

Understanding Rural Health Care Beneficiary Audits

The primary purposes of audits are to ensure compliance with Federal Communications Commission (FCC) rules and program requirements and to assist in program compliance.

When selected for an audit, the auditee's designated contact person will be contacted by a member of the USAC Internal Audit Division. In addition, an announcement letter will be sent detailing the purpose and scope of the audit, identifying the personnel who will be performing the audit, making a request for pertinent data, and stating the date upon which the data is due.

A) How does USAC conduct its audits?

1. USAC obtains documentation to support the:
 - a. Competitive bidding process
 - b. Non-discounted portion timely paid
 - c. Amounts invoiced to the Rural Health Care Program
 - d. Only eligible products and services delivered or installed

OHN has posted on your site portal your eligibility paperwork, your invoices along with copies of your 15% payment, copies of the invoices submitted to USAC/Rural Health Care Program, and copies of your vendor contract with the service orders detailing the eligible services. Please review your portal documents carefully and if you believe that there is documentation missing, please contact us so we can work together to insure complete and accurate documentation.

B) What have we found

1. **A lack of sufficient documentation to complete audit objectives**
 - a. Applicants fail to maintain adequate support for competitive bidding requirements
 - b. No evidence that non-discounted share was paid
 - c. Service providers providing multiple bills for the same billing period
 - i. Makes it difficult for applicants to ensure they are being billed at the proper rate
 - ii. Makes it difficult for applicants to ensure they are receiving the proper discount
 - iii. No direct correlation to the funding request the bill is covering
 - iv. Bills do not include amounts invoiced to USAC

Again, OHN has all invoicing, contracts, and competitive bidding requirements posted on your site portal.

2. **Measures Taken to Minimize Audit Findings and to Assist Applicants**
 - a. Provide sufficient detail on invoices
 - i. Include items such as Funding Request Numbers, specific detail of the funded circuit or service
 - b. Indicate invoice total amount less amounts paid by or to be paid by USAC
 - c. Indicate payment terms of the net amount of the invoice
 - d. Separate eligible items from ineligible items
 - i. Best case scenario is to generate separate invoices for services that will be invoiced to USAC
 - e. Document, Document, Document

By having OHN provide much of the billing and invoicing processes, we have included all of the information detail listed above on our portal-produced invoice in addition to having the correct information included on the downloaded FCC invoice that is submitted to USAC.

C) Reporting Results

At the conclusion of the audit, USAC's Internal Audit Division management will review the audit file to ensure that workpapers are properly documented and the conclusions reached are properly supported. For any exceptions noted, a Detail Exception Worksheet (DEW) will be prepared and sent to the auditee for review. It will contain background information, the audit step performed, and the exception noted as well as the basis for which the exception is noted (e.g., FCC rule).

The auditee will be given an opportunity to provide a response to explain their agreement/disagreement with the exception noted. USAC RHC management will review the exception as well as the auditee's response and will prepare a response to address the exception and note any corrective action as necessary.

Both the auditee and the USAC management responses will be incorporated into the draft report and submitted to the USAC Board of Directors to be deemed final. The USAC Board of Directors may request USAC management to reassess any aspect of the report prior to the report becoming final. Once finalized, both the auditee and the FCC will receive copies of the audit report. The final report may be made available to the public upon request.

D) How can you help?

1. Provide requested documentation in a timely manner
2. Ask questions to ensure that you are providing adequate documentation
3. Maintain documentation, for five years, for data submitted to USAC

If you have any questions, please contact USAC's Internal Audit Division via e-mail. USAC's audit email is: auditinquiry@usac.org

OHN strongly advises that internal audit procedures are followed per your outside auditor's advice. OHN has provided audit information to your site per USAC's instructions in order to provide good customer service and is not meant to be inclusive. OHN is not responsible for your site's audit compliance or the passing of an audit conducted by USAC or the FCC.