



USAC's Role in the Evolving Environment

Robert Binder
USAC High Cost and Low Income Division



Topics to address:

- Programs to assure the future integrity of Universal Service
- USF Program Best Practices
- Strategies and options to improve utilization of Universal Service Resources

Environmental Changes

- Implementation of the Beneficiary/Contributor Compliance Audit Program (BCAP)
- Implementation of the Payment Quality Assurance (PQA) program
- Trends in prior audit findings
- Recommendations for USF process improvement
- Training Opportunities (training events, conference calls, webinars)
- E-Filing Assistance

Safeguarding the USF



Prior Audit Program

- Single program for evaluating compliance and assessing rates of improper payments
- One size fits all orientation
- Condensed timeframe
- Not all four (4) USF programs examined
- Ineffective at assessing rates of improper payments

NEW 2010 Audit Program

- Separated the objectives into two distinct tasks
- Less burdensome to beneficiary companies
- Work content and objectives are fundamentally different
- Coverage expanded to all four USF programs
- Reasonable cost in relation to program disbursements and specific beneficiary being audited
- Workload spread over full year

CAP Beneficiary/Contributor Compliance Audit Program

- Ensure compliance with FCC Rules
- Prevent, detect, and deter waste, fraud, and abuse
- Recover funds for rule violations
- Ensure equitable contributions to USF

BCAP Key Elements

- FOCUS: Audit FCC rules compliance
- Audit management to improve process efficiencies
- Audit Announcement Letter
- Role of USAC Audit Engagement Lead
- Audit Preparation Procedures
- Audit Tips
- **GOAL:** Communicate results

PQA Payment Quality Assurance Program

- FOCUS: Assess disbursements and validate Improper Payments Information Act (IPIA) requirements
- Covers each of the four programs
- Measures accuracy of USAC payments
- Evaluates eligibility of program applicants
- High level testing of information
- Tailors scope of procedures to ensure reasonable cost

PQA Process

- Use of current payment data for selection
- USAC contacts beneficiary requesting data and/or to confirm transactions
- Data supplied by the beneficiary
- USAC makes final assessment of payment and closes case
- Process design to minimize requirements placed on beneficiaries
- Makes extensive use of documents within USAC

NEW Audit Program

Benefits

- Advances mutual goal of USAC & beneficiary companies to maintain integrity of USF
- New audit structure & enhanced interaction eliminating prevalent audit issues

USF Best Practices



1. Line Counts

- Duplication of lines in count
- Lines classified incorrectly
- Lack of understanding of reporting guidelines and requirements

BEST PRACTICE

- Document retention policy – customer billing reports
- Ask questions and reconcile to other reports all along the way!

2. Asset Valuation

- Lack of proper documentation
- Continuing Property Records (CPR) not adequately tracked
- Lack of consistent periodic reviews

BEST PRACTICE

- Document retention policy – work order record
- Set up a tracking system to assure updates
- Conduct periodic reviews

3. Intracompany Allocation

- Allocations conducted improperly
- Lack of sufficient documentation

BEST PRACTICE

- Document retention policy – transaction detail
- Develop formal process for allocations compliant with regulations
- Establish controls governing preparation, review, and approval processes

4. System Security

- No policies and procedures for recertification of user access
- No proper procedures or tracking system for documents and equipment

BEST PRACTICE

- Develop policy and procedures for user access recertification and tracking

5. De-Regulated/Regulated Allocation

- Regulated recovery of a de-regulated asset
- Improper costs are recovered
- Inconsistencies and non-compliance issues

BEST PRACTICE

- Develop improved system for tracking regulated vs. de-regulated assets and transactions
- Improve document retention and review policies for part 64 allocations

6. ETC Certification by Area

- Lines and revenue identified for improper study areas – improper mapping

7. Adequate Advertisement of Services and Rates

- Must advertise adequately if you are an ETC!
- Not advertizing services and charges utilizing media of general distribution
- Company not aware of advertising regulations

8. Usage and Revenue Reporting

- Improper amounts are being reported
- No internal process for reviewing documentation or other filings – reconcile to other external reports

9. Proper Projected Support Filings

- Improper projections – trending analysis
- Misunderstanding of requirements and regulations leading to non-compliance

USAC's Resources



High Cost **Program Goals**

- Improve accuracy of companies' filings
- Improve companies' document retention practices
- Improve companies' internal controls
- Raise usage rates of online forms
- Support state commissions' work with program participants

High Cost Outreach Events

- Regional training sessions for beneficiaries
- Collocated workshops & education sessions held on-site at professional meetings
- Webinars
- Partner organization outreach: dissemination of information through third-party organizations' network (direct mail, weblinks, etc.)
- Individual outreach: in-person visits, video-conference sessions, phone/email exchanges, etc.

High Cost Outreach Products

- Online video tutorials
- Information packet for ETC's
- Website tools
- Monthly e-newsletters
- Announcements for distribution by partner organizations about program dates and news items
- Brochures & display materials

THANK YOU!

Please feel free to contact me regarding any questions or concerns you may have on this presentation or any other USAC issue.

Robert Binder

Director – Industry Support

USAC High Cost and Low Income Programs

Phone: 202-772-4545

Email: rbinder@usac.org