Rural Health Care Committee Meeting

Audit Reports Briefing Book

Monday, October 30, 2023

Available for Public Use

Universal Service Administrative Company Offices

700 12th Street NW, Suite 900

Washington, DC, 20005

Summary of Rural Health Care Support Mechanism Beneficiary Audit Report Released: July 2023

Entity Name	Number of Findings	Significant Findings	Amount of Support	Monetary Effect*	USAC Management Recovery Action*	Commitment Adjustment	Entity Disagreement
Catholic Health Initiatives Consortium **Attachment A**	4	• The Beneficiary did not Evidence the Purchase of Invoiced Equipment. The Beneficiary did not maintain documentation to evidence that invoiced equipment was purchased. • The Beneficiary Invoiced the Rural Healthcare Program for Services Delivered to Ineligible Entities. The entities that received support were non-rural health clinics which did not meet the eligibility criteria.	$2,853,717	$130,363	$105,163	$0	Partial
Total	**4**		**$2,853,717**	**$130,363**	**$105,163**	**$0**	

* The Monetary Effect amount includes overlapping amounts; thus, the USAC Management Recovery Action amount is less than the Monetary Effect to prevent double recovery.

Attachment A

RH2019BE005

Catholic Health Initiatives Consortium

Performance Audit on Compliance with the Federal Universal Service Fund Rural Health Care Support Mechanism Healthcare Connect Fund Program Rules
USAC Audit No. RH2019BE005

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EXECUTIVE SUMMARY

August 1, 2023

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

Dear Ms. Delmar:

DP George & Company, LLC (DPG) audited the compliance of Catholic Health Initiatives Consortium (Beneficiary), Health Care Provider Number (HCP) 33823, using regulations and orders governing the federal Universal Service Rural Health Care Support Mechanism, Healthcare Connect Fund 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's management. DPG's responsibility is to make a determination regarding the Beneficiary's compliance with the FCC Rules based on our audit.

DPG conducted the audit in accordance with Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States. Those standards require that DPG plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for its findings and conclusions based on the audit objectives. The audit included examining, on a test basis, evidence supporting the competitive bidding process undertaken to select service providers, the type and amount of services received, physical inventory of equipment purchased and maintained, as well as performing other procedures DPG considered necessary to make a determination regarding the Beneficiary's compliance with the FCC Rules. The evidence obtained provides a reasonable basis for DPG's findings and conclusions based on the audit objectives.

Based on the test work performed, our audit disclosed four detailed audit findings (Findings) discussed in the Audit Results and Recovery Action section. For the purpose of this report, a Finding is a condition that shows evidence of non-compliance with the FCC Rules that were in effect during the audit period.

Certain information may have been omitted from this report concerning communications with USAC management or other officials and/or details about internal operating processes or investigations. This report is intended solely for the use of USAC, the Beneficiary, and 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.

Sincerely,

DP George & Company, LLC

DP George & Company, LLC
Alexandria, Virginia

cc: Radha Sekar, USAC Chief Executive Officer
Mark Sweeney, USAC Vice President, Rural Health Care Division

AUDIT RESULTS AND RECOVERY ACTION

Audit Results	Monetary Effect (A)	Overlapping Recovery[1] (B)	Recommended Recovery (A)-(B)
Finding #1 - 47 C.F.R. § 54.648(b)(1), (3) (2016) – Lack of Documentation: Beneficiary did not Evidence the Purchase of Invoiced Equipment. The Beneficiary did not maintain the necessary documentation to evidence that invoiced equipment was purchased.	$ 44,796	$ 0	$ 44,796
Finding #2 - 47 C.F.R. § 54.600(b) (2016) – The Beneficiary Invoiced the Rural Healthcare Program for Services Delivered to Ineligible Entities. The entities that received support were non-rural health clinics which did not meet the eligibility criteria for health care provider entities allowed under a consortium.	$ 34,043	$ 0	$ 34,043
Finding #3 - 47 C.F.R. § 54.602(d) (2016) – Services Requested are not Reasonably Related to the Provision of Health Care Services or Instruction. The Beneficiary could not evidence that invoiced equipment was installed at an eligible HCP location for the provision of health care services or instruction.	$ 29,864	$ 14,932	$ 14,932
Finding #4: 47 C.F.R. § 54.645(b) – Amount Invoiced Exceeds Service Provider Billed Amount. The amount reflected on the service provider bills selected for sampling supported a lower amount than the amount submitted on the FCC Form 463 invoices.	$ 21,660	$ 10,268	$ 11,392
Total	**$ 130,363**	**$ 25,200**	**$ 105,163**

USAC MANAGEMENT RESPONSE

USAC management concurs with the audit results and will seek recovery of the Rural Health Care program support amount consistent with the FCC Rules. In addition, USAC management will conduct outreach to the Beneficiary to address the areas of deficiency that are identified below in the audit report. See the chart below for USAC management's recovery action by FRN.

[1] If a finding is subsequently withdrawn on appeal, any overlapping recovery for that finding will be recommended for recovery for the remaining findings.

FRN	FRN ID	Finding #1	Finding #2	Finding #3	Finding #4	Monetary Effect (A)	Overlap with Other Finding (B)	Recommended Recovery (A)-(B)
17267251	1	$14,932	$0	$0	$0	$14,932	$0	$14,932
17267251	2	$0	$0	$7,466	$0	$7,466	$0	$7,466
17267251	3	$14,932	$0	$14,932	$0	$29,864	$14,932	$14,932
17267251	4	$14,932	$0	$0	$0	$14,932	$0	$14,932
17267251	5	$0	$0	$7,466	$0	$7,466	$0	$7,466
17270651	7	$0	$3,450	$0	$0	$3,450	$0	$3,450
17270651	8	$0	$3,450	$0	$0	$3,450	$0	$3,450
17270651	11	$0	$2,860	$0	$0	$2,860	$0	$2,860
17908901	41	$0	$897	$0	$0	$897	$0	$897
17908901	42	$0	$7,800	$0	$5,724	$13,524	$5,724	$7,800
17908901	44	$0	$7,020	$0	$4,544	$11,564	$4,544	$7,020
17908901	45	$0	$5,850	$0	$0	$5,850	$0	$5,850
17908901	46	$0	$2,716	$0	$0	$2,716	$0	$2,716
17906981	45	$0	$0	$0	$1,091	$1,091	$0	$1,091
17906981	102	$0	$0	$0	$2,528	$2,528	$0	$2,528
17906981	110	$0	$0	$0	$37	$37	$0	$37
17906981	152	$0	$0	$0	$5,835	$5,835	$0	$5,835
17906981	158	$0	$0	$0	$521	$521	$0	$521
17906981	163	$0	$0	$0	$975	$975	$0	$975
17996411	1	$0	$0	$0	$17	$17	$0	$17
17996411	2	$0	$0	$0	$34	$34	$0	$34
17996411	3	$0	$0	$0	$34	$34	$0	$34
17996411	4	$0	$0	$0	$9	$9	$0	$9
17996411	5	$0	$0	$0	$9	$9	$0	$9
17996411	6	$0	$0	$0	$9	$9	$0	$9
17996411	7	$0	$0	$0	$14	$14	$0	$14
17996411	8	$0	$0	$0	$14	$14	$0	$14
17996411	9	$0	$0	$0	$20	$20	$0	$20
17996411	10	$0	$0	$0	$20	$20	$0	$20
17996411	11	$0	$0	$0	$20	$20	$0	$20
17996411	13	$0	$0	$0	$14	$14	$0	$14
17996411	14	$0	$0	$0	$8	$8	$0	$8
17996411	15	$0	$0	$0	$15	$15	$0	$15
17996411	18	$0	$0	$0	$13	$13	$0	$13

FRN	FRN ID	Finding #1	Finding #2	Finding #3	Finding #4	Monetary Effect (A)	Overlap with Other Finding (B)	Recommended Recovery (A)-(B)
17996411	19	$0	$0	$0	$19	$19	$0	$19
17996411	20	$0	$0	$0	$72	$72	$0	$72
17996411	21	$0	$0	$0	$26	$26	$0	$26
17996411	22	$0	$0	$0	$26	$26	$0	$26
17996411	25	$0	$0	$0	$12	$12	$0	$12
TOTAL		**$44,796**	**$34,043**	**$29,864**	**$21,660**	**$130,363**	**$25,200**	**$105,163**

PURPOSE, SCOPE, BACKGROUND, AND PROCEDURES

PURPOSE

The purpose of the audit was to determine whether the Beneficiary complied with the FCC Rules.

SCOPE

The following chart summarizes the overall Healthcare Connect Fund (HCF) program support amounts committed and disbursed to the Beneficiary for Funding Year (FY) 2017 (audit period):

Service Type	Amount Committed	Amount Disbursed
Leased/Tariffed Services – Ethernet	$ 1,358,782	$ 1,358,782
Leased/Tariffed Services – Internet	$ 6,848	$ 6,848
Leased/Tariffed Services – ISDN/PRI	$ 103,272	$ 102,694
Leased/Tariffed Services – MPLS	$ 127,403	$ 127,403
Leased/Tariffed Services – T-1 / DS-1	$ 115,664	$ 97,634
Leased/Tariffed Services – T-3 / DS-3	$ 985,345	$ 985,345
Leased/Tariffed Services – Virtual Private Network (VPN)	$ 100,348	$ 100,348
Network Equipment – Routers (HCP owned)	$ 74,663	$ 74,663
Total	$ 2,872,325	$ 2,853,717

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

The committed total represents six FCC Form 462 applications with six Funding Request Numbers (FRNs). DPG selected four FRNs[2] issued in FY 2017, which represents $2,185,427 of the funds committed and $2,171,454 of the funds disbursed during the audit period, to perform the procedures enumerated below with respect to the FY 2017 applications submitted by the Beneficiary.

[2] The FRNs included in the scope of this audit were: FRNs 17267251, 17906981, 17908901, and 17996411.

BACKGROUND

The Beneficiary represents a consortium of health care providers owned and operated by Catholic Health Initiatives Consortium. The consortium provides healthcare services across eleven states. Funding provided for five of the six FRNs approved in FY 2017 was used to support telecommunications services and network connections for VPN services via Ethernet, internet, ISDN PRI, T-1/DS-1, and T3/DS-3 circuits. Funding provided for the remaining approved FRN was used for the purchase of routers to manage network traffic at five major hospital locations supporting rural locations. The HCF funded connections and equipment were used to support the transfer of digital medical imaging and electronic medical records, the provision of telehealth applications as well as back-up and redundant connectivity.

PROCEDURES

DPG performed the following procedures:

A. Application Process

DPG obtained an understanding of the Beneficiary's processes relating to the Rural Health Care (RHC) HCF program application process. Specifically, DPG obtained and reviewed the FCC Form(s) 460 and related attachments to determine whether the Beneficiary identified the participating HCPs in the network. DPG conducted inquiry and interviews to confirm its understanding of the Beneficiary's FCC Form 460 application process and related controls, the role of the Consortium Leader in the application process, and any outside support received from third parties with respect to the application process.

DPG obtained and reviewed documentation to determine whether the Consortium Leader obtained the appropriate Letters of Agency or Letters of Exemption for the consortium members and/or consortium HCPs authorizing the Consortium Leader to act on their behalf and participate in the network.

B. Competitive Bid Process

DPG obtained an understanding of the Beneficiary's competitive bidding process. Specifically, DPG conducted inquiry and interviews to confirm its understanding of the Beneficiary's FCC Form 461 preparation process, bid posting and bid receipt process, and bid review and evaluation process, including related controls.

DPG obtained and reviewed documentation to determine whether the Beneficiary conducted a fair and open competitive bidding process in selecting a service provider to provide eligible services. DPG used inquiry and review of documentation to determine whether the Beneficiary established evaluation criteria where no factor was weighted more heavily than price, properly considered and declared any assistance provided, prepared a request for proposal (where required), prepared a network plan, and posted the appropriate bidding documents to the USAC website. DPG obtained evidence that the Beneficiary waited the required 28 days from the date the FCC Form 461 was posted on USAC's website before selecting a service provider or met the requirements for any competitive bidding exemptions claimed. DPG evaluated the services requested and purchased to determine whether the Beneficiary selected the most cost-effective option.

C. Funding Request Process

DPG obtained an understanding of the Beneficiary's funding request process. Specifically, DPG conducted inquiry and interviews to confirm its understanding of the Beneficiary's FCC Form 462 and related Network Cost Worksheet (NCW) preparation processes and related controls.

DPG obtained and reviewed the FCC Forms 462 and the FCC Forms 462 attachments to determine whether the Beneficiary identified the participating HCPs and documented the allocation of eligible costs related to the provision of health care services. DPG also obtained and reviewed the NCWs to determine whether ineligible costs, if any, were identified and ineligible entities, if any, paid their fair share. DPG used inquiry, direct observation, and inspection of documentation to determine whether the Beneficiary used funding as indicated in its NCWs.

DPG used inquiry, direct observation, and inspection of documentation to determine whether the Beneficiary's member HCPs were public or non-profit eligible health care providers and that a fair share allocation was properly applied for any ineligible entities. DPG determined whether the eligible HCPs' physical addresses were the same as those listed on the FCC Form 462 applications and NCWs. DPG used inquiry and inspection of documentation to determine whether funding requested for any non-rural hospital sites with 400 or more licensed patient beds was consistent with the limits set forth in the FCC Rules. DPG used inquiry and reviewed documentation to determine whether the HCPs participating in the consortium received funding in the HCF program for the same services for which they requested support in the RHC Telecommunications program. DPG also obtained and reviewed documentation to determine whether more than 50 percent of the sites in the consortium were rural HCPs within three years from its first request for HCF support.

D. Health Care Provider Location

DPG determined through inquiry, direct observation, and inspection of documentation whether the services were provided and were functional. DPG also determined through inquiry, direct observation, and inspection of documentation whether the supported services were used for purposes reasonably related to the provision of health care services and in accordance with the FCC Rules.

E. Invoicing Process

DPG obtained an understanding of the Beneficiary's invoicing process. Specifically, DPG conducted inquiry and interviews to confirm its understanding of the Beneficiary's FCC Form 463 preparation and submission process.

DPG obtained and reviewed a sample of invoices for which payment was disbursed by USAC to determine whether the services identified on the FCC Form 463 service provider invoices submitted to USAC and the corresponding service provider bills submitted to the Beneficiary were consistent. DPG obtained and reviewed documentation to determine whether the Beneficiary paid its required 35 percent minimum contribution and that the required contribution was from eligible sources. DPG also obtained and reviewed documentation to determine whether the HCF program disbursements did not exceed 65 percent of the total eligible costs.

F. Reporting Process

DPG obtained and reviewed documentation to determine whether the Beneficiary timely submitted its annual reports to the RHC program and whether the reports included the required information. DPG obtained and reviewed the Sustainability Plan, if applicable, and Network Plan(s) to determine whether they included the required content. DPG did not assess the reasonableness of the Sustainability Plan or whether the Beneficiary could meet or maintain the objectives described in that plan since the FCC Rules do not define how to assess the reasonableness of the content in the Sustainability Plan.

DETAILED AUDIT FINDINGS

Finding #1: 47 C.F.R. § 54.648(b)(1), (3) (2016) – Lack of Documentation: The Beneficiary did not Evidence the Purchase of Invoiced Equipment

CONDITION

DPG obtained and examined documentation, including the FCC Form 462 Healthcare Connect Fund Funding Request Form and attachments, associated NCW, and FCC Form 463 Invoice and Request for Disbursement Form, service provider bills, and payment documentation to verify the cost of the equipment funded under FRN 17267251. DPG noted from a review of the FCC Form 462, attachments, and NCW that the Beneficiary requested funds to purchase 10 routers (two Cisco Catalyst 6880-X-LE routers at each location) for installation at five HCPs (HCPs 25147, 25150, 28415, 46973, and 47539). DPG determined that the amounts invoiced in the Beneficiary's FCC Form 463 (RHC invoice number 1000062485) for HCP 25147, HCP 28415, and HCP 46973 were not supported by documentation evidencing the purchase of the routers. FCC Rules require Beneficiaries to maintain and produce upon request records documenting compliance with program rules.[3]

The following table lists the discounted costs invoiced on FCC Form 463 invoice number 1000062485 by FRN ID, and HCP number.

FRN ID	HCP Number	HCP Name	Equipment	Quantity	Unit Cost	Unsupported Cost
1	46973	Saint Joseph Hospital - Lexington	Cisco Catalyst 6880-X-LE router	2	$ 7,466	$ 14,932
3	28415	CHI Health Creighton University - Bergan Mercy	Cisco Catalyst 6880-X-LE router	2	$ 7,466	$ 14,932
4	25147	Mercy Medical Center-West Lakes	Cisco Catalyst 6880-X-LE router	2	$ 7,466	$ 14,932
Total				**6**	**$ 7,466**	**$ 44,796**

CAUSE

The Beneficiary prepared the FCC Form 463 invoices based on the costs listed in the NCW and did not properly maintain documentation supporting the amounts invoiced for FRN 17267251.

EFFECT

FRN	Funding Year	Monetary Effect (A)	Overlap with Other Finding (B)	Recommended Recovery (A)-(B)
17267251	2017	$ 44,796	$ 0	$ 44,796
Total		**$ 44,796**	**$ 0**	**$ 44,796**

[3] See 47 C.F.R. §54.648(b)(1), (3) (2016).

DPG calculated the Monetary Effect for FRN Lines 1, 3, and 4 by identifying the discounted cost of each router ($7,466) and multiplying it by the number of routers where the purchase was not supported by documentation (6).

RECOMMENDATION

DPG recommends USAC management seek recovery of the amounts identified in the Effect section above. DPG also recommends that the Beneficiary establish control procedures to ensure that documentation to support the purchase of equipment procured with HCF program support is properly maintained and readily available.

BENEFICIARY RESPONSE

CHI provided the following documentation to DP George regarding the Cisco 6880 purchase for HCP 25147. This documentation previously provided should act as sufficient evidence that the equipment funded by USAC was purchased and installed at the HCP for the funding amount $7,466.00:

REGARDING HCP 25147 - WEST LAKES

- 6880 config screenshot - “HCP 25147 Mercy West Lakes SNSAL212802H0.png” and device picture “6-HCP-25147-MercyOne West Des Moines Medical Center-West Lakes+DMZswitches+1” sent to DPGeorge via email on 7/12/21 confirms SN SAL212802H0 at HCP 25147.
- “Cisco C68XX equipment purchases 2017 - 2019 - With Serial numbers.xlsx” sent to DPGeorge via HighTail on 4/25/2022 confirms purchase and delivery of the following serial numbers and invoice number - SAL212802H0 – invoice # 395895.
- Invoice # 395895 ”IN 395895.tif” sent to DPGeorge via HighTail on 4/25/2022.
- Invoice # 395895 paid on check # 30441475, check copy “Sirius-30441475.docx” sent to DPGeorge via HighTail on 4/25/2022.

CHI agrees with the recommendations for all other findings related to Finding #1. CHI has since established control procedures to ensure appropriate documentation to support the purchase of equipment, and that it is properly maintained and available.

DPG RESPONSE

DPG acknowledges that invoice #395895 provided support for the purchase of a router installed at HCP 25147 Mercy Medical Center – West Lakes (SNSAL212802H0). Our understanding when we received Invoice #395895 was that it represented support for two routers purchased for installation at HCP 25150 Mercy Medical Center – Des Moines. As such, we attributed the invoice documentation received to HCP 25150 in our testing. We recognize and acknowledge in Finding #3 that while we could not verify the installation of the two routers listed on invoice #395895 at the intended HCP 25150 location, we did verify installation of one of the routers at the HCP 25147 location. Attributing the invoice #395895 support to one router at HCP 25147 and one router at HCP25150 instead of two routers for HCP 25150 still leaves two routers unsupported; one at HCP 25147 and one at HCP 25150 instead of two at HCP 25147 and has no impact on the Monetary Effect of the finding. For these reasons, we did not modify our report.

Finding #2: 47 C.F.R. § 54.600(b) (2016)[4] – The Beneficiary Invoiced the Rural Healthcare Program for Services Delivered to Ineligible Entities

CONDITION

DPG obtained and examined documentation, including the FCC Forms 460, RHC Commitments and Disbursements information downloaded from USAC's Open Data website, and USAC's Grandfathered Rural (GFR) List; researched geolocation data; and conducted virtual site visits to determine the eligibility of each HCP selected for audit. DPG noted that the FCC Forms 460 for two sites, Neurology Clinic of London (HCP 37787) and St. Joseph London Sleep Wellness Center (HCP 37789) located in London, Kentucky (KY), were approved as rural health clinics in May 2014. Both HCPs received HCF program support in FY 2017. However, the list of rural areas used to determine eligibility in the RHC program was updated by the Wireline Competition Bureau (Bureau) in July 2014.[5] DPG determined that these two sites were no longer eligible as rural health clinics due to the change in rural areas.[6]

DPG noted that the Beneficiary indicated in Block 2, Line 10 of its FCC Forms 460 for HCPs 37787 and 37789 that both entities were in Laurel County, KY. The FCC Forms 460 Block 5 was also marked to identify the eligibility category of each location as a rural health clinic. DPG used the Eligible Rural Areas Search tool on USAC's website at https://apps.usac.org/rhc/tools/Rural/search/search.asp to determine the rural census tracts for Laurel County, KY. DPG determined that the designated rural areas in Laurel County, KY are located in 2010 census tract numbers 9701.00 and 9711.00. DPG researched the rural status of each location and determined that both were located in urban areas based on 2010 Census Tract (9706.00) and County information obtained from the Texas A&M University Geoservices tool at https://geoservices.tamu.edu/Services/Geocode/Interactive/.[7]

DPG made further inquiries regarding the rural status of HCP 37789 with the Beneficiary. The Beneficiary indicated that the site was "grandfathered" under FCC Report and Order FCC 12-150, which extended to the HCF, the interim rule adopted by the Commission in June 2011 permitting HCPs that were located in "rural areas" under the pre-July 1, 2005 definition used by the Commission and were participating in the RHC program before July 1, 2005, to continue being treated as if they were located in a rural area for the purposes of determining eligibility for support under the new HCF program. The Beneficiary further indicated that the site was classified as rural in the past and was eligible under the Rules at CFR 47.600(b)(2). DPG requested documentation to support the HCP's qualification to satisfy the "grandfathering" requirements. The Beneficiary provided two emails sent in November 2015, one was from USAC notifying a change in the rural classification of HCP 16833 (Saint Joseph London Hospital), a not-for-profit hospital also situated in Laurel County, and the other was the FCC's quarterly newsletter notifying potential Beneficiary applicants of changes in rurality per the FCC's Rural Areas List Order (DA 14-1042). The Beneficiary indicated that it did not receive a similar notification for HCP 37789 and believed this location remained eligible under USAC guidelines.

DPG reviewed the RHC Commitments and Disbursements information downloaded from USAC's Open Data website. We determined that neither site was listed as having received funding from the HCF or Telecommunications program prior to FY 2017 individually or under another consortium. DPG inquired

[4] *See also* 47 C.F.R. §54.600(b) (2016).
[5] See *Rural Health Support Mechanism*, WC Docket No. 02-60, Order, 29 FCC Rcd 8609 (*Rural Areas List Order*), para. 1 (2014).
[6] See 47 C.F.R. §54.600(b) (2016).
[7] *See id.*

with the Beneficiary about previous participation in other RHC programs and confirmed that the Consortium did not receive funding from participation in an RHC program in prior years. DPG also obtained and reviewed USAC's GFR List and further confirmed that neither HCP was listed as having been grandfathered.

Based on our review of the documentation from the Beneficiary, the USAC GFR List, 2010 Census rurality data, and the Beneficiary's responses to inquiry, DPG determined that HCPs 37787 and 37789 were not located in a rural area and, therefore, could not be considered a rural health clinic eligible to receive HCF support as a member of the consortium.[8] DPG identified two additional HCPs not initially selected for our testing that were also consortium members identified as rural health clinics and located in Laurel County, KY: HCP 37786 (London Pulmonary & Sleep) and HCP 37790 (Saint Joseph Hematology / Oncology). DPG confirmed that these entities received FY 2017 support and were not included on the GFR List as "grandfathered". As such, these sites were included in this finding.

The following table lists the HCPs located in Laurel County, KY that received FY 2017 HCF program support and the 2010 Census Tract identified for each location based on information produced from the Texas A&M University Geoservices website:

HCP Number	HCP Name	2010 Census Tracts	FRN 17270651	FRN 17908901	Total
37786	London Pulmonary & Sleep	9706.00	$ 3,450	$ 8,697	$ 12,147
37787	Neurology Clinic of London	9706.00	$ 3,450	$ 7,020	$ 10,470
37789	St. Joseph London Sleep Wellness Center	9706.00	$ 0	$ 5,850	$ 5,850
37790	Saint Joseph Hematology / Oncology	9704.00	$ 2,860	$ 2,716	$ 5,576
Totals			**$ 9,760**	**$ 24,283**	**$ 34,043**

CAUSE

The Beneficiary believed the entities met the "grandfathered" requirements to receive HCF program support as eligible members of the consortium.

EFFECT

FRN	Funding Year	Monetary Effect (A)	Overlap with Other Finding (B)	Recommended Recovery (A)-(B)
17270651	2017	$ **9,760**	$ 0	$ **9,760**
17908901	2017	$ **24,283**	$ 0	$ **24,283**
Total		**$ 34,043**	**$ 0**	**$ 34,043**

[8] See 47 C.F.R. §54.602(b) (2016).

DPG calculated the Monetary Effect for FRN 17908901 and 17270651 using the total amount invoiced on the applicable FCC Forms 463 for the corresponding HCPs.

RECOMMENDATION

DPG recommends USAC management seek recovery of the amounts identified in the Effect section above and that USAC management review invoices for subsequent funding years to determine whether support was also paid for the HCPs identified. DPG also recommends the Beneficiary establish control procedures to ensure that the rural classification of entities is properly identified and support is only requested for eligible entities.

BENEFICIARY RESPONSE

CHI agrees with the recommendations as described for Finding #2. However, FCC order DA-14-1042A1 is the order we were referring to when discussing "grandfathering" locations with regard to rural/urban status changes, and not the pilot program order. CHI has established control procedures to ensure the rural classification of entities is properly identified, and support is only requested for eligible entities. We understand and appreciate that USAC also now has controls in place to ensure rurality tier eligibility to supplement our control procedures.

DPG RESPONSE

DPG reviewed the correspondence provided with respect to the rural status of HCP 37789 and determined that the guidance cited in the correspondence was from Report and Order FCC 12-150. We revised paragraphs three and four of the Condition section to better reflect the "grandfathering" reference and criteria presented by the Beneficiary during the audit. There is no change to the Monetary Effect amount of the finding.

Finding #3: 47 C.F.R. § 54.602(d) (2016) – Services Requested are not Reasonably Related to the Provision of Health Care Services or Instruction

CONDITION

DPG obtained and examined documentation, including the FCC Form 462 Healthcare Connect Fund Funding Request Form and attachments, associated NCW, Funding Commitment Letter (FCL), and FCC Form 463 Invoice and Request for Disbursement Form to determine whether 10 Cisco Catalyst 6880-X-LE routers were properly installed at five consortium member sites (HCPs 25147, 25150, 28415, 46973, and 47539) under FRN 17267251. DPG determined that the total approved discounted cost of the routers was invoiced for support. DPG also identified the eligible HCP locations where the routers were expected to be installed based on the NCW. DPG requested documentation such as photos, inventory listings and network configuration records to support the existence of the equipment at the eligible location identified for installation. DPG also inquired, either as part of the site visit process or separately, regarding the installation status of the routers at the corresponding locations. DPG was unable to confirm the installation of invoiced routers at an eligible location for HCP 25150, HCP 28415, and HCP 47539. Without confirmation of installation, DPG could not confirm that the purchased routers were being used for the provision of health care services or instruction.[9]

[9] *See* 47 C.F.R. §54.602(d) (2016).

For HCP 25150 (Mercy Medical Center – Des Moines), the Beneficiary did not provide photos of the routers. In addition, we could not agree the serial numbers shown in the two configuration management screenshots provided for the location to either the equipment listing or the vendor bills to support that the routers installed were purchased under FRN 17267251. DPG noted that the serial number for one of the routers listed on the vendor bill for this HCP location did match the information shown in the configuration management screenshot for eligible HCP 25147 (Mercy Medical Center-West Lakes).

For HCP 28415 (CHI Health Creighton University – Bergan Mercy), DPG noted from a review of the FCC Form 462 attachments submitted for FRN 17267251 that the Beneficiary requested funding for two routers for this HCP be removed because there were no HCF program supported circuits at this location. In addition, the Beneficiary provided photos of Cisco Catalyst 6807-XL routers and confirmed in its response to DPG's site visit follow-up questions that the 6880-X-LEs were not installed at this site.

For HCP 47539 (CHI Memorial Hospital in Chattanooga), DPG requested separate documentation to support the installation of the routers because this location was not selected for a site visit. The Beneficiary provided a configuration management screenshot showing the serial numbers for the routers at the HCP location. One of the routers listed matched the information on the equipment listing and vendor bill for this HCP. DPG did not receive sufficient documentation to confirm the installation of the second HCF program funded router at this location.

The following table lists the discounted costs invoiced on FCC Form 463 invoice number 1000062485 by FRN ID, and HCP number.

FRN ID	HCP Number	HCP Name	Equipment	Quantity	Unit Cost	Unsupported Cost
2	25150	Mercy Medical Center – Des Moines	Cisco Catalyst 6880-X-LE router	1	$ 7,466	$ 7,466
3	28415	CHI Health Creighton University – Bergan Mercy	Cisco Catalyst 6880-X-LE router	2	$ 7,466	$ 14,932
5	47539	CHI Memorial Hospital in Chattanooga	Cisco Catalyst 6880-X-LE router	1	$ 7,466	$ 7,466
Total				**4**	**$ 7,466**	**$ 29,864**

CAUSE

The Beneficiary did not have sufficient policies and procedures in place to ensure that equipment purchased using program support was installed and remained at eligible HCP locations within the Beneficiary's communications network for the provision of health care services or instruction.

EFFECT

FRN	Funding Year	Monetary Effect (A)	Overlap with Other Finding (B)	Recommended Recovery (A)-(B)
17267251	2017	$ 29,864	$ 14,932[10]	$ 14,932
Total		**$ 29,864**	**$ 14,932**	**$ 14,932**

DPG calculated the Monetary Effect for FRN Lines 2, 3, and 5 by identifying the discounted cost of each router ($7,466) and multiplying it by the number of routers where installation at an eligible HCP was not supported by documentation (4).

RECOMMENDATION

DPG recommends that USAC management seek recovery of the amounts identified in the Effect section above. DPG also recommends that the Beneficiary establish an equipment inventory process that adequately tracks the location of equipment purchased using HCF program support.

BENEFICIARY RESPONSE

CHI agrees with the recommendations for Finding #3 for the referenced HCPs 25150, 28415 and 47539. However, please note the HCP and location name discrepancy within the table. HCP #47539 is CHI Memorial Hospital in Chattanooga, referenced correctly in the text body of the finding information, but is listed as Saint Joseph Hospital – Lexington within the table. Also, please note the HCP for CHI Health Creighton University – Bergan Mercy is 28415, and not 28145 as stated within the table.

CHI has established an equipment inventory process that adequately tracks the location of equipment purchased.

While we accept that this finding could result in potential recovery, CHI would like it to be noted to USAC and the FCC for future consideration of these reviews that due to the dynamic nature of network environments, equipment location may change for multiple reasons, such as replacement due to failure, connectivity concerns, end of life support, etc. Therefore, we understand that during the site visit, and request for pictures, we were unable to produce evidence of the equipment at the HCP currently. However, we also do not know if the equipment was moved or replaced due to reasons mentioned above. The equipment provider is no longer a partner with CHI.

DPG RESPONSE

DPG corrected the HCP Number and HCP Name information within the table. DPG maintains that an adequate equipment inventory process is needed to evidence that purchased equipment is installed and used at eligible locations.

[10] $14,932 of the Monetary Effect for this finding overlaps with the Monetary Effect of Finding #1.

Finding #4: 47 C.F.R. § 54.645(b) (2016) – Amount Invoiced Exceeds Service Provider Billed Amount

CONDITION

DPG obtained and examined documentation, including the FCC Forms 462 Healthcare Connect Fund Funding Request Form and attachments, associated NCWs, FCC Forms 463 Invoice and Request for Disbursement Form, and the corresponding service provider bills provided by the Beneficiary to determine whether the HCF program was invoiced only for the cost of approved services supported by service provider bills for FRNs 17906981, 17908901, and 17996411. DPG determined that the amounts invoiced to the HCF program for services were received at a lower monthly cost than the amounts requested on the Beneficiary's FCC Form 462 Attachments and associated NCWs for FRNs 17906981 and 17996411.[11] DPG also determined that amounts were invoiced for disconnected services on FRNs 17906981 and 17908901.[12]

The following table summarizes information by FRN, ID, and RHC Invoice Number for the excess support received:

FRN	FRN ID	RHC Invoice Number	Issue	Number of Months / Days of Excess Support	Form 463 Amount of Excess Support
17906981	45	1000062194	Disconnected Service	1 Months 13 Days	$ 1,091
	102	1000048070 20171000048070	Lower Monthly Cost	12 Months	$ 2,528
	110	1000062194	Lower Monthly Cost	10 Months	$ 37
	152	1000062194	Lower Monthly Cost	12 Months	$ 5,835
	158	1000062194	Lower Monthly Cost	11 Months	$ 521
	163	1000062194	Lower Monthly Cost	12 Months	$ 975
17908901	42	1000062481	Disconnected Service	8 Months 25 Days	$ 5,724
	44	1000062481	Disconnected Service	7 Months 23 Days	$ 4,544
17996411	1–11, 13–15, 18–22, 25	1000047976 20171000047976	Lower Monthly Cost	3 Months	$ 405
Total					**$ 21,660**

Lower Monthly Cost

Based on our review of the service provider bills supporting the FCC Forms 463, DPG identified 25 FRN IDs where some or all of the monthly recurring costs billed by the service provider were lower than the amounts used by the Beneficiary to establish the "Total Cost Invoiced (Undiscounted)" amount on the FCC Forms 463. In these instances, the Beneficiary used the amounts in the NCW to establish the "Total Cost Invoiced (Undiscounted)" amount instead of the actual monthly undiscounted costs billed by the service provider. For FRN 17906981, ID 110 and FRN 17996411, IDs 1 – 11, 13 – 15, 18-22, and 25, the amounts invoiced in excess of the actual undiscounted costs billed were due to lower charges for taxes and fees associated with the specified circuits.

[11] See 47 C.F.R. §54.645(b) (2016).
[12] *See id*.

Disconnected Service

Based on our review of the service provider bills supporting FCC Form 463 invoice number 1000062194 for FRN 17906981 and invoice number 1000062481 for FRN 17908901, DPG determined that the Beneficiary invoiced for periods occurring after the disconnect dates of the funded services. For FRN 17906981, ID 45 (T-1/DS-1), the monthly undiscounted cost of $829 was invoiced on the FCC Form 463 for the period of July through October 2017. However, the service for this FRN ID was disconnected on September 17, 2017. For FRN 17908901, IDs 42 and 44 (VPN Services), the monthly undiscounted costs of $1,000 and $900, respectively, were invoiced on the FCC Forms 463 for the periods of July 2017 through June 2018. However, the services for FRN IDs 42 and 44 were disconnected on October 6, 2017 and November 7, 2017, respectively.

CAUSE

The Beneficiary prepared the FCC Form 463 invoices based on the costs listed in the NCW and did not realize that services for the connections were not in place for the full month invoiced.

EFFECT

FRN	Funding Year	Monetary Effect (A)	Overlap with Other Finding (B)	Recommended Recovery (A)-(B)
17906981	2017	$ 10,987	$ 0	$ 10,987
17908901	2017	$ 10,268	$ 10,268[13]	$ 0
17996411	2017	$ 405	$ 0	$ 405
Total		**$ 21,660**	**$ 10,268**	**$ 11,392**

DPG calculated the Monetary Effect by determining the amount of support the Beneficiary should have claimed based on the actual service provider billed amounts and disconnect dates and subtracted that amount from the total amount invoiced by the Beneficiary on the corresponding FCC Forms 463.

RECOMMENDATION

DPG recommends USAC management seek recovery of the amounts identified in the Effect section above. DPG also recommends that the Beneficiary establish control procedures to confirm amounts invoiced are consistent with service provider bills and ensure that accurate billing end dates are listed on the FCC Form 463 when invoicing.

BENEFICIARY RESPONSE

CHI agrees with the recommendations for Finding #4. CHI has established control procedures to confirm amounts invoiced are consistent with service provider bills and ensure that accurate billing end dates are listed on the FCC Form 463 when performing invoicing.

[13] $10,268 of the Monetary Effect for this finding overlaps with the Monetary Effect of Finding #2.

CRITERIA

Finding	Criteria[14]	Description
#1	47 C.F.R. § 54.648(b)(1),(3) (2016)	**Audits and recordkeeping.** (1) Participants, including Consortium Leaders and health care providers, shall maintain records to document compliance with program rules and orders for at least 5 years after the last day of service delivered in a particular funding year. Participants who receive support for long-term capital investments in facilities whose useful life extends beyond the period of the funding commitment shall maintain records for at least 5 years after the end of the useful life of the facility. Participants shall maintain asset and inventory records of supported network equipment to verify the actual location of such equipment for a period of 5 years after purchase. (3) Both participants and vendors shall produce such records at the request of the Commission, any auditor appointed by the Administrator or the Commission, or of any other state or federal agency with jurisdiction.
#2	47 C.F.R. §54.600 (2016)	As used in this subpart, the following terms shall be defined as follows: (a) Health care provider. A "health care provider" is any: (1) Post-secondary educational institution offering health care instruction, including a teaching hospital or medical school; (2) Community health center or health center providing health care to migrants; (3) Local health department or agency; (4) Community mental health center; (5) Not-for-profit hospital; (6) Rural health clinic; or (7) Consortium of health care providers consisting of one or more entities described in paragraphs (a)(1) through (a)(6) of this section. (b) Rural area. (1) A "rural area" is an area that is entirely outside of a Core Based Statistical Area; is within a Core Based Statistical Area that does not have any Urban Area with a population of 25,000 or greater; or is in a Core Based Statistical Area that contains an Urban Area with a population of 25,000 or greater, but is within a specific census tract that itself does not contain any part of a Place or Urban Area with a population of greater than 25,000. For purposes of this rule, "Core Based Statistical Area," "Urban Area," and "Place" are as identified by the Census Bureau. (2) Notwithstanding the above definition of "rural area," any health care provider that is located in a "rural area" under the definition used by the Commission prior to July 1, 2005, and received a funding commitment from the rural health care program prior to July 1, 2005, is eligible for support under this subpart.

[14] The referenced criteria cite the applicable section of the FCC Rules in effect during the audit period. The Rural Health Care Support Mechanism rules were subsequently re-codified and the comparable rules section under the current Code of Federal Regulations (C.F.R.) may be different.

Finding	Criteria[14]	Description
		(c) Rural health care provider. A "rural health care provider" is an eligible health care provider site located in a rural area.
#2	47 C.F.R. § 54.602(b) (2016)	Eligible health care providers may request support for eligible services, equipment, and infrastructure, subject to the provisions and limitations set forth in §§ 54.600 through 54.602 and §§ 54.630 through 54.680. This support is referred to as the "Healthcare Connect Fund."
#2	*Rural Health Support Mechanism*, WC Docket No. 02-60, Order, 29 FCC Rcd 8609 (*Rural Areas List Order*), para. 1 (2014)	In this Order, pursuant to section 54.600(b)(1) of the Commission's rules, the Wireline Competition Bureau (Bureau) takes action to update the list of rural areas used to determine eligibility in the Rural Health Care (RHC) universal service support mechanism.
#2	*Rural Health Care Support Mechanism*, WC Docket No. 02-60, Order and Notice of Proposed Rulemaking, 26 FCC Rcd 9145 (*Grandfathering Order and NRPM*) , para. 1 2011)	In this Order, we adopt an interim rule permitting health care providers that are located in a "rural area" under the definition used by the Commission prior to July 1, 2005, and that have received a funding commitment from the rural health care program prior to July 1, 2005, to continue to be treated as if they are located in "rural" areas for purposes of determining eligibility for all universal service rural health care programs. In the accompanying Notice of Proposed Rulemaking (Notice), we seek comment on whether to make these "grandfathered" providers permanently eligible for discounted services under the rural health care program. Grandfathered providers do not currently qualify as "rural," but play a key role in delivering health care services to surrounding regions that do qualify as "rural" today. Thus, we take these actions to ensure that health care providers located in rural areas can continue to benefit from connecting with grandfathered providers, and thereby provide health care to patients in rural areas.
#2	*Grandfathering Order and NRPM,* 26 FCC Rcd 9149, para. 10 (2011)	In this order, we adopt an interim rule to allow all currently grandfathered health care providers to continue to qualify for discounted services until the Commission adopts permanent rules governing the eligibility of such providers to participate in rural health care programs.[32]
#2	*Rural Health Care Support Mechanism Report and Order*, WC Docket No. 02-60, Report and Order, 27 FCC Rcd 16707-08 (*HCF Order*), para. 62 (2012)	For purposes of the majority rural requirement, we "grandfather" non-rural HCP sites that have received a funding commitment through a Pilot project that has 50 percent or more non-rural HCP sites with funding commitments as of the adoption date of this Order. Such non-rural HCP sites may continue to receive support through the Healthcare Connect Fund, but unless the consortium overall reaches majority rural status overall, the project may add new non-rural HCP sites only if, in the aggregate, the new (i.e. non-Pilot project) HCP sites remain majority rural. The grandfathering only applies to the sites that have received a Pilot Program funding commitment as of the adoption date of this Order, and applies only so long as the grandfathered non-rural HCP site continues to participate in that consortium.
#2	*HCF Order,* 27 FCC Rcd 16710, para. 68 (2012)	Eligibility of Grandfathered Formerly "Rural" Sites In June 2011, the Commission adopted an interim rule permitting participating HCPs that were located in a "rural" area under the definition used by the Commission before July 1, 2005, to continue being treated as if they were located in a "rural" area for the purposes of determining eligibility for support under the RHC program. [184] We

Finding	Criteria[14]	Description
		conclude that HCPs that were located in "rural areas" under the pre-July 1, 2005 definition used by the Commission, and that were participating in the Commission's RHC program before July 2005, also will be treated as "rural" for purposes of the new Healthcare Connect Fund.[185] Many such facilities play a key role in providing health care services to rural and remote areas, and discontinuing discounted services to these grandfathered providers could jeopardize their ability to continue offering essential health care services to rural areas. [186] Extending eligibility for these grandfathered HCPs in the Healthcare Connect Fund helps ensure that these valuable services are not lost in areas that need them, and thus ensures continuity of health care for many rural patients.187 For similar reasons, we also have grandfathered those Pilot projects that do not have the majority rural HCP membership required of consortium applicants in the Healthcare Connect Fund.[188]
#3	47 C.F.R. §54.602(d) (2016)	**Health care purposes.** Services for which eligible health care providers receive support from the Telecommunications Program or the Healthcare Connect Fund must be reasonably related to the provision of health care services or instruction that the health care provider is legally authorized to provide under the law in the state in which such health care services or instruction are provided.
#4	47 C.F.R.§54.645(b) (2016)	Before the Administrator may process and pay an invoice, both the Consortium Leader (or health care provider, if participating individually) and the vendor must certify that they have reviewed the document and that it is accurate. All invoices must be received by the Administrator within six months of the end date of the funding commitment.

This concludes the report.

Summary of Rural Health Care Support Mechanism Beneficiary Audit Report Released: August 2023

Entity Name	Number of Findings	Significant Findings	Amount of Support	Monetary Effect*	USAC Management Recovery Action*	Commitment Adjustment	Entity Disagreement
BellSouth Telecommunications, LLC **Attachment B**	4	• No significant findings.	$486,707	$16,580	$9,872	$9,872	Partial
Total	**4**		**$486,707**	**$16,580**	**$9,872**	**$9,872**	

* The Monetary Effect amount includes overlapping amounts; thus, the USAC Management Recovery Action amount is less than the Monetary Effect to prevent double recovery.

Attachment B

RH2021SP013

BellSouth Telecommunications, LLC

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

USAC Audit No. RH2021SP013

TABLE OF CONTENTS

Universal Service Administrative Co.

EXECUTIVE SUMMARY

March 31, 2023

Anisa L. Green, Director – Federal Regulatory
Bellsouth Telecommunications, LLC
1120 20th Street, NW, Suite 1000,
Washington, D.C. 20036

Dear Ms. Green:

The Universal Service Administrative Company (USAC or Administrator) Audit and Assurance Division (AAD) audited the compliance of Bellsouth Telecommunications, LLC (Service Provider), Service Provider Identification Number (SPIN)143004824, using the regulations and orders governing the federal Universal Service Rural Health Care Support Mechanism, set forth in 47 C.F.R. Part 54, as well as other program requirements (collectively, the FCC Rules). Compliance with the FCC Rules is the responsibility of the Service Provider's management. AAD's responsibility is to make a determination regarding the Service Provider's compliance with the FCC Rules based on the performance audit.

AAD conducted the audit in accordance with Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States (2018 Revision, as amended). Those standards require that AAD plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for its findings and conclusions based on the audit objectives. The audit included examining, on a test basis, evidence supporting the competitive bidding process undertaken to select the service provider, the type and amount of services provided, as well as performing other procedures AAD considered necessary to make a determination regarding the Service Provider's compliance with the FCC Rules. The evidence obtained provides a reasonable basis for AAD's findings and conclusions based on the audit objectives.

Based on the test work performed, our audit disclosed four detailed audit findings (Findings) discussed in the Audit Results and Commitment Adjustment/Recovery Action section. For the purpose of this report, a Finding is a condition that shows evidence of non-compliance with the FCC Rules that were in effect during the audit period.

Certain information may have been omitted from this report concerning communications with USAC management or other officials and/or details about internal operating processes or investigations. This report is intended solely for the use of USAC, the Service Provider, and the Federal Communications Commission (FCC) and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of those procedures for their purposes. This report is not confidential and may be released to a requesting third party.

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

Sincerely,

Jeanette Santana-Gonzalez
USAC Senior Director, Audit and Assurance Division

cc: Radha Sekar, USAC Chief Executive Officer
Mark Sweeney, USAC Vice President, Rural Health Care Division
Teleshia Delmar, USAC Vice President, Audit and Assurance Division

AUDIT RESULTS AND COMMITMENT ADJUSTMENT/RECOVERY ACTION

Audit Results	Monetary Effect	Recommended Recovery	Amount Service Provider owe to Beneficiary	Recommended Commitment Adjustment
Finding #1: 47 C.F.R. § 54.601(a)(2) (2017) - Entity Ineligible for RHC Program Support. The Beneficiary used RHC funds for an ineligible entity.	$5,005	$5,005	$0	$5,005
Finding #2: 47 C.F.R. § 54.609(a) (2017) - Service Provider Over-invoiced RHC Program for Cost in Excess of Eligible Services Received. The Service Provider invoiced USAC for amounts that exceeded the cost of services provided.	$3,078	$3,078	$0	$3,078
Finding #3: 47 C.F.R. § 54.602 (c) (2017) - Beneficiary Did Not Allocate the Costs to Ineligible Sites. The Beneficiary failed to allocate costs in order to receive prorated support between eligible and ineligible sites.	$1,789	$1,789	$0	$1,789
Finding #4: 47 C.F.R. § 54.615(b) (2017) - The Service Provider Charged the Beneficiary a Rate Higher Than the Urban Rate. The Service Provider provided services at rates higher than the urban rate for certain FRNs and did not provide the full amount of credit to the HCP only to charge the urban rate approved.	$6,708	$0	$6,708	$0
Total Net Monetary Effect	**$16,580**	**$9,872**	**$6,708**	**$9,872**

USAC MANAGEMENT RESPONSE

USAC management concurs with the audit results and will seek recovery of the Rural Health Care program support amount consistent with the FCC Rules. In addition, USAC management will conduct outreach to the Beneficiary / Service Provider to address the areas of deficiency that are identified below in the audit report. See the chart in the Appendix for USAC management's recovery action by FRN.

PURPOSE, SCOPE, BACKGROUND AND PROCEDURES

PURPOSE

The purpose of the audit was to determine whether the Service Provider complied with the FCC Rules.

SCOPE

The following chart summarizes the Rural Health Care Telecommunications program support amounts committed and disbursed to the Service Provider for Funding Year 2018 (audit period):

Service Type	Amount Committed	Amount Disbursed
Centrex Line(s)	$2,449	$0
PBX Line(s)	$19,140	$19,140
Voice Grade Business Line(s)	$504,522	$434,034
Voice Grade Circuit (s)	$33,533	$33,533
Total	**$559,644**	**$486,707**

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

The committed total represents 193 FCC Form 466 applications with 193 Funding Request Numbers (FRNs) for 125 HCPs. AAD selected 14 FRNs,[1] which represent $65,792 of the funds committed and disbursed during the audit period, to perform the procedures enumerated below with respect to the Funding Year 2018 applications submitted by the selected Beneficiaries.

BACKGROUND

The Service Provider provides services to its health care provider customers and its headquarters are located in Atlanta, Georgia.

PROCEDURES

AAD performed the following procedures:

A. Eligibility Process

AAD obtained an understanding of the Service Provider's processes and internal controls governing its participation in the Rural Health Care (RHC) program. Specifically, AAD conducted inquiries of the Service Provider and the selected Beneficiaries and examined documentation to obtain an understanding of the controls that exist to determine whether services were eligible, delivered, and installed in accordance with the FCC Rules. AAD conducted inquiries and examined documentation to determine whether the Service Provider assisted with the completion of each selected Beneficiary's FCC Form 465.

[1] The FRNs included in the scope of this audit were: 1833710, 1837841, 1837925, 1843131, 1839355, 1843124, 1837923, 1839353, 1843130, 1842161, 1833707, 1837931, 1833713, 1842171.

B. Competitive Bid Process

AAD examined documentation to determine whether all bids for the services received were properly evaluated. AAD conducted inquiries and examined documentation to determine whether the Beneficiaries selected the most cost-effective method. AAD examined evidence that the Beneficiaries waited the required 28 days from the date the FCC Form 465 was posted on USAC's website before selecting or signing contracts with the Service provider. AAD evaluated the services requested and purchased to determine whether the Beneficiary selected the most cost-effective option.

C. Rural and Urban Rates

AAD conducted inquiries and examined the Service Provider's contracts, service agreements, tariffs, and/or other documentation to determine whether the Service Provider's rural rate was established in accordance with the FCC Rules. AAD also conducted inquiries and examined documentation to substantiate the urban rate listed in the FCC Forms 466.

D. Invoicing Process

AAD examined invoices for which payment was disbursed by USAC to determine whether the services identified on the Service provider invoices submitted to USAC and the corresponding Service provider bills submitted to the Beneficiaries were consistent with the terms and specifications of the Service provider agreements. AAD examined documentation to determine whether each Beneficiary paid its non-discounted share in a timely manner.

E. Billing Process

AAD examined the Service provider bills for the RHC program supported services to determine whether the services identified were consistent with the terms and specifications of the Service Provider's contracts, or other service agreements, and eligible in accordance with the FCC Rules. In addition, AAD examined documentation to determine whether the Service Provider billed the selected Beneficiaries for the rural rate and only collected payment for the selected Beneficiaries' equivalent of the urban rate for the eligible services purchased with universal service discounts.

F. Health Care Provider Location

AAD determined through inquiry and inspection of documentation whether the services were provided and were functional. AAD also determined through inquiry and inspection of documentation whether the supported services were used for purposes reasonably related to the provision of health care services and in accordance with the FCC Rules.

DETAILED AUDIT FINDINGS

Finding #1: 47 C.F.R. § 54.601(a)(2) (2017) – Entity Ineligible for RHC Program Support

CONDITION

AAD obtained and examined documentation, including the FCC Form 465 and FCC Form 466, and Service Provider bills, to determine whether the services delivered and invoiced were provided to an eligible entity supported by the RHC telecommunications program for the provision of health care. AAD determined that the entity using the services was not eligible as the location was not requested and approved on the Black River Family Practice's (HCP or Beneficiary) forms.

AAD conducted surveys to determine whether the Beneficiary's location and the voice lines received were in use at the location the Beneficiary requested on its Forms 465 and 466 during the funding year. On its FCC Forms 465 and 466, the Beneficiary requested four voice service lines for its Black River Family Practice location for FRN 1843131. However, AAD determined, through Customer Service Records and called the numbers to confirm,[2] that the phone numbers per the Service Provider bills were delivered to the Beneficiary's affiliate location, Maple Hills, which was not included on its Form 465 and Form 466, for which funding was requested and approved.[3]

Because the Beneficiary received RHC telecommunications program support for a location for which funding was not requested for Funding Year 2018, AAD concludes that the RHC program was over-invoiced for the entire committed amount of $5,005 for FRN 1843131.

CAUSE

The Beneficiary lacked adequate system/controls to ensure services requested were for the HCP location included in the FCC Form 465 and 466. The Beneficiary conducted a competitive bidding process for this FRN; however, it did not receive any bids. Therefore, it selected the incumbent Service Provider without confirming the HCP location included in the Form 465. In addition, the Service Provider informed AAD that it has no record of responding to the HCP's Form 465.[4]

EFFECT

The monetary effect of this finding is $5,005. This amount represents the total amount committed and disbursed by the RHC program for services to an ineligible location during the funding year.

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[2]AAD confirmed that phone#910-259-5762, 910-259-4144 (fax), 910-259-7753, and 910-259-6659 (fax) terminates at Maple Hill Medical Center and Maple Hill Pharmacy, dated 7-19-2018 validating service during 2018.

[3]*See* C.F.R. § 54.601(a)(2) (2017) ("Each separate site or location of a health care provider shall be considered an individual health care provider for purposes of calculating and limiting support under this subpart.").

[4] Beneficiary responses to the Summary of Exception, received April 15, 2022.

RECOMMENDATION

AAD recommends that USAC Management seek recovery of $5,005 from the Beneficiary as identified in the "Effect" section above.

The Beneficiary must implement policies, procedures, and controls, and familiarize itself with FCC Rules to ensure that it only requests RHC program support for services to eligible entities during the funding year. The Beneficiary may visit USAC's website at https://www.usac.org/rural-health-care/telecommunications-program/step-4-submit-funding-requests/ to learn more about submitting funding requests for support for services used for the provision of health care. In addition, the Beneficiary and Service Provider may take advantage of the training and outreach available from the RHC program on USAC's website at https://www.usac.org/rural-health-care/learn/.

SERVICE PROVIDER RESPONSE

The Service Provider declined to provide a response.

BENEFICIARY RESPONSE

To ensure program integrity, if the HCP was indeed overfunded, the HCP will work with the service provider and USAC to make sure only the correct amount was provided to the HCP.[5]

Finding #2: 47 C.F.R. § 54.609(a) (2017) – Service Provider Over-invoiced RHC Program for Cost in Excess of Eligible Services Received

CONDITION

AAD obtained and examined documentation, including the Beneficiaries'[6] FCC Forms 466, copies of the Beneficiaries' Service Provider bills, the Health Care Provider Support Schedule (HSS), and the Service Provider's invoices to the RHC program, to determine whether the invoiced amount agreed with the amount of eligible services received for FRNs 1842161, 1837931, 1843130 and 1843124. AAD determined that the amounts the Service Provider invoiced the RHC program exceeded the eligible amounts supported by the Service Provider bills for services rendered.[7]

The total cost of the services committed under HSS were less than the cost of service submitted on FCC Form 467 as some of the services were discontinued or received under promotional discount. However, the Beneficiaries did not notify RHC Program about the change in cost and service end date of the supported service.

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[5] Timothy Basile, Senior Manager, Solix Consulting Services responses on behalf of Black River Family Practice to the Detail Audit Findings, received March 7, 2023.
[6] Dodge County Hospital, Webster County Health Department, Black River Family Practice and Black River Health Center.
[7] *See* C. F. R. § 54.609(a)(2017).

For each FRN identified above, the Service Provider invoiced the RHC program for the entire amount listed on the respective Beneficiary's HSS. However, the amount of eligible services supported by the Service Provider bills for each Beneficiary was less than the amount identified on the respective HSS, as summarized below.

FRN	Total Invoiced to RHC program (A)	Total Eligible Cost of Services per Service Provider Bills (B)	Difference (C) = (A) – (B)
1842161	$1,644	$1,466	$178
1837931	$5,726	$5,621	$105
1843130	$3,754	$2,510	$1,244
1843124	$6,073	$4,522	$1,551
Total	**$17,197**	**$14,119**	**$3,078**

Thus, AAD concludes that the Service Provider over-invoiced the RHC program by $3,078 for costs in excess of eligible services received.

CAUSE

The Service Provider did not have an adequate system in place for collecting, reporting and monitoring data to invoice the RHC program properly for eligible, supported amounts. The Service Provider did not account for early disconnection, promotional discounts and services rendered that were less than the amount identified on the respective HSS. The Beneficiaries conducted a competitive bidding process for these FRNs; however, they did not receive any bids. Therefore, the Beneficiaries selected the incumbent Service Provider. In addition, the Service Provider informed AAD that it has no record of responding to the HCP's Form 465. The Service Provider stated that it was not privy to the details of the HCP's request for services and/or its application for funding set forth in its FCC Forms 465 and 466. The Service Provider indicated it became aware that the HCP sought RHC funding when it received each FCL and subsequent HSS, and, as required by FCC Rules, disbursed reimbursements to the HCP pursuant to the terms of that schedule.[8]

EFFECT

The monetary effect of this finding is $3,078. This amount represents the difference between the amount invoiced to the RHC program and the total cost of eligible services received by the Beneficiary for the FRNs summarized below:

FRN	Monetary Effect
1842161	$178
1837931	$105
1843130	$1,244
1843124	$1,551
Total	**$3,078**

[8] Beneficiary responses to the Summary of Exception, received April 15, 2022.

RECOMMENDATION

AAD recommends that USAC Management seek recovery of $3,078 from the Service Provider.

The Service Provider must implement policies, procedures and controls to ensure that it only invoices the RHC program for eligible, supported amounts. In addition, the Service Provider may visit USAC's website at https://www.usac.org/rural-health-care/learn/ to become familiar with the training and outreach available from the RHC program.

The Beneficiaries must implement policies, procedures and controls to ensure that it notifies the RHC program, at any time, the supported services are not being provided to the HCP or the HCP is not otherwise receiving the approved support. In addition, the Beneficiary may visit USAC's website at https://www.usac.org/rural-health-care/learn/ to become familiar with the training and outreach available from the RHC program.

SERVICE PROVIDER RESPONSE

These findings should be directed to the relevant HCPs because they were the entities responsible for the improper disbursement of funds for each finding.[9] As AT&T previously has explained, AT&T has no record of responding to any of the HCPs' Form 465s. Rather, AT&T apparently was designated by each HCP as its service provider in its Form 466 application for funding because the HCP already was purchasing the services at issue from AT&T. As a consequence, AT&T was not privy to the details of each HCP's request for services and/or its application for funding set forth in its FCC Forms 465 and 466. AT&T only became aware that each HCP sought RHC funding for the service(s) it was purchasing from AT&T when AT&T received each FCL and HCP Support Schedule (HSS), and, as required by RHC rules, disbursed reimbursements to the HCP pursuant to the terms of that schedule.[10] According to

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[9] *See Streamlined Resolution of Requests Related to Actions by the Universal Service Administrative Company,* CC Docket No. 02-6, WC Docket No. 06-122, WC Docket No. 02-60, DA 16-220 at 10-11 n. 32 (WCB rel. Feb. 29, 2016)(granting AT&T Corp.'s request for review of USAC's decision to recover from AT&T improperly disbursed RHC funding based on a violation of the FCC's invoicing procedures on the ground that AT&T was not the party at fault for the violation) ("We find that Crawford Memorial Hospital and Health Services (Crawford) is the party at fault in violating the Commission's invoicing procedures. We therefore direct USAC to discontinue its recovery actions against AT&T Corporation for FRN 29817 and seek recovery of funding from Crawford, the party at fault in violating the Commission's invoicing procedures. We also clarify that recovery of funds improperly disbursed under the rural health care support mechanism (i.e., the Telecommunications and Healthcare Connect Fund programs) shall be directed at the party or parties who have committed the statutory or rule violation, regardless of whether that party is a beneficiary or a service provider.") (citations omitted).

[10] *See* USAC Training, *Rural Health Care Program Understanding the Role of Service Providers*, formerly available at http://www.usac.org/_res/documents/rhc/training/2010/Understanding%20the%20Role%20of%20Service%20Providers.pdf (this page is no longer maintained on USAC's website, but is available at Wayback Machine (archive.org) (last checked March 27, 2023). The foregoing document was linked to the USAC Rural Health Care Trainings & Outreach

USAC's guidance regarding the obligations of service providers, upon receiving a FCL, service providers were obligated to confirm the SPIN, BAN, and FRN, and to submit corrected information (presumably to the HCP) before the HCP submitted its Form 467 if any of that information was incorrect.[11] USAC further advised that, upon receipt of the Form 467, USAC would issue a HCP Support Schedule (HSS) to both the HCP and the Service Provider, and directed service providers to "begin providing credits to the HCP according to this schedule."[12] Because AT&T followed the Support Schedule issued by USAC, AT&T disagrees that it "over-invoiced USAC" – rather, as directed by USAC, it invoiced the amounts set forth in the HSS and passed through the full discounted amount to the HCP.

To the extent USAC determines that any reimbursements mandated by the applicable HSS were not consistent with program rules (e.g., because the HCP disconnected a line, or failed to properly account for promotional pricing), that was not due to AT&T's failure to follow the support schedule as required by USAC nor does it constitute "over-invoicing" by AT&T. Rather, any such over-invoicing resulted from the relevant HCP's failure to fulfill its obligation to notify USAC if it disconnected and/or did not receive the supported services set forth in its HSS so that USAC could appropriately modify and send an amended HHS to AT&T, and thus ensure that AT&T would appropriately invoice for supported services. In this regard, the HSS sent to each HCP (and copied to AT&T) confirms as much:

It is the *HCP's responsibility* to review the information in this HSS. Contact the RHC Program Help Desk atRHC-Assist@usac.org *immediately if, at any time,* the supported services are not being provided to the HCP or the HCP is not otherwise receiving the approved support.[13]

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webpage on July 15, 2017, formerly available at http://usac.org/rhc/telecommunications/outreach/reference.aspx (this page too is no longer maintained on USAC's website, but also is available on the Wayback Machine at Handouts & Reference - Rural Health Care Program - USAC.org (archive.org)) (last checked on March 27, 2023). To the best of AT&T's knowledge, the Wayback Machine's July 15, 2017, capture of USAC's website training regarding service providers' responsibilities under the Telecommunications Program reflects USAC's training regarding service providers' responsibilities under the Rural Health Care Program during the period covered by the audit but has been unable to verify that insofar as the Wayback Machine captures websites at irregular intervals and does not necessarily capture all files on a particular site for every web capture. AT&T believes that USAC should maintain on its website an archive of all trainings, guidance, and FCC Forms (as it did before revamping its website some years ago) so that program participants readily and easily can access the forms, training, and guidance setting forth USAC's and the Commission's view of participant's obligations under the RHC program – and any other program administered by USAC. Program participants should not be forced to search for such documents on the web, through the Wayback Machine, or elsewhere to obtain such materials in order to prepare their responses to USAC and/or Commission audits.

[11] *Id.* at slide 13.

[12] *Id.* at slide 16.

[13] *See*, *e.g.,* Health Care Support Schedule, FRN 18421611 (Dodge County Hospital) (July 25, 2019); Health Care Support Schedule, FRN 18379311 (Webster County Health Department) (Aug. 19, 2019); Health Care Support Schedule, FRN 18431301 (Black River Family Practice) (Jun. 5, 2019); Health Care Support Schedule, FRN 18431241 (Black River Health Center) (Jun. 5, 2019) (emphasis added).

USAC's website further makes clear that modifications to RHC Telecom Program funding are the responsibility of the HCP.[14] Insofar as any amounts over-invoiced by AT&T resulted from the relevant HCP's failure to promptly notify the RHC program office of a change in services, or to properly account for promotional pricing, as required by USAC, and because AT&T passed through such amounts to the HCPs, the findings and recovery of any resulting over-invoiced amounts should properly be directed to the HCPs.

BENEFICIARY RESPONSE

FRN 1843130 - To ensure program integrity, if the HCP was indeed overfunded, the HCP will work with the service provider and USAC to make sure only the correct amount was provided to the HCP.[15]

FRN 1843124 - To ensure program integrity, if the HCP was indeed overfunded, the HCP will work with the service provider and USAC to make sure only the correct amount was provided to the HCP.[16]

FRN 1842161 - We accept and understand the results.[17]

FRN 1837931 - To ensure program integrity, if the HCP was indeed overfunded, the HCP will work with the service provider and USAC to make sure only the correct amount was provided to the HCP.[18]

AAD RESPONSE

The Service Provider stated on its response that "[t]hese findings should be directed to the relevant HCPs because they were the entities responsible for the improper disbursement of funds for each finding." Further it mentioned that "[i]t is the HCP's responsibility to review the information in this HSS [and] modifications to RHC Telecom Program funding are the responsibility of the HCP." AAD acknowledges that an HCP is responsible for making modifications to the HSS upon a change in service schedule under RHC Telecom Program funding. Inappropriate charges should not be included and are not covered by universal service.[19] The Service Provider invoiced the RHC program and HCP for services that were disconnected or provided under a promotional discount. The finding is based on the fact that the Service Provider invoiced the RHC program for the entire amount listed on the respective Beneficiary's HSS even though the service was

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[14] FCC Form 467 Guide (usac.org) (instructing HCPs to use FCC Form 467 "in the event that the service is connected late or discontinued, to notify RHC of the date of disconnection so that RHC can arrange for termination of the discount. HCPs must promptly report to RHC all connections and disconnections.") (last checked March 27, 2023); *see also* https://www.usac.org/rural-health-care/telecommunications-program/step-5-review-funding-commitment-letter-submit-fcc-form-467 (last checked March 27, 2023).

[15] Timothy Basile, Senior Manager, Solix Consulting Services responses on behalf of Black River Family Practice to the Detail Audit Findings, received March 7, 2023.

[16] Timothy Basile, Senior Manager, Solix Consulting Services responses on behalf of Black River Health Center to the Detail Audit Findings, received March 7, 2023.

[17] Geoff Boggs, President, USF Healthcare Consulting responses on behalf of Dodge County Hospital to the Detail Audit Findings, received February 21, 2023.

[18] Timothy Basile, Senior Manager, Solix Consulting Services responses on behalf of Webster County Health Department to the Detail Audit Findings, received March 7, 2023.

[19] 47 U.S.C. § 54.609 (a) (2017).

disconnected or provided under a promotional discount. Hence, AAD concludes that the Service Provider and the Beneficiary are at fault for the over-invoicing and not notifying the modifications to the approved services to RHC Program respectively. Hence, AAD recommends recovery from the Service Provider and improvement in internal control of the Beneficiary. The Service Provider stated that "AT&T passed through such amounts to the HCPs, the findings and recovery of any resulting over-invoiced amounts should properly be directed to the HCPs." Beneficiaries' response indicates that they are willing to work with the Service Provider to correct the overfunded amount. The Service Provider should work with the Beneficiaries to determine if any payment or refund between them is necessary.

For these reasons, AAD's position on the Finding remains unchanged.

Finding #3: 47 C.F.R. § 54.602 (c) (2017) – Beneficiary Did Not Allocate the Costs to Ineligible Sites

CONDITION

AAD obtained and examined documentation, including the FCC Form 465 and FCC Form 466, and Service Provider bills, to determine whether the services delivered and invoiced were provided to an eligible entity supported by the RHC telecommunications program for the provision of healthcare. AAD determined that the entity using the services was not eligible as the location was not requested and approved on the Red Bay Hospital's (HCP or Beneficiary) forms.

AAD conducted surveys to determine whether the location and the voice lines received were in use at the location requested on the Beneficiary's Forms 465 and 466 during the 2018 funding period. On its FCC Forms 465 and 466, the Beneficiary requested four voice service lines for its Red Bay Hospital location for FRN 1837841. However, through inquiry,[20] AAD determined that the Beneficiary requested RHC telecommunications program support, and the Service Provider invoiced the RHC program, for one out of four lines that was located at an ineligible offsite HCP.[21] The Beneficiary did not allocate eligible and ineligible activities in order to receive prorated support for the eligible voice lines only.[22]

Because the offsite location was not eligible for funding and the Beneficiary did not allocate the funding request between eligible and ineligible activities for the funding year 2018, AAD concludes that the RHC program was over-invoiced by $1,789 for FRN 1837841, which is the amount of funding committed and disbursed to support the ineligible services.

CAUSE

The Beneficiary did not have adequate system and controls to ensure that services requested and received were for eligible HCPs, included in the FCC Forms 465 and 466. In addition, the Service Provider did not demonstrate sufficient knowledge of the FCC Rules regarding invoicing the RHC program for eligible services.

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[20] Per phone survey response from the consultant (Geoff Boggs, USF Healthcare Consulting), received on Aug. 31, 2021, indicating that one of the four lines for which service was requested for funding was located at a HCP offsite location and, therefore, not eligible for funding.

[21] *See* 47 C.F.R. §§ 54.601(a)(2)(2017).

[22] *See* 47 C.F.R. § 54.602(c)(2017).

The Beneficiary conducted a competitive bidding process for this FRN. However, it did not receive any bids. Therefore, it selected the incumbent Service Provider. In addition, the Service Provider informed AAD that it has no record of responding to the HCP's Form 465. The Service Provider stated that it was not privy to the details of the HCP's request for services and/or its application for funding set forth in its FCC Forms 465 and 466. The Service Provider indicated it became aware that the HCP sought RHC funding when it received each FCL and subsequent HCP's Support Schedule, and, as required by FCC Rules, disbursed reimbursements to the HCP pursuant to the terms of that schedule from USAC without knowing whether a particular location was or was not listed on the HCP's FCC Form 466, or whether an ineligible account/location was included on the Healthcare Support Schedule (HSS).[23]

EFFECT

The monetary effect of this finding is $1,789. This amount represents the total amount committed and disbursed by the RHC program for services to an ineligible location during the funding year.

RECOMMENDATION

AAD recommends that USAC Management seek recovery of $1,789 from the Beneficiary as identified in the Effect section above.

The Beneficiary must implement policies, procedures, and controls, and familiarize itself with FCC Rules to ensure that it only requests RHC program support for services to eligible entities during the funding year. The Beneficiary may learn more about submitting funding requests for support for services used for the provision of health care at https://www.usac.org/rural-health-care/telecommunications-program/step-4-submit-funding-requests/. In addition, the Beneficiary and Service Provider may take advantage of the training and outreach available from the RHC program on USAC's website at https://www.usac.org/rural-health-care/learn/.

SERVICE PROVIDER RESPONSE

The Service Provider declined to provide a response.

BENEFICIARY RESPONSE

Approved.[24]

Finding #4: 47 C.F.R. § 54.615(b) (2017) – The Service Provider Charged the Beneficiary a Rate Higher Than the Urban Rate

CONDITION

[23] Beneficiary responses to the Summary of Exception, received April 15, 2022.
[24] J.B White, Director of Information Technology, Red Bay Hospital responses to the Detail Audit Findings, received March 23, 2023.

AAD obtained and examined documentation, including copies of Service Provider bills and payment details from both the Beneficiaries[25] and Service Provider, to determine whether the Service Provider provided eligible telecommunications services to the Beneficiaries at a rate no higher than the urban rate for FRNs 1837931, 1837923, 1837925, 1837841, 1839353, 1839355, 1842161, 1842171, 1833707, 1833710, 1833713, 1843130, 1843131 and 1843124 and provided the credit to the applicable HCPs.[26] AAD determined that the Service Provider provided services at rates higher than the urban rate for the identified FRNs and did not provide the full amount of credit to the HCP only to charge the urban rate approved.

The Service Provider provided the HCPs' bills, payment documentation for the bills, and reimbursement checks to the HCPs for the discounted portion of service to AAD. Upon review, AAD determined that the amount the Service Provider charged and collected was more than the rural rate listed on the FCC Form 466. Further, the amount reimbursed to each HCP agreed to the "discounted support amount" invoiced to USAC by the Service Provider for the difference between the rural rate and urban rate listed on the FCC Form 466.

Although the Service Provider initially charged a price that exceeded the urban and the rural rate altogether to the applicable Beneficiaries for the abovementioned FRNs, it subsequently reimbursed the Beneficiaries for the discounted rate or approved rural rates (i.e., partial reimbursement). The Service Provider failed to reimburse amounts in excess of the urban rate as detailed below:

FRN	HCP Payment to SP A	HCP Responsibility (Urban Rate + Ineligible Charges) B	SP invoiced RHC Program and Reimbursed to HCP (Rural Rate) C	Total Amount (Overpaid to HCP)/ Owed to HCP D= A-B-C
1837931	$8,058	$1,833	$5,621	$604
1837923	$2,393	$457	$1,554	$382
1837925	$9,075	$2,721	$6,139	$215
1837841	$10,657	$2,807	$7,156	$694
1839353	$4,012	$233	$3,691	$88
1839355	$4,383	$226	$3,795	$362
1842171	$25,723	$12,724	$9,715	$3,284
1833707	$4,785	$298	$4,179	$308
1833710	$10,936	$4,472	$6,005	$459
1833713	$1635	$184	$1,356	$95
1843131	$6,491	$1,269	$5,005	$217
Total	**$88,148**	**$27,224**	**$54,216**	**$6,708**

Because the Service Provider provided the services at a rate higher than the urban rate, AAD concludes that the Service Provider was not in compliance with the FCC Rules.

[25] Webster County Regional Family Medicine, Hancock County, Hancock County Health Department, Ohio County Health Department, Red Bay Hospital, Jennings American Legion Hospital, Dodge County Hospital, Desoto Regional Family Medicine – Logansport, and Black River Family Practice.

[26] *See* 47 U.S.C. § 254(h)(1)(A) (2015).

CAUSE

The Service Provider did not have controls and procedures to proactively identify and track which HCPs would be using its services with funding under the RHC Program and therefore complying with the FCC Rules requiring the provision of supported services at rates no higher than the urban rates. In addition, the Service Provider informed AAD that it only became aware that the HCP sought RHC funding when it received the FCL and subsequent HCP Support Schedule from USAC.[27] Consequently, the Service Provider had no way of knowing that some of the services each HCP ordered might be supported by RHC funding, and thus appropriately invoiced those customers for all the services they ordered. In addition, the Service Provider stated that it is not aware of anything in the Commission's rules and orders that precludes it from modifying the rates or terms of service in its tariffs and guidebooks.[28]

EFFECT

The monetary effect of this finding is $6,708, which represents the amount the Service Provider should refund to the HCPs. Failure to comply with the FCC Rule to collect rates no higher than the urban rate increases the risk of inaccurate invoicing to the RHC program as well as inaccurate billing to the HCP.

RECOMMENDATION

AAD does not recommend a recovery of funds to the RHC program.

The Service Provider must identify the exact amount owed to each HCP during the period audited and refund those amounts to its customers. AAD recommends that the Service Provider only collect the established urban rate from the HCPs to be in compliance with the FCC Rules. In addition, the Service Provider must familiarize itself with the FCC Rules and implement controls and procedures to ensure that it provides and bills for services eligible for RHC telecommunications program support to HCPs at rates no higher than the urban rates. The Service Provider may visit USAC's website at https://www.usac.org/rural-health-care/learn/ to become familiar with the training and outreach available from the RHC program.

SERVICE PROVIDER RESPONSE

AT&T disputes this finding. AAD's rationale for finding that AT&T collected amounts in excess of the urban rate (apparently based on the rate listed on the relevant HCP's Form 466) and/or improperly billed for ineligible/out of scope costs is unstated and thus unclear. However, AAD appears to have concluded that, if a HCP orders both eligible and ineligible services from AT&T, AT&T may not continue to invoice its customers for all services (together with associated fees and taxes) purchased by HCP, but rather must modify its billing practices to provide separate invoices to its HCP customer – one for services for which USAC approved RHC Telecom program support and another for services not so supported.[29] AAD also appears to have concluded that, if a HCP orders service pursuant to AT&T's

[27] Service Provider responses to the Summary of Exception, received April 15, 2022.
[28] *Id.*
[29] It appears that, in calculating the amounts by which AT&T's invoices purportedly collected amounts higher than the "urban rate" from the HCPs, AAD included services purchased by the HCPs (such as long-distance calling, hunting or

tariff or guidebook (which forms a binding contract for the purchase of such services), and later obtains RHC Telecom program funding for such service, AT&T may not increase the rate charged to the HCP regardless of whether it has lawfully modified the rates in its tariff or guidebook. So far as AT&T is aware, neither determination is supported by Commission rules and orders, nor does AAD cite any Commission authority for its determination.

As with the other findings and FRNs at issue, and as stated in our previous response, AT&T has no record of responding to the HCP Forms 465 at issue; rather, it apparently was designated by each HCP as its service provider in its Form 466 application for funding because the HCP already was purchasing the services at issue from AT&T out of AT&T's guidebook or tariff. None of the HCPs informed AT&T that it was applying for RHC funding for those services, nor did any of them provide AT&T a copy of its FCC Form 466 applying for such funding or its FCC Form 467 certifying that it was receiving the services that were the subject of its request from AT&T. AT&T thus became aware that the HCP sought such funding only when it received the FCL and subsequent HSS from USAC for each FRN. Notably, neither the FCL nor the HSS for each FRN lists the urban and rural rates included on each HCP's Forms 466 or 467, nor do they specify the method by which the HCP calculated such rates. Rather, each form simply lists the HCP, its FRN, the SPIN, Service Type and number of lines/services, the funding start and end dates, and the amount of funding (monthly and total) committed. As a consequence, AT&T had no way of knowing what urban and rural rates the HCP included on its request for funding, or whether such rates were calculated by the HCP in accordance with RHC Telecom program rules. Rather, it only knew the amounts it was supposed to bill USAC pursuant to each HCP's HSS, which it did.

In the course of the audit, AAD provided materials identifying what it considered to be the urban and rural rates for each FRN. Additionally, AAD informed AT&T that, in identifying such rates, AAD relied entirely on the rural and urban rates included on each HCP's FCC Form 466, to which (as noted above) AT&T was and still is not privy.[30] Nonetheless, AT&T remains unable to determine the basis and methodology upon which each HCP calculated urban and rural rates, and thus cannot determine whether the rates calculated by each HCP and included on its request for funding was consistent with the FCC's rate methodology. AT&T notes in this regard that, in several cases, the FRNs subject to the audit identify different urban and rural rates even though they were for the same services provided to

other features, etc.) that were not included in the HCP's funding requests but were included on their bills along with the supported services. AAD also appears to have counted certain fees (e.g., universal service fees and taxes) for which the HCPs could have, but did not, seek RHC support, and which AT&T was entitled to charge to its customers, although we cannot be certain because our numbers do not match those of AAD.

[30] Email of [REDACTED], Lead Auditor, AAD, USAC (REDACTED@usac.org), to Anisa Green, Director-Federal Regulatory (al7161@att.com) (dated Mar. 1, 2023) ("Finding #4: AAD did not determine the urban and rural rate. AAD used the same rate submitted by the Beneficiaries on their respective Form 466. A point to be noted here is that the Beneficiaries have provided references to ATT's (SPIN143004824) various bills on their support to the Form 466.").

the same HCP at the same address, which should not be the case.[31] AT&T has not attempted to calculate the urban and rural rates for the services at issue because, as discussed above, it did not respond to the HCPs' FCC Forms 465 requesting bids, and thus appropriately relied solely on the FCL and HSS in determining the amounts to invoice USAC for the FRNs at issue.[32]

At several points during the audit, AT&T requested AAD to provide AT&T a copy of its audit plan and/or to identify the procedures it applied to assess compliance with the rate calculation rule and to determine the urban and rural rates applicable to the FRNs at issue so that AT&T could evaluate AAD's then tentative audit findings, but that request was denied (apparently at the direction of Commission staff and USAC management). As a consequence, AT&T has been unable to assess and fully respond to USAC's findings here. However, AT&T observes that, insofar as AAD itself came up with multiple urban and rural rates for the same services provided to the same HCPs at the same location, it is hard to see how AT&T can be faulted for attempting in good faith to comply with HCP program rules by relying on the FCL and HSS for each of the FRNs at issue.

AT&T is further hampered in its ability to respond to the findings that it provided services at rates higher than the urban rate for the identified FRNs because the audit report does not disclose what

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[31] For example, according to USAC data, Dodge County Hospital apparently listed three different urban and rural rates for 56 kbps voice grade business lines provided by AT&T to the same location, 901 Griffin Avenue, Eastman GA. Specifically, the data show that the urban and rural rates for such service under FRN 18421611 are $14.02 and $151.00 respectively and are $15.27 and $130.92 for FRN 18421711 (the latter rates are on a per line basis; the rates listed by USAC are $106.88 and $916.47 for 7 (seven) 56 kbps voice grade business lines). The data show that the rates for a third FRN for the same HCP, location, and service are $14.02 and $151.00. Similarly, the data show that Jennings American Legion Hospital apparently listed different urban and rural rates for two FRNs for 56 kbps voice grade service provided at 1634 Elton RD, Jennings, LA. Specifically, FRN 18393531 lists the urban and rural rates for two such services as $15.04 and $322.63 (or $7.52 and $161.32 on a per line basis), while FRN 18393551 lists them as $15.46 and $331.69 for two such services (or $7.73 and $165.85 per line).

[32] AT&T further observes that the FCC's rate calculation rule requires parties to compile data necessary to calculate the urban and rural rates and to submit such data to USAC, and thus constitute information collections that require approval by the Office of Management and Budget. *See* Paperwork Reduction Act of 1995, 44 U.S.C. §§ 3501 *et seq.* ("PRA"). Under the PRA, a party cannot be penalized for failure to comply with an unapproved information collection. 44 U.S.C. § 3512. The FCC sought and received approval by the Office of Management and Budget (OMB) for such information collection(s) through FCC Form 466. That OMB-approved form and instructions, which were in effect during the period covered by the audit, direct HCPs to list their "actual rural rate" on Line 33 of the form. The instructions explain that Line 33 "*requires* entering the amount the HCP pays per month, or the amount the HCP expects to pay per month for the service. This information should be taken from the service provider's bill, or from the new service offer or contract received from the service provider. The applicant must submit to RHCD a bill, contract, service offer or letter from the service provider, from which this information was taken." (Emphasis added.) Notwithstanding the text of the FCC's rural rate calculation rule, the FCC purposefully decided twenty years ago to cease requiring service providers to follow this rule by supplying information using Methods 1 through 3. *See* FCC Form 468, eliminated by USAC and the FCC in 2002, effective with Funding Year 2003. Instead, the FCC required HCPs to list their "actual rural rate" as the rate they are being charged, consistent with the OMB-approved instructions, quoted above. The FCC and, by extension USAC, thus lack OMB authority to collect the information necessary to calculate urban and rural rates (*i.e.*, Methods 1 through 3), and thus lacks approval to require service providers, like AT&T, to collect and submit such information.

invoice charges AAD included in calculating the amounts by which AT&T purportedly overcharged each HCP for the supported services. As explained above, in the case of virtually all, of the FRNs at issue here, the HCP purchased multiple services and/or features from AT&T, including both the supported services that were the subject of their funding requests and other services (some of which may or may not have been eligible for support). In addition, in every case, AT&T did not respond to each HCP's FCC Form 465 and was not aware that it had been designated as each HCP's service provider in its application for RHC funding. As a consequence, AT&T had no way of knowing that some of the services each HCP ordered might be supported by RHC funding, and thus continued to invoice each HCP for all of the services they ordered on a single invoice. Those invoices thus included the supported services (in most cases, basic business voice services) and other services ordered by and provided to the HCP – including long distance calling, ISDN prime services, hunting, and other services or features. The invoices also included certain fees (such as universal service fees and taxes) for which the HCPs could have, but may not have, sought RHC support. So far as AT&T can tell, in finding that AT&T charged the HCPs rates higher than the urban rate, AAD included some or all such fees included on AT&T's invoices, although we cannot be certain because our numbers do not match those used by AAD.

As AT&T previously informed the auditors, AT&T is not aware of anything in the FCC's rules and orders that precludes service providers from issuing HCPs a single invoice for eligible and ineligible services. To the contrary, FCC Form 466 appears expressly to contemplate that service providers may do so.[33] Thus, nothing precluded AT&T from invoicing each HCP for all of the services it purchased from AT&T, consistent with its standard billing practices and systems regardless of whether some of those services were ineligible for RHC support. But, as required, AT&T only sought reimbursement from the RHC program for eligible services as set forth on each HCP's HSS, and promptly reimbursed those customers for such services upon receiving USF funding. To the extent AAD included such services and fees when calculating the amounts by which AT&T purportedly charged the HCPs more than the urban rate for supported services, which AT&T is unable to discern based on the information available to it, AT&T disagrees with the finding and recommendation that AT&T refund such amounts to the HCPs.

Likewise, AT&T is not aware of anything in the Commission's rules and orders that precludes it from modifying the rates or terms of service in its tariffs and guidebooks, and, if it lawfully does so, from charging such lawful rates to HCPs purchasing service out of AT&T's tariffs or guidebooks – regardless of whether the HCP has sought and obtained RHC funding for such service. It appears that is precisely

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[33] AT&T notes in this regard that the instructions to FCC Form 466 at the time provided:

> **Line 33** requires entering the amount the HCP pays per month, or the amount the HCP expects to pay per month for the service. This information should be taken from the service provider's bill, or from the new service offer or contract received from the service provider. The applicant must submit to RHCD a bill, contract, service offer or letter from the service provider, from which this information was taken. *Please exclude from this amount any toll (per minute) charges, equipment charges, or other non-eligible charges that may be on the bill. Taxes and regulatory or related fees incurred in obtaining telecommunications service, which are assessed as a percentage rather than a fixed per line or per account charge, may be included in the rural rate for which support is requested.* However, as noted below, the same taxes or fees must be included in the urban rate used for comparison. (emphasis added.)

what occurred for one or more FRNs at issue here.[34] While, in such a case, AT&T may not reimburse the HCP for amounts charged above the rates set forth in the HCP's HSS, so far as AT&T is aware nothing in the Commission's rules at the time precluded AT&T from charging the HCP for the difference between the lawful rate for service when it was provided and the amount of funding approved by USAC. Indeed, insofar as the HCPs purchased the services out of AT&T's tariffs/guidebooks, which thus formed lawful and binding contracts with the HCPs, AT&T was required under its common carrier obligations to charge the rates at issue once the tariff/guidebook rates changed. To the extent AAD disagrees, it should include in this finding a cite to a Commission rule or order that expressly and clearly precludes AT&T from doing so. As a regulated entity, AT&T is entitled to know the rules, regulations, and standards to which it will be held.

BENEFICIARY RESPONSE

FRNs 1843130 and 1843131: To ensure program integrity, if the HCP was indeed overfunded, the HCP will work with the service provider and USAC to make sure only the correct amount was provided to the HCP.[35]

FRN 1843124: To ensure program integrity, if the HCP was indeed overfunded, the HCP will work with the service provider and USAC to make sure only the correct amount was provided to the HCP.[36]

FRNs 1833707, 1833710 and 1833713: We accept and understand the results.[37]

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[34] For example, it appears that, in its FCC Form 466 for FRN 18421711, Dodge County Hospital sought funding for 7 voice business lines it was purchasing from AT&T for $140.00 per line, which was the guidebook rate in June 2018 when its funding application apparently was filed, for a monthly recurring charge of $980.00 on Billing Account Number (BAN) 478 448-4000-002. Again, AT&T was not privy to that filing and did not become aware that the HCP at issue sought funding for such services until it received a FCL from USAC, which was dated March 22, 2019 – almost a year later. In the interim, before AT&T received such notice, AT&T lawfully increased the guidebook rate to $145.00 in November 2018. It again lawfully increased the guidebook rate for such service to $167 in May 2019, shortly after receiving the FCL but two months before AT&T received the HSS from USAC, which was dated July 25, 2019 – more than a year after the HCP submitted its funding application. Similarly, it appears that, in its FCC Form 466 for FRN 18379231, Hancock sought funding for a single voice grade business line it was then purchasing from AT&T for $126.00 (BAN 270 927-9467 207), which was the guidebook rate in June 2018 when Hancock filed its Form 466. AT&T did not become aware that Hancock sought funding for such service until it received a FCL from USAC, which was dated January 18, 2019. In July 2018, less than a month after Hancock filed its FCC Form 466 (to which AT&T was not privy), but six months before receiving the FCL, AT&T lawfully increased the guidebook rate for such service to $145. It again lawfully increased the guidebook rate for the service to $167 in May 2019, four months after the FCL, but a month prior to receiving the HSS, which was dated June 5, 2019 – a year after Hancock filed its FCC Form 466.

[35] Timothy Basile, Senior Manager, Solix Consulting Services responses on behalf of Black River Family Practice to the Detail Audit Findings, received March 7, 2023.

[36] Timothy Basile, Senior Manager, Solix Consulting Services responses on behalf of Black River Health Center to the Detail Audit Findings, received March 7, 2023.

[37] Geoff Boggs, President, USF Healthcare Consulting responses on behalf of Desoto Regional Family Medicine to the Detail Audit Findings, received February 21, 2023.

FRNs 1842161 and 1842171: We accept and understand the results.[38]

FRN 1837923: To ensure program integrity, if the HCP was indeed overfunded, the HCP will work with the service provider and USAC to make sure only the correct amount was provided to the HCP.[39]

FRNs 1839353 & 1839355: We understand and agree to all findings.[40]

FRN 1837925: To ensure program integrity, if the HCP was indeed overfunded, the HCP will work with the service provider and USAC to make sure only the correct amount was provided to the HCP.[41]

FRN 1837841: Approved.[42]

FRN 1837931: To ensure program integrity, if the HCP was indeed overfunded, the HCP will work with the service provider and USAC to make sure only the correct amount was provided to the HCP.[43]

AAD RESPONSE:

The Service Provider stated in its response that "AAD's rationale for finding that AT&T collected amounts in excess of the urban rate and/or improperly billed for ineligible/out of scope costs is unstated and thus unclear. However, AAD appears to have concluded that, if a HCP orders both eligible and ineligible services from AT&T, AT&T may not continue to invoice its customers for all services (together with associated fees and taxes) purchased by HCP, but rather must modify its billing practices to provide separate invoices to its HCP customer – one for services for which USAC approved RHC Telecom program support and another for services not so supported." AAD does not argue that the Service Provider may not continue to invoice its customers for all services. AAD states that audit plan and procedures are confidential, but clarifies that AAD provided a calculation, via Box, supporting the finding on May 15, 2023. AAD identified the amount the HCP needs to pay for eligible service and any other ineligible services by classifying the items on the bill between eligible and ineligible items, including taxes and surcharges applied to the extent on the eligible services. AAD compared the amount that the HCP paid to the Service Provider for the eligible service to the amount the HCP is responsible to pay based on the rate listed on the relevant HCP's FCC Form 466. AAD does not intend to

[38] Geoff Boggs, President, USF Healthcare Consulting responses on behalf of Dodge County Hospital to the Detail Audit Findings, received February 21, 2023.
[39] Timothy Basile, Senior Manager, Solix Consulting Services responses on behalf of Jennings American Legion Hospital to the Detail Audit Findings, received March 7, 2023.
[40] Shane Clark, Director of Informational Services, Jennings American Legion Hospital responses to the Detail Audit Findings, received April 10, 2023.
[41] Timothy Basile, Senior Manager, Solix Consulting Services responses on behalf of Ohio County Health Department to the Detail Audit Findings, received March 7, 2023.
[42] J.B White, Director of Information Technology, Red Bay Hospital responses to the Detail Audit Findings, received March 23, 2023.
[43] Timothy Basile, Senior Manager, Solix Consulting Services responses on behalf of Webster County Health Department to the Detail Audit Findings, received March 7, 2023.

comment on the ineligible costs (e.g., long-distance calling, hunting, etc.) as the payment made to against these charges was calculated separately. As such, AAD's conclusion that the Service Provider charged the Beneficiary a rate higher than the urban rate has not changed. However, AAD identified errors in its calculation of the monetary effect of the finding on its draft report submitted to the Service Provider and the Beneficiary. Hence, AAD updated its calculation to reflect the correct monetary effect of the finding. As a result, the original monetary effect of $10,366 is reduced to $6,708.

The Service Provider stated that "AAD also appears to have concluded that, if an HCP orders service pursuant to AT&T's tariff or guidebook (which forms a binding contract for the purchase of such services), and later obtains RHC Telecom program funding for such service, AT&T may not increase the rate charged to the HCP regardless of whether it has lawfully modified the rates in its tariff or guidebook. So far as AT&T is aware, neither determination is supported by Commission rules and orders, nor does AAD cite any Commission authority for its determination." AAD does not comment on this as AAD did not note any modification in its rate to the HCPs for the services within the scope of the audit.

Further, the Service Provider stated "AT&T has no record of responding to the HCP Forms 465 at issue; rather, it apparently was designated by each HCP as its service provider in its Form 466 application for funding because the HCP already was purchasing the services at issue from AT&T out of AT&T's guidebook or tariff. None of the HCPs informed AT&T that it was applying for RHC funding for those services, nor did any of them provide AT&T a copy of its FCC Form 466 applying for such funding or its FCC Form 467 certifying that it was receiving the services that were the subject of its request from AT&T… AT&T had no way of knowing what urban and rural rates the HCP included on its request for funding, or whether such rates were calculated by the HCP in accordance with RHC Telecom program rules. Rather, it only knew the amounts it was supposed to bill USAC pursuant to each HCP's HSS, which it did." AAD agrees that the Service Provider may not know the urban and rural rates until the Healthcare Support Schedule (HSS) is issued if the Service Provider did not bid for the service requested by the HCP on its FCC Form 465. However, once the Service Provider is aware that the service sought by the HCP is funded under the RHC Telecommunication Program, the rules require that the Service Provider to charge the Beneficiary no more than the urban rate.[44] That there may be logistical or coordination challenges to obtaining the FCC Forms 466 and 467 from the Beneficiary to understand the amount chargeable to the Beneficiary does not negate the Service Provider's responsibility to comply with the FCC Rules.

Additionally, the Service Provider noted that "[I]n several cases, the FRNs subject to the audit identify different urban and rural rates even though they were for the same services provided to the same HCP at the same address, which should not be the case." AAD clarifies that it does not identify the urban and rural rates, rather it verifies if the rates claimed by the HCPs are supported by appropriate and sufficient evidence. AAD used the same rate submitted by the HCPs as AAD determined on a sampling basis that the rates were appropriately supported.

AAD reiterates that the monetary finding is a result of the Service Provider charging the Beneficiaries more than the urban rate approved for funding and solely represents the cost of eligible service. This does not

[44] 47 C.F.R. § 54.615(b) (2017).

support the objective of RHC Program that rural health care providers pay no more than their urban counterparts for their telecommunications and Internet access needs in providing health care services.

For these reasons, AAD's position on the Finding remains unchanged. However, the monetary effect has been reduced to $6,708 due to a calculation error in an earlier version of the draft report as mentioned above.

CRITERIA

Finding	Criteria	Description
#1, 3	47 C.F.R. §54.601(a)(2) (2017)	***Eligible health care providers.*** (2) Each separate site or location of a health care provider shall be considered an individual health care provider for purposes of calculating and limiting support under this subpart.
#2	47 C.F.R. §54.609(a) (2017)	The amount of universal service support provided for an eligible service to be funded from the Telecommunications Program shall be the difference, if any, between the urban rate and the rural rate charged for the service, as defined herein. In addition, all reasonable charges that are incurred by taking such services, such as state and federal taxes shall be eligible for universal service support. Charges for termination liability, penalty surcharges, and other charges not included in the cost of taking such service shall not be covered by the universal service support mechanisms. Under the Telecommunications Program, rural health care providers may choose one of the following two support options.
#3	47 C.F.R. §54.602(c) (2017)	***Allocation of discounts.*** An eligible health care provider that engages in both eligible and ineligible activities or that collocates with an ineligible entity shall allocate eligible and ineligible activities in order to receive prorated support for the eligible activities only. Health care providers shall choose a method of cost allocation that is based on objective criteria and reasonably reflects the eligible usage of the facilities.
#4	47 C.F.R. §54.615(b) (2017)	*Receiving supported rate.* Upon receiving a bona fide request, as defined in paragraph (c) of this section, from a rural health care provider for a telecommunications service that is eligible for support under the Telecommunications Program, a telecommunications carrier shall provide the service at a rate no higher than the urban rate, as defined in § 54.605, subject to the limitations applicable to the Telecommunications Program.

#4	47 U.S.C. § 254(h)(1)(A) (2017).	(h)Telecommunications services for certain providers (1) In general (A) Health care providers for rural areas A telecommunications carrier shall, upon receiving a bona fide request, provide telecommunications services which are necessary for the provision of health care services in a State, including instruction relating to such services, to any public or nonprofit health care provider that serves persons who reside in rural areas in that State at rates that are reasonably comparable to rates charged for similar services in urban areas in that State. A telecommunications carrier providing service under this paragraph shall be entitled to have an amount equal to the difference, if any, between the rates for services provided to health care providers for rural areas in a State and the rates for similar services provided to other customers in comparable rural areas in that State treated as a service obligation as a part of its obligation to participate in the mechanisms to preserve and advance universal service.

APPENDIX: TABLE: USAC MANAGEMENT'S RECOVERY ACTION BY FRN

FRN	Finding #1 (A)	Finding #2 (B)	Finding #3 (C)	Finding #4 (D)	Monetary Effect (A+B+C+D)	Recommended Recovery (A+B+C)	Amount Service Provider owe to Beneficiary (D)	Commitment Adjustment (A+B+C)
1843131	$5,005	-	-	$217	$5,222	$5,005	$217	$5,005
1837931	-	$105	-	$604	$770	$105	$604	$105
1842161	-	$178	-	-	$178	$178	-	$178
1843130	-	$1,244	-	-	$1,244	$1,244	-	$1,244
1843124	-	$1,551	-	-	$1,551	$1,551	-	$1,551
1837841	-	-	$1,789	$694	$2,483	$1,789	$694	$1,789
1837923	-	-	-	$382	$383	-	$382	-
1837925	-	-	-	$215	$331	-	$215	-
1839353	-	-	-	$88	$89	-	$88	-
1839355	-	-	-	$362	$362	-	$362	-
1842171	-	-	-	$3,284	$6,766	-	$3,284	-
1833707	-	-	-	$308	$307	-	$308	-
1833710	-	-	-	$459	$457	-	$459	-
1833713	-	-	-	$95	$95	-	$95	-
TOTAL	**$5,005**	**$3,078**	**$1,789**	**$6,708**	**$20,238**	**$9,872**	**$6,708**	**$9,872**

This concludes the report.