



Rural Health Care

Audit Report Briefing Book

Available for Public Use

Monday, January 27, 2025

Universal Service Administrative Company

700 12th Street, N.W., Suite 900

Washington, D.C. 20005

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

Entity Name	Number of Findings	Significant Findings	Amount of Support	Monetary Effect	USAC Management Recovery Action	Commitment Adjustment	Entity Disagreement
Attachment A Columbia Memorial Hospital	0	<ul style="list-style-type: none"> Not applicable. 	\$193,722	\$0	\$0	\$0	N/A
Total	0		\$193,722	\$0	\$0	\$0	

Attachment A

RH2024LR002

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Columbia Memorial Hospital

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

USAC Audit No. RH2024LR002



TABLE OF CONTENTS

Executive Summary	1
Purpose, Scope, Background and Procedures	3



EXECUTIVE SUMMARY

August 18, 2024

Bryan Mahoney, CFO
Columbia Memorial Hospital
71 Prospect Ave,
Hudson, NY, 12534

Dear Mr. Mahoney,

The Universal Service Administrative Company (USAC or Administrator) Audit and Assurance Division (AAD) audited the compliance of Columbia Memorial Hospital (Beneficiary), Health Care Provider (HCP) Number 39163, 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 Beneficiary. AAD's responsibility is to make a determination regarding the Beneficiary's compliance with the FCC Rules based on the limited review 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 service providers the type and amount of services received, physical inventory of equipment purchased and maintained, as well as performing other procedures AAD considered necessary to make a determination regarding the Beneficiary'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 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 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,



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

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 Healthcare Connect Fund program support amounts committed and disbursed to the Beneficiary for Funding Year 2021 (audit period):

Service Type	Amount Committed	Amount Disbursed
Ethernet	\$65,979	\$65,979
ISDN	\$21,520	\$21,520
Internet Access	\$100,373	\$100,373
T1/DS1	\$5,850	\$5,850
Total	\$193,722	\$193,722

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

The committed total represents five FCC Form 462 applications with five Funding Request Numbers (FRNs). AAD selected three FRNs,¹ which represent \$137,086 of the funds committed and \$137,086 of the funds disbursed during the audit period, to perform the procedures enumerated below with respect to the Funding Year 2021 applications submitted by the Beneficiary.

BACKGROUND

The Beneficiary provides healthcare services within the state of New York.

PROCEDURES

AAD performed the following procedures:

A. Application Process

AAD obtained an understanding of the Beneficiary's processes relating to the Rural Health Care (RHC) Healthcare Connect Fund (HCF) program. Specifically, AAD examined documentation to support its effective use of funding and that adequate controls exist to determine whether funds were used in accordance with the FCC Rules. AAD conducted inquiries and inspection of documentation to determine whether the Beneficiary used funding as indicated in its Network Cost Worksheets (NCWs).

AAD examined documentation to determine whether the Project Coordinator obtained Letters of Agency from the Beneficiary's network of HCPs and/or the HCPs' health systems authorizing the Beneficiary's lead entity and/or Project Coordinator to act on their behalf, confirming the HCPs' agreement to participate in

¹ The FRNs included in the scope of this audit were: 21900661, 21928131, and 21960561.

the network, confirming the specific timeframe the Letter of Agency covers, and confirming the type of services covered by the Letter of Agency.

AAD 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. AAD also examined the Network Cost Worksheets (NCW) to determine whether ineligible costs, if any, were identified and ineligible entities, if any, paid their fair share.

B. Competitive Bid Process

AAD conducted inquiries of the Beneficiary to determine that no bids were received for the requested services. AAD 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 an existing contract. If a contract was executed for the funding year under audit, AAD reviewed the service providers contract to determine whether it was properly executed. AAD evaluated the services requested and purchased to determine whether the Beneficiary selected the most cost-effective option.

C. Eligibility

AAD conducted inquiries and inspection of documentation and examined documentation to determine whether the Beneficiary's eligible HCPs were public or non-profit eligible health care providers, and whether the annual limitation on support available to large non-rural hospitals was exceeded. AAD 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. AAD 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

AAD 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. AAD examined documentation to determine whether the Beneficiary paid its required 35 percent minimum contribution and that the required contribution was from eligible sources. AAD also examined documentation to determine whether the HCF program disbursements did not exceed 65 percent of the total eligible costs.

E. Reporting Process

AAD examined documentation to determine whether the Beneficiary timely submitted its annual reports to the RHC program and whether the reports included the required information. AAD examined the Network Plan to determine whether it included the required content.

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.

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

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

Entity Name	Number of Findings	Significant Findings	Amount of Support	Monetary Effect	USAC Management Recovery Action	Commitment Adjustment	Entity Disagreement
Attachment B Parkview Consortium	1	<ul style="list-style-type: none"> <u>HCF Commitments Included Service Costs for Duplicative Services and Discontinued Services:</u> The Health Care Provider and Service Provider did not contact the RHC program to correct the inaccurate Funding Commitment Letter that included costs for duplicative and discontinued services. 	\$308,442	\$2,066,285	\$0	\$1,180,333	N
Attachment C Everstream GLC Holding Company LLC	0	<ul style="list-style-type: none"> Not applicable. 	\$104,226	\$0	\$0	\$0	N/A
Attachment D Cordova Telephone Cooperative, Inc.	0	<ul style="list-style-type: none"> Not applicable. 	\$166,154	\$0	\$0	\$0	N/A
Total	1		\$578,822	\$2,066,285	\$0	\$1,180,333	

* The USAC Management Recovery Action may be less than the Monetary Effect as the circumstances did not warrant a recovery of funds (e.g. the funds disbursed were accurate and the commitment adjustment will prevent future disbursements).

Attachment B

RH2023LR001

Parkview Consortium

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

USAC Audit No. RH2023LR001

TABLE OF CONTENTS

EXECUTIVE SUMMARY.....1

AUDIT RESULT AND COMMITMENT ADJUSTMENT ACTION3

USAC MANAGEMENT RESPONSE3

PURPOSE, SCOPE, BACKGROUND AND PROCEDURES3

DETAILED AUDIT FINDING6

**Finding: 47 C.F.R. §54.602(d) – HCF Commitments Included Service Costs for
 Duplicative Services and Discontinued Services 6**



EXECUTIVE SUMMARY

February 8, 2024

Jeff Sonne, Director
Parkview Consortium
10501 Corporate Drive
Fort Wayne, IN 46845

Dear Mr. Sonne:

The Universal Service Administrative Company (USAC or Administrator) Audit and Assurance Division (AAD) audited the compliance of Parkview Consortium (Beneficiary), Health Care Provider (HCP) Number 34330, 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 Beneficiary. AAD's responsibility is to make a determination regarding the Beneficiary's compliance with the FCC Rules based on the limited review 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 service providers, the type and amount of services received, as well as performing other procedures AAD considered necessary to make a determination regarding the Beneficiary'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 detailed audit finding (Finding) discussed in the Audit Result and Commitment Adjustment/Recovery Action section. For the purpose of this report, a Finding is a condition that shows evidence 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 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,



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 COMMITMENT ADJUSTMENT ACTION

Audit Result	Monetary Effect	Recommended Recovery	Recommended Commitment Adjustment
Finding: 47 C.F.R. § 54.602(d) (2019) - HCF Commitments Included Service Costs for Duplicative Services and Discontinued Services. The Health Care Provider and Service Provider received the FCL with the overstated commitment amount and did not contact the RHC program to correct the inaccurate FCL that included cost for duplicative and discontinued services for the funding year.	\$2,066,285	\$0	\$2,066,285
Total Net Monetary Effect	\$2,066,285	\$0	\$2,066,285

USAC MANAGEMENT RESPONSE

USAC management will decommit the excess funding to adjust the commitment to \$1,180,333.

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 Healthcare Connect Fund program support amounts committed and disbursed to the Beneficiary for Funding Year 2020 (audit period):

Service Type	Amount Committed	Amount Disbursed
Cable, Copper	\$970	\$970
Maintenance Contract	\$73,351	\$72,883
Network Switch	\$76,447	\$52,109
Routers	\$142,301	\$131,337
Ethernet	\$4,216,763	\$47,900
Installation of Recurring Services	\$3,243	\$3,243
Total	\$4,513,075	\$308,442

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

The committed total represents three FCC Form 462 applications with three Funding Request Numbers (FRNs). AAD selected two FRNs,¹ which represent \$4,509,831 of the funds committed and \$305,199 of the funds disbursed during the audit period, to perform the procedures enumerated below with respect to the Funding Year 2020 applications submitted by the Beneficiary.

BACKGROUND

The Beneficiary is a consortium comprised of various healthcare providers serving the healthcare needs of northeastern Indiana and northwestern Ohio at locations primarily owned or controlled by Parkview Health System, Inc.

PROCEDURES

AAD performed the following procedures:

A. Application Process

AAD obtained an understanding of the Beneficiary's processes relating to the Rural Health Care (RHC) Healthcare Connect Fund (HCF) program. Specifically, AAD examined documentation to support its effective use of funding and that adequate controls exist to determine whether funds were used in accordance with the FCC Rules. AAD conducted inquiries and inspection of documentation to determine whether the Beneficiary used funding as indicated in its Network Cost Worksheets (NCWs).

AAD 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. AAD also examined the Network Cost Worksheets (NCW) to determine whether ineligible costs, if any, were identified and ineligible entities, if any, paid their fair share.

B. Competitive Bid Process

AAD examined documentation to determine whether the Beneficiary properly selected a service provider to provide eligible services. AAD conducted inquiries and examined documentation to determine whether the Beneficiary considered price and other non-cost factors and that no evaluation criteria were weighted higher than price but did not assess the reasonableness of the weight assigned to the non-cost factors since the FCC Rules do not define how to value the non-cost factors. AAD 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 the contract with the selected service provider. If a contract was executed for the funding year under audit, AAD reviewed the service provider contract to determine whether they were properly executed. AAD evaluated the services requested and purchased to determine whether the Beneficiary selected the most cost-effective option.

C. Eligibility

AAD conducted inquiries and examined documentation to determine whether the Beneficiary's eligible HCPs were public or non-profit eligible health care providers, and whether the annual limitation on support available to large non-rural hospitals was exceeded. AAD examined documentation to determine

¹ The FRNs included in the scope of this audit were: 20851031 and 20869671.

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. AAD 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

AAD 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. AAD examined documentation to determine whether the Beneficiary paid its required 35 percent minimum contribution and that the required contribution was from eligible sources. AAD 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

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.

F. Site Visit

AAD performed a virtual physical inventory to evaluate the location and use of equipment and services to determine whether it was delivered and installed, located in eligible facilities, and utilized in accordance with the FCC Rules. AAD evaluated whether the Beneficiary had the necessary resources to support the equipment and services for which funding was requested. AAD also evaluated the equipment and services purchased by the Beneficiary to determine whether funding was and/or will be used in an effective manner.

DETAILED AUDIT FINDING

Finding: 47 C.F.R. §54.602(d) – HCF Commitments Included Service Costs for Duplicative Services and Discontinued Services

CONDITION

AAD obtained and examined the Beneficiary’s FCC Form 462, the Network Cost Worksheet (NCW), and the Funding Commitment Letter (FCL), to determine the accuracy of the funds committed under the Rural Health Care (RHC) program for Funding Request Number (FRN) 20869671. AAD identified 58 circuits associated with 115 FRN line items² that were listed incorrectly on the NCW, as identified below, resulting in an overcommitment of \$2,066,285:

Circuits	Total FRN Line Items	Description of the Error	Amount Committed per NCW	Commitment Adjustment For Duplication/ Error	Amount Disbursed
56	112	The NCW listed the same 56 circuits on two different FRN line numbers at different rates for the same period (i.e., 19 month contract period) instead of listing the months applicable to each rate (e.g., 4 months and 15 months, respectively, thus duplicating the request. ³	\$3,205,659	\$2,052,013	\$1,114,751
1	2	In addition to being listed twice, the circuit was discontinued prior to the funding period and is ineligible for support. It should not have been included in the NCW. ⁴	\$7,515	\$7,515	\$0
1	1	One circuit was requested for the full contract term (19 months) when it should have been requested for 15 months. ⁵	\$33,444	\$6,757	\$26,579
Total				\$2,066,285	\$1,141,330⁶

² The FRN line item number associated with the 58 circuits are 3-8, 10-13, 18-31, 33-46, 48-53, 57-58, 60-63, 67-68, 70-73, 75-80, 82-90, 92-95, 97-98, 102-107, 109-112, 114-123, 126-129, 132-137, 139-144, 146-147.

³ Per 47 C.F.R. § 54.628(b) (2020), duplicative support for the same expenses is not allowed.

⁴ Per 47 C.F.R. § 54.626(a) (2020), services delivered before the funding year are ineligible for RHC support.

⁵ AAD confirmed with the Service Provider that the services were delivered from October 27, 2020 through January 31, 2022; therefore, the services for the four months should not have been included in the Form 462. See Air #7 received June 13, 2023.

The Beneficiary provided supporting documentation⁷ with the submitted FCC Form 462 and NCW that provided the corrections and displayed the correct support amount per circuit per month. However, the Beneficiary and Service Provider received the FCL with the overstated commitment amount and did not contact the RHC program to correct the inaccurate FCL. AAD concludes that commitment amounts included costs for duplicative services and discontinued services in the amount of \$2,066,285 for funding year 2020, which are not deemed reasonable for the provision of health care services.⁸

CAUSE

Both the Beneficiary and Service Provider did not have an adequate review/reconciliation between the FCL and the NCW. The Beneficiary did not confirm that USAC updated the FCL to reflect an updated, correct funding commitment amount based on the NCW submitted, and therefore did not request that USAC issue an updated FCL.⁹ After receipt of the FCL, the Service Provider did not notify USAC that services for certain line items were not initiated or that the Beneficiary stopped receiving the approved services.¹⁰

EFFECT

The monetary effect of this finding is \$2,066,285. This amount represents the amount overcommitted by the RHC program for the duplicate lines associated with FRN 20869671.

RECOMMENDATION

AAD recommends that USAC Management issue a downward commitment adjustment for the total overcommitted amount of \$2,066,285 to adjust the commitment amount to \$1,180,333. The disbursements for the noted FRN line items were in accordance with the actual services received by the Beneficiary for the funding period and did not exceed the recommended commitment adjustment. Therefore, there is no recommendation for a recovery.

The Beneficiary and Service Provider must implement review procedures to ensure the final NCW and/or FCL are accurate, and any discrepancies are immediately reported to the RHC program, with evidence maintained of the interactions.

In addition, the Beneficiary may visit USAC's website at <https://www.usac.org/rural-health-care/healthcare-connect-fund-program/step-5-review-your-funding-commitment-letter-fcl/> to learn more about reviewing the Funding Commitment Letter and communicating discrepancies to the RHC Program.

⁶ The FCC Form 463 for the noted line items was submitted by the Beneficiary on June 30, 2023 and approved after the completion of AAD's fieldwork. However, AAD subsequently confirmed that the RHC program was invoiced for the correct rate and the correct period by the Beneficiary. Thus, the errors noted on this finding do not result in an overpayment of funds.

⁷ RHC program electronic folder of Program Integrity's review, downloaded by AAD on January 30, 2023. The Beneficiary submitted the supporting document, an Excel file, to the RHC program on June 30, 2020.

⁸ 47 C.F.R. § 54.602(d) (2020).

⁹ Beneficiary response to the Audit Results Summary received September 22, 2023.

¹⁰ Service provider response to the Audit Results Summary received September 22, 2023.

BENEFICIARY RESPONSE

In accordance with the AAD's recommendation, Beneficiary will implement proper internal review procedures and work with the Service Provider to ensure the final NCW and FCL are accurate and report any discrepancies to the RHC Program while maintaining evidence of such interactions. Such internal processes include, but are not limited to, designated personnel to manage facility closures that impact RHC Program funding and a multi-layered approach for the reconciliation process for RHC Program invoices.

SERVICE PROVIDER RESPONSE

Based on our review of USAC's alleged finding of over commitment, there are instances where the HCP (after receipt of the FCL) did not notify USAC prior to submission of the FCC Form 463 that services were not initiated or that they stopped receiving the approved services. In addition to the handful of instances cited above, there are other services for which the approved funding dates start before or extend beyond the actual service and contract dates based on the information submitted by the HCP on the NCW. For these instances, Zayo, in compliance with FCC RHC Program rules, confirmed receipt of services and the date(s) on which it began or ceased providing services by way of the FCC Form 463.

As explained by the USAC Audit and Assurance Division, USAC recommends HCPs and Service Providers - upon receipt of a Funding Commitment Letter review all the information and notify them (via RHC-Assist) as soon as possible if the service type, funding amount, funding dates, or contract information is incorrect or missing.

Zayo will incorporate this recommendation into its best practices moving forward while continuing to comply with FCC RHC Program rules by confirming receipt of services and the date(s) on which it began or ceased providing services by way of the FCC Form 463.

CRITERIA

47 C.F.R. § 54.602(d) (2020):

Health care purposes

Services for which eligible health care providers receive support from the Telecommunications Program or the Healthcare Connect Fund Program 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.

47 C.F.R. § 54.628(b) (2020):

Duplicative support

Eligible health care providers that seek support under the Telecommunications Program or the Healthcare Connect Fund Program may not also request support from any other universal service program for the same expenses.

47 C.F.R. § 54.626(a) (2020):

Service delivery deadline

Except as provided in the following, applicants must use all recurring and non-recurring services for which Telecommunications Program and Healthcare Connect Fund Program funding has been approved by June 30 of the funding year for which the program support was sought. The Administrator will deem ineligible for Telecommunications Program and Healthcare Connect Fund Program support all charges incurred for services delivered before or after the close of the funding year.

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

Attachment C

RH2024SP003

Everstream GLC Holding Company LLC

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

USAC Audit No. RH2024SP003



TABLE OF CONTENTS

Executive Summary 1

Purpose, Scope, Background and Procedures 3



EXECUTIVE SUMMARY

July 19, 2024

Jennifer Jaketic, Manager
Everstream GLC Holding Company LLC
1228 Euclid Ave, Suite 250
Cleveland, OH 44115

Dear Ms. Jaketic:

The Universal Service Administrative Company (USAC or Administrator) Audit and Assurance Division (AAD) audited the compliance of Everstream GLC Holding Company LLC (Service Provider), Service Provider Identification Number (SPIN) 143049465, 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 limited review 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 did not disclose any areas of non-compliance with the FCC Rules that were examined and in effect during the audit period.

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

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 2021 (audit period):

Service Type	Amount Committed	Amount Disbursed
Ethernet - Dedicated	\$104,226	\$104,226

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

The committed total represents ten FCC Form 466 applications with ten Funding Request Numbers (FRNs). AAD selected all ten FRNs,¹ which represent \$104,226 of the funds committed and \$104,226 of the funds disbursed during the audit period, to perform the procedures enumerated below with respect to the Funding Year 2021 applications submitted by the Beneficiaries.

BACKGROUND

The Service Provider provides dedicated ethernet services to its health care provider customers and its headquarters are located in Cleveland, Ohio.

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 conducted inquiries of the Beneficiaries to determine that no bids were received for the requested services. 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 signing contracts with the selected Service Provider or properly retaining services with the incumbent Service Provider under an existing contract. If a contract was executed for the funding year under audit, AAD reviewed the Service Provider contract to determine

¹ The FRNs included in the scope of this audit were: 2117093, 2117110, 2117115, 2117119, 2117121, 2117122, 2117127, 2117128, 2117129 and 2117130.

whether it was properly executed. AAD evaluated the services requested and purchased to determine whether the Beneficiaries selected the most cost-effective option.

C. Rural and Urban Rates

AAD conducted inquiries and examined the Service Provider's contract, and 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.

This concludes the report.

Attachment D

RH2024SP008

Cordova Telephone Cooperative, Inc.

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

USAC Audit No. RH2024SP008



TABLE OF CONTENTS

Executive Summary 1

Purpose, Scope, Background and Procedures 3

EXECUTIVE SUMMARY

September 25, 2024

Lisa Koker, CFO
Cordova Telephone Cooperative, Inc.
611 Second St
Cordova, AK 99574

Dear Ms. Koker:

The Universal Service Administrative Company (USAC or Administrator) Audit and Assurance Division (AAD) audited the compliance of Cordova Telephone Cooperative, Inc (Service Provider), Service Provider Identification Number (SPIN) 143002690, 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 limited review 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 did not disclose any areas of non-compliance with the FCC Rules that were examined and in effect during the audit period.

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

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 2022 (audit period):

Service Type	Amount Committed	Amount Disbursed
Microwave	\$166,154	\$166,154

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

The committed total represents one FCC Form 466 application with one Funding Request Number (FRN). AAD selected the one FRN,¹ which represents \$166,154 of the funds committed and \$166,154 of the funds disbursed during the audit period, to perform the procedures enumerated below with respect to the Funding Year 2022 applications submitted by the Beneficiary.

BACKGROUND

The Service Provider provides microwave services to its health care provider customers, and its headquarters are located in Cordova, Alaska.

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 Beneficiary 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 Beneficiary selected the most cost-effective method. AAD examined evidence that the Beneficiary waited the required 28 days from the date the FCC Form 465 was posted on USAC's website before signing contracts

¹ The FRN included in the scope of this audit was: 2224652.

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 contract, service agreement, service quotes, tariffs, and 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 Form 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 Beneficiary were consistent with the terms and specifications of the Service Provider's agreements. AAD examined documentation to determine whether the 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 Beneficiary for the rural rate and only collected payment for the selected Beneficiary' 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.

This concludes the report.