



Schools & Libraries Committee

Audit Reports Briefing Book

Monday, April 29, 2024

Available For Public Use

Universal Service Administrative Company Offices

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

Washington, D.C. 20005

Summary of the Schools and Libraries Support Mechanism Beneficiary Audit Reports Released: January 2024.

Entity Name	Number of Findings	Significant Findings	Amount of Support	Monetary Effect*	USAC Management Recovery Action**	Commitment Adjustment	Entity Disagreement
Compton Unified School District Attachment A	2	<ul style="list-style-type: none"> <u>Missing Equipment and Lack of Documentation of Equipment Received:</u> The Beneficiary was unable to locate equipment it had purchased using E-Rate funding. 	\$1,665,104	\$158,999	\$158,999	\$0	N
Northwest Arctic Borough School District Attachment B	0	<ul style="list-style-type: none"> Not applicable. 	\$6,918,724	\$0	\$0	\$0	N/A
North Dakota School Net Attachment C	1	<ul style="list-style-type: none"> No significant findings. 	\$1,637,854	\$25,055	\$25,055	\$0	Y
Total	3		\$10,221,682	\$184,054	\$184,054	\$0	

* The Monetary Effect amount represents the actual dollar effect of the finding(s) without considering any overlapping exceptions that exist in multiple findings. Thus, the total Monetary Effect may exceed the Amount of Support disbursed to the Beneficiary.

**The Monetary Effect amount may exceed the USAC Management Recovery Action and/or Commitment Adjustment, as there may be findings that may not warrant a recommended recovery or commitment adjustment or had overlapping exceptions that exist in multiple findings.

Attachment A

SL2022LR021

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UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
PERFORMANCE AUDIT

COMPTON UNIFIED SCHOOL DISTRICT
COMPLIANCE WITH THE FEDERAL UNIVERSAL SERVICE FUND
E-RATE SUPPORT MECHANISM RULES
USAC AUDIT No. SL2022LR021



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**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
COMPTON UNIFIED SCHOOL DISTRICT
COMPLIANCE WITH THE FEDERAL UNIVERSAL SERVICE FUND
E-RATE SUPPORT MECHANISM RULES**

Executive Summary

July 24, 2023

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

Dear Ms. Delmar:

Sikich CPA LLC (formerly known as Cotton & Company Assurance and Advisory, LLC and referred to as “we”) audited the compliance of Compton Unified School District (Beneficiary), Billed Entity Number (BEN) 143465, using regulations and orders governing the federal Universal Service E-Rate program, set forth in 47 C.F.R. Part 54, as well as other program requirements (collectively, Federal Communications Commission [FCC] Rules). Compliance with FCC Rules is the responsibility of the Beneficiary. Our responsibility is to make a determination regarding the Beneficiary’s compliance with FCC Rules based on our audit.

We conducted this performance audit in accordance with our contract with the Universal Service Administrative Company (USAC) and Generally Accepted Government Auditing Standards, issued by the Comptroller General of the United States (2018 Revision). Those standards require that we 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: 1) evidence supporting the competitive bidding process undertaken to select the Beneficiary’s Service Providers, 2) data used to calculate the discount percentage and the type and amount of equipment and services received, and 3) physical inventory of equipment purchased and maintained. It also included performing other procedures we considered necessary to make a determination regarding the Beneficiary’s compliance with FCC Rules. The evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives.

Based on the test work performed, our examination disclosed two detailed audit findings and one other matter, discussed in the Audit Results and Recovery Action section below. For the purpose of this report, a “finding” is a condition that shows evidence of non-compliance with FCC Rules that were in effect during the audit period. An “other matter” is a condition that does not necessarily constitute a violation of FCC Rules but that warrants the attention of the Beneficiary and USAC management.

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 accepted responsibility for ensuring that those procedures are sufficient for their purposes. This report is not confidential and may be released to a third party upon request.

Audit Results and Recovery Action

Based on the test work performed, our examination disclosed that the Beneficiary and one of its Service Providers did not comply with FCC Rules, as set forth in the two detailed audit findings and one other matter discussed below.

Audit Results	Monetary Effect	Recommended Recovery
Finding No. 1, 47 C.F.R. § 54.516 (a) (2019) - Missing Equipment and Lack of Documentation of Equipment Received. The Beneficiary was unable to locate equipment it had purchased using E-Rate funding.	\$118,881	\$118,881
Finding No. 2, FCC Form 473, Service Provider Annual Certification (SPAC) Form at Block 2; FCC Form 474, Service Provider Invoice (SPI) Form at Block 3 - Service Provider Invoiced E-Rate Program for Costs that Exceeded Amounts Requested and Approved on Beneficiary’s FCC Form 471. The Service Provider (TechNet Partners Inc.) invoiced the E-Rate program for costs that exceeded the amounts approved on the Beneficiary's FCC Form 471 and Funding Commitment Decision Letter (FCDL).	\$40,118	\$40,118
Other Matter No. 1, 47 C.F.R. § 54.511 (a) (2019) – Beneficiary Errors in Bid Evaluations. The Beneficiary erroneously awarded each bidder the same total score when evaluating bids for equipment and services.	<u>\$0</u>	<u>\$0</u>
Total	<u>\$158,999</u>	<u>\$158,999</u>

USAC Management Response

USAC management concurs with the Audit Results stated above. See the chart below for the recovery amount.

USAC may review other invoices filed by the Service Provider and Beneficiary during the audited Fund Year that were not in the scope of this audit and there may be additional recoveries and/or commitment adjustments.

USAC will request the Beneficiary and Service Provider provide copies of policies and procedures implemented to address the issues identified. USAC also refers the Service Provider and Beneficiary to our website for additional resources. Various links are listed below:

- <https://www.usac.org/e-rate/learn/webinars/> (E-Rate Equipment Transfers Webinar, July 27, 2021)
- https://www.usac.org/wp-content/uploads/e-rate/documents/Webinars/2021/Procedure_Filing_Guideline_Infograph_Rev.02.23.23-002.pdf
- <https://www.usac.org/e-rate/learn/webinars/> (E-Rate Invoice Training Webinar, February 10, 2022)
- <https://www.usac.org/e-rate/learn/webinars/> (Filing the FCC Form 470 and Competitive Bidding Webinar, July 27, 2023)

USAC records show the Service Provider and Beneficiary are currently subscribed to the E-Rate weekly News Brief. USAC encourages the Service Provider and Beneficiary to review the News Brief as it contains valuable information about the E-Rate Program.

FRN	Recovery Amount
2099048247	\$158,999

Purpose, Background, Scope, and Procedures

The purpose of the audit was to determine whether the Beneficiary complied with FCC Rules for Funding Year (FY) 2020. The Beneficiary is a school district located in Compton, California that serves nearly 26,000 students.

The following chart summarizes the E-Rate program support amounts committed and disbursed to the Beneficiary for FY 2020 as of June 7, 2022, the date that our audit commenced.

Service Type	Amount Committed	Amount Disbursed
Data Transmission and/or Internet Access	\$697,912	\$697,911
Internal Connections	\$1,017,433	\$967,193
Total	<u>\$1,715,345</u>	<u>\$1,665,104</u>

The “amount committed” total represents two FCC Form 471 *Description of Services Ordered and Certification* applications submitted by the Beneficiary for FY 2020 that resulted in three approved Funding Request Numbers (FRNs). We selected all three FRNs, which represent \$1,715,345 of the funds committed and \$1,665,104 of the funds disbursed during the audit period. For each selected FRN we performed the audit procedures enumerated below.

A. Application Process

We obtained an understanding of the Beneficiary’s processes relating to the E-Rate program. Specifically, to determine if the Beneficiary used the funding in accordance with FCC Rules, we examined documentation to verify whether the Beneficiary used the funding effectively and whether it had adequate controls in place. We performed inquiries, direct observation, and inspection of documentation to determine whether the Beneficiary was eligible to receive funds and had the necessary resources to support the services for which it requested funding. We also conducted inquiries to obtain an understanding of the process the Beneficiary used to calculate its discount percentage and validated the accuracy of the discount percentage.

B. Competitive Bid Process

We obtained and examined documentation to determine whether the Beneficiary: 1) properly evaluated all bids received, and 2) considered the price of the eligible services and goods as the primary factor in selecting Service Providers. We also obtained and examined evidence that the Beneficiary waited the required 28 days from the date the FCC Form 470, *Description of Services Requested and Certification Form*, was posted on USAC’s website before signing contracts. In addition, we evaluated the cost-effectiveness of the services requested and purchased.

C. Invoicing Process

We obtained and examined invoices for which USAC disbursed payment to determine whether the services identified on the FCC Form 474, *Service Provider Invoice* (SPI) Forms, and corresponding Service Provider bills were consistent with the terms and specifications of the Service Provider agreements. We also examined documentation to determine whether the Beneficiary paid its non-discounted share in a timely manner.

D. Virtual Site Visit

We performed a physical inventory through a virtual site visit to evaluate the location and use of equipment to determine whether it was properly delivered and installed, located in eligible facilities, and used in accordance with FCC Rules. We evaluated whether the Beneficiary had the necessary resources to support the equipment for which it requested funding and evaluated the equipment purchased to determine whether the Beneficiary used the funding in an effective manner.

E. Reimbursement Process

We obtained and examined invoices that Service Providers submitted to USAC for reimbursement and performed procedures to determine whether the Service Providers had properly invoiced USAC. Specifically, we reviewed invoices associated with the SPI Forms for equipment and services provided to the Beneficiary. We verified that the equipment and services identified on the SPI Forms and corresponding Service Provider bills were consistent with the terms and specifications of the Service Provider agreements and were eligible in accordance with the E-Rate program Eligible Services List.

Detailed Audit Findings

Finding No. 1, 47 C.F.R. § 54.516 (2019) – Missing Equipment and Lack of Documentation of Equipment Received

Condition

The Beneficiary was unable to locate equipment it had purchased using E-Rate funding.¹ Specifically, the Beneficiary purchased, and the Service Provider invoiced USAC for, 368 switches and the corresponding licenses under FRN 2099048247; however, the Beneficiary’s fixed asset listing (FAL) only supported 316 switches. The Beneficiary was unable to locate the 52 missing switches. Based on the Service Provider’s bills, we calculated the cost of the missing switches and the corresponding licenses, as follows:

FRN	Equipment Description	Quantity Missing	Unit Price	Cost
2099048247	ICX7150-48ZP-E8X10GR-RMT3 Ruckus Wireless (Switch)	15	\$3,380	\$50,700
2099048247	ICX7150-48PF-4X10GR-RMT3 Ruckus Wireless (Switch)	37	2,033	75,221
2099048247	L09-0001-SGCX Ruckus Wireless (Management License)	52	18	936
2099048247	Sales Tax (10.25%)			<u>13,003</u>
	Total	<u>104</u>	<u>\$5,431</u>	<u>\$139,860</u>

Cause

The Beneficiary did not have adequate processes in place to ensure that it accounted for all equipment purchased and maintained accurate E-Rate inventory records, as required by FCC Rules.

Effect

The Beneficiary was unable to demonstrate that it received and installed all equipment purchased using E-Rate funding. The total monetary effect of this finding is \$118,881 (\$139,860 multiplied by the Beneficiary’s 85 percent discount rate).

Support Type	Monetary Effect	Recovery Action
Internal Connections FRN 2099048247	<u>\$118,881</u>	<u>\$118,881</u>
Total	<u>\$118,881</u>	<u>\$118,881</u>

Recommendations

¹See also 47 C.F.R. §54.504(a)(1)(viii) (2019).

We recommend that:

1. USAC management seek recovery of the amount identified in the Effect section above.
2. The Beneficiary implement stronger controls and procedures to ensure that it maintains an accurate FAL, as well as inventory-tracking records sufficient to locate E-Rate-funded equipment for a period of at least ten years after purchase, consistent with FCC rules.

Beneficiary Response

The Beneficiary did not provide a response to this finding.

Finding No. 2, FCC Form 473, Service Provider Annual Certification (SPAC) Form at Block 2; FCC Form 474, Service Provider Invoice (SPI) Form at Block 3 - Service Provider Invoiced E-Rate Program for Costs that Exceeded Amounts Requested and Approved on FCC Form 471

Condition

The Beneficiary did not install equipment in accordance with the amounts and locations specified in its approved funding request.² Specifically, the Beneficiary’s FAL for the equipment the Beneficiary purchased, and the Service Provider (TechNet Partners Inc.) invoices to USAC under FRN 2099048247 indicate that eight schools received more equipment than the Beneficiary had requested for those schools on its FCC Form 471 funding request. As the equipment approved for E-Rate funding had been limited to the available Category Two (C2) budget for each of these schools, the Service Provider invoiced the E-Rate program for costs that exceeded the allowable amounts requested on the Beneficiary's FCC Form 471 and approved on the FCDL by \$40,118 (\$47,198 multiplied by the Beneficiary’s 85 percent discount rate), as demonstrated in the table below.

Entity Number	Amount Requested on FCC Form 471 A	Cost of Equipment Installed and Billed B	Amount by Which Cost Exceeds Amount Requested on Form 471 C = B-A
101112	\$69,757	\$85,061	\$15,304
101997	\$15,624	\$25,836	\$10,212
212225	\$28,451	\$34,682	\$6,231
101108	\$13,309	\$19,096	\$5,787
101110	\$10,796	\$14,294	\$3,498
101097	\$15,843	\$19,096	\$3,253

² See also 47 C.F.R § 54.504(a)(2)(f)(5) (2019) as well as Category Two Report and Order, WC Docket No. 13-184, Report and Order, FCC 19-117, paras 52-53, 58 (2019) (explaining that the Commission weighed the costs and benefits of allowing applicants to begin requesting E-Rate program support for category two services on a district-wide basis in Funding Year 2020 and found that the costs outweighed the benefits); USAC Schools and Libraries Program News Brief, March 13, 2015 (“*Q11. Can school districts or library systems shift funds or average costs between their schools and libraries? A11. No, category two funding must be spent for the specific school or library for which they are allotted. These funds cannot be shifted or averaged across your school district or library system.*”).

Entity Number	Amount Requested on FCC Form 471 A	Cost of Equipment Installed and Billed B	Amount by Which Cost Exceeds Amount Requested on Form 471 C = B-A
101083	\$16,101	\$17,748	\$1,647
101114	\$36,870	\$38,136	\$1,266
Total	<u>\$206,751</u>	<u>\$253,949</u>	<u>\$47,198</u>

Cause

The Beneficiary did not have a sufficient understanding of FCC’s rules regarding C2 funding. Specifically, the Beneficiary’s understanding, based on advice it received from its consultant, was that it could install switches in accordance with its consultant’s calculations, as long as it had included the schools in its FCC Form 471 application.

Further, the Service Provider did not have sufficient policies and procedures in place to ensure that it only invoiced USAC for amounts requested on the Beneficiary's FCC Form 471 and approved on the FCDL for each school.

Effect

The total monetary effect of this finding is \$40,118 (\$47,198 multiplied by the Beneficiary’s 85 percent discount rate).

Support Type	Monetary Effect	Recovery Action
Internal Connections FRN 2099048247	\$40,118	\$40,118
Total	<u>\$40,118</u>	<u>\$40,118</u>

Recommendations

We recommend that:

1. USAC management seek recovery of the amount identified in the Effect section above.
2. The Beneficiary implement controls and procedures to ensure that C2 funds are used only for approved, eligible equipment at the approved locations, as requested on the FCC Form 471 and approved and committed on the FCDL.
3. The Service Provider implement controls and procedures to ensure that it only invoices the E-Rate program for amounts requested on the Beneficiary's FCC Form 471 and approved on the FCDL for each school.

Beneficiary Response

The Beneficiary did not provide a response to this finding.

Service Provider Response

Refer to *Attachment A* for the Service Provider’s response.

Auditor Response

It is evident from TechNet Partners, Inc.’s response that it communicated its concerns about installing the equipment in locations that would result in those locations exceeding their available C2 funding, and that it only installed the equipment after receiving instructions from the Beneficiary’s consultant that it was ok to proceed. However, given its doubts about equipment’s eligibility if installed at these locations, the Service Provider should not have invoiced the E-Rate program for these costs. The Service Provider could have pursued an invoice mode change so that it could bill the Beneficiary for the entire cost of the equipment (rather than just the non-discount share) and the Beneficiary would have been responsible for invoicing USAC for the discount share. Accordingly, we have made no substantive changes to the finding.

Other Matter No. 1, 47 C.F.R. § 54.511(a) (2019) – Beneficiary Errors in Bid Evaluations

Condition

The Beneficiary erroneously awarded each bidder the same total score when evaluating bids for equipment and services funded under the FRNs included in our testing.³ Specifically, the vendor scoring template that the Beneficiary’s consultant provided showed that the percentage weights for selection criteria must total 100 percent; however, the Beneficiary misunderstood this to mean that each vendor’s score must equal 100 points.

The vendor scoring templates weighted price as the primary factor by assigning it the highest “weighted score” percentage. However, the Beneficiary did not calculate weighted scores for the other selection criteria as instructed in the template, and instead assigned scores to each selection criteria to ensure that each bid received a score of 100⁴ points. In some cases, this caused the Beneficiary to award scores to bidders that 1) exceeded the total number of points available for the selection criterion in question, and 2) matched the number of points available for price, when price should have been the primary factor considered (i.e. had the highest number of points available). For example, when evaluating bids for the internal connections contract (FRN 2099048247), the Beneficiary assigned bidders scores of 20 to 25 points for the financial stability criterion, even though i) there was supposed to be a maximum of 15 points available for this criterion, and ii) the price criterion, which should have been more heavily weighted, only had 25 points available.

Despite these errors, the Beneficiary awarded the contracts to the most cost-effective bidders. The contracts were awarded to the Service Providers with the lowest cost bids, so effectively the Beneficiary considered price the most important factor. However, the bid evaluations did not clearly document this, given that in several cases, the Beneficiary awarded bidders the same number of points for other selection criteria as they did for price.

³See also 47 C.F.R. §54.503(c)(2)(ii)(B) 54.504(a)(ix) (2019).

⁴The Beneficiary assigned scores totaling 95 points each to two bids, however, this was the result of errors in its calculations of the 100 points it intended to assign.

Cause

The Beneficiary did not demonstrate sufficient knowledge or have internal processes in place to ensure that it correctly followed FCC Rules when evaluating bids.

Effect

If the Beneficiary does not properly evaluate bids, it risks violating the FCC Rules that require beneficiaries to award contracts to the most cost-effective bidders.

Recommendation

We recommend that the Beneficiary develop and implement policies and procedures designed to ensure that it appropriately evaluates bids in accordance with FCC Rules.

Beneficiary Response

The Beneficiary did not provide a response to the other matter.

Criteria

Finding	Criteria	Description
1	47 C.F.R. §54.504(a) (2019)	<i>(a) Filing of the FCC Form 471. An eligible school, library, or consortium that includes an eligible school or library seeking to receive discounts for eligible services under this subpart shall, upon entering into a signed contract or other legally binding agreement for eligible services, submit a completed FCC Form 471 to the Administrator.</i>
1	47 C.F.R. § 54.504(a)(1)(viii) (2019)	<i>(a)(1) The FCC Form 471 shall be signed by the person authorized to order eligible services for the eligible school, library, or consortium and shall include that person's certification under oath that: . . .(viii) The applicant recognizes that it may be audited pursuant to its application, that it will retain for ten years any and all worksheets and other records relied upon to fill out its application, and that, if audited, it will make such records available to the Administrator.</i>
1	47 C.F.R. §54.516(a)(1) (2019)	<i>(a) Recordkeeping requirements—(1) Schools, libraries, and consortia, Schools, libraries, any consortium that includes schools or libraries shall retain all documents related to the application for, receipt, and delivery of supported services for at least 10 years after the latter of the last day of the applicable funding year or the service delivery deadline for the funding request. Any other document that demonstrates compliance with the statutory or</i>

Finding	Criteria	Description
		<i>regulatory requirements for the schools and libraries mechanism shall be retained as well. Schools, libraries, and consortia shall maintain asset and inventory records of equipment purchased as components of supported category two services sufficient to verify the actual location of such equipment for a period of 10 years after purchase.</i>
2	FCC Form 474, Service Provider Invoice (SPI) Form, at Block 3	<i>I certify under penalty of perjury that the foregoing is true and correct and that I am authorized to submit this Service Provider Invoice Form (FCC Form 474) and acknowledge to the best of my knowledge, information and belief, as follows: A. This Service Provider is in compliance with the rules and orders governing the schools and libraries universal service support program and acknowledges that failure to be in compliance and remain in compliance with those rules and orders may result in the denial of discount funding and/or cancellation of funding commitments.</i>
2	FCC Form 473, Service Provider Annual Certification (SPAC) Form at Block 2	<p><i>11. I certify that the bills or invoices issued by this Service Provider to the Billed Entity are for equipment and services eligible for universal service support by the Administrator, and exclude any charges previously invoiced to the Administrator by the Service Provider.</i></p> <p><i>12. I certify that any requests for reimbursement that are sought under a Service Provider Invoice Form (FCC Form 474) for discounts for products or services that contain both eligible and ineligible components are properly allocated as required by the Commission's rules at 47 C.F.R. § 54.504(e).</i></p>
2	47 C.F.R. § 54.504(a)(2)(f)(5) (2019)	<p><i>(a)(2)(f) Filing of the FCC Form 473. All service providers eligible to provide telecommunications and other supported services under this subpart shall submit annually a completed FCC Form 473 to the Administrator. The FCC Form 473 shall be signed by an authorized person and shall include that person's certification under oath that:</i></p> <p><i>(5) The service provider listed on the FCC Form 473 certifies that the bills or invoices issued by this service provider to the billed entity are for equipment and services eligible for universal service support by the Administrator and exclude any charges previously invoiced to the Administrator by the service provider.</i></p>

Other Matter	Criteria	Description
1	47 C.F.R. §54.511(a) (2019)	<i>Selecting a provider of eligible services. Except as exempted in §54.503(e), in selecting a provider of eligible services, schools, libraries, library consortia, and consortia including any of those entities shall carefully consider all bids submitted and must select the most cost-effective service offering. In determining which service offering is the most cost-effective, entities may consider relevant factors other than the pre-discount prices submitted by providers, but price should be the primary factor considered.</i>
1	47 C.F.R. §54.503(c) (2)(ii)(B) (2019)	<i>All bids submitted for eligible products and services will be carefully considered, with price being the primary factor, and the bid selected will be for the most cost-effective service offering consistent with §54.511.</i>
1	47 C.F.R. §54.504 (a)(ix) (2019)	<i>Except as exempted by §54.503(e), all bids submitted to a school, library, or consortium seeking eligible services were carefully considered and the most cost-effective bid was selected in accordance with §54.503 of this subpart, with price being the primary factor considered, and it is the most cost-effective means of meeting educational needs and technology goals.</i>

Sikich CPA LLC

(formerly known as Cotton & Company Assurance and Advisory, LLC)

Attachment A: Service Provider Response



Date: July 17, 2023

Elisabeth M. Parker, CPA, CFE
Senior Manager
O: 703.836.6701
M: 703.220.1604
liz.parker@sikich.com

Re: Technet Partners, Inc. Formal Response to USAC Performance Audit Report of Compton Unified School District FY2020

Elisabeth M. Parker,

Per the USAC Performance Audit Report of Compton Unified School District FY2020, Technet Partners, Inc. (Technet) would like to respond to the finding that relates to TechNet's non-compliance with FCC rules and regulations. Technet's position is that we were compliant with the FCC rules and regulations based on the following details and attached email correspondences with the Compton Unified School District (the District) and their E-Rate Consultant, e2e Exchange (the Consultant).

After receiving the USAC FCDL and receiving the District's Purchase Order for the complete matching funds, Technet reached out to the District for guidance on the actual quantities of Network Hardware components to be delivered based on FCDL adjusted funding (**please see attached email chain #1 9-25-20**). In a discussion, Technet was told that the District would not be purchasing the hardware funded for Compton High School as it would be under construction. The quantities were adjusted in the switches and licenses counts. The District requested the exact funded quantities from their Consultant. These quantities were then provided by the District per their Consultant's instructions in an email breakdown on Sept. 25, 2020. **NOTE: Please see the complete attached email chain #1 that starts on Sept. 21, 2020 and ends on Sept. 25, 2020 for the communications related to the information provided above.**

Upon the email receipt of the quantities to be ordered from the District (less the Compton High School funded hardware), Technet provided the District with an adjusted spreadsheet/quote based on the approved FCDL Funded values (**please see attached email #2 9-30-20**). Based on the adjusted spreadsheet provided, Technet purchased the Network Hardware and Licenses listed. Technet stayed in communications with the District to assure they were able to receive the quantity of pallets/boxes on the order that was due to arrive at the District Warehouse in December 2020. Once confirmed that the District received the full quantity ordered and listed on the spreadsheet, which arrived by mid-December 2020, Technet then proceeded to invoice the District then USAC by SPI form. **NOTE: Details for proof of the products' delivery to the District were provided to the Cotton CPA team in a previous submittal by Technet during this Audit.**

After confirmation that the District received the Funded Network Hardware, Technet reached out to the District for a schedule to deploy the hardware to the eligible sites with the District's assistance. Tony Burrus, at the District, then reached out to their Consultant to get the exact details for deployment to the eligible sites. He received some information back from the Consultant on Dec. 3, 2020 (**please see email chain #3 12-3-20**). Upon receipt of the email from Tony, I (Andrew Vermette) noticed the direction given by the Consultant seemed off as it relates to the distribution of eligible hardware to eligible sites. I tried to contact the Consultant directly with no immediate response.

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Due to the Holiday break and COVID-19 pandemic closures and restrictions at the District, the deployment of the switches/licenses were put on hold until March 2021. I then sent an email on March 8, 2021 directly to the District's Consultant Representative, Mary Scouten, to discuss our concerns with the information she provided to the District for the hardware deployment in December 2020 (**please see attached email chain #4 3-9-21**). As you'll see in this email chain #4, I sent an additional email request with some spreadsheet details for her reference on March 9, 2020. There was a bit of pushback due to the Consultant's busy 471 filing schedule.

We finally got a response back from Mary (the Consultant) on April 7, 2021 (**please see attached email chain #5 4-7-21**). As you can see in her first response, as well as her follow up responses to my persistent clarification requests, she informs us *"These can be spread across any child entity as needed."* This direction coincides with the prior instruction she gave to the District on Dec. 3, 2020, noted above. The switches/licenses were distributed accordingly based on these instructions.

As you should see in the summary above and the supporting email chains I've provided with this response, the Consultant failed the District and Technet with bad instructions. Technet insisted on getting clear instructions from the Consultant to maintain compliance with the FCC/E-Rate/USAC rules and regulations. Technet denies any non-compliant actions were made, as Technet only invoiced USAC based on the full number of Switches and Licenses funded on all eligible District/Beneficiary's entities for amounts approved on the District/Beneficiary's FCC Form 471 and FCDL.

Please be sure to read the attached email chains from beginning to end to get the full dialogue between all parties.

Please feel free to call me on my direct line at (951) 235-5188 for anything further related to this response and related attachments.

Respectfully,

A handwritten signature in blue ink, appearing to read "Andrew Vermette".

Andrew Vermette
Executive Director
Technet Partners, Inc.
avermette@technetpartners.com
(951) 235-5188

TechNet Attachments:

(a) Initial Communication and Correspondence with Beneficiary (Dated 9/21/2020)

From: Andrew Vermette | TECHNET <avermette@technetpartners.com>

Date: Monday, September 21, 2020 at 4:44 PM

To: Tony Burrus <tburrus@compton.k12.ca.us>

Cc: Brian Schumann | TECHNET <bschumann@technetpartners.com>

Subject: E-Rate Funding Year 2020 - Funding Commitment Decision

Hi Tony,

I hope this email finds you well.

Per our last conversation, can you please send us the actual quantities of hardware that was funded per entity and District-wide? You should be able to get this from your E-Rate consultant if you don't have it yourself. We'd like to work with our distributor for the availability on all the hardware we will be ordering on the Funding Commitments. If you'd rather I can contact the consultant directly for the information. Just let me know.

Thank you,

Andrew Vermette

Executive Director | **TechNet** | O: 760.683.8393 | M: 951.235.5188 | technetpartners.com

"Accuracy is Integrity"

From: Tony Burrus <tburrus@compton.k12.ca.us>

Sent: Tuesday, September 22, 2020 7:50 AM

To: Andrew Vermette | TECHNET <avermette@technetpartners.com>

Cc: Brian Schumann | TECHNET <bschumann@technetpartners.com>

Subject: Re: E-Rate Funding Year 2020 - Funding Commitment Decision

Good morning,

The attached spreadsheet is what we used to determine quantities. Compton High is getting ready to be demolished and rebuilt so we can exclude everything for that site as a start.

Thanks,

Tony Burrus

Chief Technology Officer

Compton Unified School District

501 S Santa Fe Ave

Compton, CA 90221

310 639 4321 x46524

310 885 5461 FAX

From: Andrew Vermette | TECHNET <avermette@technetpartners.com>

Date: Tuesday, September 22, 2020 at 5:01 PM

To: Tony Burrus <tburrus@compton.k12.ca.us>

Cc: Brian Schumann | TECHNET <bschumann@technetpartners.com>

Subject: RE: E-Rate Funding Year 2020 - Funding Commitment Decision

Hi Tony,

Thank you. But, we actually had this information already. This was the basis of our original price quote back in February. What we need to know now is the adjusted quantities made to meet the required budget reductions per site. I believe that you said that your consultant made those quantity adjustments. Please let me know if you can provide this to us.

Thank you,

Andrew Vermette

Executive Director | **TechNet** | O: 760.683.8393 | M: 951.235.5188 | technetpartners.com

"Accuracy is Integrity"

From: Tony Burrus <tburrus@compton.k12.ca.us>
Sent: Wednesday, September 23, 2020 6:38 AM
To: Andrew Vermette | TECHNET <avermette@technetpartners.com>
Cc: Brian Schumann | TECHNET <bschumann@technetpartners.com>
Subject: Re: E-Rate Funding Year 2020 - Funding Commitment Decision

Andrew,

I'm not sure what you are referring to about our consultant making quantity adjustments. What I said was I knew going into the filing we may not get the requested dollar amount, not that they were making equipment adjustments on our behalf. The quantities you have in the spreadsheet were put together by the vendor and us to match the full amount of money we hoped to get. I have asked for a funding per site breakdown from the vendor, but I thought you'd also be able to look at the spreadsheet quantities and adjust them down to meet the new number starting with Compton High.

Tony Burrus^[L]_[SEP]
Chief Technology Officer^[L]_[SEP]
Compton Unified School District^[L]_[SEP]
501 S Santa Fe Ave^[L]_[SEP]
Compton, CA 90221^[L]_[SEP]
310 639 4321 x46524^[L]_[SEP]
310 885 5461 FAX

From: Andrew Vermette | TECHNET <avermette@technetpartners.com>
Date: Wednesday, September 23, 2020 at 8:45 AM
To: Tony Burrus <tburrus@compton.k12.ca.us>
Cc: Brian Schumann | TECHNET <bschumann@technetpartners.com>
Subject: RE: E-Rate Funding Year 2020 - Funding Commitment Decision

Hi Tony,

I left you a voicemail message earlier. I think I can explain it further so we're all on the same page.

So here's how I'm assuming things went once you submitted your Funding Request Form 471.

1. The Form 471 was submitted to USAC with all the equipment and money that you hoped to get.
2. USAC eventually responded, via a PIA Reviewer email, letting you and/or your consultant know that you were over budget at the specific sites. Thus, requesting a response to bring the values within budget.
3. Either you and/or your consultant would have responded with an adjusted list (reduced quantities of equipment) for these individual sites that would have brought these sites within the budgeted value.
4. USAC accepted the response and adjusted the Funding Request to the newly reduced values.
5. USAC approved and sent out the Funding Commitment Decision to all of us based on the reduced budget.

What we need to know are the adjusted list of quantities submitted back to USAC in Stage 3 that I noted above.

From: Tony Burrus <tburrus@compton.k12.ca.us>
Sent: Wednesday, September 23, 2020 8:49 AM
To: Andrew Vermette | TECHNET <avermette@technetpartners.com>
Cc: Brian Schumann | TECHNET <bschumann@technetpartners.com>
Subject: Re: E-Rate Funding Year 2020 - Funding Commitment Decision

Got it. That's exactly how it went down thanks for the clarification. I'll get back to you guys.

Tony Burrus^[L]_[SEP]
Chief Technology Officer^[L]_[SEP]
Compton Unified School District^[L]_[SEP]
501 S Santa Fe Ave^[L]_[SEP]
Compton, CA 90221^[L]_[SEP]
310 639 4321 x46524^[L]_[SEP]
310 885 5461 FAX

From: Andrew Vermette | TECHNET <avermette@technetpartners.com>
Date: Wednesday, September 23, 2020 at 8:51 AM
To: Tony Burrus <tburrus@compton.k12.ca.us>
Cc: Brian Schumann <bschumann@technetpartners.com>
Subject: RE: E-Rate Funding Year 2020 - Funding Commitment Decision

Very good. Thanks Tony. And I'm sorry for the initial confusion.

Best regards,

From: Brian Schumann | TECHNET <bschumann@technetpartners.com>
Date: Wednesday, September 23, 2020 at 8:58 AM
To: Andrew Vermette | TECHNET <avermette@technetpartners.com>, Tony Burrus <tburrus@compton.k12.ca.us>
Subject: Re: E-Rate Funding Year 2020 - Funding Commitment Decision

Thank you, sirs.

Brian Schumann

President | **TechNet** | O: 760.683.8393 | M: 714.585.5557 | technetpartners.com

"Accuracy is Integrity"

From: Tony Burrus <tburrus@compton.k12.ca.us>
Sent: Thursday, September 24, 2020 9:26:04 AM
To: Brian Schumann | TECHNET <bschumann@technetpartners.com>; Andrew Vermette | TECHNET <avermette@technetpartners.com>
Subject: Re: E-Rate Funding Year 2020 - Funding Commitment Decision

I just talked with our consultant I should have what you need by early next week.

Tony Burrus^{SEP}
Chief Technology Officer^{SEP}
Compton Unified School District^{SEP}
501 S Santa Fe Ave^{SEP}
Compton, CA 90221^{SEP}
310 639 4321 x46524^{SEP}
310 885 5461 FAX

From: Andrew Vermette | TECHNET <avermette@technetpartners.com>
Date: Thursday, September 24, 2020 at 9:38 AM
To: Brian Schumann | TECHNET <bschumann@technetpartners.com>, Tony Burrus <tburrus@compton.k12.ca.us>
Subject: Re: E-Rate Funding Year 2020 - Funding Commitment Decision

Hi Tony,

That's great to hear. Thanks for looking into this for us. We look forward to your email next week.

Best regards,

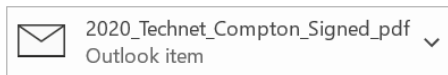
Andrew Vermette
TechNet Partners, Inc.

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Re: E-Rate Funding Year 2020 - Funding Commitment Decision



Tony Burrus <tburrus@compton.k12.ca.us>
To: Andrew Vermette | TECHNET; Brian Schumann | TECHNET



Guys,

Here is what I received from our consultant.

5 entities had to be entirely removed and are not included for reimbursement:

Davis Gral Benjamin
Enterprise Middle
Roosevelt Middle
Walton middle
Willowbrook Middle

Additionally the following decreases in line items were made
Line item 1 is now quantity 236 from 372 (ICX7150-48ZP)
Line item 2 is now quantity 192 from 223 (ICX7150-48PF)
Line item 3 is not quantity 428 from 595 (Licensing)

No quantities have been specified per building.

Technet Partners, Inc.
 6116 Innovation Way, San Jose, CA 95069
 760.858.8393
 www.technetpartners.com
 March 9, 2020

Quote ID	PROJECT DESCRIPTION	QUOTE DATE	SHIPPING				
FCC Form 470 # 200013174	Compton USD E-Rate Year 2020 Ruckus Hardware	03/09/20	TBD				
ITEM	PART #	DESCRIPTION	E-Rate Eligibility	PRICE	Taxable	QUANTITY	TOTAL
1	ICX7150-48ZP-E8X10GR-RMT3	RUCKUS WIRELESS : ICX7150-48ZP Switch Z-Series, 16x100/1000/2.5G PoE ports, 32x10/100/1000 PoE+ ports, 8x 10G SFP+, L3 features (OSPF, VRRP, PIM, PBR), 1 RPS20-E Power Supply, 1 Fan tray, 3 years remote support.	100.00%	\$3,380.41	T	372	\$1,257,512.52
2	ICX7150-48PF-4X10GR-RMT3	RUCKUS WIRELESS : ICX7150 Switch, 48x10/100/1000 PoE+ ports, 2x1G RJ45 uplink-ports, 4x 10G SFP+ uplink-ports, 740W PoE budget, L3 features (OSPF, VRRP, PIM, PBR), 3 year remote support.	100.00%	\$2,032.53	T	223	\$453,254.19
3	L09-0001-SGCK	RUCKUS WIRELESS : Switch management license for SZ-100ASZ 5 X/SZ300, 1 Ruckus ICX switch.	100.00%	\$17.53	T	595	\$10,430.35
						Subtotal	\$1,721,197.06
						Tax 10.25%	\$176,422.70
						TOTAL	\$1,897,619.76

 3/11/20

technet
 EQUIPMENT LIST AND BID FORM
 Compton USD - E-Rate Funding Year 2020 FCC Form 470 # 200013174

From: Andrew Vermette | TECHNET <avermette@technetpartners.com>
Sent: Friday, September 25, 2020 2:17 PM
To: Tony Burrus <tburrus@compton.k12.ca.us>; Brian Schumann | TECHNET <bschumann@technetpartners.com>
Subject: Re: E-Rate Funding Year 2020 - Funding Commitment Decision

Thank you Tony,
 We can work with this.
 Have a great weekend.
 Best regards,
 Andrew Vermette
 TechNet Partners, Inc.

RE: E-Rate Funding Year 2020 - Funding Commitment Decision



Andrew Vermette | TECHNET <avermette@technetpartners.com>
 To: Tony Burrus; Brian Schumann | TECHNET

Reply Reply All Forward

Wed 9/30/2020 7:52 PM

Hi Tony,

Here's our adjusted spreadsheet of quantities and pricing based on the information you sent us below and with Compton HS quantities removed. We have the District's PO for the match so we're going to put this order through for delivery to Compton USD in the next day or two. Do you have the space for this hardware in the District Warehouse? If so, can you please send me the Warehouse address. Please let us know.

ITEM	PART #	DESCRIPTION	PRICE	Taxable	QUANTITY	TOTAL
1	ICX7150-48ZP-E8X10GR-RMT3	RUCKUS WIRELESS : ICX 7150-48ZP Switch Z-Series. 16x 100/1000/2.5G PoH ports, 32x 10/100/1000 PoE+ ports. 8x 10G SFP+, L3 features (OSPF, VRRP, PIM, PBR). 1 RPS20-E Power Supply. 1 Fan tray. 3 years remote support	\$3,380.41	T	206	\$696,364.46
2	ICX7150-48PF-4X10GR-RMT3	RUCKUS WIRELESS : ICX 7150 Switch. 48x 10/100/1000 PoE+ ports, 2x 1G RJ45 uplink-ports, 4x 10G SFP+ uplink-ports. 740W PoE budget, L3 features (OSPF, VRRP, PIM, PBR). 3 year remote support	\$2,032.53	T	162	\$329,269.86
3	L09-0001-SGCX	RUCKUS WIRELESS : Switch management license for SZ-100/5Z 5.X/SZ300. 1 Ruckus ICX switch.	\$17.53	T	368	\$6,451.04
Subtotal						\$1,032,085.36
Tax 10.25%						\$105,788.75
TOTAL						\$1,137,874.11

(b) Eligible Location and C2 Finding Inquiries (Dated 12/3/2020)

From: Tony Burrus <tburrus@compton.k12.ca.us>
 Sent: Thursday, December 3, 2020 2:49 PM
 To: Mary Scouten - e2e Exchange, LLC <mjs@e2eexchange.com>
 Subject: Funding Quantities
 Importance: High

Good afternoon,

As we are getting ready to install the switches funded by erate, I want to make sure we are installing in the correct locations. The funding commitment decision letter doesn't provide enough detail for proper installation. Please provide me the Item 21 spreadsheet used to finalize the funding quantities of switches per site. The spreadsheet will help us make sure that we're installing the switches only at the funded locations.

Thanks,

Tony Burrus
 Chief Technology Officer
 Compton Unified School District
 501 S Santa Fe Ave

From: Mary Scouten - e2e Exchange, LLC <mjs@e2eexchange.com>
 Date: Thursday, December 3, 2020 at 12:38 PM
 To: Tony Burrus <tburrus@compton.k12.ca.us>
 Subject: RE: Funding Quantities- Compton

Hi Tony,
 Attached is the list of items that were approved.

A few things to note:
 Recipients are on page 2 – the amounts allocated to each school are not correlated to the number of switches. For example, McNair Elementary only has an allocation of \$61.21 for this line item but can install a switch/s at this location because it still shares a cost with the other schools.

The following schools had no budget left and could not be included on this application. Switches that receive E-Rate funding should not be installed at these schools.

- Davis Gral Benjamin
- Enterprise Middle
- Roosevelt Middle
- Walton middle
- Willowbrook middle

If you need anything else please let me know,

From: Tony Burrus <tburrus@compton.k12.ca.us>
Date: Thursday, December 3, 2020 at 12:49 PM
To: Brian Schumann <bschumann@technetpartners.com>
Subject: FW: Funding Quantities- Compton

Here you go.

Tony Burrus
 Chief Technology Officer
 Compton Unified School District
 501 S Santa Fe Ave
 Compton, CA 90221
 310 639 4321 x46524
 310 885 5461 FAX

FW: Funding Quantities- Compton

 Brian Schumann | TECHNET <bschumann@technetpartners.com>
 To Andrew Vermette | TECHNET

 2020 Compton Cat2 201028942 Report_xlsx
 Outlook item

Check it out. The notes from the consultant contain good info below, as well.

Brian Schumann

President | **TechNet** | O: 760.683.8393 | M: 714.585.5557 | technetpartners.com

"Accuracy is Integrity"

FRN	Line Item	Type of Pr	Model	One-time	One-time Quantity	Total Eligi	Pre-Discour	Ext
2099048247	2099048247.001	Switch	ICX7150-48ZP Switch Z-Series 16x100/1000/2.5G PoH ports, 32x10/100/1000 PoE+ ports	\$3,380.41	236	\$797,776.76	\$797,776.76	
2099048247	2099048247.002	Switch	ICX7150 Switch, 48x10/100/1000 PoE+ ports, 2x1GRJ45 uplink-ports 4x10GSFP+uplink-ports	\$2,032.53	192	\$390,245.76	\$390,245.76	
2099048247	2099048247.003	License	Switch management license	\$17.53	511	\$8,957.83	\$8,957.83	

201028942	143465	COMPTON UNIFIED SCHOOL DIST	erate@erateexchange.com	2099048247	2099048247.003	101079	TIBBY ELEMENTARY SCHOOL
201028942	143465	COMPTON UNIFIED SCHOOL DIST	erate@erateexchange.com	2099048247	2099048247.003	101081	DICKSON ELEMENTARY SCHOOL
201028942	143465	COMPTON UNIFIED SCHOOL DIST	erate@erateexchange.com	2099048247	2099048247.003	101083	BURSCHE ELEMENTARY SCHOOL
201028942	143465	COMPTON UNIFIED SCHOOL DIST	erate@erateexchange.com	2099048247	2099048247.003	101084	LAUREL STREET ELEMENTARY SCH
201028942	143465	COMPTON UNIFIED SCHOOL DIST	erate@erateexchange.com	2099048247	2099048247.003	101087	COMPTON HIGH SCHOOL
201028942	143465	COMPTON UNIFIED SCHOOL DIST	erate@erateexchange.com	2099048247	2099048247.003	101090	LONGFELLOW ELEMENTARY SCHOOL
201028942	143465	COMPTON UNIFIED SCHOOL DIST	erate@erateexchange.com	2099048247	2099048247.003	101091	KENNEDY ELEMENTARY SCHOOL
201028942	143465	COMPTON UNIFIED SCHOOL DIST	erate@erateexchange.com	2099048247	2099048247.003	101094	FOSTER ELEMENTARY SCHOOL
201028942	143465	COMPTON UNIFIED SCHOOL DIST	erate@erateexchange.com	2099048247	2099048247.003	101095	MAYO ELEMENTARY SCHOOL
201028942	143465	COMPTON UNIFIED SCHOOL DIST	erate@erateexchange.com	2099048247	2099048247.003	101096	ROOSEVELT ELEMENTARY SCHOOL
201028942	143465	COMPTON UNIFIED SCHOOL DIST	erate@erateexchange.com	2099048247	2099048247.003	101097	WHALEY MIDDLE SCHOOL
201028942	143465	COMPTON UNIFIED SCHOOL DIST	erate@erateexchange.com	2099048247	2099048247.003	101100	DOMINGUEZ HIGH SCHOOL
201028942	143465	COMPTON UNIFIED SCHOOL DIST	erate@erateexchange.com	2099048247	2099048247.003	101104	KELLY ELEMENTARY SCHOOL
201028942	143465	COMPTON UNIFIED SCHOOL DIST	erate@erateexchange.com	2099048247	2099048247.003	101107	EMERSON ELEMENTARY SCHOOL
201028942	143465	COMPTON UNIFIED SCHOOL DIST	erate@erateexchange.com	2099048247	2099048247.003	101108	MCNAIR ELEMENTARY SCHOOL
201028942	143465	COMPTON UNIFIED SCHOOL DIST	erate@erateexchange.com	2099048247	2099048247.003	101109	KING ELEMENTARY SCHOOL
201028942	143465	COMPTON UNIFIED SCHOOL DIST	erate@erateexchange.com	2099048247	2099048247.003	101110	BUNCHE MIDDLE SCHOOL
201028942	143465	COMPTON UNIFIED SCHOOL DIST	erate@erateexchange.com	2099048247	2099048247.003	101112	CENTENNIAL HIGH SCHOOL
201028942	143465	COMPTON UNIFIED SCHOOL DIST	erate@erateexchange.com	2099048247	2099048247.003	101114	ANDERSON ELEMENTARY SCHOOL
201028942	143465	COMPTON UNIFIED SCHOOL DIST	erate@erateexchange.com	2099048247	2099048247.003	101116	JEFFERSON ELEMENTARY SCHOOL
201028942	143465	COMPTON UNIFIED SCHOOL DIST	erate@erateexchange.com	2099048247	2099048247.003	101117	WASHINGTON ELEMENTARY SCHOOL

201028942	143465	COMPTON UNIFIED SCHOOL DIST	erate@erateexchange.com	2099048247	2099048247.003	101118	ROSECRANS ELEMENTARY SCHOOL
201028942	143465	COMPTON UNIFIED SCHOOL DIST	erate@erateexchange.com	2099048247	2099048247.003	101997	BUNCHE ELEMENTARY SCHOOL
201028942	143465	COMPTON UNIFIED SCHOOL DIST	erate@erateexchange.com	2099048247	2099048247.003	16070870	COMMUNITY DAY MIDDLE Chester Adult
201028942	143465	COMPTON UNIFIED SCHOOL DIST	erate@erateexchange.com	2099048247	2099048247.003	16081407	CLINTON, WILLIAM JEFFERSON
201028942	143465	COMPTON UNIFIED SCHOOL DIST	erate@erateexchange.com	2099048247	2099048247.003	17018794	Thurgood Marshall
201028942	143465	COMPTON UNIFIED SCHOOL DIST	erate@erateexchange.com	2099048247	2099048247.003	212225	Cesar Chavez Continuation High- Thurgood
201028942	143465	COMPTON UNIFIED SCHOOL DIST	erate@erateexchange.com	2099048247	2099048247.003	212756	COMMUNITY DAY HIGH- Community Day

(c) Installation Clarification Requests (Dated 3/9/2021)

From: Andrew Vermette | TECHNET <avermette@technetpartners.com>
Sent: Monday, March 8, 2021 1:29 PM
To: Mary Scouten - e2e Exchange, LLC <mjs@e2eexchange.com>
Cc: Brian Schumann | TECHNET <bschumann@technetpartners.com>
Subject: Compton USD - E-Rate Year 2020-2021 Network Switches FRN # 2099048247
Importance: High

Hi Mary,

I hope this email finds you well.

I'm emailing in regards to last year's (2020-2021) E-Rate Funding for Compton USD FRN #2099048247. I am Andrew Vermette with TechNet Partners, Inc., the awarded Service Provider for the Category 2 Network Switches. I received a spreadsheet from e2eexchange, via Tony Burrus at Compton USD, that breaks down the FRN Line Items and the Recipients of Service. Obviously, there was some budget cuts that reduced the values per District entity as well as eliminated some District entities all together. I am using the spreadsheet that you provided to figure out the quantity of Network Switches to be deployed to each site. The quantities aren't exactly round numbers. I'd like to review the spreadsheet with you to verify the quantities so that we're deploying the switches to the correct sites with correct quantities. We would like to start the deployment immediately. Please let me know when you're available so we can do a Teams meeting to review the spreadsheet.

Thank you,

Andrew Vermette

Executive Director | **TechNet** | O: 760.683.8393 | M: 951.235.5188 | technetpartners.com

From: Mary Scouten - e2e Exchange, LLC <mjs@e2eexchange.com>
Sent: Tuesday, March 9, 2021 10:05 AM
To: Andrew Vermette | TECHNET <avermette@technetpartners.com>
Cc: Brian Schumann | TECHNET <bschumann@technetpartners.com>
Subject: RE: Compton USD - E-Rate Year 2020-2021 Network Switches FRN # 2099048247

Hi Andrew,

Thank you for reaching out. I can help with this however as I am sure you are aware, we are in the last 2.5 weeks before the hard 471 deadline for funding year 21-22 which is March 25. This is the most critical time of year for Erate and our number one prioritization leading up to it to be sure that all of our schools have their applications in for the upcoming year. I can set a time to look into this for you the last week of March but it is doubtful I can get to it before then due to time constraints.

If you need anything in the meantime please let me know,



RE: Compton USD - E-Rate Year 2020-2021 Network Switches FRN # 2099048247

AV Andrew Vermette | TECHNET <avermette@technetpartners.com>
 To: Mary Scouten - e2e Exchange, LLC
 Cc: Brian Schumann | TECHNET

Reply Reply All Forward Tue 3/9/2021 1:38 PM

This message was sent with High importance.

2020 Compton Cat2 201028942 Report with Quantities 3-8-21.xlsx
 Outlook item

Hi Mary,

Thanks for your response. I am aware of the timing of this request during the final push for you and your team to get the 471s posted before March 25. However, we're trying to get the switches deployed before students start to come back to school full-time. Would you have time to review the attached spreadsheet that I modified to show the "Funded Quantities" (Column J) on the Recipients of Service Tab. You'll see that the quantities per site aren't a round number. We can't deploy a half, a third or any lower increment than a full switch at a site. I'm sure that you'll see our dilemma. Please let me know.

Thank you,

Andrew Vermette

Executive Director | TechNet | O: 760.683.8393 | M: 951.235.5188 | technetpartners.com

"Accuracy is Integrity"

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Application Number	BEN	Billed Entity Name	Contact Email	FRN	Line Item	Type of Product	Model	Eligible Unit Cost	One-time Quantit	Eligible One-time Cost	Extended Eligible Line
201028942	143465	COMPTON UNIFIED SCHOOL DIST	erate@erateexchange.com	2099048247	2099048247.001	Switch	ICX7150-48ZP Switch Z-Series 16x100/1000/2.5G PoH ports, 32x10/100/1000 PoE+ ports	\$3,380.41	236	\$797,776.76	\$797,776.76
201028942	143465	COMPTON UNIFIED SCHOOL DIST	erate@erateexchange.com	2099048247	2099048247.002	Switch	ICX7150 Switch, 48x10/100/1000 PoE+ ports, 2x1GRJ45 uplink-ports	\$2,032.53	192	\$390,245.76	\$390,245.76
201028942	143465	COMPTON UNIFIED SCHOOL DIST	erate@erateexchange.com	2099048247	2099048247.003	License	Switch management license	\$17.53	511	\$8,957.83	\$8,957.83

FRN	Line Item	Entity#	EntityName	Amount	Funded Quantity	Part
2099048247	2099048247.001	100943	CARVER ELEMENTARY SCHOOL	\$15,232.20	4.51	ICX7150-48ZP Switch
2099048247	2099048247.001	101074	MCKINLEY ELEMENTARY SCHOOL	\$10,443.90	3.09	
2099048247	2099048247.001	101079	TIBBY ELEMENTARY SCHOOL	\$68,011.44	20.12	
2099048247	2099048247.001	101081	DICKISON ELEMENTARY SCHOOL	\$35,928.93	10.63	
2099048247	2099048247.001	101083	BURSCHE ELEMENTARY SCHOOL	\$2,852.68	0.84	
2099048247	2099048247.001	101084	LAUREL STREET ELEMENTARY SCH	\$37,568.73	11.11	
2099048247	2099048247.001	101087	COMPTON HIGH SCHOOL	\$68,759.18	20.34	
2099048247	2099048247.001	101090	LONGFELLOW ELEMENTARY SCHOOL	\$30,866.78	9.13	
2099048247	2099048247.001	101091	KENNEDY ELEMENTARY SCHOOL	\$29,811.60	8.82	
2099048247	2099048247.001	101094	FOSTER ELEMENTARY SCHOOL	\$6,264.61	1.85	
2099048247	2099048247.001	101095	MAYO ELEMENTARY SCHOOL	\$13,496.50	3.99	
2099048247	2099048247.001	101096	ROOSEVELT ELEMENTARY SCHOOL	\$49,453.29	14.63	
2099048247	2099048247.001	101097	WHALEY MIDDLE SCHOOL	\$2,595.07	0.77	
2099048247	2099048247.001	101100	DOMINGUEZ HIGH SCHOOL	\$113,232.52	33.50	
2099048247	2099048247.001	101104	KELLY ELEMENTARY SCHOOL	\$62,928.93	18.62	
2099048247	2099048247.001	101107	EMERSON ELEMENTARY SCHOOL	\$28,653.45	8.48	
2099048247	2099048247.001	101108	MCNAIR ELEMENTARY SCHOOL	\$61.21	0.02	
2099048247	2099048247.001	101109	KING ELEMENTARY SCHOOL	\$14,179.66	4.19	
2099048247	2099048247.001	101110	BUNCHE MIDDLE SCHOOL	\$8,928.93	2.64	
2099048247	2099048247.001	101112	CENTENNIAL HIGH SCHOOL	\$56,509.27	16.72	

2099048247	2099048247.001	101114	ANDERSON ELEMENTARY SCHOOL	\$23,621.52	6.99	
2099048247	2099048247.001	101116	JEFFERSON ELEMENTARY SCHOOL	\$36,411.85	10.77	
2099048247	2099048247.001	101117	WASHINGTON ELEMENTARY SCHOOL	\$928.93	0.27	
2099048247	2099048247.001	101118	ROSECRANS ELEMENTARY SCHOOL	\$34,390.73	10.17	
2099048247	2099048247.001	101997	BUNCHE ELEMENTARY SCHOOL	\$2,376.04	0.70	
2099048247	2099048247.001	16070870	COMMUNITY DAY MIDDLE Chester Adult	\$1,201.76	0.36	
2099048247	2099048247.001	16081407	CLINTON, WILLIAM JEFFERSON	\$23,325.94	6.90	
2099048247	2099048247.001	17018794	Thurgood Marshall	\$4,358.58	1.29	
2099048247	2099048247.001	212225	Cesar Chavez Continuation High- Thurgood Marshall	\$15,202.88	4.50	
2099048247	2099048247.001	212756	COMMUNITY DAY HIGH- Community Day	\$179.65	0.05	
2099048247	2099048247.002	100943	CARVER ELEMENTARY SCHOOL	\$12,950.12	6.37	ICX7150-48PF Switch
2099048247	2099048247.002	101074	MCKINLEY ELEMENTARY SCHOOL	\$12,950.12	6.37	
2099048247	2099048247.002	101079	TIBBY ELEMENTARY SCHOOL	\$17,252.71	8.49	
2099048247	2099048247.002	101081	DICKISON ELEMENTARY SCHOOL	\$14,495.12	7.13	
2099048247	2099048247.002	101083	BURSCHE ELEMENTARY SCHOOL	\$12,950.12	6.37	
2099048247	2099048247.002	101084	LAUREL STREET ELEMENTARY SCH	\$12,099.12	5.95	
2099048247	2099048247.002	101087	COMPTON HIGH SCHOOL	\$12,950.12	6.37	
2099048247	2099048247.002	101090	LONGFELLOW ELEMENTARY SCHOOL	\$12,950.12	6.37	
2099048247	2099048247.002	101091	KENNEDY ELEMENTARY SCHOOL	\$12,950.12	6.37	
2099048247	2099048247.002	101094	FOSTER ELEMENTARY SCHOOL	\$12,950.12	6.37	
2099048247	2099048247.002	101095	MAYO ELEMENTARY SCHOOL	\$12,950.12	6.37	

2099048247	2099048247.002	101096	ROOSEVELT ELEMENTARY SCHOOL	\$12,950.12	6.37	
2099048247	2099048247.002	101097	WHALEY MIDDLE SCHOOL	\$12,950.12	6.37	
2099048247	2099048247.002	101100	DOMINGUEZ HIGH SCHOOL	\$12,950.12	6.37	
2099048247	2099048247.002	101104	KELLY ELEMENTARY SCHOOL	\$12,950.12	6.37	
2099048247	2099048247.002	101107	EMERSON ELEMENTARY SCHOOL	\$12,950.12	6.37	
2099048247	2099048247.002	101108	MCKINLEY ELEMENTARY SCHOOL	\$12,950.12	6.37	
2099048247	2099048247.002	101109	KING ELEMENTARY SCHOOL	\$12,950.12	6.37	
2099048247	2099048247.002	101110	BUNCHE MIDDLE SCHOOL	\$1,569.55	0.77	
2099048247	2099048247.002	101112	CENTENNIAL HIGH SCHOOL	\$12,950.12	6.37	
2099048247	2099048247.002	101114	ANDERSON ELEMENTARY SCHOOL	\$12,950.12	6.37	
2099048247	2099048247.002	101116	JEFFERSON ELEMENTARY SCHOOL	\$36,277.43	17.85	
2099048247	2099048247.002	101117	WASHINGTON ELEMENTARY SCHOOL	\$1,478.33	0.73	
2099048247	2099048247.002	101118	ROSECRANS ELEMENTARY SCHOOL	\$12,950.12	6.37	
2099048247	2099048247.002	101997	BUNCHE ELEMENTARY SCHOOL	\$12,950.12	6.37	
2099048247	2099048247.002	16070870	COMMUNITY DAY MIDDLE Chester Adult	\$1,299.50	0.64	
2099048247	2099048247.002	16081407	CLINTON, WILLIAM JEFFERSON	\$31,499.89	15.50	
2099048247	2099048247.002	17018794	Thurgood Marshall	\$12,950.11	6.37	
2099048247	2099048247.002	212225	Cesar Chavez Continuation High- Thurgood Marshall	\$12,950.12	6.37	
2099048247	2099048247.002	212756	COMMUNITY DAY HIGH- Community Day	\$2,321.60	1.14	
2099048247	2099048247.003	100943	CARVER ELEMENTARY SCHOOL	\$298.01	17.00	SmartZone Mngmnt License
2099048247	2099048247.003	101074	MCKINLEY ELEMENTARY SCHOOL	\$298.01	17.00	

2099048247	2099048247.003	101079	TIBBY ELEMENTARY SCHOOL	\$298.01	17.00	
2099048247	2099048247.003	101081	DICKISON ELEMENTARY SCHOOL	\$298.01	17.00	
2099048247	2099048247.003	101083	BURSCHE ELEMENTARY SCHOOL	\$298.01	17.00	
2099048247	2099048247.003	101084	LAUREL STREET ELEMENTARY SCH	\$298.01	17.00	
2099048247	2099048247.003	101087	COMPTON HIGH SCHOOL	\$298.01	17.00	
2099048247	2099048247.003	101090	LONGFELLOW ELEMENTARY SCHOOL	\$298.01	17.00	
2099048247	2099048247.003	101091	KENNEDY ELEMENTARY SCHOOL	\$298.01	17.00	
2099048247	2099048247.003	101094	FOSTER ELEMENTARY SCHOOL	\$298.01	17.00	
2099048247	2099048247.003	101095	MAYO ELEMENTARY SCHOOL	\$298.01	17.00	
2099048247	2099048247.003	101096	ROOSEVELT ELEMENTARY SCHOOL	\$298.01	17.00	
2099048247	2099048247.003	101097	WHALEY MIDDLE SCHOOL	\$298.01	17.00	
2099048247	2099048247.003	101100	DOMINGUEZ HIGH SCHOOL	\$298.01	17.00	
2099048247	2099048247.003	101104	KELLY ELEMENTARY SCHOOL	\$298.01	17.00	
2099048247	2099048247.003	101107	EMERSON ELEMENTARY SCHOOL	\$298.01	17.00	
2099048247	2099048247.003	101108	MCKINLEY ELEMENTARY SCHOOL	\$298.01	17.00	
2099048247	2099048247.003	101109	KING ELEMENTARY SCHOOL	\$298.01	17.00	
2099048247	2099048247.003	101110	BUNCHE MIDDLE SCHOOL	\$298.01	17.00	
2099048247	2099048247.003	101112	CENTENNIAL HIGH SCHOOL	\$298.01	17.00	
2099048247	2099048247.003	101114	ANDERSON ELEMENTARY SCHOOL	\$298.01	17.00	
2099048247	2099048247.003	101116	JEFFERSON ELEMENTARY SCHOOL	\$315.54	18.00	
2099048247	2099048247.003	101117	WASHINGTON ELEMENTARY SCHOOL	\$298.01	17.00	

2099048247.003	101118	ROSECRANS ELEMENTARY SCHOOL	\$298.01	17.00	13
2099048247.003	101997	BUNCHE ELEMENTARY SCHOOL	\$298.01	17.00	11
2099048247.003	16070870	COMMUNITY DAY MIDDLE Chester Adult	\$298.01	17.00	*13
2099048247.003	16081407	CLINTON, WILLIAM JEFFERSON	\$298.01	17.00	Not a part of RFP
2099048247.003	17018794	Thurgood Marshall	\$298.01	17.00	Not a part of RFP
2099048247.003	212225	Cesar Chavez Continuation High- Thurgood Marshall	\$298.01	17.00	13
2099048247.003	212756	COMMUNITY DAY HIGH- Community Day	\$298.01	17.00	*13

From: Mary Scouten - e2e Exchange, LLC <mjs@e2eexchange.com>
Sent: Wednesday, April 7, 2021 6:00 AM
To: Andrew Vermette | TECHNET <avermette@technetpartners.com>
Cc: Brian Schumann | TECHNET <bschumann@technetpartners.com>
Subject: RE: Compton USD - E-Rate Year 2020-2021 Network Switches FRN # 2099048247

Andrew,

I looked at this spreadsheet and it totals 236 of switch ICX7150-48ZP Switch, 192 of switch ICX7150-48PF Switch and 511 Smartzone licenses. These can be spread across any child entity as needed. You can disregard any partial portion numbers, we had to do that mathematically to get as much of the available budget that was left as possible.

The total for everything in the spreadsheet is \$1,196,980.35 which is exactly what they got approved for in the FCDL. They are eligible for an 85% reimbursement rate for a total of \$1,017,433.30 which is the most you can give them during a SPI discount if that is what they requested.

If you have any additional questions please let me know,



From: Andrew Vermette | TECHNET <avermette@technetpartners.com>
Sent: Wednesday, April 7, 2021 12:23 PM
To: Mary Scouten - e2e Exchange, LLC <mjs@e2eexchange.com>
Cc: Brian Schumann | TECHNET <bschumann@technetpartners.com>
Subject: RE: Compton USD - E-Rate Year 2020-2021 Network Switches FRN # 2099048247
Importance: High

Hi Mary,

Are you telling me that if one site was funded for less switches than originally requested the District can install additional switches at that site by using the switches from another site that was funded for more than requested? I know this is possible for this current Funding Year's (2021) rule changes. I didn't think that it is possible based on last year's rules.

Please confirm.

Thank you,

Andrew Vermette

Executive Director | TechNet | O: 760.683.8393 | M: 951.235.5188 | technetpartners.com

"Aureus in Integritate"

From: Mary Scouten - e2e Exchange, LLC <mjs@e2eexchange.com>
Sent: Wednesday, April 7, 2021 9:26 AM
To: Andrew Vermette | TECHNET <avermette@technetpartners.com>
Cc: Brian Schumann | TECHNET <bschumann@technetpartners.com>
Subject: RE: Compton USD - E-Rate Year 2020-2021 Network Switches FRN # 2099048247

Yes, we have always done that in order to optimize the budgets to their full extent.



This message may contain confidential information. If you have received this message in error, refrain from disclosing any information contained herein and contact us at 315.422.7608.

From: Andrew Vermette | TECHNET <avermette@technetpartners.com>
Sent: Wednesday, April 7, 2021 12:34 PM
To: Mary Scouten - e2e Exchange, LLC <mjs@e2eexchange.com>
Cc: Brian Schumann | TECHNET <bschumann@technetpartners.com>
Subject: RE: Compton USD - E-Rate Year 2020-2021 Network Switches FRN # 2099048247
Importance: High

I understand why it was done to max out the available budgets. I just don't want to get the District in trouble with USAC if an audit is done and they are in violation of having switches on one site that was actually funded for another site. As the District's consultant, are you telling me that this okay to do?

Thank you,

Andrew Vermette

Executive Director | **TechNet** | O: 760.683.8393 | M: 951.235.5188 | technetpartners.com

"Accuracy is Integrity"

From: Mary Scouten - e2e Exchange, LLC <mjs@e2eexchange.com>
Sent: Wednesday, April 7, 2021 9:36 AM
To: Andrew Vermette | TECHNET <avermette@technetpartners.com>
Cc: Brian Schumann | TECHNET <bschumann@technetpartners.com>
Subject: RE: Compton USD - E-Rate Year 2020-2021 Network Switches FRN # 2099048247

You said that the district is doing the entire project that they originally applied for, correct? If so it does not matter because everything will get installed where it is supposed to be and they will just get reimbursed on the amount that was approved.



Mary Scouten
Senior Account Specialist
P: 315-422-7608 | F: 866-283-9332
Empowering Education One School at a Time

RE: Compton USD - E-Rate Year 2020-2021 Network Switches FRN # 2099048247



Andrew Vermette | TECHNET <avermette@technetpartners.com>

To Mary Scouten - e2e Exchange, LLC

Cc Brian Schumann | TECHNET

Mary,

They're only moving forward with the switches that were funded.

Andrew Vermette

Executive Director | **TechNet** | O: 760.683.8393 | M: 951.235.5188 | technetpartners.com

"Accuracy is Integrity"

Attachment B

SL2022LR029

Available For Public Use

*Limited Scope Performance Audit
of
Northwest Arctic Borough School District's*

*Compliance with the Federal Universal Service Fund
E-Rate Support Mechanism Rules*

for Funding Year 2020

Conducted for:

Universal Service Administrative Company

USAC Audit No. SL2022LR029

 **REGIS**
ASSOCIATES, PC
MANAGEMENT CONSULTANTS &
CERTIFIED PUBLIC ACCOUNTANTS
1420 K Street, NW
Suite 910
Washington, DC 20005

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MANAGEMENT CONSULTANTS &
CERTIFIED PUBLIC ACCOUNTANTS

Executive Summary

January 5, 2024

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

Dear Ms. Delmar:

The Universal Service Administrative Company (USAC or Administrator) Audit and Assurance Division (AAD) engaged Regis & Associates, PC to audit the compliance of Northwest Arctic Borough School District (Beneficiary), Billed Entity Number (BEN) 145645, for the twelve-month period ended June 30, 2021, (Funding Year 2020), using regulations and orders governing the federal Universal Service E-Rate 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's Rules is the responsibility of the Beneficiary's management. Our responsibility is to make a determination regarding the Beneficiary's compliance with the FCC's Rules, based on our limited scope performance audit, pursuant to 47 C.F.R. Section 54.516(c).

We conducted this performance 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 we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. The audit included examining, on a test basis, evidence supporting the competitive bidding process undertaken to select service providers, data used to calculate the discount percentage and the type and amount of services received, physical inventory of equipment purchased and maintained, as well as performing other procedures we considered necessary to make a determination regarding the Beneficiary's compliance with the FCC Rules. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Based on the test work performed, our examination 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's 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,

Regis & Associates, PC

Regis & Associates, PC

Washington, DC

January 5, 2024

Background, Objective, Scope, and Procedures

Background

E-Rate Program – Overview

USAC is an independent not-for-profit corporation that operates under the directives of the FCC, in accordance with the provisions of 47 C.F.R. Part 54. Pursuant to governing regulations, USAC serves as the neutral administrator of the Universal Service Fund (USF). This neutral posture requires that USAC not make policies, interpret regulations, or advocate regarding any matter of Universal Service Fund policy. USAC executes its mission through the following four support mechanisms:

- High Cost;
- Lifeline;
- Rural Health Care;
- and E-Rate.

The purpose of these four support mechanisms is to ensure that all people, regardless of location or income level, have affordable access to telecommunications and information services throughout our nation.

The E-Rate program is one of four support mechanisms funded through a Universal Service contributions fee imposed on telecommunications companies that provide interstate and/or international telecommunications services. This Program is designed to support high-speed broadband connectivity by schools and libraries. Participating schools and libraries are responsible for providing additional resources such as end-user equipment (computers, telephone handsets, and modems), software, professional development, and other resources that are necessary to fully enable and utilize such connectivity.

The E-Rate program provides discounts to assist eligible schools and libraries in obtaining affordable telecommunications equipment and/or services, and Internet access, through two categories of service. Category One services consist of data transmission services, and Internet access. Category Two services consist of internal connections, basic maintenance of internal connections (BMIC), and managed internal broadband services (MIBS). Under existing regulations, schools and libraries may receive regulatory discounts for Category One and Category Two eligible services, depending on the type of service, level of poverty, and the urban/rural status of the population served. Eligible schools, school districts, and libraries may apply for discounts individually, or as part of a consortium.

In the Telecommunications Act of 1934 (as amended in 1996), Congress directed the FCC to implement the Universal Service Fund. Service provider companies enable communications through phone, cable, Internet, or other similar channels. In the late 1990's, Congress and the FCC established programs that work with service providers to achieve universal service. Universal service is the principal that everyone in the United States deserves access to affordable communications services. Service providers support this in two critical ways, by providing interstate telecommunications and by contributing part of their revenues to the Universal Service Fund. In addition to collecting fees and contributing funding, all service providers are eligible to participate in the Universal Service Fund programs.

Northwest Arctic Borough School District – Overview

The Beneficiary is a School District located in Northwest Arctic Borough of Alaska that covers 38,000 square miles. Much of the region lies north of the Arctic Circle. The Beneficiary operates schools in eleven villages that serve approximately 1,850 students.

Objective

The objective of this performance audit was to determine whether the Beneficiary complied with the applicable requirements of the FCC’s Rules, as well as the FCC’s Orders that govern the E-Rate Program; for Funding Year 2020.

Scope

The scope of this performance audit includes examining on a test basis, evidence supporting the Beneficiary’s compliance with the FCC Rules. The FCC Rules govern commitment amounts and disbursements received during Funding Year 2020. The testing and analysis conducted are detailed in the Procedures section of this report. The following chart summarizes the E-Rate program support amounts committed and disbursed to the Beneficiary for Funding Year 2020 (audit period):

Service Type	Amount Committed	Amount Disbursed
Internal Connections	\$113,060	\$113,060
Internet Access	\$6,860,873	\$6,805,664
Total	\$6,973,933	\$6,918,724

Note: The amounts committed and disbursed reflect funding year activity, as of May 16, 2022.

The committed total represents 2 FCC Form 471 applications with 25 Funding Request Numbers (FRNs). We selected 8 FRNs of the funded 25 FRNs¹, which represent \$2,254,936 of the funds committed and \$2,200,462 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.

¹ The FRNs included in the scope of this audit were: 2099066952, 2099066919, 2099066875, 2099066938, 2099066946, 2099066928, 2099051016 and 2099051021.

Procedures

We performed procedures related to the E-Rate program, relative to amounts committed to, and received by the Beneficiary, for Funding Year 2020, as of May 16, 2022. These procedures are enumerated below:

Application Process

We obtained an understanding of the Beneficiary's processes relating to the E-Rate program. Specifically, we 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. We also conducted inquiries to obtain an understanding of the process the Beneficiary used to calculate its discount percentage and validated its accuracy.

A. Competitive Bid Process

We obtained and examined documentation to determine whether the Beneficiary properly selected a service provider that provided eligible services and the price of the eligible services was the primary factor considered. We also obtained and examined evidence that the Beneficiary waited the required 28 days from the date the FCC Form 470 was posted on USAC's website before signing contracts with the selected service providers. We examined the service provider contracts to determine whether they were properly executed.

B. Invoicing Process

We obtained and examined invoices for which payment was disbursed by USAC to determine whether the equipment and services identified on the FCC Form 474 Service Provider Invoices (SPIs), and corresponding service provider bills were consistent with the terms and specifications of the service provider agreements. We also examined documentation to determine whether the Beneficiary paid its non-discounted share in a timely manner.

C. Beneficiary Location

We conducted inquiries to determine whether the equipment and services were located in eligible facilities and utilized in accordance with the FCC Rules. We evaluated whether the Beneficiary had the necessary resources to support the equipment and services for which funding was requested. We also evaluated the equipment and services purchased by the Beneficiary for cost effectiveness, to determine whether funding was used in an effective manner.

D. Reimbursement Process

We obtained and examined invoices submitted for reimbursement for the equipment and services delivered to the Beneficiary, and performed procedures to determine whether USAC was invoiced properly. Specifically, we reviewed invoices associated with the SPI forms for equipment and services provided to the Beneficiary. We verified that the equipment and services identified on the SPI forms and corresponding service provider bills were consistent with the terms and specifications of the service provider agreements and eligible in accordance with the E-Rate Eligible Services List.

Attachment C

SL2023LR027

Available For Public Use

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
PERFORMANCE AUDIT

NORTH DAKOTA SCHOOL NET
COMPLIANCE WITH THE FEDERAL UNIVERSAL SERVICE FUND
E-RATE SUPPORT MECHANISM RULES

USAC AUDIT No. SL2023LR027



Sikich CPA LLC
(formerly known as Cotton & Company Assurance and Advisory, LLC)
333 John Carlyle Street, Suite 500
Alexandria, Virginia 22314
703.836.6701, phone
www.sikich.com

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**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
NORTH DAKOTA SCHOOL NET
COMPLIANCE WITH THE FEDERAL UNIVERSAL SERVICE FUND
E-RATE SUPPORT MECHANISM RULES**

Executive Summary

November 8, 2023

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

Dear Ms. Delmar:

Sikich CPA LLC (formerly known as Cotton & Company Assurance and Advisory, LLC and (referred to as “we”), audited the compliance of North Dakota School Net (Beneficiary), Billed Entity Number (BEN) 154332, using regulations and orders governing the federal Universal Service E-Rate program, set forth in 47 C.F.R. Part 54, as well as other program requirements (collectively, Federal Communications Commission [FCC] Rules). Compliance with FCC Rules is the responsibility of the Beneficiary. Our responsibility is to make a determination regarding the Beneficiary’s compliance with FCC Rules based on our audit.

We conducted this performance audit in accordance with our contract with the Universal Service Administrative Company (USAC) and Generally Accepted Government Auditing Standards, issued by the Comptroller General of the United States (2018 Revision). Those standards require that we 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: 1) evidence supporting the competitive bidding process undertaken to select the Beneficiary’s Service Providers, and 2) data used to calculate the discount percentage and the type and amount of services received. It also included performing other procedures we considered necessary to make a determination, regarding the Beneficiary’s compliance with relevant FCC Rules. The evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives.

Based on the test work performed, our examination disclosed one detailed audit finding, discussed in the Audit Results and Recovery Action section below. For the purpose of this report, a “finding” is a condition that shows evidence of non-compliance with relevant 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 accepted responsibility for ensuring that those procedures are sufficient for their purposes. This report is not confidential and may be released to a third party upon request.

Audit Results and Recovery Action

Based on the test work performed, our examination disclosed that the Beneficiary and one of its Service Providers did not comply with FCC Rules, as set forth in the detailed audit finding discussed below.

Audit Results	Monetary Effect	Overlapping Recovery	Recommended Recovery
Finding No. 1, FCC Form 473, Service Provider Annual Certification (SPAC) Form at Block 2; FCC Form 474, Service Provider Invoice (SPI) Form at Block 3 – Service Provider Invoiced the E-Rate Program for Services Delivered to Locations Not Requested in the FCC Form 471. The Service Provider invoiced USAC for services delivered to locations that the Beneficiary did not include in its FCC Form 471 application.	<u>\$25,055</u>	<u>\$0</u>	<u>\$25,055</u>
Total Net Monetary Effect	<u>\$25,055</u>	<u>\$0</u>	<u>\$25,055</u>

USAC Management Response

USAC management concurs with the Audit Results stated above. See the chart below for the recovery amount. USAC will request that the Beneficiary and the Service Provider provide copies of policies and procedures implemented to address the issues identified. USAC also refers the Beneficiary and Service Provider to our website for additional resources. Various links are listed below:

- <https://www.usac.org/e-rate/applicant-process/before-you-begin/school-and-library-eligibility/>

USAC records show the Beneficiary, and the Service Provider are currently subscribed to the E-Rate News Brief. USAC encourages the Beneficiary and the Service Provider to review the News Brief as it contains valuable information about the E-Rate program.

FRN	Recovery Amount
2199034143	\$25,055

Purpose, Background, Scope, and Procedures

The purpose of the audit was to determine whether the Beneficiary complied with FCC Rules for Funding Year (FY) 2021. The Beneficiary is a state-wide consortium system located in Bismarck, North Dakota, that serves more than 116,000 students.

The following chart summarizes the E-Rate support amounts committed and disbursed to the Beneficiary for FY 2021 as of March 14, 2023, the date that our audit commenced.

Service Type	Amount Committed	Amount Disbursed
Data Transmission and/or Internet Access	\$2,081,736	\$1,637,854
Total	<u>\$2,081,736</u>	<u>\$1,637,854</u>

The “amount committed” total represents six FCC Form 471, *Description of Services Ordered and Certification Form*, applications submitted by the Beneficiary for FY 2021 that resulted in five Funding Request Numbers (FRNs). We selected a sample of two FRNs, which represent \$2,047,812 of the funds committed and \$1,608,525 of the funds disbursed during the audit period. Using this sample, we performed the audit procedures enumerated below.

A. Application Process

We obtained an understanding of the Beneficiary’s processes relating to the E-Rate program. Specifically, to determine if the Beneficiary used the funding in accordance with FCC Rules, we examined documentation to verify whether the Beneficiary used the funding effectively and whether it had adequate controls in place. We performed inquiries and direct observation/inspection of documentation to determine whether the Beneficiary was eligible to receive funds and had the necessary resources to support the equipment and services for which it requested funding. We also conducted inquiries to obtain an understanding of the process the Beneficiary used to calculate its discount percentage and validated the accuracy of the discount percentage.

We obtained and examined documentation to determine whether the Beneficiary and its consortium members complied with the requirements of the Children’s Internet Protection Act (CIPA). Specifically, we obtained and evaluated members’ Internet Safety Policies and obtained an understanding of the process by which the members communicated and administered the policies.

B. Competitive Bid Process

We obtained and examined documentation to determine whether the Beneficiary: 1) properly evaluated all bids received, and 2) considered the price of the eligible services as the primary factor in selecting Service Providers. We also obtained and examined evidence that the Beneficiary waited the required 28 days from the date the FCC Form 470, *Description of Services Requested and Certification Form* was posted on USAC’s

website before signing contracts or executing month-to-month agreements with the selected Service Providers.

C. Invoicing Process

We obtained and examined invoices for which USAC disbursed payment to determine whether the equipment and services identified on the FCC Forms 474, *Service Provider Invoice* (SPI) Forms, and corresponding Service Provider bills were consistent with the terms and specifications of the Service Provider agreements. We also examined documentation to determine whether the Beneficiary paid its non-discounted share in a timely manner.

D. Reimbursement Process

We obtained and examined invoices that Service Providers submitted to USAC for reimbursement and performed procedures to determine whether the Service Providers had properly invoiced USAC. Specifically, we reviewed invoices associated with the SPI Forms for services provided to the Beneficiary. We verified that the services identified on the SPI Forms and corresponding Service Provider bills were consistent with the terms and specifications of the Service Provider agreements and were eligible in accordance with the E-Rate program Eligible Services List.

Detailed Audit Finding

Finding No. 1, FCC Form 473, Service Provider Annual Certification (SPAC) Form at Block 2; FCC Form 474, Service Provider Invoice (SPI) Form at Block 3 – Service Provider Invoiced the E-Rate Program for Services Delivered to Locations Not Requested in the FCC Form 471

Condition

One of the Beneficiary's Service Providers invoiced USAC for services delivered to locations that the Beneficiary did not include in its FCC Form 471 application for FRN 2199034143. Specifically, the bills that the Service Provider used to support its SPI Forms contained charges for Internet access services provided to Four Winds High School (Billed Entity Number 66784), The Horse Creek School (Billed Entity Number 67115), Souris Valley Special Services Unit (Billed Entity Number 134631), and Williston Community Library (Billed Entity Number 134680), none of which were included in the Beneficiary's FCC Form 471 application. The Service Provider should have removed charges related to these consortium members from its SPI Forms before submitting the SPI Forms to USAC. Because it did not, the Service Provider invoiced USAC for \$39,148 in Internet access services for consortium member locations that were ineligible for E-Rate support because they were not included in the Beneficiary's FCC Form 471 application.

Cause

The Service Provider did not ensure that its invoices only included charges for consortium members that the Beneficiary included in its FCC Form 471 applications.

Effect

The monetary effect of this finding is \$25,055 (\$39,148 multiplied by the Beneficiary's 64 percent discount rate).

Support Type	Monetary Effect	Recommended Recovery
Internet Access FRN 2199034143	<u>\$25,055</u>	<u>\$25,055</u>
Total	<u>\$25,055</u>	<u>\$25,055</u>

Recommendations

We recommend that:

1. USAC management seek recovery of the amount identified in the Effect section above.
2. The Service Provider implement controls and procedures to ensure that its invoices only include charges for consortium members that the Beneficiary includes in its FCC Form 471 applications.

Service Provider's Response

The Service Provider declined to provide a written response to this finding. However, the Service Provider verbally stated that it was the responsibility of the Beneficiary to identify ineligible locations and that the Beneficiary did not provide the Service Provider with the correct entity information for FY 2021.

Auditor Response

Although the Service Provider stated that it was the Beneficiary's responsibility to identify ineligible locations, per FCC Form 473 (SPAC Form), it is the Service Provider's responsibility to ensure that it only invoices the E-Rate program for services to eligible locations. Therefore, our position regarding the finding does not change.

Criteria

Finding	Criteria	Description
1	FCC Form 473, Service Provider Annual Certification (SPAC) Form at Block 2	<i>9. I certify that the Service Provider Invoice Forms (FCC Form 474) that are submitted by this Service Provider contain requests for universal service support for services which have been billed to the Service Provider's customers on behalf of schools, libraries, and consortia of those entities, as deemed eligible for universal service support by the fund administrator.</i>

Finding	Criteria	Description
		<p>10. I certify that the Service Provider Invoice Forms (FCC Form 474) that are submitted by this Service Provider are based on bills or invoices issued by the Service Provider to the Service Provider's customers on behalf of schools, libraries, and consortia of those entities as deemed eligible for universal service support by the fund administrator, and exclude any charges previously invoiced to the fund administrator for which the fund administrator has not issued a reimbursement decision.</p> <p>11. I certify that the bills or invoices issued by this Service Provider to the Billed Entity are for equipment and services eligible for universal service support by the Administrator, and exclude any charges previously invoiced to the Administrator by the Service Provider.</p>
1	FCC Form 474, Service Provider Invoice (SPI) Form at Block 3	<p>I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to submit this Service Provider Invoice Form (FCC Form 474) and acknowledge to the best of my knowledge, information and belief, as follows:</p> <p>A. I certify that this Service Provider is in compliance with the rules and orders governing the schools and libraries universal service support program and I acknowledge that failure to be in compliance and remain in compliance with those rules and orders may result in the denial of discount funding and/or cancellation of funding commitments.</p>

Sikich CPA LLC

(formerly known as Cotton & Company Assurance and Advisory, LLC)

Summary of the Schools and Libraries Support Mechanism Beneficiary Audit Reports Released: February 2024

Entity Name	Number of Findings	Significant Findings	Amount of Support	Monetary Effect	USAC Management Recovery Action	Commitment Adjustment	Entity Disagreement
Blount County Schools Attachment D	0	<ul style="list-style-type: none"> Not applicable. 	\$431,165	\$0	\$0	\$0	N/A
Miami-Dade County Public Schools Attachment E	0	<ul style="list-style-type: none"> Not applicable. 	\$3,951,493	\$0	\$0	\$0	N/A
Rockford School District 205 Attachment F	0	<ul style="list-style-type: none"> Not applicable. 	\$1,992,992	\$0	\$0	\$0	N/A
Garden Grove Unified School District Attachment G	0	<ul style="list-style-type: none"> Not applicable. 	\$2,898,235	\$0	\$0	\$0	N/A
Total	0		\$9,273,885	\$0	\$0	\$0	

Attachment D

SL2023LR001

Available For Public Use

Blount County Schools

Limited Review Performance Audit on Compliance with the Federal
Universal Service Fund E-Rate Support Mechanism Rules

USAC Audit No. SL2023LR001

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EXECUTIVE SUMMARY

September 12, 2023

David Murrell, Director of Schools
Blount County Schools
831 Grandview Drive
Maryville, TN 37803

Dear Mr. Murrell:

The Universal Service Administrative Company (USAC or Administrator) Audit and Assurance Division (AAD) audited the compliance of Blount County Schools (Beneficiary), Billed Entity Number (BEN #128367), using regulations and orders governing the federal Universal Service E-Rate 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. AAD's responsibility is to make a determination regarding the Beneficiary's compliance with the FCC Rules based on our 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, data used to calculate the discount percentage and 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 examination 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 Blount County Schools, 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
Craig Davis, USAC Vice President, E-Rate 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 Blount County Schools complied with the FCC Rules.

SCOPE

The following chart summarizes the E-Rate program support amounts committed and disbursed to the Blount County Schools for Funding Year 2021 (audit period):

Service Type	Amount Committed	Amount Disbursed
Data Transmission and/or Internet Access	\$1,049,280.00	\$431,164.68
Total	\$1,049,280.00	\$431,164.68

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

The committed total represents one FCC Form 471 applications with one Funding Request Number (FRN). AAD selected the FRN 2199041617 to perform the procedures enumerated below with respect to the Funding Year 2021 applications submitted by Blount County Schools.

BACKGROUND

The Beneficiary is a school district located in Blount County, Tennessee that serves over 10,500 students.

PROCEDURES

AAD performed the following procedures:

A. Application Process

AAD obtained an understanding of the Beneficiary's processes relating to the E-Rate program. Specifically, AAD examined documentation to determine if it supported the effective use of funding and demonstrated that adequate controls existed to determine whether funds were used in accordance with the FCC Rules. AAD conducted inquiries and inspections of documents to determine whether the Beneficiary was eligible to receive funds and had the necessary resources to support the equipment and services for which funding was requested.

AAD also conducted inquiries to obtain an understanding of the process the Beneficiary used to calculate its discount percentage and validated its accuracy.

B. Competitive Bidding Process

AAD obtained and examined documentation to determine whether the Beneficiary properly selected a Service Provider that provided eligible services and the price of the eligible services and goods was the primary factor considered. AAD also obtained and examined evidence to determine if the Beneficiary waited the required 28 days from the date the FCC Form 470 was posted on USAC's website before signing contracts with the selected Service Provider. AAD examined the service provider contracts to determine whether they were properly executed.

C. Invoicing Process

AAD obtained and examined invoices for which payment was disbursed by USAC to determine whether the equipment and services identified on the FCC Form 474 Service Provider Invoices (SPIs) and corresponding service provider bills were consistent with the terms and specifications of the service provider agreements. AAD also examined documentation to determine whether the Beneficiary paid its non-discounted share in a timely manner.

D. Beneficiary Location

AAD conducted inquiries to determine whether the services were located in eligible facilities and utilized in accordance with the FCC Rules. AAD evaluated whether the Beneficiary had the necessary resources to support the services for which funding was requested. AAD also evaluated the services purchased by the Beneficiary for cost effectiveness to determine whether funding was and/or will be used in an effective manner.

E. Reimbursement Process

AAD obtained and examined the invoices submitted for reimbursement for the services delivered to the selected Beneficiaries and performed procedures to determine whether USAC was invoiced properly. Specifically, AAD reviewed the Service Provider bills associated with the SPI forms for services provided to the Beneficiary. AAD determined whether the Service Provider billed the Beneficiary for only the non-discount portion of the cost, or if the Service Provider issued credits on the service provider bills to the Beneficiary.

**This concludes the report. **

Attachment E

SL2022LR015

Available For Public Use

*Limited Scope Performance Audit
of
Miami-Dade County Public Schools'*

*Compliance with the Federal Universal Service Fund
E-Rate Support Mechanism Rules*

for Funding Year 2020

Conducted for:

Universal Service Administrative Company

USAC Audit No. SL2022LR015


MANAGEMENT CONSULTANTS &
CERTIFIED PUBLIC ACCOUNTANTS
1420 K Street, NW
Suite 910
Washington, DC 20005

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Executive Summary

January 26, 2024

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

Dear Ms. Delmar:

The Universal Service Administrative Company (USAC or Administrator) Audit and Assurance Division (AAD) engaged Regis & Associates, PC to audit the compliance of Miami-Dade County Public Schools (Beneficiary or Miami-Dade), Billed Entity Number (BEN) 127722, for the twelve-month period ended June 30, 2021, (Funding Year 2020), using regulations and orders governing the federal Universal Service E-Rate 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 FCC's Rules is the responsibility of the Beneficiary's management. Our responsibility is to make a determination regarding the Beneficiary's compliance with the FCC's Rules, based on our limited scope performance audit, pursuant to 47 C.F.R. Section 54.516(c).

We conducted this performance 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 we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. The audit included examining, on a test basis, evidence supporting the competitive bidding process undertaken to select service providers, data used to calculate the discount percentage and the type and amount of services received, physical inventory of equipment purchased and maintained, as well as performing other procedures we considered necessary to make a determination regarding the Beneficiary's compliance with the FCC Rules. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Based on the test work performed, our examination 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's 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,

Regis & Associates, PC

Regis & Associates, PC

Washington, DC

January 26, 2024

Background, Objective, Scope, and Procedures

Background

E-Rate Program – Overview

USAC is an independent not-for-profit corporation that operates under the directives of the FCC, in accordance with the provisions of 47 C.F.R. Part 54. Pursuant to governing regulations, USAC serves as the neutral administrator of the Universal Service Fund (USF). This neutral posture requires that USAC not make policies, interpret regulations, or advocate regarding any matter of Universal Service Fund policy. USAC executes its mission through the following four support mechanisms:

- High Cost;
- Lifeline;
- Rural Health Care;
- and E-Rate.

The purpose of these four support mechanisms is to ensure that all people, regardless of location or income level, have affordable access to telecommunications and information services throughout our nation.

The E-Rate program is one of four support mechanisms funded through a Universal Service contributions fee imposed on telecommunications companies that provide interstate and/or international telecommunications services. This Program is designed to support high-speed broadband connectivity by schools and libraries. Participating schools and libraries are responsible for providing additional resources such as end-user equipment (computers, telephone handsets, and modems), software, professional development, and other resources that are necessary to fully enable and utilize such connectivity.

The E-Rate program provides discounts to assist eligible schools and libraries in obtaining affordable telecommunications equipment and/or services, and Internet access, through two categories of service. Category One services consist of data transmission services, and Internet access. Category Two services consist of internal connections, basic maintenance of internal connections (BMIC), and managed internal broadband services (MIBS). Under existing regulations, schools and libraries may receive regulatory discounts for Category One and Category Two eligible services, depending on the type of service, level of poverty, and the urban/rural status of the population served. Eligible schools, school districts, and libraries may apply for discounts individually, or as part of a consortium.

In the Telecommunications Act of 1934 (as amended in 1996), Congress directed the FCC to implement the Universal Service Fund. Service provider companies enable communications through phone, cable, Internet, or other similar channels. In the late 1990's, Congress and the FCC established programs that work with service providers to achieve universal service. Universal service is the principal that everyone in the United States deserves access to affordable communications services. Service providers support this in two critical ways, by providing interstate telecommunications and by contributing part of their revenues to the Universal Service Fund. In addition to collecting fees and contributing funding, all service providers are eligible to participate in the Universal Service Fund programs.

Miami-Dade County Public Schools – Overview

The Beneficiary is a public school district located in Miami-Dade County, Florida. The Beneficiary is the fourth largest school district in the United States, comprised of 540 schools, 331,500 students, and over 34,400 employees. Miami-Dade is located at the southern end of the Florida peninsula, and spans over 2,000 square miles of diverse communities ranging from rural and suburban, to urban cities and municipalities.

Objective

The objective of this performance audit was to determine whether the Beneficiary complied with the applicable requirements of the FCC’s Rules, as well as the FCC’s Orders that govern the E-Rate Program; for Funding Year 2020.

Scope

The scope of this performance audit includes examining on a test basis, evidence supporting the Beneficiary’s compliance with the FCC Rules. The FCC Rules govern commitment amounts and disbursements received during Funding Year 2020. The testing and analysis conducted are detailed in the Procedures section of this report. The following chart summarizes the E-Rate program support amounts committed and disbursed to the Beneficiary for Funding Year 2020 (audit period):

Service Type	Amount Committed	Amount Disbursed
Internal Connections	\$2,928,987	\$2,919,445
Internet Access	\$1,164,912	\$1,032,048
Total	\$4,093,899	\$3,951,493

Note: The amounts committed and disbursed reflect funding year activity, as of May 16, 2022.

The committed total represents 155 FCC Form 471 applications with 155 Funding Request Numbers (FRNs). We selected 14 FRNs of the funded 155 FRNs¹, which represent \$1,663,546 of the funds committed and \$1,521,159 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.

Procedures

We performed procedures related to the E-Rate program, relative to amounts committed to, and received by the Beneficiary, for Funding Year 2020, as of May 16, 2022. These procedures are enumerated below:

¹ The FRNs included in the scope of this audit were: 2099013230, 2099023111, 2099023181, 2099023213, 2099023382, 2099024991, 2099025085, 2099025273, 2099025831, 2099025919, 2099025998, 2099026133, 2099026139, and 2099027537.

A. Application Process

We obtained an understanding of the Beneficiary's processes relating to the E-Rate program. Specifically, we 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. We also conducted inquiries to obtain an understanding of the process the Beneficiary used to calculate its discount percentage and validated its accuracy.

B. Competitive Bid Process

We obtained and examined documentation to determine whether the Beneficiary properly selected a service provider that provided eligible services and the price of the eligible services was the primary factor considered. We also obtained and examined evidence that the Beneficiary waited the required 28 days from the date the FCC Form 470 was posted on USAC's website before signing contracts with the selected service providers. We examined the service provider contracts to determine whether they were properly executed.

C. Invoicing Process

We obtained and examined invoices for which payment was disbursed by USAC to determine whether the equipment and services identified on the FCC Form 472 Billed Entity Applicant Reimbursements (BEARs), FCC Form 474 Service Provider Invoices (SPIs), and corresponding service provider bills were consistent with the terms and specifications of the service provider agreements. We also examined documentation to determine whether the Beneficiary paid its non-discounted share in a timely manner.

D. Beneficiary Location

We conducted inquiries to determine whether the equipment and services were located in eligible facilities and utilized in accordance with the FCC Rules. We evaluated whether the Beneficiary had the necessary resources to support the equipment and services for which funding was requested. We also evaluated the equipment and services purchased by the Beneficiary for cost effectiveness, to determine whether funding was used in an effective manner.

E. Reimbursement Process

We obtained and examined invoices submitted for reimbursement for the equipment and services delivered to the Beneficiary, and performed procedures to determine whether USAC was invoiced properly. Specifically, we reviewed invoices associated with the BEAR and SPI forms for equipment and services provided to the Beneficiary. We verified that the equipment and services identified on the BEAR and SPI forms and corresponding service provider bills were consistent with the terms and specifications of the service provider agreements and eligible in accordance with the E-Rate Eligible Services List

Attachment F

SL2022LR017

Available For Public Use

*Limited Scope Performance Audit
of
Rockford School District 205*

*Compliance with the Federal Universal Service Fund E-Rate
Support Mechanism Rules*

for Funding Year 2020

Conducted for:

Universal Service Administrative Company

USAC Audit No. SL2022LR017

 **REGIS**
ASSOCIATES, PC
MANAGEMENT CONSULTANTS &
CERTIFIED PUBLIC ACCOUNTANTS
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Washington, DC 20005

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MANAGEMENT CONSULTANTS &
CERTIFIED PUBLIC ACCOUNTANTS

Executive Summary

January 26, 2024

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

Dear Ms. Delmar:

The Universal Service Administrative Company (USAC or Administrator) Audit and Assurance Division (AAD) engaged Regis & Associates, PC to audit the compliance of Rockford School District 205 (Beneficiary), Billed Entity Number (BEN) 135924, for the twelve-month period ended June 30, 2021, (Funding Year 2020), using regulations and orders governing the federal Universal Service E-Rate 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's Rules is the responsibility of the Beneficiary's management. Our responsibility is to make a determination regarding the Beneficiary's compliance with the FCC's Rules, based on our limited scope performance audit, pursuant to 47 C.F.R. Section 54.516(c).

We conducted this performance 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 we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. The audit included examining, on a test basis, evidence supporting the competitive bidding process undertaken to select service providers, data used to calculate the discount percentage and the type and amount of services received, physical inventory of equipment purchased and maintained, as well as performing other procedures we considered necessary to make a determination regarding the Beneficiary's compliance with the FCC Rules. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Based on the test work performed, our examination 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's 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,

Regis & Associates, PC

Regis & Associates, PC

Washington, DC

January 26, 2024

Background, Objective, Scope, and Procedures

Background

E-Rate Program – Overview

USAC is an independent not-for-profit corporation that operates under the directives of the FCC, in accordance with the provisions of 47 C.F.R. Part 54. Pursuant to governing regulations, USAC serves as the neutral administrator of the Universal Service Fund (USF). This neutral posture requires that USAC not make policies, interpret regulations, or advocate regarding any matter of Universal Service Fund policy. USAC executes its mission through the following four support mechanisms:

- High Cost;
- Lifeline;
- Rural Health Care;
- and E-Rate.

The purpose of these four support mechanisms is to ensure that all people, regardless of location or income level, have affordable access to telecommunications and information services throughout our nation.

The E-Rate program is one of four support mechanisms funded through a Universal Service contributions fee imposed on telecommunications companies that provide interstate and/or international telecommunications services. This Program is designed to support high-speed broadband connectivity by schools and libraries. Participating schools and libraries are responsible for providing additional resources such as end-user equipment (computers, telephone handsets, and modems), software, professional development, and other resources that are necessary to fully enable and utilize such connectivity.

The E-Rate program provides discounts to assist eligible schools and libraries in obtaining affordable telecommunications equipment and/or services, and Internet access, through two categories of service. Category One services consist of data transmission services, and Internet access. Category Two services consist of internal connections, basic maintenance of internal connections (BMIC), and managed internal broadband services (MIBS). Under existing regulations, schools and libraries may receive regulatory discounts for Category One and Category Two eligible services, depending on the type of service, level of poverty, and the urban/rural status of the population served. Eligible schools, school districts, and libraries may apply for discounts individually, or as part of a consortium.

In the Telecommunications Act of 1934 (as amended in 1996), Congress directed the FCC to implement the Universal Service Fund. Service provider companies enable communications through phone, cable, Internet, or other similar channels. In the late 1990's, Congress and the FCC established programs that work with service providers to achieve universal service. Universal service is the principal that everyone in the United States deserves access to affordable communications services. Service providers support this in two critical ways, by providing interstate telecommunications and by contributing part of their revenues to the Universal Service Fund. In addition to collecting fees and contributing funding, all service providers are eligible to participate in the Universal Service Fund programs.

Rockford School District 205 – Overview

The Beneficiary is one of the largest school districts in Illinois, educating approximately 27,700 students through early education and preschool programs all the way through high school and adult education. It is comprised of 41 schools with approximately 4,071 employees. This makes it the second largest employer in the region.

Objective

The objective of this performance audit was to determine whether the Beneficiary complied with the applicable requirements of the FCC's Rules, as well as the FCC's Orders that govern the E-Rate Program; for Funding Year 2020.

Scope

The scope of this performance audit includes examining on a test basis, evidence supporting the Beneficiary's compliance with the FCC Rules. The FCC Rules govern commitment amounts and disbursements received during Funding Year 2020. The testing and analysis conducted are detailed in the Procedures section of this report. The following chart summarizes the E-Rate program support amounts committed and disbursed to the Beneficiary for Funding Year 2020 (audit period):

Service Type	Amount Committed	Amount Disbursed
Basic Maintenance of Internal Connections	\$8,619	\$0
Data Transmission and/or Internet Access	\$651,099	\$638,352
Internal Connections	\$1,698,427	\$1,354,640
Total	\$2,358,145	\$1,992,992

Note: The amounts committed and disbursed reflect funding year activity, as of May 16, 2022.

The committed total represents 6 FCC Form 471 applications with 83 Funding Request Numbers (FRNs). We selected 13 FRNs of the funded 83 FRNs¹, which represent \$1,259,988 of the funds committed and \$1,113,555 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.

¹ The FRNs included in the scope of this audit were: 2099044302, 2099044335, 2099044260, 2099044544, 2099044595, 2099043905, 2099044510, 2099044267, 2099044285, 2099044408, 2099011205, 2099009073, and 2099009086

Procedures

We performed procedures related to the E-Rate program, relative to amounts committed to, and received by the Beneficiary, for Funding Year 2020, as of May 16, 2022. These procedures are enumerated below:

A. Application Process

We obtained an understanding of the Beneficiary's processes relating to the E-Rate program. Specifically, we 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. We also conducted inquiries to obtain an understanding of the process the Beneficiary used to calculate its discount percentage and validated its accuracy.

B. Competitive Bid Process

We obtained and examined documentation to determine whether the Beneficiary properly selected a service provider that provided eligible services and the price of the eligible services was the primary factor considered. We also obtained and examined evidence that the Beneficiary waited the required 28 days from the date the FCC Form 470 was posted on USAC's website before signing contracts with the selected service providers. We examined the service provider contracts to determine whether they were properly executed.

C. Invoicing Process

We obtained and examined invoices for which payment was disbursed by USAC to determine whether the equipment and services identified on the FCC Form 472 Billed Entity Applicant Reimbursements (BEARs), FCC Form 474 Service Provider Invoices (SPIs), and corresponding service provider bills were consistent with the terms and specifications of the service provider agreements. We also examined documentation to determine whether the Beneficiary paid its non-discounted share in a timely manner.

D. Beneficiary Location

We conducted inquiries to determine whether the equipment and services were located in eligible facilities, and utilized in accordance with the FCC Rules. We evaluated whether the Beneficiary had the necessary resources to support the equipment and services for which funding was requested. We also evaluated the equipment and services purchased by the Beneficiary for cost effectiveness, to determine whether funding was used in an effective manner.

E. Reimbursement Process

We obtained and examined invoices submitted for reimbursement for the equipment and services delivered to the Beneficiary, and performed procedures to determine whether USAC was invoiced properly. Specifically, we reviewed invoices associated with the BEAR and SPI forms for equipment and services provided to the Beneficiary. We verified that the equipment and services identified on the BEAR and SPI forms and corresponding service provider bills were consistent with the terms and specifications of the service provider agreements and eligible in accordance with the E-Rate Eligible Services List.

Attachment G

SL2022LR018

Available For Public Use

*Limited Scope Performance Audit
of
Garden Grove Unified School District's*

*Compliance with the Federal Universal Service Fund
E-Rate Support Mechanism Rules*

for Funding Year 2020

Conducted for:

Universal Service Administrative Company

USAC Audit No. SL2022LR018

**REGIS**
ASSOCIATES, PC
MANAGEMENT CONSULTANTS &
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1420 K Street, NW
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Washington, DC 20005

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Executive Summary

January 24, 2024

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

Dear Ms. Delmar:

The Universal Service Administrative Company (USAC or Administrator) Audit and Assurance Division (AAD) engaged Regis & Associates, PC to audit the compliance of Garden Grove Unified School District (Beneficiary or Garden Grove), Billed Entity Number (BEN) 143794, for the twelve-month period ended June 30, 2021, (Funding Year 2020), using regulations and orders governing the federal Universal Service E-Rate 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's Rules is the responsibility of the Beneficiary's management. Our responsibility is to make a determination regarding the Beneficiary's compliance with the FCC's Rules, based on our limited scope performance audit, pursuant to 47 C.F.R. Section 54.516(c).

We conducted this performance 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 we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. The audit included examining, on a test basis, evidence supporting the competitive bidding process undertaken to select service providers, data used to calculate the discount percentage and the type and amount of services received, physical inventory of equipment purchased and maintained, as well as performing other procedures we considered necessary to make a determination regarding the Beneficiary's compliance with the FCC Rules. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Based on the test work performed, our examination 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's 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,

Regis & Associates, PC

Regis & Associates, PC

Washington, DC

January 24, 2024

1420 K Street, NW Suite 910, Washington, DC 20005; Tel: 202-296-7101; Fax: 202-296-7284; www.regiscpa.com

Background, Objective, Scope, and Procedures

Background

E-Rate Program – Overview

USAC is an independent not-for-profit corporation that operates under the directives of the FCC, in accordance with the provisions of 47 C.F.R. Part 54. Pursuant to governing regulations, USAC serves as the neutral administrator of the Universal Service Fund (USF). This neutral posture requires that USAC not make policies, interpret regulations, or advocate regarding any matter of Universal Service Fund policy. USAC executes its mission through the following four support mechanisms:

- High Cost;
- Lifeline;
- Rural Health Care;
- and E-Rate.

The purpose of these four support mechanisms is to ensure that all people, regardless of location or income level, have affordable access to telecommunications and information services throughout our nation.

The E-Rate program is one of four support mechanisms funded through a Universal Service contributions fee imposed on telecommunications companies that provide interstate and/or international telecommunications services. This Program is designed to support high-speed broadband connectivity by schools and libraries. Participating schools and libraries are responsible for providing additional resources such as end-user equipment (computers, telephone handsets, and modems), software, professional development, and other resources that are necessary to fully enable and utilize such connectivity.

The E-Rate program provides discounts to assist eligible schools and libraries in obtaining affordable telecommunications equipment and/or services, and Internet access, through two categories of service. Category One services consist of data transmission services, and Internet access. Category Two services consist of internal connections, basic maintenance of internal connections (BMIC), and managed internal broadband services (MIBS). Under existing regulations, schools and libraries may receive regulatory discounts for Category One and Category Two eligible services, depending on the type of service, level of poverty, and the urban/rural status of the population served. Eligible schools, school districts, and libraries may apply for discounts individually, or as part of a consortium.

In the Telecommunications Act of 1934 (as amended in 1996), Congress directed the FCC to implement the Universal Service Fund. Service provider companies enable communications through phone, cable, Internet, or other similar channels. In the late 1990's, Congress and the FCC established programs that work with service providers to achieve universal service. Universal service is the principal that everyone in the United States deserves access to affordable communications services. Service providers support this in two critical ways, by providing interstate telecommunications and by contributing part of their revenues to the Universal Service Fund. In addition to collecting fees and contributing funding, all service providers are eligible to participate in the Universal Service Fund programs.

Garden Grove Unified School District’s – Overview

The Beneficiary is the third largest school district in Orange County, GGUSD serves more than 39,000 students in Garden Grove and portions of six surrounding communities. The district employs more than 5,000 staff members, and operates 67 schools, making it the largest enterprise in Garden Grove.

Objective

The objective of this performance audit was to determine whether the Beneficiary complied with the applicable requirements of the FCC’s Rules, as well as the FCC’s Orders that govern the E-Rate Program; for Funding Year 2020.

Scope

The scope of this performance audit includes examining on a test basis, evidence supporting the Beneficiary’s compliance with the FCC Rules. The FCC Rules govern commitment amounts and disbursements received during Funding Year 2020. The testing and analysis conducted are detailed in the Procedures section of this report. The following chart summarizes the E-Rate program support amounts committed and disbursed to the Beneficiary for Funding Year 2020 (audit period):

Service Type	Amount Committed	Amount Disbursed
Internal Connections	\$1,356,924	\$1,319,748
Internet Access	\$1,592,100	\$1,578,487
Total	\$2,949,024	\$2,898,235

Note: The amounts committed and disbursed reflect funding year activity, as of May 16, 2022.

The committed total represents 2 FCC Form 471 applications with 57 Funding Request Numbers (FRNs). We selected 10 FRNs of the funded 57 FRNs¹, which represent \$2,243,912 of the funds committed and \$2,193,671 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.

¹ The FRNs included in the scope of this audit were: 2099044592, 2099044576, 2099059206, 2099059213, 2099059216, 2099059221, 2099059227, 2099059229, 2099059233, and 2099059196.

Procedures

We performed procedures related to the E-Rate program, relative to amounts committed to, and received by the Beneficiary, for Funding Year 2020, as of May 16, 2022. These procedures are enumerated below:

A. Application Process

We obtained an understanding of the Beneficiary's processes relating to the E-Rate program. Specifically, we 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. We also conducted inquiries to obtain an understanding of the process the Beneficiary used to calculate its discount percentage and validated its accuracy.

B. Competitive Bid Process

We obtained and examined documentation to determine whether the Beneficiary properly selected a service provider that provided eligible services and the price of the eligible services was the primary factor considered. We also obtained and examined evidence that the Beneficiary waited the required 28 days from the date the FCC Form 470 was posted on USAC's website before signing contracts with the selected service providers. We examined the service provider contracts to determine whether they were properly executed.

C. Invoicing Process

We obtained and examined invoices for which payment was disbursed by USAC to determine whether the equipment and services identified on the FCC Form 474 Service Provider Invoices (SPIs), and corresponding service provider bills were consistent with the terms and specifications of the service provider agreements. We also examined documentation to determine whether the Beneficiary paid its non-discounted share in a timely manner.

D. Beneficiary Location

We conducted inquiries to determine whether the equipment and services were located in eligible facilities and utilized in accordance with the FCC Rules. We evaluated whether the Beneficiary had the necessary resources to support the equipment and services for which funding was requested. We also evaluated the equipment and services purchased by the Beneficiary for cost effectiveness, to determine whether funding was used in an effective manner.

E. Reimbursement Process

We obtained and examined invoices submitted for reimbursement for the equipment and services delivered to the Beneficiary and performed procedures to determine whether USAC was invoiced properly. Specifically, we reviewed invoices associated with the SPI forms for equipment and services provided to the Beneficiary. We verified that the equipment and services identified on the SPI forms and corresponding service provider bills were consistent with the terms and specifications of the service provider agreements and eligible in accordance with the E-Rate Eligible Services List.

Summary of the Schools and Libraries Support Mechanism Beneficiary Audit Reports Released: March 2024

Entity Name	Number of Findings	Significant Findings	Amount of Support	Monetary Effect	USAC Management Recovery Action	Commitment Adjustment	Entity Disagreement
Knox County School District Attachment H	0	<ul style="list-style-type: none"> Not applicable. 	\$2,352,187	\$0	\$0	\$0	N/A
Pittsburgh School District Attachment I	0	<ul style="list-style-type: none"> Not applicable. 	\$3,839,562	\$0	\$0	\$0	N/A
Worcester Public School District Attachment J	0	<ul style="list-style-type: none"> Not applicable. 	\$4,076,025	\$0	\$0	\$0	N/A
Total	0		\$10,267,774	\$0	\$0	\$0	

Attachment H

SL2022RO16

*Limited Scope Performance Audit
of
Knox County School District's*

*Compliance with the Federal Universal Service Fund
E-Rate Support Mechanism Rules*

for Funding Year 2020

Conducted for:

Universal Service Administrative Company

USAC Audit No. SL2022LR016

 **REGIS**
ASSOCIATES, PC
MANAGEMENT CONSULTANTS &
CERTIFIED PUBLIC ACCOUNTANTS
1420 K Street, NW
Suite 910
Washington, DC 20005

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MANAGEMENT CONSULTANTS &
CERTIFIED PUBLIC ACCOUNTANTS

Executive Summary

February 13, 2024

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

Dear Ms. Delmar:

The Universal Service Administrative Company (USAC or Administrator) Audit and Assurance Division (AAD) engaged Regis & Associates, PC to audit the compliance of Knox County School District (Beneficiary), Billed Entity Number (BEN) 128407, for the twelve-month period ended June 30, 2021, (Funding Year 2020), using regulations and orders governing the federal Universal Service E-Rate 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's Rules is the responsibility of the Beneficiary's management. Our responsibility is to make a determination regarding the Beneficiary's compliance with the FCC's Rules, based on our limited scope performance audit, pursuant to 47 C.F.R. Section 54.516(c).

We conducted this performance 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 we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. The audit included examining, on a test basis, evidence supporting the competitive bidding process undertaken to select service providers, data used to calculate the discount percentage and the type and amount of services received, physical inventory of equipment purchased and maintained, as well as performing other procedures we considered necessary to make a determination regarding the Beneficiary's compliance with the FCC Rules. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Based on the test work performed, our examination 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's 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.

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

Sincerely,

Regis & Associates, PC

Regis & Associates, PC

Washington, DC

February 13, 2024

Background, Objective, Scope, and Procedures

Background

E-Rate Program – Overview

USAC is an independent not-for-profit corporation that operates under the directives of the FCC, in accordance with the provisions of 47 C.F.R. Part 54. Pursuant to governing regulations, USAC serves as the neutral administrator of the Universal Service Fund (USF). This neutral posture requires that USAC not make policies, interpret regulations, or advocate regarding any matter of Universal Service Fund policy. USAC executes its mission through the following four support mechanisms:

- High Cost;
- Lifeline;
- Rural Health Care;
- and E-Rate.

The purpose of these four support mechanisms is to ensure that all people, regardless of location or income level, have affordable access to telecommunications and information services throughout our nation.

The E-Rate program is one of four support mechanisms funded through a Universal Service contributions fee imposed on telecommunications companies that provide interstate and/or international telecommunications services. This Program is designed to support high-speed broadband connectivity by schools and libraries. Participating schools and libraries are responsible for providing additional resources such as end-user equipment (computers, telephone handsets, and modems), software, professional development, and other resources that are necessary to fully enable and utilize such connectivity.

The E-Rate program provides discounts to assist eligible schools and libraries in obtaining affordable telecommunications equipment and/or services, and Internet access, through two categories of service. Category One services consist of data transmission services, and Internet access. Category Two services consist of internal connections, basic maintenance of internal connections (BMIC), and managed internal broadband services (MIBS). Under existing regulations, schools and libraries may receive regulatory discounts for Category One and Category Two eligible services, depending on the type of service, level of poverty, and the urban/rural status of the population served. Eligible schools, school districts, and libraries may apply for discounts individually, or as part of a consortium.

In the Telecommunications Act of 1934 (as amended in 1996), Congress directed the FCC to implement the Universal Service Fund. Service provider companies enable communications through phone, cable, Internet, or other similar channels. In the late 1990's, Congress and the FCC established programs that work with service providers to achieve universal service. Universal service is the principal that everyone in the United States deserves access to affordable communications services. Service providers support this in two critical ways, by providing interstate telecommunications and by contributing part of their revenues to the Universal Service Fund. In addition to collecting fees and contributing funding, all service providers are eligible to participate in the Universal Service Fund programs.

Knox County School District – Overview

The Beneficiary is a public school district located in Knox County, Tennessee. It is comprised of 91 schools, approximately 60,000 students, and over 8,000 employees. It provides elementary and middle level education that includes grounding in the arts as well as basic core subjects. It also offers a secondary curriculum that provides opportunities for students in college preparation, the arts, and a wide variety of vocational subject areas.

Objective

The objective of this performance audit was to determine whether the Beneficiary complied with the applicable requirements of the FCC’s Rules, as well as the FCC’s Orders that govern the E-Rate Program; for Funding Year 2020.

Scope

The scope of this performance audit includes examining on a test basis, evidence supporting the Beneficiary’s compliance with the FCC Rules. The FCC Rules govern commitment amounts and disbursements received during Funding Year 2020. The testing and analysis conducted are detailed in the Procedures section of this report. The following chart summarizes the E-Rate program support amounts committed and disbursed to the Beneficiary for Funding Year 2020 (audit period):

Service Type	Amount Committed	Amount Disbursed
Basic Maintenance of Internal Connections	\$1,843	\$0
Data Transmission and/or Internet Access	\$3,254,880	\$1,494,720
Internal Connections	\$857,467	\$857,467
Total	\$4,114,190	\$2,352,187

Note: The amounts committed and disbursed reflect funding year activity, as of May 16, 2022

The committed total represents 4 FCC Form 471 applications with 4 Funding Request Numbers (FRNs). We selected 2 FRNs of the funded 4 FRNs¹, which represent \$4,102,974 of the funds committed and \$2,342,814 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.

Procedures

We performed procedures related to the E-Rate program, relative to amounts committed to, and received by the Beneficiary, for Funding Year 2020, as of May 16, 2022. These procedures are enumerated below:

¹ The FRNs included in the scope of this audit were: 2099038661 and 2099043169

A. Application Process

We obtained an understanding of the Beneficiary's processes relating to the E-Rate program. Specifically, we 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. We also conducted inquiries to obtain an understanding of the process the Beneficiary used to calculate its discount percentage and validated its accuracy.

B. Competitive Bid Process

We obtained and examined documentation to determine whether the Beneficiary properly selected a service provider that provided eligible services and the price of the eligible services was the primary factor considered. We also obtained and examined evidence that the Beneficiary waited the required 28 days from the date the FCC Form 470 was posted on USAC's website before signing contracts with the selected service providers. We examined the service provider contracts to determine whether they were properly executed.

C. Invoicing Process

We obtained and examined invoices for which payment was disbursed by USAC to determine whether the equipment and services identified on the FCC Form 474 Service Provider Invoices (SPIs), and corresponding service provider bills were consistent with the terms and specifications of the service provider agreements. We also examined documentation to determine whether the Beneficiary paid its non-discounted share in a timely manner.

D. Beneficiary Location

We conducted inquiries to determine whether the equipment and services were located in eligible facilities and utilized in accordance with the FCC Rules. We evaluated whether the Beneficiary had the necessary resources to support the equipment and services for which funding was requested. We also evaluated the equipment and services purchased by the Beneficiary for cost effectiveness, to determine whether funding was used in an effective manner.

E. Reimbursement Process

We obtained and examined invoices submitted for reimbursement for the equipment and services delivered to the Beneficiary, and performed procedures to determine whether USAC was invoiced properly. Specifically, we reviewed invoices associated with the SPI forms for equipment and services provided to the Beneficiary. We verified that the equipment and services identified on the SPI forms and corresponding service provider bills were consistent with the terms and specifications of the service provider agreements and eligible in accordance with the E-Rate Eligible Services List.

**Attachment I
SL2023LR005**

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

PERFORMANCE AUDIT

PITTSBURGH SCHOOL DISTRICT

**COMPLIANCE WITH THE FEDERAL UNIVERSAL SERVICE FUND
E-RATE SUPPORT MECHANISM RULES**

USAC AUDIT No. SL2023LR005



Sikich CPA LLC
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**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
PITTSBURGH SCHOOL DISTRICT
COMPLIANCE WITH THE FEDERAL UNIVERSAL SERVICE FUND
E-RATE SUPPORT MECHANISM RULES**

Executive Summary

February 22, 2024

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

Dear Ms. Delmar:

Sikich CPA LLC¹ (referred to as “we”) audited the compliance of Pittsburgh School District (Beneficiary), Billed Entity Number (BEN) 125246, using regulations and orders governing the federal Universal Service E-Rate program, set forth in 47 C.F.R. Part 54, as well as other program requirements (collectively, Federal Communications Commission [FCC] Rules). Compliance with FCC Rules is the responsibility of the Beneficiary. Our responsibility is to make a determination regarding the Beneficiary’s compliance with FCC Rules based on our audit.

We conducted this performance audit in accordance with our contract with the Universal Service Administrative Company (USAC) and Generally Accepted Government Auditing Standards, issued by the Comptroller General of the United States (2018 Revision). Those standards require that we 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: 1) evidence supporting the competitive bidding process undertaken to select the Beneficiary’s service providers, 2) data used to calculate the discount percentage and the type and amount of equipment and services received, and 3) a virtual inventory of equipment purchased and maintained. It also included performing other procedures we considered necessary to make a determination regarding the Beneficiary’s compliance with FCC Rules. The evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives.

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

¹ Effective December 14, 2023, we amended our legal name from “Cotton & Company Assurance and Advisory, LLC” to “Sikich CPA LLC”.

and should not be used by those who have not agreed to the procedures and accepted responsibility for ensuring that those procedures are sufficient for their purposes. This report is not confidential and may be released to a third party upon request.

Audit Results

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

Purpose, Background, Scope, and Procedures

The purpose of the audit was to determine whether the Beneficiary complied with FCC Rules for Funding Year (FY) 2021. The Beneficiary is a school district located in Allegheny County, Pennsylvania, that serves more than 25,000 students.

The following chart summarizes the E-Rate program support amounts committed and disbursed to the Beneficiary for FY 2021 as of July 10, 2023, the date that our audit commenced.

Service Type	Amount Committed	Amount Disbursed
Internal Connections	\$3,236,188	\$3,236,188
Internet Access	\$604,100	\$603,374
Total	<u>\$3,840,288</u>	<u>\$3,839,562</u>

The “amount committed” total represents two FCC Form 471 *Description of Services Ordered and Certification* applications submitted by the Beneficiary for FY 2021 that resulted in three approved Funding Request Numbers (FRNs). We selected all three of the FRNs,² which represent \$3,840,288 of the funds committed and \$3,839,562 of the funds disbursed during the audit period. Using this sample, we performed the audit procedures enumerated below.

A. Application Process

We obtained an understanding of the Beneficiary’s processes relating to the E-Rate program. Specifically, to determine if the Beneficiary used the funding in accordance with FCC Rules, we examined documentation to verify whether the Beneficiary used the funding effectively and whether it had adequate controls in place. We performed inquiries and direct observation to determine whether the Beneficiary was eligible to receive funds and had the necessary resources to support the equipment and services for which it requested funding. We also conducted inquiries to obtain an understanding of the process the Beneficiary used to calculate its discount percentage and validated the accuracy of the discount percentage.

²We tested FRNs 2199054799, 2199007472, and 2199013433.

B. Competitive Bid Process

We obtained and examined documentation to determine whether the Beneficiary: 1) properly evaluated all bids received, and 2) primarily considered the price of the eligible services and equipment in selecting the Service Provider. We also obtained and examined evidence that the Beneficiary waited the required 28 days from the date the FCC Form 470, *Description of Services Requested and Certification Form* was posted on USAC’s website before signing contracts or executing month-to-month agreements with the selected Service Providers.

C. Invoicing Process

We obtained and examined invoices for which USAC disbursed payment to determine whether the equipment and services identified on the FCC Form 472s, *Billed Entity Applicant Reimbursement* (BEAR) Forms; FCC Form 474s, *Service Provider Invoice* (SPI) Forms; and corresponding Service Provider bills were consistent with the terms and specifications of the Service Provider agreements. We also examined documentation to determine whether the Beneficiary paid its non-discounted share in a timely manner.

D. Site Visit

We performed a virtual site visit to evaluate the location and use of equipment and services to determine whether they were properly delivered and installed, located in eligible facilities, and used in accordance with FCC Rules. We evaluated whether the Beneficiary had the necessary resources to support the equipment and services for which it had requested funding and evaluated the equipment and services purchased to determine whether the Beneficiary used the funding in an effective manner.

E. Reimbursement Process

We obtained and examined invoices for equipment and services that the Beneficiary and Service Provider submitted to USAC for reimbursement and performed procedures to determine whether the Beneficiary and Service Providers had properly invoiced USAC. Specifically, we reviewed invoices associated with the BEAR and SPI Forms for equipment and services provided to the Beneficiary. We verified that the services identified on the BEAR and SPI Forms and corresponding Service Provider bills were consistent with the terms and specifications of the Service Provider agreements and were eligible in accordance with the E-Rate program Eligible Services List.

Sikich CPA LLC

Attachment J

SL2023LR008

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

PERFORMANCE AUDIT

WORCESTER PUBLIC SCHOOL DISTRICT

**COMPLIANCE WITH THE FEDERAL UNIVERSAL SERVICE FUND
E-RATE SUPPORT MECHANISM RULES**

USAC AUDIT No. SL2023LR008



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**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
WORCESTER PUBLIC SCHOOL DISTRICT
COMPLIANCE WITH THE FEDERAL UNIVERSAL SERVICE FUND
E-RATE SUPPORT MECHANISM RULES**

Executive Summary

February 27, 2024

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

Dear Ms. Delmar:

Sikich CPA LLC¹ (referred to as “we”) audited the compliance of Worcester Public School District (Beneficiary), Billed Entity Number (BEN) 120307, using regulations and orders governing the federal Universal Service E-Rate program, set forth in 47 C.F.R. Part 54, as well as other program requirements (collectively, Federal Communications Commission [FCC] Rules). Compliance with FCC Rules is the responsibility of the Beneficiary. Our responsibility is to make a determination regarding the Beneficiary’s compliance with FCC Rules based on our audit.

We conducted this performance audit in accordance with our contract with the Universal Service Administrative Company (USAC) and Generally Accepted Government Auditing Standards, issued by the Comptroller General of the United States (2018 Revision). Those standards require that we 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: 1) evidence supporting the competitive bidding process undertaken to select the Beneficiary’s service providers, 2) data used to calculate the discount percentage and the type and amount of equipment and services received, and 3) physical inventory of equipment purchased and maintained. It also included performing other procedures we considered necessary to make a determination regarding the Beneficiary’s compliance with FCC Rules. The evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives.

¹ Effective December 14, 2023, we amended our legal name from “Cotton & Company Assurance and Advisory, LLC” to “Sikich CPA LLC”.

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 accepted responsibility for ensuring that those procedures are sufficient for their purposes. This report is not confidential and may be released to a third party upon request.

Audit Results and Recovery Action

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

Purpose, Background, Scope, and Procedures

The purpose of the audit was to determine whether the Beneficiary complied with FCC Rules for Funding Year (FY) 2021. The Beneficiary is a school district located in Worcester, Massachusetts, that serves more than 24,000 students.

The following chart summarizes the E-Rate support amounts committed and disbursed to the Beneficiary for FY 2021 as of November 3, 2023, the date that we completed our initial fieldwork testing.²

Service Type	Amount Committed	Amount Disbursed
Basic Maintenance of Internal Connections	\$132,702	\$44,234
Data Transmission and/or Internet Access	\$1,307,842	\$1,300,235
Internal Connections	\$2,731,556	\$2,731,556
Total	<u>\$4,172,100</u>	<u>\$4,076,025</u>

The “amount committed” total represents four FCC Form 471, *Description of Services Ordered and Certification*, applications submitted by the Beneficiary for FY 2021 that resulted in four Funding Request Numbers (FRNs). We selected three of the FRNs,³ which represent \$4,006,835 of the funds committed and \$3,910,760 of the funds disbursed during the audit period. Using this sample, we performed the audit procedures enumerated below.

A. Application Process

We obtained an understanding of the Beneficiary’s processes relating to the E-Rate program. Specifically, to determine if the Beneficiary used the funding in accordance with FCC Rules, we examined documentation to verify whether the Beneficiary used the funding effectively and whether it had adequate controls in place. We performed inquiries and direct observation/inspection of documentation to determine whether the

² We expanded the audit scope on November 3, 2023, to include \$266,656 disbursed for FRN 2199046547 after our audit announcement date (July 6, 2023).

³ We tested FRNs 2199046547, 2199057103 and 2199028249.

Beneficiary was eligible to receive funds and had the necessary resources to support the equipment and services for which it requested funding. We also conducted inquiries to obtain an understanding of the process the Beneficiary used to calculate its discount percentage and validated the accuracy of the discount percentage.

B. Competitive Bid Process

We obtained and examined documentation to determine whether the Beneficiary: 1) properly evaluated all bids received, and 2) primarily considered the price of the eligible services and equipment in selecting the Service Providers. We also obtained and examined evidence that the Beneficiary waited the required 28 days from the date the FCC Form 470, *Description of Services Requested and Certification*, was posted on USAC’s website before signing contracts or executing month-to-month agreements with the selected Service Providers.

C. Invoicing Process

We obtained and examined invoices for which USAC disbursed payment to determine whether the equipment and services identified on the FCC Form 474s, *Service Provider Invoice* (SPI) Forms; and corresponding Service Provider bills were consistent with the terms and specifications of the Service Provider agreements. We also examined documentation to determine whether the Beneficiary paid its non-discounted share.

D. Site Visit

We performed a site visit to evaluate the location and use of equipment and services to determine whether they were properly delivered and installed, located in eligible facilities, and used in accordance with FCC Rules. We evaluated whether the Beneficiary had the necessary resources to support the equipment and services for which it had requested funding and evaluated the equipment and services purchased to determine whether the Beneficiary used the funding in an effective manner.

E. Reimbursement Process

We obtained and examined invoices for equipment and services that the Service Providers submitted to USAC for reimbursement and performed procedures to determine whether the Service Providers had properly invoiced USAC. Specifically, we reviewed invoices associated with the SPI Forms for equipment and services provided to the Beneficiary. We verified that the equipment and services identified on the SPI Forms and corresponding Service Provider bills were consistent with the terms and specifications of the Service Provider agreements and were eligible in accordance with the E-Rate program Eligible Services List.

Sikich CPA LLC