

November 14, 2008

RE: FCC Inspector General Universal Service Fund Audits – Round 3 (2008-2009)

Dear E-Rate Program Beneficiary:

The Universal Service Administrative Company (USAC) has engaged the services of professional public accounting firms (audit firms) to perform examinations of recipients of Universal Service Fund (USF) Schools & Libraries (S&L) funds. These Examinations are being conducted under the direction of the Federal Communications Commission (FCC) Office of Inspector General (OIG) principally to assess compliance with FCC Rules and to address requirements related to the Improper Payments Information Act (IPIA).<sup>1</sup> The examination of your company relates to compliance with FCC Rules and the E-rate program disbursements. The efficiency of the examination will depend on the availability of your staff and the condition of the documentation made available prior to and during the course of the examination.

#### *Nature of the Examination*

As more fully described in Governmental Auditing Standards and AICPA Standards (Section AT 601), a compliance attestation examination requires that management:

- 1) Perform an evaluation of its compliance with *47 C.F.R Part 54, Subparts C, D, J and K and Part 36, Subpart F Rules and applicable Orders (“Rules and Orders”)*
- 2) Acknowledge (in the form of an assertion letter, an example assertion letter is attached for reference) responsibility for compliance with applicable requirements of the Rules and Orders; and
- 3) Provide a representation letter to the audit firm. The form and content of the management representation letter will be discussed with management at the inception of this examination.

#### *Contact Information*

The audit firm will provide you with contact information of audit firm personnel responsible for conducting the audit. If you have any questions or concerns that the audit firm cannot address, please contact the following USAC personnel:

<sup>1</sup> Public Law 107-300, Stat. 2350, November 26, 2002

NAME	COMPANY	POSITION	PHONE NUMBER	EMAIL
Jeff Mitchell	USAC	Director, Outsourced Audit Services	202-776-0200	<a href="mailto:jmitchell@usac.org">jmitchell@usac.org</a>
Wayne M. Scott	USAC	Vice President, Internal Audit	202-776-0200	<a href="mailto:wscott@usac.org">wscott@usac.org</a>

*Other Matters*

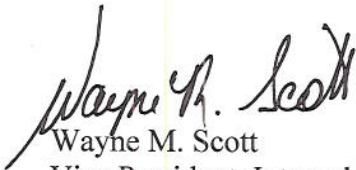
Please recognize that the audit firm has the same authority as USAC's Internal Audit Division to request and view documents.

The results of the audit firm's work including your management's written response will be presented in a draft report to USAC and the FCC Office of Inspector General (FCC OIG). Upon review and approval of the report by USAC in consultation with FCC OIG, the report will be distributed to appropriate parties.

The following URL provides some additional information to assist your understanding of this examination: <http://www.sl.universalservice.org/reference/bestpractices.asp> .

If there are any matters or issues that you would like to make us aware of, or if you have any questions or concerns, please feel free to call Mr. Jeff Mitchell or myself.

Sincerely,



Wayne M. Scott  
Vice President, Internal Audit Division  
Universal Service Administrative Company