the funds disbursed during the audit period, to perform the procedures enumerated below with respect to the Funding Year 2019 applications submitted by the Beneficiary.

BACKGROUND

The Palmetto State Providers Network (PSPN) was organized as a subsidiary of the Health Sciences South Carolina (HSSC), a statewide collaborative bringing together South Carolina’s four largest healthcare delivery systems, its two academic medical school and other healthcare providers. PSPN is a private, broadband healthcare network connecting dozens of key South Carolina healthcare facilities to each other, the Internet and national/international research

¹ Subsequent to the date of the commencement of the audit, the Beneficiary submitted a request to downward adjust 73 of the FRNs, which RHCP approved and reduced the committed funds for those FRNs to \$9,790,477. As of the date of this audit report, the total amount remaining committed is \$12,227,354. The FRNs AAD selected to perform the procedures enumerated below represent \$7,788,887 of the revised committed amount.

² The FRNs included in the scope of this audit were: 19627801, 19611041, 19611131, 19625821, 19651311, 19627691, 19672401, 19612151, 19610151, 19622121, 19610421, 19612311, 19613431, 19654071, 19615501, 19670591.

networks. It is a network dedicated to healthcare and is designed to allow you to conduct telemedicine and telehealth activities and access valuable healthcare IT applications.

PROCEDURES

Kearney performed the following procedures:

A. Application Process

Kearney obtained an understanding of the Beneficiary's processes relating to the RHC HCF program. Specifically, we examined documentation to support its effective use of funding and determined that adequate processes exist to determine whether funds were used in accordance with the FCC Rules. Kearney conducted inquiries, observations, and inspections of documentation to determine whether the Beneficiary used funding as indicated in its Network Cost Worksheets (NCW).

Kearney examined the FCC Forms 462 and the FCC Form 462 Attachments to determine whether the Beneficiary identified the participating HCPs and documented the allocation of eligible costs related to the provision of health care services. We also examined the NCWs to determine whether ineligible costs, if any, were identified and ineligible entities, if any, paid their fair share.

B. Competitive Bid Process

Kearney examined documentation to determine whether the Beneficiary properly selected a service provider to provide eligible services. Kearney conducted inquiries and examined documentation to determine whether the Beneficiary considered price and other non-cost factors and that no evaluation criteria was weighted higher than price. Kearney examined evidence that the Beneficiary waited the required 28 days from the date the FCC Form 461 was posted on USAC's website before selecting and signing contracts with the selected service providers. If a contract was executed for the funding year under audit, Kearney reviewed the service provider contracts to determine whether they were properly executed. Kearney evaluated the services requested and purchased to determine whether the Beneficiary selected the most cost-effective option.

C. Eligibility

Kearney conducted inquiries and virtual observations and examined documentation to determine whether the Beneficiary's eligible HCPs were public or non-profit-eligible HCPs, and whether the annual limitation on support available to large non-rural hospitals was exceeded. We examined documentation to determine whether more than 50 percent of the sites in the consortium were rural HCPs and determined whether the member HCPs' physical addresses were the same as listed on the FCC Form 462 applications and NCWs. Kearney conducted inquiries and examined documentation to determine whether the HCPs participating in the consortium received funding in the HCF program for the same services for which they requested support in the RHC Telecommunications program.

D. Invoicing Process

Kearney examined invoices for which payment was disbursed by USAC to determine whether the services identified on the FCC Form 463 service provider invoices submitted to USAC and the corresponding service provider bills submitted to the Beneficiary were consistent with the terms and specifications of the service provider agreements. We examined documentation to determine whether the Beneficiary paid its required 35 percent minimum contribution and that the required contribution was from eligible sources. Kearney also examined documentation to determine whether the HCF program disbursements did not exceed 65 percent of the total eligible costs.

E. Health Care Provider Location

Kearney determined, through inquiry and virtual observation, whether the services were provided and were functional. We also determined, through inquiry and virtual observation, whether the supported services were used for purposes reasonably related to the provision of health care services and in accordance with the FCC Rules.

F. Work Related to Internal Controls

In accordance with Generally Accepted Government Auditing Standards (GAGAS) 8.39, Kearney determined that internal controls surrounding the Beneficiary's compliance with the HCF program and select FCC rules and regulations are not significant to the audit objectives. Our audit objective is to determine the compliance of the Beneficiary's funds disbursed under the sampled FRNs; therefore, our testing procedures were designed to meet that objective.

****This concludes the report.****

Attachment D

RH2022LR008

***Report on the Limited Review Performance Audit over
Compliance with the Federal Universal Service Fund Rural
Health Care Support Mechanism Rules***

for

Southwest Telehealth Access Grid

Audit No. RH2022LR008

January 2, 2024



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EXECUTIVE SUMMARY

Ms. Teleshia Delmar, Vice President – Audit and Assurance Division
Universal Service Administrative Company
700 12th Street NW, Suite 900
Washington, D.C. 20005

Dear Ms. Delmar:

Kearney & Company, P.C. (defined as “Kearney,” “we,” and “our” in this report) audited the compliance of Southwest Telehealth Access Grid (Beneficiary), Health Care Provider (HCP) Number 17256, for Funding Year 2019, using the regulations and orders governing the Federal Universal Service Rural Health Care (RHC) Support Mechanism, set forth in 47 Code of Federal Regulations (C.F.R.) Part 54, as well as other program requirements (collectively, the Federal Communications Commission [FCC] Rules). Compliance with the FCC Rules is the responsibility of the Beneficiary. Kearney’s responsibility is to make a determination regarding the Beneficiary’s compliance with the FCC Rules based on the limited review performance audit.

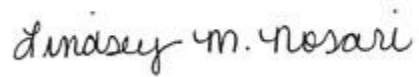
Kearney conducted the audit in accordance with Generally Accepted Government Auditing Standards (GAGAS), issued by the Comptroller General of the United States (2018 Revision, as amended). Those standards require that Kearney plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on the audit objectives. The audit included examining, on a test basis, evidence supporting the competitive bidding process undertaken to select service providers, the type and amount of services received, physical inventory of equipment purchased and maintained, as well as performing other procedures Kearney considered necessary to make a determination regarding the Beneficiary’s compliance with the FCC Rules. The evidence obtained provides a reasonable basis for Kearney’s findings and conclusions based on the audit objectives.

Based on the test work performed, our audit did not disclose any areas of non-compliance with the FCC Rules that were in effect during the audit period.

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We appreciate the cooperation and assistance extended by you and your staff during the audit.

Sincerely,



Lindsey Nosari
Engagement Partner

CC: Radha Sekar, USAC Chief Executive Officer
Mark Sweeney, USAC Vice President, RHC Division

PURPOSE, SCOPE, BACKGROUND, AND PROCEDURES

PURPOSE

The purpose of the audit was to determine whether the Beneficiary complied with the FCC Rules.

SCOPE

The following chart summarizes the Rural Health Care (RHC) Healthcare Connect Fund (HCF) program support amounts committed and disbursed to the Beneficiary for Funding Year 2019 (audit period):

Service Type	Amount Committed	Amount Disbursed
Dedicated Internet Access (DIA)	\$145,161	\$108,979
Ethernet	\$2,220,859	\$1,593,017
Firewall (Health Care Provider [HCP]-owned)	\$183,465	\$9,053
Installation of Equipment	\$4,680	\$4,680
Installation of Recurring Services	\$11,322	\$7,327
Internet	\$343,435	\$144,660
Internet Access	\$233,286	\$233,048
ISDN PRI	\$234,954	\$234,954
Maintenance Contract	\$36,334	-
Maintenance Contract (three years)	\$308,336	\$151,323
MPLS	\$1,522,661	\$684,240
Network Management Services	\$72,936	\$72,936
Network Switch (HCP-owned)	\$509,815	\$219,190
Not Applicable	\$145,381	-
Professional Services	\$22,815	\$22,815
Routers (HCP-owned)	\$86,855	\$86,855
Routers (leased)	\$110	\$110
Software for Network Management	\$147,717	\$131,255
T-1 / DS-1	\$13,858	\$13,858
Wide Area Network (WAN)	\$34,886	\$32,599
Warranty	\$81,652	\$61,183
Warranty (three years)	\$33,929	-
WAN	\$353,978	\$276,371
Total	\$6,748,425¹	\$4,088,453

Note: The amounts committed and disbursed reflect funding year activity as of the date of the commencement of the audit.

The committed total represents 43 FCC Form 462 applications with 43 FRNs. Kearney selected 10 FRNs², which represent \$4,571,935 of the funds committed and \$2,656,733 of the funds disbursed during the audit period, to perform the procedures enumerated below with respect to the Funding Year 2019 applications submitted by the Beneficiary.

¹ Subsequent to the date of the commencement of the audit, the Beneficiary submitted a request to downward adjust 12 of the FRNs, which RHCP approved and reduced the committed funds for those FRNs to \$2,033,456. As of the date of this audit report, the total amount remaining committed is \$5,011,303. The FRNs AAD selected to perform the procedures enumerated below represent \$3,426,532 of the revised committed amount.

² The FRNs included in the scope of this audit were: 19198801, 19625671, 19627141, 19636891, 19649991, 19655801, 19659521, 19665121, 19666711, 19669851.

BACKGROUND

Southwest Telehealth Access Grid (SWTAG) started as the University of New Mexico Center for Telehealth in the USAC RHC pilot program. SWTAG originally only had members in Arizona and New Mexico, but they now provide ethernet, fiber, internet, MPLS, T-1, and other telecommunications services to healthcare providers in rural communities across the country.

PROCEDURES

Kearney performed the following procedures:

A. Application Process

Kearney obtained an understanding of the Beneficiary's processes relating to the RHC HCF program. Specifically, we examined documentation to support its effective use of funding and determined that adequate processes exist to determine whether funds were used in accordance with the FCC Rules. Kearney conducted inquiries, observations, and inspections of documentation to determine whether the Beneficiary used funding as indicated in its Network Cost Worksheets (NCW).

Kearney examined the FCC Forms 462 and the FCC Form 462 Attachments to determine whether the Beneficiary identified the participating HCPs and documented the allocation of eligible costs related to the provision of health care services. We also examined the NCWs to determine whether ineligible costs, if any, were identified and ineligible entities, if any, paid their fair share.

B. Competitive Bid Process

Kearney examined documentation to determine whether the Beneficiary properly selected a service provider to provide eligible services. Kearney conducted inquiries and examined documentation to determine whether the Beneficiary considered price and other non-cost factors and that no evaluation criteria was weighted higher than price. Kearney examined evidence that the Beneficiary waited the required 28 days from the date the FCC Form 461 was posted on USAC's website before selecting and signing contracts with service providers. If a contract was executed for the funding year under audit, Kearney reviewed the service provider contracts to determine whether they were properly executed. Kearney evaluated the services requested and purchased to determine whether the Beneficiary selected the most cost-effective option.

C. Eligibility

Kearney conducted inquiries and virtual observations and examined documentation to determine whether the Beneficiary's eligible HCPs were public or non-profit-eligible HCPs, and whether the annual limitation on support available to large non-rural hospitals was exceeded. We examined documentation to determine whether more than 50 percent of the sites in the consortium were rural HCPs and determined whether the member HCPs' physical addresses were the same as listed on the FCC Form 462 applications and

NCWs. Kearney conducted inquiries and examined documentation to determine whether the HCPs participating in the consortium received funding in the HCF program for the same services for which they requested support in the RHC Telecommunications program.

D. Invoicing Process

Kearney examined invoices for which payment was disbursed by USAC to determine whether the services identified on the FCC Form 463 service provider invoices submitted to USAC and the corresponding service provider bills submitted to the Beneficiary were consistent with the terms and specifications of the service provider agreements. We examined documentation to determine whether the Beneficiary paid its required 35 percent minimum contribution and that the required contribution was from eligible sources. Kearney also examined documentation to determine whether the HCF program disbursements did not exceed 65 percent of the total eligible costs.

E. Health Care Provider Location

Kearney determined, through inquiry and virtual observation, whether the services were provided and were functional. We also determined, through inquiry and virtual observation, whether the supported services were used for purposes reasonably related to the provision of health care services and in accordance with the FCC Rules.

F. Work Related to Internal Controls

In accordance with Generally Accepted Government Auditing Standards (GAGAS) 8.39, Kearney determined that internal controls surrounding the Beneficiary's compliance with the HCF program and select FCC rules and regulations are not significant to the audit objectives. Our audit objective is to determine the compliance of the Beneficiary's funds disbursed under the sampled FRNs; therefore, our testing procedures were designed to meet that objective.

****This concludes the report.****

Attachment E

RH2022LR009

***Report on the Limited Review Performance Audit over
Compliance with the Federal Universal Service Fund Rural
Health Care Support Mechanism Rules***

for

Ascension Health

Audit No. RH2022LR009

December 22, 2023



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EXECUTIVE SUMMARY

Ms. Teleshia Delmar, Vice President – Audit and Assurance Division
Universal Service Administrative Company
700 12th Street NW, Suite 900
Washington, D.C. 20005

Dear Ms. Delmar:

Kearney & Company, P.C. (defined as “Kearney,” “we,” and “our” in this report) audited the compliance of Ascension Health (Beneficiary), Health Care Provider (HCP) Number 64393, for Funding Year 2019, using the regulations and orders governing the Federal Universal Service Rural Health Care (RHC) Support Mechanism, set forth in 47 Code of Federal Regulations (C.F.R.) Part 54, as well as other program requirements (collectively, the Federal Communications Commission [FCC] Rules). Compliance with the FCC Rules is the responsibility of the Beneficiary. Kearney’s responsibility is to make a determination regarding the Beneficiary’s compliance with the FCC Rules based on the limited review performance audit.

Kearney conducted the audit in accordance with Generally Accepted Government Auditing Standards (GAGAS), issued by the Comptroller General of the United States (2018 Revision, as amended). Those standards require that Kearney plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on the audit objectives. The audit included examining, on a test basis, evidence supporting the competitive bidding process undertaken to select service providers, the type and amount of services received, physical inventory of equipment purchased and maintained, as well as performing other procedures Kearney considered necessary to make a determination regarding the Beneficiary’s compliance with the FCC Rules. The evidence obtained provides a reasonable basis for Kearney’s findings and conclusions based on the audit objectives.

Based on the test work performed, our audit did not disclose any areas of non-compliance with the FCC Rules that were in effect during the audit period.

Certain information may have been omitted from this report concerning communications with Universal Service Administrative Company (USAC) management or other officials and/or details about internal operating processes or investigations. This report is intended solely for the use of USAC, the Beneficiary, and the FCC and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of those procedures for their purposes. This report is not confidential and may be released to a requesting third party.

We appreciate the cooperation and assistance extended by you and your staff during the audit.

Sincerely,

Lindsey M. Nosari

Lindsey Nosari
Engagement Partner

CC: Radha Sekar, USAC Chief Executive Officer
Mark Sweeney, USAC Vice President, RHC Division

PURPOSE, SCOPE, BACKGROUND, AND PROCEDURES

PURPOSE

The purpose of the audit was to determine whether the Beneficiary complied with the FCC Rules.

SCOPE

The following chart summarizes the Rural Health Care (RHC) Healthcare Connect Fund (HCF) program support amounts committed and disbursed to the Beneficiary for Funding Year 2019 (audit period):

Service Type	Amount Committed	Amount Disbursed
Dedicated Internet Access (DIA)	\$52,581	\$52,581
Digital Subscriber Line (DSL)	\$7,385	\$7,385
Ethernet	\$3,309,517	\$3,239,657
Internet	\$206,141	\$192,657
ISDN PRI	\$225,966	\$225,966
MPLS	\$90,799	\$90,799
Routers (leased)	\$1,917	\$1,917
T-1 / DS-1	\$368,216	\$368,216
Total	\$4,262,522¹	\$4,179,178

Note: The amounts committed and disbursed reflect funding year activity as of the date of the commencement of the audit.

The committed total represents 101 FCC Form 462 applications with 101 FRNs. Kearney selected 28 FRNs,² which represent \$2,803,385 of the funds committed and \$2,803,385 of the funds disbursed during the audit period, to perform the procedures enumerated below with respect to the Funding Year 2019 applications submitted by the Beneficiary.

BACKGROUND

Ascension Health is a national health system operating more than 2,600 sites of care – including 143 hospitals and more than 40 senior living facilities – in 19 states and the District of Columbia. Ascension Health facilitates the provision of broadband connectivity to healthcare providers in rural communities.

PROCEDURES

Kearney performed the following procedures:

¹ Subsequent to the date of the commencement of the audit, the Beneficiary submitted a request to downward adjust 11 of the FRNs, which RHCP approved and reduced the committed funds for those FRNs to \$189,669.86. As of the date of this audit report, the total amount remaining committed is \$4,227,202. The FRNs Kearney selected to perform the procedures enumerated below represent \$2,803,385 of the revised committed amount.

² The FRNs included in the scope of this audit were: 19567991, 19569701, 19573181, 19576731, 19583611, 19587841, 19588101, 19588141, 19588301, 19590521, 19592201, 19592831, 19594711, 19600931, 19603041, 19605151, 19607141, 19607471, 19608101, 19609531, 19611231, 19613751, 19615211, 19618121, 19620271, 19621041, 19622681, 19629161.

A. Application Process

Kearney obtained an understanding of the Beneficiary's processes relating to the RHC HCF program. Specifically, we examined documentation to support its effective use of funding and determined that adequate processes exist to determine whether funds were used in accordance with the FCC Rules. Kearney conducted inquiries, observations, and inspections of documentation to determine whether the Beneficiary used funding as indicated in its Network Cost Worksheets (NCW).

Kearney examined the FCC Forms 462 and the FCC Form 462 Attachments to determine whether the Beneficiary identified the participating HCPs and documented the allocation of eligible costs related to the provision of health care services. We also examined the NCWs to determine whether ineligible costs, if any, were identified and ineligible entities, if any, paid their fair share.

B. Competitive Bid Process

Kearney examined documentation to determine whether the Beneficiary properly selected a service provider to provide eligible services. Kearney conducted inquiries and examined documentation to determine whether the Beneficiary considered price and other non-cost factors and that no evaluation criteria was weighted higher than price. Kearney examined evidence that the Beneficiary waited the required 28 days from the date the FCC Form 461 was posted on USAC's website before selecting and signing contracts with the selected service providers. If a contract was executed for the funding year under audit, Kearney reviewed the service provider contracts to determine whether they were properly executed. Kearney evaluated the services requested and purchased to determine whether the Beneficiary selected the most cost-effective option.

C. Eligibility

Kearney conducted inquiries and virtual observations and examined documentation to determine whether the Beneficiary's eligible HCPs were public or non-profit-eligible HCPs, and whether the annual limitation on support available to large non-rural hospitals was exceeded. We examined documentation to determine whether more than 50 percent of the sites in the consortium were rural HCPs and determined whether the member HCPs' physical addresses were the same as listed on the FCC Form 462 applications and NCWs. Kearney conducted inquiries and examined documentation to determine whether the HCPs participating in the consortium received funding in the HCF program for the same services for which they requested support in the RHC Telecommunications program.

D. Invoicing Process

Kearney examined invoices for which payment was disbursed by USAC to determine whether the services identified on the FCC Form 463 service provider invoices submitted to USAC and the corresponding service provider bills submitted to the Beneficiary were

consistent with the terms and specifications of the service provider agreements. We examined documentation to determine whether the Beneficiary paid its required 35 percent minimum contribution and that the required contribution was from eligible sources. Kearney also examined documentation to determine whether the HCF program disbursements did not exceed 65 percent of the total eligible costs.

E. Health Care Provider Location

Kearney determined through inquiry and virtual observation whether the services were provided and were functional. We also determined through inquiry and virtual observation whether the supported services were used for purposes reasonably related to the provision of health care services and in accordance with the FCC Rules.

F. Work Related to Internal Controls

In accordance with Generally Accepted Government Auditing Standards (GAGAS) 8.39, Kearney determined that internal controls surrounding the Beneficiary's compliance with the HCF program and select FCC rules and regulations are not significant to the audit objectives. Our audit objective is to determine the compliance of the Beneficiary's funds disbursed under the sampled FRNs; therefore, our testing procedures were designed to meet that objective.

****This concludes the report.****

Attachment F

RH2021SP012

Vital Networks, LLC

Performance Audit on Compliance with the Federal Universal Service
Fund Rural Health Care Support Mechanism Rules

USAC Audit No. RH2021SP012

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EXECUTIVE SUMMARY

July 31, 2023

Nilay Patel, Chief Executive Officer
Vital Networks, LLC
1060 East County Line Road Suite 3A-330
Ridgeland, MS 39157

Dear Nilay Patel:

The Universal Service Administrative Company (USAC or Administrator) Audit and Assurance Division (AAD) audited the compliance of Vital Networks, LLC (Service Provider), Service Provider Identification Number (SPIN) 143050191, using the regulations and orders governing the federal Universal Service Rural Health Care Support Mechanism, set forth in 47 C.F.R. Part 54, as well as other program requirements (collectively, the Federal Communications Commission (FCC) Rules). Compliance with the FCC Rules is the responsibility of the Service Provider. AAD's responsibility is to make a determination regarding the Service Provider's compliance with the FCC Rules based on the performance audit.

AAD conducted the audit in accordance with Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States (2018 Revision, as amended). Those standards require that AAD plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for its findings and conclusions based on the audit objectives. The audit included examining, on a test basis, evidence supporting the competitive bidding process undertaken to select the Service Provider, the type and amount of services provided, as well as performing other procedures AAD considered necessary to make a determination regarding the Service Provider's compliance with the FCC Rules. The evidence obtained provides a reasonable basis for AAD's findings and conclusions based on the audit objectives.

Based on the test work performed, our audit disclosed one other matter (Other Matter) discussed in the Audit Result and Recovery Action section. For the purpose of this report, an "other matter" is a condition that does not necessarily constitute a rule violation but warrants the Service Provider and USAC Management's attention.

Certain information may have been omitted from this report concerning communications with USAC management or other officials and/or details about internal operating processes or investigations. This report is intended solely for the use of USAC, the Service Provider, and the FCC and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of those procedures for their purposes. This report is not confidential and may be released to a requesting third party.

We appreciate the cooperation and assistance extended by you and your staff during the audit.

Sincerely,



Jeanette Santana-Gonzalez
USAC Senior Director, Audit and Assurance Division

cc: Radha Sekar, USAC Chief Executive Officer
Mark Sweeney, USAC Vice President, Rural Health Care Division
Teleshia Delmar, USAC Vice President, Audit and Assurance Division

AUDIT RESULT AND RECOVERY ACTION

Audit Result	Monetary Effect	Recommended Recovery
Other Matter: 47 C.F.R. § 54.609(a) (2017) – Beneficiary Did Not Demonstrate Timely Payments to the Service Provider The Beneficiaries did not consistently pay the non-discounted portion of their service providers' bills after receiving services as required by the FCC Rules.	\$ 0	\$0
Total Net Monetary Effect	\$0	\$0

USAC MANAGEMENT RESPONSE

USAC management concurs with the audit results and will not be seeking recovery as there is no monetary effect.

PURPOSE, SCOPE, BACKGROUND AND PROCEDURES

PURPOSE

The purpose of the audit was to determine whether the Service Provider complied with the FCC Rules.

SCOPE

The following chart summarizes the Rural Health Care Telecommunications program support amounts committed and disbursed to the Service Provider for Funding Year 2018 (audit period):

Service Type	Amount Committed	Amount Disbursed
Ethernet	\$691,917.74	\$669,117.74
Telecommunications	\$5,241.60	\$5,241.60
Total	\$697,159.34	\$674,359.34

Note: The amounts committed and disbursed reflect funding year activity as of the date of the commencement of the audit.

The committed total represents 26 FCC Form 466 applications with 26 Funding Request Numbers (FRNs). AAD selected six FRNs,¹ which represent \$217,267.81 of the funds committed and disbursed during the audit period, to perform the procedures enumerated below with respect to the Funding Year 2018 applications submitted by the selected Beneficiaries.

BACKGROUND

The Service Provider provides ethernet and telecommunications services to its health care provider customers and its headquarters are located in Ridgeland, Mississippi.

¹ The FRNs included in the scope of this audit were: 1839524, 1839529, 1839582, 1845067, 1839543, 1839619.

PROCEDURES

AAD performed the following procedures:

A. Eligibility Process

AAD obtained an understanding of the Service Provider's processes and internal controls governing its participation in the Rural Health Care (RHC) program. Specifically, AAD conducted inquiries of the Service Provider and the selected Beneficiaries and examined documentation to obtain an understanding of the controls that exist to determine whether services were eligible, delivered, and installed in accordance with the FCC Rules. AAD conducted inquiries and examined documentation to determine whether the Service Provider assisted with the completion of each selected Beneficiary's FCC Form 465.

B. Competitive Bid Process

AAD examined documentation to determine whether all bids for the services received were properly evaluated. AAD conducted inquiries and examined documentation to determine whether the Beneficiaries selected the most cost-effective method. AAD examined evidence that the Beneficiaries waited the required 28 days from the date the FCC Form 465 was posted on USAC's website before selecting or signing contracts with the Service Provider. AAD evaluated the services requested and purchased to determine whether the Beneficiary selected the most cost-effective option.

C. Rural and Urban Rates

AAD conducted inquiries and examined the Service Provider's service agreements, tariffs, and/or other documentation to determine whether the Service Provider's rural rate was established in accordance with the FCC Rules. AAD also conducted inquiries and examined documentation to substantiate the urban rate listed in the FCC Forms 466.

D. Invoicing Process

AAD examined invoices for which payment was disbursed by USAC to determine whether the services identified on the Service Provider invoices submitted to USAC and the corresponding service provider bills submitted to the Beneficiaries were consistent with the terms and specifications of the Service Provider's agreements. AAD examined documentation to determine whether each Beneficiary paid its non-discounted share in a timely manner.

E. Billing Process

AAD examined the Service Provider bills for the RHC program supported services to determine whether the services identified were consistent with the terms and specifications of the Service Provider's contracts, or other service agreements, and eligible in accordance with the FCC Rules. In addition, AAD examined documentation to determine whether the Service Provider billed the selected Beneficiaries for the rural rate and only collected payment for the selected Beneficiaries' equivalent of the urban rate for the eligible services purchased with universal service discounts.

F. Health Care Provider Location

AAD determined through inquiry and inspection of documentation whether the services were provided and were functional. AAD also determined through inquiry and inspection of documentation whether the supported services were used for purposes reasonably related to the provision of health care services and in accordance with the FCC Rules.

DETAILED OTHER MATTER

Other Matter: 47 C.F.R. § 54.609(a) (2017) – Beneficiary Did Not Demonstrate Timely Payments to the Service Provider

CONDITION

AAD requested documentation to determine whether the Beneficiaries² paid the service provider bills for FRNs 1839582 and 1839619 in accordance with the FCC Rules. The FCC Rules state, “the amount of universal service support provided for an eligible service to be funded from the Telecommunications Program shall be the difference, if any, between the urban rate and the rural rate charged for the service,”³ which requires beneficiaries to pay the non-discount portion of the eligible cost of service (plus the cost of any ineligible services). However, the Beneficiaries paid only a portion of the amount owed each month to the Service Provider, and the Service Provider issued “true-up bills” for the remaining amount. For the above FRNs, the true-up bill was dated August 1, 2019, which the Beneficiaries paid by check on December 7, 2022. This was after the July 14, 2021 audit announcement date. Although the Beneficiaries eventually paid the service provider after the audit commenced, the Beneficiaries did not consistently pay the non-discounted portion of their service providers’ bills after receiving services as required by the FCC Rules.

CAUSE

The Beneficiaries did not have adequate controls and procedures in place to ensure that they paid the service provider on a timely basis. The Beneficiaries claimed that because proof of payment was disputed, the bill was not cleared for payment until December 2022.⁴

EFFECT

There is no monetary effect for this other matter.

RECOMMENDATION

The Beneficiaries must implement controls and procedures to ensure that they pay, on a timely basis, their non-discounted share of supported services. In addition, AAD recommends that the Beneficiaries visit USAC’s website at <https://www.usac.org/rural-health-care/learn/> to become familiar with the training and outreach available from the RHC program.

BENEFICIARY RESPONSE

The [sic] Beneficiar agrees that there was a billing dispute that resulted in a late payment of services until the dispute could be resolved. The Beneficiary has since strived to pay the bill in a timely manner as requested by the [sic] service provider.

² Beneficiaries include Aaron E. Henry Community Health Services Center, Inc. - M.J. Edwards Satellite Clinic, and Aaron E Henry Community Health Services Center Inc. - Batesville Clinic.

³ See 47 C.F.R. § 54.609(a) (2017).

⁴ See Beneficiaries response to Summary of Exceptions, sent by Suzette Chancey, President/Consultant of Communications Consulting Services, Inc. on November 28, 2022.

CRITERIA

47 C.F.R. § 54.609(a)(2017)

The amount of universal service support provided for an eligible service to be funded from the Telecommunications Program shall be the difference, if any, between the urban rate and the rural rate charged for the service, as defined herein. In addition, all reasonable charges that are incurred by taking such services, such as state and federal taxes shall be eligible for universal service support. Charges for termination liability, penalty surcharges, and other charges not included in the cost of taking such service shall not be covered by the universal service support mechanisms.

****This concludes the report.****

Summary of the Rural Health Care Support Mechanism Beneficiary Audit Report Released: May 2024.

Entity Name	Number of Findings	Significant Findings	Amount of Support	Monetary Effect*	USAC Management Recovery Action*	Commitment Adjustment	Entity Disagreement
Attachment G Providence St. Joseph Health Consortium	5	<ul style="list-style-type: none"> • <u>Limitation on Large Non-Rural Hospital Support:</u> The Beneficiary claimed more than \$30,000 of recurring support for a non-rural hospital with 400 or more licensed patient beds. • <u>Equipment was not Installed at an Eligible Location:</u> Equipment purchased with HCF support was relocated and used at an ineligible location within the network. 	\$12,482,096	\$725,675	\$725,675	\$0	Partial
Total	5		\$12,482,096	\$725,675	\$725,675	\$0	

* The Monetary Effect amount may include overlapping amounts; thus, the USAC Management Recovery Action amount may be less than the Monetary Effect to prevent double recovery.

Attachment G

RH2019BE001



Providence St. Joseph Health Consortium

Performance Audit on Compliance with the Federal Universal Service Fund Rural
Health Care Support Mechanism Healthcare Connect Fund Program Rules
USAC Audit No. RH2019BE001

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EXECUTIVE SUMMARY

May 8, 2024

Ms. Teleshia Delmar, Vice President – Audit and Assurance Division
Universal Service Administrative Company
700 12th Street, NW, Suite 900
Washington, DC 20005

Dear Ms. Delmar:

DP George & Company, LLC (DPG) audited the compliance of Providence St. Joseph Health Consortium (Beneficiary), Health Care Provider Number (HCP) 51827, using regulations and orders governing the federal Universal Service Rural Health Care Support Mechanism, Healthcare Connect Fund program set forth in 47 C.F.R. Part 54, as well as other program requirements (collectively, the Federal Communications Commission (FCC) Rules). Compliance with the FCC Rules is the responsibility of the Beneficiary's management. DPG's responsibility is to make a determination regarding the Beneficiary's compliance with the FCC Rules based on our audit.

DPG conducted the audit in accordance with Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States. Those standards require that DPG plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for its findings and conclusions based on the audit objectives. The audit included examining, on a test basis, evidence supporting the competitive bidding process undertaken to select service providers, the type and amount of services received, physical inventory of equipment purchased and maintained, as well as performing other procedures DPG considered necessary to make a determination regarding the Beneficiary's compliance with the FCC Rules. The evidence obtained provides a reasonable basis for DPG's findings and conclusions based on the audit objectives.

Based on the test work performed, our audit disclosed five detailed audit findings (Findings) and one other matter (Other Matter) discussed in the Audit Results and Recovery Action section. For the purpose of this report, a Finding is a condition that shows evidence of non-compliance with the Rules that were in effect during the audit period. An "Other Matter" is a condition that does not necessarily constitute a rule violation but warrants the Holding Company and USAC management's attention.

Certain information may have been omitted from this report concerning communications with USAC management or other officials and/or details about internal operating processes or investigations. This report is intended solely for the use of USAC, the Beneficiary, and FCC and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of those procedures for their purposes. This report is not confidential and may be released to a requesting third party.

Sincerely,

DP George & Company, LLC
Alexandria, Virginia

cc: Radha Sekar, USAC Chief Executive Officer
Mark Sweeney, USAC Vice President, Rural Health Care Division

AUDIT RESULTS AND RECOVERY ACTION

Audit Results	Monetary Effect and Recommended Recovery
Finding #1: 47 C.F.R. § 54.630(c) (2016) – Limitation on Large Non-Rural Hospital Support. The Beneficiary claimed more than \$30,000 of recurring support for a non-rural hospital with 400 or more licensed patient beds.	\$ 317,560
Finding #2: 47 C.F.R. § 54.630(a) (2016) –Equipment was not Installed at an Eligible Location. Equipment purchased with HCF support was relocated and used at an ineligible location within the network.	\$ 242,315
Finding #3: 47 C.F.R. § 54.645(b) (2016) – Invoiced RHC Program for Amounts Exceeding the Service Provider’s Bills. The amount reflected on the Service Provider’s bills selected for sampling supported a lower amount than the amount submitted on the FCC Form 463 invoices.	\$ 91,943
Finding #4: 47 C.F.R. § 54.645(b) (2016) – FCC Form 463 Invoice Support: Amount Invoiced Used Incorrect Percentage of Usage Eligible. The Beneficiary used an incorrect Percentage of Usage Eligible when filing the FCC Form 463 invoices.	\$ 73,054
Finding #5: 47 C.F.R. § 54.648(b)(1) (2016) – Inadequate Documentation: Percentages Used to Allocate Fair Share of Expenses Were Not Supported. The Beneficiary did not maintain the required documentation to support fair share allocation percentages between eligible and ineligible entities.	\$ 803
Other Matter #1: 47 C.F.R. § 54.638(a) (2016) –Upfront Payment Received for Recurring Costs. The Beneficiary received an upfront payment for the full cost of equipment that was leased monthly.	\$ 0
Total	\$ 725,675

USAC MANAGEMENT RESPONSE

USAC management concurs with the audit results and will seek recovery of the Rural Health Care program support amount consistent with the FCC Rules.

PURPOSE, SCOPE, BACKGROUND, AND PROCEDURES

PURPOSE

The purpose of the audit was to determine whether the Beneficiary complied with the FCC Rules.

SCOPE

The following chart summarizes the overall Healthcare Connect Fund (HCF) program support amounts committed and disbursed to the Beneficiary for Funding Year (FY) 2017 (audit period):

Service Type	Amount Committed	Amount Disbursed
Leased/Tariffed Services		
Asynchronous Transfer Mode (ATM)	\$ 161,138	\$ 161,138
Dark Fiber	\$ 1,252,478	\$ 1,252,478
Dedicated Internet Access (DIA)	\$ 262,446	\$ 228,612
Digital Subscriber Line (DSL)	\$ 780	\$ 780
Ethernet	\$ 4,126,859	\$ 4,126,859
Internet	\$ 594,235	\$ 594,235
ISDN/BRI	\$ 34,022	\$ 34,022
ISDN/PRI	\$ 709,825	\$ 709,825
MPLS	\$ 362,743	\$ 362,743
T-1 / DS-1	\$ 448,586	\$ 448,586
T-3 / DS-3	\$ 136,715	\$ 136,715
Virtual Private Network (VPN)	\$ 17,455	\$ 17,455
Wide Area Network (WAN)	\$ 221,708	\$ 221,708
Network Design	\$ 730,541	\$ 730,541
Network Equipment		
Firewall (HCP Owned)	\$ 120,940	\$ 120,940
Maintenance Contract (5 Year)	\$ 1,655,600	\$ 1,655,600
Network Management Services	\$ 319,808	\$ 319,808
Network Switch (HCP Owned)	\$ 53,929	\$ 53,929
Routers (HCP Owned)	\$ 1,306,122	\$ 1,306,122
Total	\$ 12,515,930	\$ 12,482,096

Note: The amounts committed and disbursed reflect funding year activity as of the date of the commencement of the audit.

The committed total represents 147 FCC Form 462 applications with 147 Funding Request Numbers (FRNs). DPG selected 40 FRNs¹ issued in FY 2017, which represent \$9,022,503 of the funds committed and \$9,022,503 of the funds disbursed during the audit period, to perform the procedures enumerated below with respect to the FY 2017 applications submitted by the Beneficiary.

BACKGROUND

The Beneficiary represents a consortium of health care providers owned and operated by Providence St. Joseph Health Consortium. The consortium provides healthcare services across seven states. Funding provided for the 147 FRNs approved in FY 2017 was used to support bandwidth for general Internet connectivity, voice, data circuits for sending and receiving medical billing information, files and/or images to and from remote locations, medical administration, and telemedicine. Funding was also used to support network design services and acquire, configure, and install core and edge network equipment required to operate network circuits.

¹ The FRNs included in the scope of this audit were: FRNs 17236201, 17237101, 17240781, 17240831, 17240891, 17241211, 17241341, 17241421, 17241601, 17242601, 17242851, 17243131, 17243361, 17243741, 17243861, 17243981, 17244191, 17244201, 17244241, 17244321, 17244341, 17249391, 17251541, 17251691, 17251921, 17252671, 17260261, 17263581, 17266341, 17266511, 17266661, 17267271, 17268621, 17268981, 17270611, 17273941, 17274941, 17275001, 17275011, and 17280941.

PROCEDURES

DPG performed the following procedures:

A. Application Process

DPG obtained an understanding of the Beneficiary's processes relating to the Rural Health Care (RHC) HCF program application process. Specifically, DPG obtained and reviewed the FCC Form(s) 460 and related attachments to determine whether the Beneficiary identified the participating HCPs in the network. DPG conducted inquiry and interviews to confirm its understanding of the Beneficiary's FCC Form 460 application process and related controls, the role of the Consortium Leader in the application process, and any outside support received from third parties with respect to the application process.

DPG obtained and reviewed documentation to determine whether the Consortium Leader obtained the appropriate Letters of Agency or Letters of Exemption for the consortium members and/or consortium HCPs authorizing the Consortium Leader to act on their behalf and participate in the network.

B. Competitive Bid Process

DPG obtained an understanding of the Beneficiary's competitive bidding process. Specifically, DPG conducted inquiry and interviews to confirm its understanding of the Beneficiary's FCC Form 461 preparation process, bid posting and bid receipt process, and bid review and evaluation process, including related controls.

DPG obtained and reviewed documentation to determine whether the Beneficiary conducted a fair and open competitive bidding process in selecting a service provider to provide eligible services. DPG used inquiry and review of documentation to determine whether the Beneficiary established evaluation criteria where no factor was weighted more heavily than price, properly considered and declared any assistance provided, prepared a request for proposal (where required), prepared a network plan, and posted the appropriate bidding documents to the USAC website. DPG obtained evidence that the Beneficiary waited the required 28 days from the date the FCC Form 461 was posted on USAC's website before selecting a service provider or met the requirements for any competitive bidding exemptions claimed. DPG evaluated the services requested and purchased to determine whether the Beneficiary selected the most cost-effective option.

C. Funding Request Process

DPG obtained an understanding of the Beneficiary's funding request process. Specifically, DPG conducted inquiry and interviews to confirm its understanding of the Beneficiary's FCC Form 462 and related Network Cost Worksheet (NCW) preparation processes and related controls.

DPG obtained and reviewed the FCC Forms 462 and the FCC Forms 462 attachments to determine whether the Beneficiary identified the participating HCPs and documented the allocation of eligible costs related to the provision of health care services. DPG also obtained and reviewed the NCWs to determine whether ineligible costs, if any, were identified and ineligible entities, if any, paid their fair share. DPG used inquiry, direct observation, and inspection of documentation to determine whether the Beneficiary used funding as indicated in its NCWs.

DPG used inquiry, direct observation, and inspection of documentation to determine whether the Beneficiary's member HCPs were public or non-profit eligible health care providers and that a fair

share allocation was properly applied for any ineligible entities. DPG determined whether the eligible HCPs' physical addresses were the same as those listed on the FCC Form 462 applications and NCWs. DPG used inquiry and inspection of documentation to determine whether funding requested for any non-rural hospital sites with 400 or more licensed patient beds was consistent with the limits set forth in the FCC Rules. DPG used inquiry and reviewed documentation to determine whether the HCPs participating in the consortium received funding in the HCF program for the same services for which they requested support in the RHC Telecommunications program. DPG also obtained and reviewed documentation to determine whether more than 50 percent of the sites in the consortium were rural HCPs within three years from its first request for HCF support.

D. Health Care Provider Location

DPG determined through inquiry, direct observation, and inspection of documentation whether the services were provided and were functional. DPG also determined through inquiry, direct observation, and inspection of documentation whether the supported services were used for purposes reasonably related to the provision of health care services and in accordance with the FCC Rules.

E. Invoicing Process

DPG obtained an understanding of the Beneficiary's invoicing process. Specifically, DPG conducted inquiry and interviews to confirm its understanding of the Beneficiary's FCC Form 463 preparation and submission process.

DPG obtained and reviewed a sample of invoices for which payment was disbursed by USAC to determine whether the services identified on the FCC Form 463 Service Providers' invoices submitted to USAC and the corresponding Service Providers' bills submitted to the Beneficiary were consistent. DPG obtained and reviewed documentation to determine whether the Beneficiary paid its required 35 percent minimum contribution and that the required contribution was from eligible sources. DPG also obtained and reviewed documentation to determine whether the HCF program disbursements did not exceed 65 percent of the total eligible costs.

F. Reporting Process

DPG obtained and reviewed documentation to determine whether the Beneficiary timely submitted its annual reports to the RHC program and whether the reports included the required information. DPG obtained and reviewed the Sustainability Plan, if applicable, and Network Plan(s) to determine whether they included the required content. DPG did not assess the reasonableness of the Sustainability Plan or whether the Beneficiary could meet or maintain the objectives described in that plan since the FCC Rules do not define how to assess the reasonableness of the content in the Sustainability Plan.

DETAILED AUDIT FINDINGS

Finding #1: 47 C.F.R. § 54.630(c) (2016) – Limitation on Large Non-Rural Hospitals

CONDITION

DPG reviewed the FCC Form 460, the FCC Form 462 and related documentation, and inquired with the Beneficiary to identify consortium member HCPs that were non-rural hospitals with 400 or more licensed patient beds and received HCF support during the audit period. We identified four hospitals meeting these criteria:

- HCP 24249 - Saint Vincent Medical Center (Oregon),
- HCP 24275 - Providence Medical Center (Oregon),
- HCP 52016 - Providence Sacred Heart Medical Center (Washington), and
- HCP 52013 - Swedish Medical Center First Hill (Washington)

DPG reviewed the funding amounts for each HCP and determined that the funding received for recurring services for both HCP 24249 Saint Vincent Medical Center and HCP 24275 Providence Medical Center exceeded the \$30,000 limit on HCF Program support for large non-rural hospitals established by the FCC Rules.²

CAUSE

The Beneficiary did not have a clear understanding of the FCC Rules and believed the services were eligible for HCF program support above the limitation because the two HCPs receiving service were included in the RHC Pilot Program.

EFFECT

FRN	Monetary Effect and Recommended Recovery
17242601	\$ 31,813
17243131	\$ 16,958
17243361	\$ 5,975
17243741	\$ 62,561
17244241	\$ 97,906
17249391	\$ 102,347
Total	\$ 317,560

² See 47 C.F.R. § 54.630(c) (2016). The limitation on HCF support for large non-rural hospitals is exclusive of costs shared by the network.

DPG calculated the Monetary Effect by applying the limitation amount of \$30,000 to the earliest approved FRN amounts first to determine the FRN amounts above the limit.

RECOMMENDATION

DPG recommends USAC management seek recovery of the amounts identified in the Effect section above. DPG also recommends that the Beneficiary establish FCC Form 462 review procedures that ensure hospitals with more than 400 licensed patient beds do not request support that exceeds the funding limits established by the FCC Rules.

BENEFICIARY RESPONSE

No additional response.

Finding #2: 47 C.F.R. § 54.630(a) (2016) – Equipment was not Installed at an Eligible Location

CONDITION

DPG obtained and examined documentation, including the FCC Form 462 Healthcare Connect Fund Funding Request Form and attachments, associated NCW, Funding Commitment Letter (FCL), and FCC Form 463 Invoice and Request for Disbursement Form to determine whether equipment was properly installed at five consortium member sites (HCPs 24282, 51936, 51937, 52043, and 52904) under FRN 17280941. DPG determined that the total approved discounted cost of the equipment and related five-year maintenance contract was invoiced for support. DPG also identified the eligible HCP locations where the routers were expected to be installed based on the NCW. DPG requested documentation such as photos, inventory listings and network configuration records to support the existence of the equipment at the eligible location identified for installation. DPG also inquired, either as part of the site visit process or separately, regarding the installation status of the equipment at the corresponding locations. DPG determined that the equipment was originally installed at an eligible location (HCP with an approved FCC Form 460 submission as of the funding year) but was moved and operated at an ineligible location (urban clinic or other entity not identified as an eligible HCP under the consortium) for a portion of the five-year maintenance contract associated with the equipment.³

The following table lists the discounted equipment and maintenance costs invoiced on FCC Form 463 invoice for that equipment that was used at ineligible locations during the course of the five-year maintenance contract.

FRN ID	HCP Number	HCP Name	Equipment	Discounted Cost
65 & 66	24282	PHS-Seaside Hospital	CISCO ISR 4451 (2)	\$ 26,428
225 & 226	24282	PHS-Seaside Hospital	Maintenance Contract (5 year)	\$ 26,980
73 & 74	51936	Providence Saint Joseph Medical Center	CISCO ISR 4451 (2)	\$ 26,428
233 & 234	51936	Providence Saint Joseph Medical Center	Maintenance Contract (5 year)	\$ 26,980

³ See 47 C.F.R. § 54.630(a) (2016).

FRN ID	HCP Number	HCP Name	Equipment	Discounted Cost
75 & 76	51937	Providence Holy Cross Medical Center - Mission Hills	CISCO ISR 4451 (2)	\$ 26,428
235 & 236	51937	Providence Holy Cross Medical Center - Mission Hills	Maintenance Contract (5 year)	\$ 26,980
97 & 98	52043	Swedish Medical Center Edmonds Campus	CISCO ISR 4451 (2)	\$ 26,428
257 & 258	52043	Swedish Medical Center Edmonds Campus	Maintenance Contract (5 year)	\$ 26,980
159 & 160	52904	Tukwila Datacenter	Virtualization Engine (2)	\$ 156,596
319 & 320	52904	Tukwila Datacenter	Maintenance Contract (5 year)	\$ 154,740
Total				\$ 524,968

CAUSE

The Beneficiary did not have sufficient policies and procedures in place to ensure that equipment purchased using program support was installed and remained at eligible HCP locations within the Beneficiary's communications network for the provision of health care services or instruction.

EFFECT

FRN	Monetary Effect and Recommended Recovery
17280941	\$ 242,315
Total	\$ 242,315

DPG calculated the Monetary Effect by determining the number months the equipment was installed at an ineligible location between July 1, 2017 and June 30, 2022 (the five-year maintenance period) and then divided the number of months at an ineligible location by 60 to determine the ineligible pro-ration percentage. We then multiplied the ineligible pro-ration percentage for each line item by the discounted cost amount and rounded to the nearest dollar.

RECOMMENDATION

DPG recommends that USAC management seek recovery of the amounts identified in the Effect section above. DPG also recommends that the Beneficiary establish equipment relocation procedures for any future HCF equipment is only used to support services funded at eligible HCP locations.

BENEFICIARY RESPONSE

We acknowledge the need for improved hardware inventory management and as a result have implemented the following:

- USAC hardware is flagged in our inventory systems.
- Labels unique to USAC are now adhered to all USAC hardware.
- Pictures of labeled USAC hardware, model number, serial number and rack are being taken and stored for confirmation and reference.
- Shipping logs are being maintained.

Finding #3: 47 C.F.R. § 54.645(b) (2016) – Invoiced RHC Program for Amounts Exceeding the Service Provider’s Bills

CONDITION

DPG obtained and examined documentation, for a sample of 40 FRNs, that included the FCC Forms 462 Healthcare Connect Fund Funding Request Form and attachments, associated NCWs, FCC Forms 463 Invoice and Request for Disbursement Form, and the corresponding Service Provider bills provided by the Beneficiary to determine whether the HCF program was invoiced only for the cost of service supported by Service Provider bills. For various line items within FRNs 17237101, 17240831, 17240891, 17241421, 17242851, 17243361, 17244191, 17260261, 17266341, 17268981 and, 17270611, DPG determined that the amounts invoiced to the HCF program for services were billed at a lower monthly cost than the amounts requested on the Beneficiary’s FCC Form 462 Attachments, associated NCWs, and FCL.⁴ For various line items within FRNs 17240781, 17240891, 17241421, 17243131, 17243861, 17244321, 17244341, and 17251921, DPG determined that amounts were invoiced for services beyond the disconnect dates.⁵ For two line item within FRNs 17244191 and 17244201, DPG determined that the same service was invoiced on the FCC Form 463 through another FRN line item.⁶ Therefore, the Beneficiary and Service Provider invoiced RHC Program for amounts exceeding the actual costs listed in the Service Provider bills.

Lower Monthly Cost

Based on our review of the Service Provider bills supporting the FCC Forms 463, DPG determined 31 FRN line items where some or all of the monthly recurring costs billed by the Service Provider were lower than the amounts used to establish the “Total Cost Invoiced (Undiscounted)” amount on the FCC Forms 463. In these instances, the amounts in the NCW were used to establish the “Total Cost Invoiced (Undiscounted)” amount instead of the actual monthly undiscounted costs billed by the Service Provider.

Disconnected Service

Based on our review of the Service Provider bills supporting the FCC Forms 463, DPG determined that the FCC Forms 463 invoiced for periods occurring after the disconnect date of the funded services for 21 FRN line items.

Duplicative Support

Based on our review of the Service Provider bills supporting the FCC Forms 463, DPG determined that duplicative support was disbursed for two FRN line items where funding was received for the same services on another FRN line item.

The following table summarizes information by FRN, FRN line-item number, and RHC Invoice number for the excess support received:

⁴ See 47 C.F.R. § 54.645(b) (2016).

⁵ See *id.*

⁶ See 47 C.F.R. § 54.602(d) (2016).

FRN	FRN Line-Item Number	HCP Number	HCP Name	RHC Invoice Number	Issue	Number of Months / Days of Excess Support	Form 463 Amount of Excess Support
17237101	1	52173	St. Jude Medical Center	1000058867	Lower Monthly Cost	12 Months	\$ 409
17240781	1	52010	Kadlec Medical Center	1000058897	Disconnected Service	1 Month 13 Days	\$ 1,436
17240831	10	10346	St. Joseph Medical Center	1000058899	Lower Monthly Cost	7 Months	\$ 2,503
17240891	3	51942	Providence Little Company of Mary Medical Center Torrance	1000058908	Lower Monthly Cost	2 Months	\$ 252
	4	51936	Providence Saint Joesph Medical Center	1000058908	Lower Monthly Cost	2 Months	\$ 392
	7	51941	Providence Tarzana Medical Center	1000058908	Disconnected Service	11 Months 2 Days	\$ 4,149
17241421	3	51937	Providence Holy Cross Medical Center - Mission Hills	1000051685 20171000051685	Disconnected Service	9 Months 14 Days	\$ 4,656
	6	23129	Mission Hospital - Laguna Beach	1000051685 20171000051685	Lower Monthly Cost	12 Months	\$ 2,208
17242851	12	52018	Providence St. Mary Medical Center Hospital	1000058954	Lower Monthly Cost	1 Month	\$ 45
17243131	4	34528	Providence St. Peter Hospital	1000058958	Disconnected Service	10 Days	\$ 65
	7	34528	Providence St. Peter Hospital	1000058958	Disconnected Service	10 Days	\$ 65
	8	34528	Providence St. Peter Hospital	1000058958	Disconnected Service	10 Days	\$ 65
17243361	4	34528	Providence St. Peter Hospital	1000058970	Lower Monthly Cost	1 Month	\$ 182
17243861	5	51942	Providence Little Company of Mary Medical Center Torrance	1000058982	Disconnected Service	5 Months	\$ 9,750
17244191	2	51939	Providence Little Company of Mary Medical Center - San Pedro	1000058994	Duplicative Support	12 Months	\$ 8,600
	11	51939	Providence Little Company of Mary Medical Center - San Pedro	1000058994	Lower Monthly Cost	9 Months	\$ 1,924
	12	51939	Providence Little Company of Mary Medical Center - San Pedro	1000058994	Lower Monthly Cost	10 Months	\$ 1,219
	13	51939	Providence Little Company of Mary Medical Center - San Pedro	1000058994	Lower Monthly Cost	10 Months	\$ 1,934
	14	51939	Providence Little Company of Mary Medical Center - San Pedro	1000058994	Lower Monthly Cost	10 Months	\$ 1,854
	17	51939	Providence Little Company of Mary Medical Center - San Pedro	1000058994	Lower Monthly Cost	10 Months	\$ 701

FRN	FRN Line-Item Number	HCP Number	HCP Name	RHC Invoice Number	Issue	Number of Months / Days of Excess Support	Form 463 Amount of Excess Support
17244191	19	51939	Providence Little Company of Mary Medical Center - San Pedro	1000058994	Lower Monthly Cost	9 Months	\$ 1,311
	20	51939	Providence Little Company of Mary Medical Center - San Pedro	1000058994	Lower Monthly Cost	10 Months	\$ 631
	21	51939	Providence Little Company of Mary Medical Center - San Pedro	1000058994	Lower Monthly Cost	9 Months	\$ 867
	23	51939	Providence Little Company of Mary Medical Center - San Pedro	1000058994	Lower Monthly Cost	10 Months	\$ 586
	28	51939	Providence Little Company of Mary Medical Center - San Pedro	1000058994	Lower Monthly Cost	10 Months	\$ 631
	29	51939	Providence Little Company of Mary Medical Center - San Pedro	1000058994	Lower Monthly Cost	10 Months	\$ 881
	33	51939	Providence Little Company of Mary Medical Center - San Pedro	1000058994	Lower Monthly Cost	10 Months	\$ 903
	34	51939	Providence Little Company of Mary Medical Center - San Pedro	1000058994	Lower Monthly Cost	10 Months	\$ 1,056
17244201	6	52010	Kadlec Medical Center	1000059007	Duplicative Support	12 Months	\$ 5,090
17244321	5	52175	Santa Rosa Memorial Hospital	1000059042	Disconnected Service	6 Months 16 Days	\$ 2,589
	7	52175	Santa Rosa Memorial Hospital	1000059042	Disconnected Service	6 Months 20 Days	\$ 2,263
	8	52175	Santa Rosa Memorial Hospital	1000059042	Disconnected Service	1 Month 19 Days	\$ 541
17244341	2	52043	Swedish Medical Center Edmonds Campus	1000059061	Disconnected Service	2 Months 2 Days	\$ 315
	3	52043	Swedish Medical Center Edmonds Campus	1000059061	Disconnected Service	2 Months 2 Days	\$ 315
	4	52043	Swedish Medical Center Edmonds Campus	1000059061	Disconnected Service	2 Months 2 Days	\$ 295
	10	52043	Swedish Medical Center Edmonds Campus	1000059061	Disconnected Service	2 Months 2 Days	\$ 112
	11	52043	Swedish Medical Center Edmonds Campus	1000059061	Disconnected Service	11 Months 21 Days	\$ 1,358
	12	52043	Swedish Medical Center Edmonds Campus	1000059061	Disconnected Service	2 Months 2 Days	\$ 315
	13	52043	Swedish Medical Center Edmonds Campus	1000059061	Disconnected Service	2 Months 2 Days	\$ 315
	15	52043	Swedish Medical Center Edmonds Campus	1000059061	Disconnected Service	2 Months 2 Days	\$ 315
17251921	5	52903	Providence Rehabilitation Services Inpatient Colby	1000059071	Disconnected Service	1 Month 23 Days	\$ 1,447

FRN	FRN Line-Item Number	HCP Number	HCP Name	RHC Invoice Number	Issue	Number of Months / Days of Excess Support	Form 463 Amount of Excess Support
17251921	6	52903	Providence Rehabilitation Services Inpatient Colby	1000059071	Disconnected Service	4 Months 15 Days	\$ 2,679
	9	52903	Providence Rehabilitation Services Inpatient Colby	1000059071	Disconnected Service	11 Months 20 Days	\$10,374
17260261	1	52011	Swedish Medical Center Cherry Hill	1000059162	Lower Monthly Cost	12 Months	\$ 4,739
	14	52011	Swedish Medical Center Cherry Hill	1000063467	Lower Monthly Cost	12 Months	\$ 4,739
17266341	3	51939	Providence Little Company of Mary Medical Center - San Pedro	1000059205	Lower Monthly Cost	9 Months	\$ 2,349
17268981	3	34528	Providence St. Peter Hospital	1000059250	Lower Monthly Cost	4 Months	\$ 703
	4	34528	Providence St. Peter Hospital	1000059250	Lower Monthly Cost	11 Months	\$ 139
	5	34528	Providence St. Peter Hospital	1000059250	Lower Monthly Cost	10 Months	\$ 127
	8	34528	Providence St. Peter Hospital	1000059250	Lower Monthly Cost	10 Months	\$ 127
	12	34528	Providence St. Peter Hospital	1000059250	Lower Monthly Cost	5 Months	\$ 544
	21	34528	Providence St. Peter Hospital	1000059250	Lower Monthly Cost	10 Months	\$ 127
	29	34528	Providence St. Peter Hospital	1000059250	Lower Monthly Cost	10 Months	\$ 127
17270611	1	51942	Providence Little Company of Mary Medical Center Torrance	1000059268	Lower Monthly Cost	2 Months	\$ 625
Total							\$91,944

CAUSE

The Beneficiary prepared the FCC Form 463 invoices based on the costs listed in the NCW and did not realize that monthly costs for service decreased during the funding period or that the services were disconnected prior to the end of the funding period. The Service Provider did not identify in its review of FCC Form 463 that there were differences between the invoiced amounts on the form and the amounts it billed for the circuits.

EFFECT

FRN	Monetary Effect and Recommended Recovery
17237101	\$ 409
17240781	\$ 1,436
17240831	\$ 2,503
17240891	\$ 4,793
17241421	\$ 6,864

FRN	Monetary Effect and Recommended Recovery
17242851	\$ 45
17243131	\$ 196
17243361	\$ 182
17243861	\$ 9,750
17244191	\$ 23,099
17244201	\$ 5,090
17244321	\$ 5,393
17244341	\$ 3,339
17251921	\$ 14,500
17260261	\$ 9,477
17266341	\$ 2,349
17268981	\$ 1,893
17270611	\$ 625
Total	\$ 91,943

DPG calculated the monetary effect by determining the amount of discounted support the Beneficiary should have claimed based on the actual amounts charged or disconnect dates on the Service Provider bills and subtracted that amount from the total amount invoiced by the Beneficiary on the corresponding FCC Forms 463. For FRN line items where a lower support amount was identified by our testing, DPG requested billing support from the Beneficiary for the months not tested to identify the actual amount billed by the Service Provider for all claimed months. If additional support was not provided by the Beneficiary, DPG used the billed amount for the month containing the exception as the basis for the calculation.

Monetary effect amounts are calculated based on the schedule included in the Appendix and may differ slightly from the schedule in the Condition section due to rounding at different levels.

RECOMMENDATION

DPG recommends USAC management seek recovery of the amounts identified in the Effect section above.

DPG also recommends that the Beneficiary and Service Providers establish control procedures to confirm amounts invoiced are consistent with Service Provider bills and ensure that accurate billing end dates are listed on the FCC Form 463 when performing invoicing.

BENEFICIARY RESPONSE

The Beneficiary provided additional bill support for eight of the line items in the original finding.

SERVICE PROVIDER RESPONSES

AT&T Corporation/Pacific Bell Telephone Company - FRNs 17237101, 17240891, 17244191, 17244321, 17266341, and 17270611

AT&T does not agree with the monetary effect amount of \$36,667 calculated by DPG. Our review identified variances in the logic in which DPG used to calculate the monetary effect amount.

Specifically, DPG has some incorrect billed amounts on the sheet and some of DPG amounts are calculated including tax/fees while others only included the base rate for the product.

AT&T's calculations are based on the funding amount requested/approved on the 463 and the billed amount of the items including taxes/fees when applicable.

In 10/2023, AT&T implemented in its Funding Commitment Letter (FCL) review process the requirement for the Health Care Provider (HCP) to correct any inaccurate information on its FCL for AT&T to certify the invoice for payment so that AT&T can reject FCLs that cannot be substantiated and will not certify invoices that have inaccurate information on them. AT&T is prepared to return funds in the amount of \$18,207 to USAC upon receipt of USAC COMAD/Demand for Payment letter.

CenturyLink Qwest Corporation (Lumen) – FRNs 17240831, 17242851, 17243131, 1724336117260261, and 17268981

Since this time, Lumen has procedures to validate all invoices prior to certifying them for invoicing. This procedure includes the following steps:

- Lumen representatives log into the RHC portal and open the FCC form 463.
- Lumen representatives log the 463 details of Invoice #, FRN, amount requested, date received, date worked, and date closed in a document that is saved on the Team OneDrive.
- Lumen representatives find the associated customer invoices and compare billed rates to those on the 463.
- Lumen representatives log the final disposition of either Rejected or Approved.
 - o If rejected, the representative logs why it was rejected.
- If the customer revises the 463 and resubmits, the Lumen representative will log this as a new work item in the shared log.
- If the Lumen representative requests additional documentation from the customer, this information is saved in both our group email box and our Team OneDrive.

Charter Fiberlink – FRN 17244201

No response was provided.

Crown & Castle (Formerly Sunyses LLC) – FRN 17243861

CCF is in agreement with the audit findings.

Appropriate controls have been established to ensure alignment between the FCC Form 463 as filed to our billing records. We have further refined these controls to match records on a monthly basis.

CCF reviews each FCC Form 463 invoice within RHC Connect (for FY 2022 and later) and My Portal (for FY 2021 and earlier) prior to submission.

Each invoice line of the Form 463 is compared against our billing records for accuracy of the location, service period, service type and service amount. If the Form 463 matches our billing records, the form is finalized, certified, and submitted. If the form does not match our records, comments are entered noting the incorrect information and returned to the HCP for review.

For FY 2021 and earlier, the invoice is reviewed on My Portal, but the procedure remains the same.

Frontier California, Inc. – FRN 17241421

No response was provided.

Wavedivision Holdings, LLC – FRNs 17244341 and 17251921

No response was provided.

XO Communications – FRN 17240781

No response was provided.

DPG RESPONSE

DPG reviewed the support provided by the Beneficiary and updated the monetary effect accordingly.

DPG reviewed the supporting schedule provided by AT&T in its response. DPG’s basis for the lower amounts used in the monetary effect calculation were the sample bills provided by the Beneficiary in response to our sample request. These bills reflected lower amounts than the Form 463 billed amounts for the months requested. DPG received no additional billing documentation from AT&T to support its position that the amounts billed on the FCC Form 463 aligned with the billed amounts for the months specified in the monetary effect. For this reason, DPG’s position on the monetary effect amount pertaining to AT&T remains unchanged.

Finding #4 47 C.F.R. § 54.645(b) (2016) – FCC Form 463 Invoice Support: Amount Invoiced Used Incorrect Percentage of Usage Eligible

CONDITION

When submitting the FCC Form 462 for FRN 17273941 (Network Design Services), the Beneficiary reflected a Percentage of Usage Eligible of 100% on the NCW for the single line item contained in the request. When reviewing the FCC Form 462 checklist, DPG noted documentation within the checklist indicating that the Percentage of Eligible Usage for the request should have been 90%.⁷ The Beneficiary also identified in its response to a 14-day information request from USAC that the Percentage of Eligible Usage should have been 90%. DPG reviewed the FCC Form 463 invoices for the FRN and determined that the invoices were not submitted accurately because they reflected an incorrect Percentage of Eligible Usage of 100%.⁸

CAUSE

The Beneficiary did not file the correct percentage on the FCC Form 462 for the Percentage of Usage Eligible and did not correct the FCC Form 463 invoice to use the correct percentage when completing invoicing.

EFFECT

⁷ See Percentage #3 description in Finding #5.

⁸ See 47 C.F.R. § 54.645(b) (2016).

FRN	Monetary Effect and Recommended Recovery
17273941	\$ 73,054
Total	\$ 73,054

DPG calculated the Monetary Effect identifying the amount of discounted support invoiced on the FCC Form 463 (\$730,540) and multiplying by 10%.

RECOMMENDATION

DPG recommends that USAC management seek recovery of the amounts identified in the Effect section above. DPG also recommends that the Beneficiary establish policies and procedures to ensure that the correct allocation percentages are included when filing the FCC Form 462.

BENEFICIARY RESPONSE

No additional response

Finding #5: 47 C.F.R. § 54.648(b)(1) (2016) – Inadequate Documentation: Percentages Used to Allocate Fair Share of Expenses Were Not Supported

CONDITION

DPG reviewed the FCC Forms 462 and associated attachments, the NCWs, the network diagrams, and other documentation provided by the Beneficiary supporting the process used to develop fair share allocation percentages for services shared between eligible and ineligible HCPs to determine whether fair share percentages were properly supported. DPG determined that fair share percentages were established for Off-Site Data Centers, Off-Site Administrative Offices, and the Consortium based on the count of eligible sites served by the data center, office, or Consortium relative to the count of ineligible sites using the data center or office. Three separate percentages were calculated by the Beneficiary for the purpose of allocating fair share amounts between eligible and ineligible entities.⁹

Percentage #1 - The first percentage of 90% was applied when allocating service and equipment costs for Data Centers and Administrative offices serving hospitals in the states of Washington and Oregon. In the support submitted with the FCC Form 462 checklist, the Beneficiary identified that the entities for which the 90% was applied were providing service to 20 hospitals, of which two were identified by the Beneficiary as ineligible or a large hospital with more than 400 licensed patient beds. DPG requested the methodology supporting the 90% allocation and the Beneficiary was unable to identify the specific hospitals included in the calculation.¹⁰

Percentage #2 - The second percentage of 92% was applied when allocating equipment costs for the Renton Data Center serving 26 hospitals in the states of Washington, Oregon, Montana, and California. In the support submitted with the FCC Form 462 checklist, the Beneficiary identified that the entities for which the 92% was applied were providing service to 26 hospitals, of which two were identified by the Beneficiary as ineligible or a large hospital with more than 400 licensed patient beds. DPG requested the

⁹ See 47 C.F.R. §§ 54.602(c), 54.639(d)(1), and 54.643(a)(5) (2016).

¹⁰ See 47 C.F.R. § 54.648(b)(1), (3) (2016).

methodology supporting the 92% allocation and the Beneficiary was unable to identify the specific hospitals included in the calculation.¹¹

Percentage #3 - The third percentage of 90% was developed for the Consortium, as a whole, to allocate the cost of redesigning the overall network between eligible (HCP with an approved FCC Form 460 submission as of the funding year) and ineligible members (urban clinic or other entity not identified as an eligible HCP under the consortium). While a percentage of 90% was provided with the FCC Form 462 checklist, the specific basis and number of entities used for the network redesign allocation were not included. The methodology provided in response to our audit request used the number of eligible (HCP with an approved FCC Form 460 submission as of the funding year) and ineligible entities (urban clinic or other entity not identified as an eligible HCP under the consortium) as the basis but did not adequately explain how the weighting factors used in the calculation were developed and supported. Percentage #3 should have been applied to the single line item on FRN 17273941, but a percentage of 100% was used instead. (See Finding #4).

The following table summarizes information for each of the three percentages to indicate the FRN and FRN line-item numbers where the percentages were used in the calculation of commitment and funding amounts.

FRN	FRN Line-Item No.	HCP No.	HCP Name	Expense Type	Allocation Percentage of Usage / Expense Eligible Claimed	Discounted Cost Approved in Funding Commitment Letter	Discounted Cost Claimed on Form 463
Percentage #1 Line Items							
17252671	1 and 9 2 – 8	52904	Tukwila Datacenter	T-1 / DS-1	90% / 90%	\$ 411	\$ 411
17252671	10 – 18	52904	Tukwila Datacenter	ISDN PRI	90% / 90%	\$ 45,091	\$ 45,091
17263581	1 – 2	52904	Tukwila Datacenter	Ethernet	90% / 90%	\$ 102,408	\$ 94,526
17263581	3	52907	Renton Admin	Ethernet	90% / 90%	\$ 19,393	\$ 18,604
17266661	1	52420	Providence Medical Park - Admin	Dark Fiber	90% / 90%	\$ 26,295	\$ 23,693
17274941	1	52453	Murray Business Center	Ethernet	90% / 90%	\$ 26,034	\$ 23,762
17274941	2 – 3	52904	Tukwila Datacenter	Internet	90% / 90%	\$ 66,751	\$ 60,179
17275011	1	51957	Quincy Datacenter	Dedicated Internet Access (DIA)	90% / 90%	\$ 27,641	\$ 27,641
17280941	113 – 114	51957	Quincy Datacenter	Firewall (HCP owned)	100% / 90%	\$ 39,997	\$ 30,069
17280941	115 – 116	52904	Tukwila Datacenter	Firewall (HCP owned)	100% / 90%	\$ 39,997	\$ 30,069
17280941	145	30691	Covenant Hospital Levelland dba Levelland Clinic North	Firewall (HCP owned)	100% / 90%	\$ 1,904	\$ 1,904

¹¹ See *Id.*

FRN	FRN Line-Item No.	HCP No.	HCP Name	Expense Type	Allocation Percentage of Usage / Expense Eligible Claimed	Discounted Cost Approved in Funding Commitment Letter	Discounted Cost Claimed on Form 463
17280941	163 – 164 169 – 170 273 – 274 306 – 309 317 – 318	51957	Quincy Datacenter	Maintenance Contract (5 year)	100% / 90%	\$ 424,194	\$ 318,900
17280941	167 – 168 171 – 172 275 – 276 310 – 313 319 – 320	52904	Tukwila Datacenter	Maintenance Contract (5 year)	100% / 90%	\$ 424,194	\$ 318,900
17280941	263 – 266	52421	Providence Office Park	Maintenance Contract (5 year)	100% / 90%	\$ 48,565	\$ 36,510
17280941	267 – 268	52453	Murray Business Center	Maintenance Contract (5 year)	100% / 90%	\$ 24,282	\$ 18,255
17280941	157 – 158	51957	Quincy Datacenter	Network Management Services	100% / 90%	\$ 156,595	\$ 117,725
17280941	159 – 160	52904	Tukwila Datacenter	Network Management Services	100% / 90%	\$ 156,595	\$ 117,725
17280941	146 – 149	51957	Quincy Datacenter	Network Switch (HCP owned)	100% / 90%	\$ 35,868	\$ 26,964
17280941	150 – 153	52904	Tukwila Datacenter	Network Switch (HCP owned)	100% / 90%	\$ 35,868	\$ 26,964
17280941	3 – 4 9 – 10	51957	Quincy Datacenter	Routers (HCP owned)	100% / 90%	\$ 263,794	\$ 198,315
17280941	7 – 8 11 – 12	52904	Tukwila Datacenter	Routers (HCP owned)	100% / 90%	\$ 263,794	\$ 198,315
17280941	103 – 106	52421	Providence Office Park	Routers (HCP owned)	100% / 90%	\$ 47,571	\$ 35,762
17280941	107 – 108	52453	Murray Business Center	Routers (HCP owned)	100% / 90%	\$ 23,785	\$ 17,881
Percentage #2 Line Items							
17280941	111 – 112	52907	Renton Admin	Routers (HCP owned)	100% / 92%	\$ 24,314	\$ 18,279
17280941	271 – 272	52907	Renton Admin	Maintenance Contract (5 year)	100% / 92%	\$ 24,822	\$ 18,661
Percentage #3 Line Item							
17273941	1	51827	Providence St. Joseph Health Consortium	Network Design	100% / 90%	\$ 971,750	\$ 730,540
Total						\$ 3,321,913	\$ 2,555,645

CAUSE

The Beneficiary did not adequately document and maintain the information used to support the fair share cost allocation of services for eligible and ineligible entities within the overall network.

EFFECT

FRN	Discounted Cost (A)	Amount Determined Independently as Reasonable ¹² (B)	Monetary Effect and Recommended Recovery (A)-(B)
17252671	\$ 45,502	\$ \$45,502	\$ 0
17263581	\$ 113,130	\$ 113,130	\$ 0
17266661	\$ 23,693	\$ \$23,693	\$ 0
17273941	\$ 730,540	\$ 730,540	\$ 0
17274941	\$ 83,941	\$ 83,941	\$ 0
17275011	\$ 27,641	\$ 27,641	\$ 0
17280941	\$ 1,531,198	\$1,530,395	\$ 803
Total	\$ 2,555,645	\$2,554,842	\$ 803

DPG calculated the Monetary Effect by identifying the amount of discounted support invoiced on the FCC Form 463 and subtracting the amount supported at a 90% allocation level.

RECOMMENDATION

DPG recommends that USAC management seek recovery of the amounts identified in the Effect section above. DPG also recommends that the Beneficiary establish control procedures to ensure that future fair share allocations are adequately documented and maintained.

BENEFICIARY RESPONSE

We acknowledged the need of the Fair Share Allocation Percentages for the Administrative Offices and Data Centers in FY2017. The percentages used were provided after many verbal conversations to calculate the percentages using a variety of objective criteria. Many large network maps were created, and analyzed with Rob Wells, and others at Providence. Each data center and admin circuit were discussed to understand the routing and traffic volumes and flow. While it was not a precise formula, it sought to determine proper allocation, with the idea that under-funding was better than over-funding. Now that a precise formula has been created, it, on average, did show our filed numbers were conservative and low.

Attached you will find calculation tables using a matrix of the number of eligible and ineligible locations, their addresses, as well as, using bed counts to weight hospitals over clinics. These calculations resulted in allocations of 90% and 91%. We ask that USAC management use these calculations to eliminate the audit recovery recommendation of the support from the FRN's above. Our intent moving forward

¹² DPG performed an independent assessment based on assigned bandwidth within the network and determined that a fair share amount of 90% was reasonable. For FRN 17280941 the original fair share allocation for four line items was established at 92%.

would be to always use an objective matrix calculation table to determine future funding year fair share allocation percentages.

DPG RESPONSE

DPG reviewed the calculation provided by the Beneficiary and held a follow-up discussion regarding the calculation basis. DPG maintains that the basis for the calculation is not adequately documented. Specifically, no supporting calculations or analysis was provided for how the factor of 1.4 applied to hospital beds or the factor of .25 applied to hospitals with over 400 beds was determined.

The follow-up discussion with the Beneficiary identified that bandwidth established within the network was guided by a target ratio of between 10 and 15 to 1 between hospital and non-hospital entities within the network. DPG performed an analysis of the bandwidths identified within the network diagram and confirmed that assignment of bandwidth was consistent with this ratio. DPG performed an additional analysis of the Beneficiary's fair share calculation and confirmed that the ratio of points assigned between hospitals and non-hospitals in the allocation did not exceed the ratio supported by the allocation of bandwidth in the network diagram. Based on this, DPG determined that the 90% allocation derived by the calculation was a reasonable estimate of usage between eligible (HCP with an approved Form 460 submission as of the funding year) and non-eligible entities (urban clinic or other entity not identified as an eligible HCP under the consortium). We revised the monetary effect table accordingly. We maintain our recommendation that USAC seek recovery of the revised amount identified in the effect section. We also maintain that the Beneficiary needs to establish control procedures to ensure that future fair share allocations are adequately documented and maintained.

Other Matter #1: 47 C.F.R. § 54.638(a) (2016) – Upfront Payment Received for Recurring Costs

CONDITION

DPG obtained and examined documentation, for FRN 17280941, that included the FCC Forms 463 Invoice and Request for Disbursement Form, the FCC Form 462 submission and attachments, the corresponding equipment lease agreement, and copies of checks or other evidence reflecting payment to the Service Providers to determine whether the Beneficiary paid its (35%) matching contribution amount.¹³ DPG identified that the equipment supported by FRN 17280941 was leased and not purchased as originally indicated in the FCC Form 462 submission. The FCC Rules allow that leased equipment is eligible for funding, but do not specify whether leased equipment must be submitted as a recurring expense or can be submitted as a one-time expense.¹⁴ The FCC Rules also indicate that upfront payments are allowed for non-recurring costs for equipment.¹⁵ When the Beneficiary elected to lease versus purchase the equipment after submission of the Form 462, the underlying costs shifted from a one-time cost as originally presented to a recurring monthly cost. As a result, payment of the FCC Form 463 invoice submission provided upfront payment support for the recurring monthly lease payments.

¹³ See 47 C.F.R. § 54.633(a) (2016).

¹⁴ See 47 C.F.R. § 54.635(d) (2016).

¹⁵ See 47 C.F.R. § 54.638(a) (2016).

Except for the equipment identified at ineligible locations in Finding #2, DPG confirmed that the equipment was being used to manage network services used for health care purposes.¹⁶ The concern is that because the lease payments were on a recurring basis and the FRN funding was requested on a one-time purchase basis, funding support was available for the Beneficiary to use when making its 35% contribution for the monthly lease payments.¹⁷

The Beneficiary received RHC program support of \$3,456,399 upfront for FCC Form 463 invoices submitted in 2018 and \$1,102,732 for Form 463 invoices submitted in 2022. The final lease payment for the equipment did not occur until June of 2023.

CAUSE

The Beneficiary did not recognize that its decision to lease rather than purchase the equipment altered the basis of the payment from a one-time payment eligible to receive upfront support to a recurring payment that should have been received based on the recurrence of the payments.

EFFECT

There is no Monetary Effect identified for this other matter. DPG determined that the equipment was used in the same manner as originally intended within the network and was used for health care purposes and the cost of the equipment was fully paid by the Beneficiary.

RECOMMENDATION

DPG recommends that the Beneficiary establish policies and procedures to ensure that recurring services and equipment costs are not submitted for upfront payment.

DPG also recommends that USAC program management consider the issue identified by this other matter for future clarification via outreach to all Beneficiaries.

BENEFICIARY RESPONSE

No additional response.

¹⁶ See 47 C.F.R. §54.635(d)(2) (2016).

¹⁷ See 47 C.F.R. §54.633(b) (2016).

CRITERIA

Finding	Criteria¹⁸	Description
#1	47 C.F.R. § 54.630(c) (2016)	<i>Limitation on large non-rural hospitals.</i> Each eligible non-rural public or non-profit hospital site with 400 or more licensed patient beds may receive no more than \$30,000 per year in Healthcare Connect Fund support for eligible recurring charges and no more than \$70,000 in Healthcare Connect Fund support every 5 years for eligible nonrecurring charges, exclusive in both cases of costs shared by the network.
#2	47 C.F.R. § 54.630(a) (2016)	<i>Rural health care provider site – individual and consortium.</i> Under the Healthcare Connect Fund, an eligible rural health care provider may receive universal service support by applying individually or through a consortium. For the purposes of the Healthcare Connect Fund, a “consortium” is a group of two or more health care provider sites that request support through a single application. Consortia may include health care providers who are not eligible for support under the Healthcare Connect Fund, but such health care providers cannot receive support for their expenses and must participate pursuant to the cost allocation guidelines in §54.639(d).
#3, #4	47 C.F.R. § 54.645(b) (2016)	Before the Administrator may process and pay an invoice, both the Consortium Leader (or health care provider, if participating individually) and the vendor must certify that they have reviewed the document and that it is accurate. All invoices must be received by the Administrator within six months of the end date of the funding commitment.
#3	47 C.F.R. § 54.602(d) (2016)	(d) <i>Health care purposes.</i> Services for which eligible health care providers receive support from the Telecommunications Program or the Healthcare Connect Fund must be reasonably related to the provision of health care services or instruction that the health care provider is legally authorized to provide under the law in the state in which such health care services or instruction are provided.
#4, #5	47 C.F.R. § 54.639(d)(1) (2016)	(1) <i>Ineligible sites.</i> Eligible health care provider sites may share expenses with ineligible sites, as long as the ineligible sites pay their fair share of the expenses. An applicant may seek support for only the portion of a shared eligible expense attributable to eligible health care provider sites. To receive support, the applicant must ensure that ineligible sites pay their fair share of the expense. The fair share is determined as follows: <ul style="list-style-type: none"> (i) If the vendor charges a separate and independent price for each site, an ineligible site must pay the full undiscounted price. (ii) If there is no separate and independent price for each site, the applicant must prorate the undiscounted price for the “shared” service, equipment, or facility between eligible and ineligible sites on a proportional fully distributed basis. Applicants must make this cost allocation using a method that is based on objective criteria and reasonably reflects the eligible

¹⁸ The referenced criteria cite the applicable section of the FCC Rules in effect during the audit period. The Rural Health Care Support Mechanism rules were subsequently re-codified and the comparable rules section under the current Code of Federal Regulations (C.F.R.) may be different.

Finding	Criteria ¹⁸	Description
		usage of the shared service, equipment, or facility. The applicant bears the burden of demonstrating the reasonableness of the allocation method chosen.
#5	47 C.F.R. § 54.602(c) (2016)	(c) <i>Allocation of discounts.</i> An eligible health care provider that engages in both eligible and ineligible activities or that collocates with an ineligible entity shall allocate eligible and ineligible activities in order to receive prorated support for the eligible activities only. Health care providers shall choose a method of cost allocation that is based on objective criteria and reasonably reflects the eligible usage of the facilities.
#5	47 C.F.R. § 54.643(a)(5) (2016)	(5) <i>Cost Allocation for ineligible entities or components.</i> Pursuant to § 54.639(d)(3) through (d)(4), where applicable, applicants must submit a description of how costs will be allocated for ineligible entities or components, as well as any agreements that memorialize such arrangements with ineligible entities.
#5	47 C.F.R. § 54.648(b)(1), (3) (2016)	(1) Participants, including Consortium Leaders and health care providers, shall maintain records to document compliance with program rules and orders for at least 5 years after the last day of service delivered in a particular funding year. (3) Both participants and vendors shall produce such records at the request of the Commission, any auditor appointed by the Administrator or the Commission, or of any other state or federal agency with jurisdiction.

Other Matter	Criteria ¹⁹	Description
#1	47 C.F.R. § 54.638(a) (2016)	Upfront payments include all non-recurring costs for services, equipment, or facilities, other than reasonable and customary installation charges of up to \$5,000.
#1	47 C.F.R. § 54.633(a) (2016)	<i>Health care provider contribution.</i> All health care providers receiving support under the Healthcare Connect Fund shall receive a 65 percent discount on the cost of eligible expenses and shall be required to contribute 35 percent of the total cost of all eligible expenses.
#1	47 C.F.R. § 54.635(d) (2016)	Additional limitations: Support for network equipment is limited to equipment: (1) Purchased or leased by a Consortium Leader or eligible health care provider; and (2) Used for health care purposes.
#1	47 C.F.R. § 54.633(b) (2016)	<i>Limits on eligible sources of health care provider contributions.</i> Only funds from eligible sources may be applied toward the health care provider's required contribution. (1) eligible sources include the applicants or eligible health care provider participants; state grants, funding, or appropriations; federal funding, grants, loans, or appropriations except for other federal universal service funding; Tribal government funding; and other grant funding, including private grants. (2) Ineligible sources include (but are not limited to) in-kind or implied contributions from health care providers; direct payments from vendors or other service providers, including contractors and consultants to such entities; and for-profit entities.

¹⁹ The referenced criteria cite the applicable section of the FCC Rules in effect during the audit period. The Rural Health Care Support Mechanism rules were subsequently re-codified and the comparable rules section under the current Code of Federal Regulations (C.F.R.) may be different.

APPENDIX

FRN	FRN Line Item	Finding #1	Finding #2	Finding #3	Finding #4	Finding #5	Monetary Effect and Recommended Recovery	Commitment Adjustment
17237101	1	\$ 0.00	\$ 0.00	\$ 408.72	\$ 0.00	\$ 0.00	\$ 408.72	\$ 0.00
17240781	1	\$ 0.00	\$ 0.00	\$ 1,435.92	\$ 0.00	\$ 0.00	\$ 1,435.92	\$ 0.00
17240831	10	\$ 0.00	\$ 0.00	\$ 2,502.50	\$ 0.00	\$ 0.00	\$ 2,502.50	\$ 0.00
17240891	3	\$ 0.00	\$ 0.00	\$ 251.69	\$ 0.00	\$ 0.00	\$ 251.69	\$ 0.00
17240891	4	\$ 0.00	\$ 0.00	\$ 392.27	\$ 0.00	\$ 0.00	\$ 392.27	\$ 0.00
17240891	7	\$ 0.00	\$ 0.00	\$ 4,149.38	\$ 0.00	\$ 0.00	\$ 4,149.38	\$ 0.00
17241421	3	\$ 0.00	\$ 0.00	\$ 4,656.49	\$ 0.00	\$ 0.00	\$ 4,656.49	\$ 0.00
17241421	6	\$ 0.00	\$ 0.00	\$ 2,207.63	\$ 0.00	\$ 0.00	\$ 2,207.63	\$ 0.00
17242601	10	\$ 1,296.66	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 1,296.66	\$ 1,296.66
17242601	11	\$ 3,390.74	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 3,390.74	\$ 3,390.74
17242601	12	\$ 3,390.74	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 3,390.74	\$ 3,390.74
17242601	13	\$ 3,390.74	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 3,390.74	\$ 3,390.74
17242601	14	\$ 3,390.74	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 3,390.74	\$ 3,390.74
17242601	15	\$ 3,390.74	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 3,390.74	\$ 3,390.74
17242601	16	\$ 3,390.74	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 3,390.74	\$ 3,390.74
17242601	17	\$ 3,390.74	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 3,390.74	\$ 3,390.74
17242601	18	\$ 3,390.74	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 3,390.74	\$ 3,390.74
17242601	19	\$ 3,390.74	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 3,390.74	\$ 3,390.74
17242851	12	\$ 0.00	\$ 0.00	\$ 44.72	\$ 0.00	\$ 0.00	\$ 44.72	\$ 0.00
17243131	4	\$ 0.00	\$ 0.00	\$ 65.19	\$ 0.00	\$ 0.00	\$ 65.19	\$ 0.00
17243131	7	\$ 0.00	\$ 0.00	\$ 65.19	\$ 0.00	\$ 0.00	\$ 65.19	\$ 0.00
17243131	8	\$ 0.00	\$ 0.00	\$ 65.19	\$ 0.00	\$ 0.00	\$ 65.19	\$ 0.00
17243131	11	\$ 10,841.35	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 10,841.35	\$ 10,841.35
17243131	12	\$ 4,423.93	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 4,423.93	\$ 4,423.93
17243131	13	\$ 1,693.15	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 1,693.15	\$ 1,693.15

FRN	FRN Line Item	Finding #1	Finding #2	Finding #3	Finding #4	Finding #5	Monetary Effect and Recommended Recovery	Commitment Adjustment
17243361	4	\$ 0.00	\$ 0.00	\$ 182.05	\$ 0.00	\$ 0.00	\$ 182.05	\$ 0.00
17243361	22	\$ 2,987.40	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 2,987.40	\$ 2,987.40
17243361	23	\$ 2,987.40	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 2,987.40	\$ 2,987.40
17243741	7	\$ 702.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 702.00	\$ 702.00
17243741	9	\$ 702.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 702.00	\$ 702.00
17243741	10	\$ 702.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 702.00	\$ 702.00
17243741	14	\$ 2,730.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 2,730.00	\$ 2,730.00
17243741	17	\$ 9,804.68	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 9,804.68	\$ 10,041.88
17243741	18	\$ 40,901.81	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 40,901.81	\$ 43,180.80
17243741	19	\$ 7,018.91	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 7,018.91	\$ 7,410.00
17243861	5	\$ 0.00	\$ 0.00	\$ 9,750.00	\$ 0.00	\$ 0.00	\$ 9,750.00	\$ 0.00
17244191	2	\$ 0.00	\$ 0.00	\$ 8,599.50	\$ 0.00	\$ 0.00	\$ 8,599.50	\$ 9,555.00
17244191	11	\$ 0.00	\$ 0.00	\$ 1,923.90	\$ 0.00	\$ 0.00	\$ 1,923.90	\$ 0.00
17244191	12	\$ 0.00	\$ 0.00	\$ 1,219.16	\$ 0.00	\$ 0.00	\$ 1,219.16	\$ 0.00
17244191	13	\$ 0.00	\$ 0.00	\$ 1,934.38	\$ 0.00	\$ 0.00	\$ 1,934.38	\$ 0.00
17244191	14	\$ 0.00	\$ 0.00	\$ 1,853.80	\$ 0.00	\$ 0.00	\$ 1,853.80	\$ 0.00
17244191	17	\$ 0.00	\$ 0.00	\$ 701.35	\$ 0.00	\$ 0.00	\$ 701.35	\$ 0.00
17244191	19	\$ 0.00	\$ 0.00	\$ 1,310.99	\$ 0.00	\$ 0.00	\$ 1,310.99	\$ 0.00
17244191	20	\$ 0.00	\$ 0.00	\$ 631.15	\$ 0.00	\$ 0.00	\$ 631.15	\$ 0.00
17244191	21	\$ 0.00	\$ 0.00	\$ 867.48	\$ 0.00	\$ 0.00	\$ 867.48	\$ 0.00
17244191	23	\$ 0.00	\$ 0.00	\$ 585.81	\$ 0.00	\$ 0.00	\$ 585.81	\$ 0.00
17244191	28	\$ 0.00	\$ 0.00	\$ 631.15	\$ 0.00	\$ 0.00	\$ 631.15	\$ 0.00
17244191	29	\$ 0.00	\$ 0.00	\$ 881.40	\$ 0.00	\$ 0.00	\$ 881.40	\$ 0.00
17244191	33	\$ 0.00	\$ 0.00	\$ 903.18	\$ 0.00	\$ 0.00	\$ 903.18	\$ 0.00
17244191	34	\$ 0.00	\$ 0.00	\$ 1,056.01	\$ 0.00	\$ 0.00	\$ 1,056.01	\$ 0.00
17244201	6	\$ 0.00	\$ 0.00	\$ 5,089.50	\$ 0.00	\$ 0.00	\$ 5,089.50	\$ 5,655.00
17244241	2	\$ 5,392.04	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 5,392.04	\$ 8,295.46
17244241	3	\$ 306.81	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 306.81	\$ 4,855.03

FRN	FRN Line Item	Finding #1	Finding #2	Finding #3	Finding #4	Finding #5	Monetary Effect and Recommended Recovery	Commitment Adjustment
17244241	4	\$ 5,392.04	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 5,392.04	\$ 8,295.46
17244241	5	\$ 3,155.77	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 3,155.77	\$ 4,855.03
17244241	6	\$ 2,479.72	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 2,479.72	\$ 4,855.03
17244241	7	\$ 3,155.77	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 3,155.77	\$ 4,855.03
17244241	8	\$ 3,155.77	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 3,155.77	\$ 4,855.03
17244241	9	\$ 5,392.04	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 5,392.04	\$ 8,295.46
17244241	10	\$ 5,392.04	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 5,392.04	\$ 8,295.46
17244241	11	\$ 6,243.45	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 6,243.45	\$ 9,605.31
17244241	12	\$ 3,155.77	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 3,155.77	\$ 4,855.03
17244241	13	\$ 3,155.77	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 3,155.77	\$ 4,855.03
17244241	14	\$ 1,482.98	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 1,482.98	\$ 2,340.00
17244241	16	\$ 6,527.22	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 6,527.22	\$ 10,041.88
17244241	19	\$ 5,392.04	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 5,392.04	\$ 8,295.46
17244241	20	\$ 31,756.45	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 31,756.45	\$ 48,856.08
17244241	21	\$ 6,370.60	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 6,370.60	\$ 10,041.88
17244321	5	\$ 0.00	\$ 0.00	\$ 2,588.77	\$ 0.00	\$ 0.00	\$ 2,588.77	\$ 0.00
17244321	7	\$ 0.00	\$ 0.00	\$ 2,263.10	\$ 0.00	\$ 0.00	\$ 2,263.10	\$ 0.00
17244321	8	\$ 0.00	\$ 0.00	\$ 540.94	\$ 0.00	\$ 0.00	\$ 540.94	\$ 0.00
17244341	2	\$ 0.00	\$ 0.00	\$ 314.68	\$ 0.00	\$ 0.00	\$ 314.68	\$ 0.00
17244341	3	\$ 0.00	\$ 0.00	\$ 314.68	\$ 0.00	\$ 0.00	\$ 314.68	\$ 0.00
17244341	4	\$ 0.00	\$ 0.00	\$ 295.01	\$ 0.00	\$ 0.00	\$ 295.01	\$ 0.00
17244341	10	\$ 0.00	\$ 0.00	\$ 112.39	\$ 0.00	\$ 0.00	\$ 112.39	\$ 0.00
17244341	11	\$ 0.00	\$ 0.00	\$ 1,357.90	\$ 0.00	\$ 0.00	\$ 1,357.90	\$ 0.00
17244341	12	\$ 0.00	\$ 0.00	\$ 314.68	\$ 0.00	\$ 0.00	\$ 314.68	\$ 0.00
17244341	13	\$ 0.00	\$ 0.00	\$ 314.68	\$ 0.00	\$ 0.00	\$ 314.68	\$ 0.00
17244341	15	\$ 0.00	\$ 0.00	\$ 314.68	\$ 0.00	\$ 0.00	\$ 314.68	\$ 0.00
17249391	1	\$ 22,165.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 22,165.00	\$ 23,400.00
17249391	3	\$ 45,781.81	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 45,781.81	\$ 47,395.61

FRN	FRN Line Item	Finding #1	Finding #2	Finding #3	Finding #4	Finding #5	Monetary Effect and Recommended Recovery	Commitment Adjustment
17249391	4	\$ 24,012.09	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 24,012.09	\$ 50,700.00
17249391	9	\$ 4,107.92	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 4,107.92	\$ 4,336.80
17249391	10	\$ 6,280.09	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 6,280.09	\$ 6,630.00
17251921	5	\$ 0.00	\$ 0.00	\$ 1,446.59	\$ 0.00	\$ 0.00	\$ 1,446.59	\$ 0.00
17251921	6	\$ 0.00	\$ 0.00	\$ 2,679.30	\$ 0.00	\$ 0.00	\$ 2,679.30	\$ 0.00
17251921	9	\$ 0.00	\$ 0.00	\$ 10,373.88	\$ 0.00	\$ 0.00	\$ 10,373.88	\$ 0.00
17260261	1	\$ 0.00	\$ 0.00	\$ 4,738.50	\$ 0.00	\$ 0.00	\$ 4,738.50	\$ 0.00
17260261	14	\$ 0.00	\$ 0.00	\$ 4,738.50	\$ 0.00	\$ 0.00	\$ 4,738.50	\$ 0.00
17266341	3	\$ 0.00	\$ 0.00	\$ 2,348.53	\$ 0.00	\$ 0.00	\$ 2,348.53	\$ 0.00
17268981	3	\$ 0.00	\$ 0.00	\$ 702.82	\$ 0.00	\$ 0.00	\$ 702.82	\$ 0.00
17268981	4	\$ 0.00	\$ 0.00	\$ 139.43	\$ 0.00	\$ 0.00	\$ 139.43	\$ 0.00
17268981	5	\$ 0.00	\$ 0.00	\$ 126.75	\$ 0.00	\$ 0.00	\$ 126.75	\$ 0.00
17268981	8	\$ 0.00	\$ 0.00	\$ 126.75	\$ 0.00	\$ 0.00	\$ 126.75	\$ 0.00
17268981	12	\$ 0.00	\$ 0.00	\$ 544.10	\$ 0.00	\$ 0.00	\$ 544.10	\$ 0.00
17268981	21	\$ 0.00	\$ 0.00	\$ 126.75	\$ 0.00	\$ 0.00	\$ 126.75	\$ 0.00
17268981	29	\$ 0.00	\$ 0.00	\$ 126.75	\$ 0.00	\$ 0.00	\$ 126.75	\$ 0.00
17270611	1	\$ 0.00	\$ 0.00	\$ 625.34	\$ 0.00	\$ 0.00	\$ 625.34	\$ 0.00
17273941	1	\$ 0.00	\$ 0.00	\$ 0.00	\$ 73,054.00	\$ 0.00	\$ 73,054.00	\$ 73,054.00
17280941	11	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 198.68	\$ 198.68	\$ 264.28
17280941	12	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 198.68	\$ 198.68	\$ 264.28
17280941	65	\$ 0.00	\$ 5,285.60	\$ 0.00	\$ 0.00	\$ 0.00	\$ 5,285.60	\$ 0.00
17280941	66	\$ 0.00	\$ 5,285.60	\$ 0.00	\$ 0.00	\$ 0.00	\$ 5,285.60	\$ 0.00
17280941	73	\$ 0.00	\$ 5,065.37	\$ 0.00	\$ 0.00	\$ 0.00	\$ 5,065.37	\$ 0.00
17280941	74	\$ 0.00	\$ 5,065.37	\$ 0.00	\$ 0.00	\$ 0.00	\$ 5,065.37	\$ 0.00
17280941	75	\$ 0.00	\$ 10,130.73	\$ 0.00	\$ 0.00	\$ 0.00	\$ 10,130.73	\$ 0.00
17280941	76	\$ 0.00	\$ 10,130.73	\$ 0.00	\$ 0.00	\$ 0.00	\$ 10,130.73	\$ 0.00
17280941	97	\$ 0.00	\$ 36,539.07	\$ 0.00	\$ 0.00	\$ 0.00	\$ 36,539.07	\$ 0.00
17280941	98	\$ 0.00	\$ 36,539.07	\$ 0.00	\$ 0.00	\$ 0.00	\$ 36,539.07	\$ 0.00

FRN	FRN Line Item	Finding #1	Finding #2	Finding #3	Finding #4	Finding #5	Monetary Effect and Recommended Recovery	Commitment Adjustment
17280941	111	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 202.83	\$ 202.83	\$ 269.80
17280941	112	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 202.83	\$ 202.83	\$ 269.80
17280941	159	\$ 0.00	\$ 5,396.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 5,396.00	\$ 0.00
17280941	160	\$ 0.00	\$ 5,396.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 5,396.00	\$ 0.00
17280941	225	\$ 0.00	\$ 3,523.73	\$ 0.00	\$ 0.00	\$ 0.00	\$ 3,523.73	\$ 0.00
17280941	226	\$ 0.00	\$ 3,523.73	\$ 0.00	\$ 0.00	\$ 0.00	\$ 3,523.73	\$ 0.00
17280941	233	\$ 0.00	\$ 3,597.33	\$ 0.00	\$ 0.00	\$ 0.00	\$ 3,597.33	\$ 0.00
17280941	234	\$ 0.00	\$ 3,597.33	\$ 0.00	\$ 0.00	\$ 0.00	\$ 3,597.33	\$ 0.00
17280941	235	\$ 0.00	\$ 5,171.17	\$ 0.00	\$ 0.00	\$ 0.00	\$ 5,171.17	\$ 0.00
17280941	236	\$ 0.00	\$ 5,171.17	\$ 0.00	\$ 0.00	\$ 0.00	\$ 5,171.17	\$ 0.00
17280941	257	\$ 0.00	\$ 10,342.33	\$ 0.00	\$ 0.00	\$ 0.00	\$ 10,342.33	\$ 0.00
17280941	258	\$ 0.00	\$ 10,342.33	\$ 0.00	\$ 0.00	\$ 0.00	\$ 10,342.33	\$ 0.00
17280941	319	\$ 0.00	\$ 36,106.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 36,106.00	\$ 0.00
17280941	320	\$ 0.00	\$ 36,106.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 36,106.00	\$ 0.00
Total		\$ 317,561.14	\$ 242,314.66	\$ 91,941.20	\$ 73,054.00	\$ 803.02	\$ 725,674.02	\$ 498,357.46

This concludes the report.

Summary of the Rural Health Care Support Mechanism Beneficiary Audit Report Released: June 2024.

Entity Name	Number of Findings	Significant Findings	Amount of Support	Monetary Effect*	USAC Management Recovery Action*	Commitment Adjustment	Entity Disagreement
Attachment H Charger Access, LLC	0	<ul style="list-style-type: none"> Not applicable. 	\$3,362,873	\$0	\$0	\$0	N/A
Total	0		\$3,362,873	\$0	\$0	\$0	

Attachment H

RH2022SP013

***Report on the Limited Review Performance Audit over
Compliance with the Federal Universal Service Fund Rural
Health Care Support Mechanism Rules***

for

Charger Access, LLC

Audit No. RH2022SP013

November 14, 2023



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Executive Summary

Ms. Teleshia Delmar, Vice President – Audit and Assurance Division
Universal Service Administrative Company
700 12th Street NW, Suite 900
Washington, D.C. 20005

Dear Ms. Delmar:

Kearney & Company, P.C. (defined as “Kearney,” “we,” and “our” in this report) audited the compliance of Charger Access, LLC (Service Provider), Service Provider Identification Number (SPIN) 143045344, for Funding Year 2019, using the regulations and orders governing the Federal Universal Service Rural Health Care (RHC) Support Mechanism, set forth in 47 Code of Federal Regulations (C.F.R.) Part 54, as well as other program requirements (collectively, the Federal Communications Commission [FCC] Rules). Compliance with the FCC Rules is the responsibility of the Service Provider. Kearney’s responsibility is to make a determination regarding the Service Provider’s compliance with the FCC Rules based on the limited review performance audit.

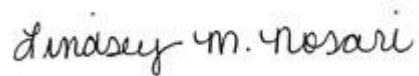
Kearney conducted the audit in accordance with Generally Accepted Government Auditing Standards (GAGAS), issued by the Comptroller General of the United States (2018 Revision, as amended). Those standards require that Kearney plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on the audit objectives. The audit included examining, on a test basis, evidence supporting the competitive bidding process undertaken to select the Service Provider, the type and amount of services provided, as well as performing other procedures Kearney considered necessary to make a determination regarding the Service Provider’s compliance with the FCC Rules. The evidence obtained provides a reasonable basis for Kearney’s findings and conclusions based on the audit objectives.

Based on the test work performed, our audit did not disclose any areas of non-compliance with the FCC Rules that were in effect during the audit period.

Certain information may have been omitted from this report concerning communications with Universal Service Administrative Company (USAC) management or other officials and/or details about internal operating processes or investigations. This report is intended solely for the use of USAC, the Service Provider, and the FCC and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of those procedures for their purposes. This report is not confidential and may be released to a requesting third party.

We appreciate the cooperation and assistance extended by you and your staff during the audit.

Sincerely,



Lindsey Nosari
Engagement Partner

CC: Radha Sekar, USAC Chief Executive Officer (CEO)
Mark Sweeney, USAC Vice President (VP), RHC Division

PURPOSE, SCOPE, BACKGROUND AND PROCEDURES**PURPOSE**

The purpose of the audit was to determine whether the Service Provider complied with the FCC Rules.

SCOPE

The following chart summarizes the Rural Health Care (RHC) Telecommunications Program support amounts committed and disbursed to the Service Provider for Funding Year 2019 (audit period):

Service Type	Amount Committed	Amount Disbursed
Ethernet	\$2,552,967	\$2,505,873
Fiber	\$857,000	\$857,000
Total	\$3,409,967	\$3,362,873

Note: The amounts committed and disbursed reflect funding year activity as of the date of the commencement of the audit.

The committed total represents 135 Federal Communications Commission (FCC) Form 466 applications with 135 Funding Request Numbers (FRNs). Kearney selected 65 FRNs,¹ which represent \$2,224,972 of the funds committed and \$2,198,871 of the funds disbursed during the audit period, to perform the procedures enumerated below with respect to Funding Year 2019 applications submitted by the selected Beneficiaries.

BACKGROUND

The Service Provider provides network management, call routing, VOIP services, fiber/ethernet services, cloud services, and data center services to its health care provider customers and its headquarters are located in Franklin, TN.

PROCEDURES

Kearney performed the following procedures:

A. Eligibility Process

Kearney obtained an understanding of the Service Provider's processes and internal controls governing its participation in the RHC program. Specifically, Kearney conducted inquiries of the Service Provider and the selected Beneficiaries and examined documentation to obtain an understanding of the controls that exist to determine whether services were eligible, delivered, and installed in accordance with the FCC Rules.

Kearney conducted inquiries and examined documentation to determine whether the

¹ The FRNs included in the scope of this audit were: 1948559, 1948563, 1948564, 1948566, 1948567, 1948568, 1948570, 1948571, 1948572, 1950175, 1950720, 1955988, 1955991, 1955992, 1955994, 1956943, 1956946, 1956949, 1956953, 1957031, 1957037, 1957087, 1957111, 1957206, 1957213, 1957267, 1957273, 1957285, 1957297, 1957301, 1957304, 1957549, 1957550, 1957553, 1957558, 1957628, 1957632, 1957633, 1957634, 1957636, 1957637, 1957639, 1957774, 1960661, 1961186, 1962069, 1962070, 1962072, 1962073, 1962076, 1962078, 1962083, 1962085, 1962754, 1962766, 1962778, 1962789, 1965917, 1966033, 1966492, 1966504, 1966507, 1966518, 1966522, 1966529

Service Provider assisted with the completion of each selected Beneficiary's FCC Form 465.

B. Competitive Bid Process

Kearney examined documentation to determine whether all bids for the services received were properly evaluated. Kearney conducted inquiries and examined documentation to determine whether the Beneficiaries selected the most cost-effective method. Kearney examined evidence that the Beneficiaries waited the required 28 days from the date the FCC Form 465 was posted on USAC's website before selecting or signing contracts with the Service Provider. Kearney evaluated the services requested and purchased to determine whether the Beneficiary selected the most cost-effective option.

C. Rural and Urban Rates

Kearney conducted inquiries and examined the Service Provider's contracts, service agreements, service quotes, tariffs, and/or other documentation to determine whether the Service Provider's rural rate was established in accordance with the FCC Rules. Kearney also conducted inquiries and examined documentation to substantiate the urban rate listed in the FCC Forms 466.

D. Invoicing Process

Kearney examined invoices for which payment was disbursed by USAC to determine whether the services identified on the Service Provider invoices submitted to USAC and the corresponding Service Provider bills submitted to the Beneficiaries were consistent with the terms and specifications of the Service Provider's agreements. Kearney examined documentation to determine whether each Beneficiary paid its non-discounted share in a timely manner.

E. Billing Process

Kearney examined the Service Provider bills for the RHC program supported services to determine whether the services identified were consistent with the terms and specifications of the Service Provider's contracts, or other service agreements, and eligible in accordance with the FCC Rules. In addition, Kearney examined documentation to determine whether the Service Provider billed the selected Beneficiaries for the rural rate and only collected payment for the selected Beneficiaries' equivalent of the urban rate for the eligible services purchased with universal service discounts.

F. Health Care Provider Location

Kearney determined through inquiry and direct observation whether the services were provided and were functional. Kearney also determined through inquiry and direct

observation whether the supported services were used for purposes reasonably related to the provision of health care services and in accordance with the FCC Rules.

G. Work Related to Internal Controls

In accordance with Generally Accepted Government Auditing Standards (GAGAS) 8.39, Kearney determined that internal controls surrounding the Service Provider's compliance with the Telecommunications program and select FCC rules and regulations are not significant to the audit objectives. Our audit objective is to determine the compliance of the Service Provider's funds disbursed under sampled FRNs; therefore, our testing procedures were designed to meet that objective.

****This concludes the report.****