

**Universal Service Administrative Company
Audit Committee Quarterly Meeting
Agenda**

<p>Monday, January 28, 2013 <i>Immediately following the Schools & Libraries Committee Meeting</i> USAC Offices 2000 L Street, NW, Suite 200 Washington, D.C.</p>

<u>ACTION ITEMS</u>
a1. Approval of Audit Committee Meeting Minutes of October 29, 2012
a2. Recommendation for Annual Election of Committee Chair and Vice Chair
a3. Review of Audit Committee Charter
a4. Consideration of the 2013-14 USAC Internal Audit Plan – Confidential & Proprietary – Executive Session Recommended
a5. Action on One USAC Internal Audit Division USAC Information Technology Division Operational Audit Report – Confidential & Proprietary – Executive Session Recommended <i>Same as aEC02cf</i>
a6. Miscellaneous. Solicit ideas for April 2013 Committee meeting agenda.

<u>INFORMATION ITEMS</u>
i1. USAC Internal Audit Division Audit Update – Executive Session Option <i>Same as iBOD04</i>
i2. Quarterly Summary of Audit Reports Finalized at Board and Committee Meetings <i>Same as iBOD05</i>
i3. Internal Audit Division Report on the 2011-12 Internal Audit Plan
i4. Report on the Audit of the FCC's Financial Statements for the Fiscal Year Ending September 30, 2012 <i>Same as iBOD06</i>
i5. Miscellaneous

Next Scheduled Quarterly USAC Audit Committee Meeting

<p>Monday, April 22, 2013 Immediately following Schools & Libraries Committee Meeting USAC Offices, Washington, D.C.</p>

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
2000 L Street, N.W., Suite 200
Washington, D.C. 20036

AUDIT COMMITTEE MEETING
Monday, January 28 , 2013

MINUTES

The quarterly meeting of the Audit Committee (Committee) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Monday, January 28, 2013. At the request of Mr. David McClure, Committee Chair, Mr. Joe Gillan chaired the meeting. The meeting was called to order at 2:30 p.m. Eastern Time, with all three of the five Committee members present:

Gillan, Joe – Vice Chair
McClure, David – Chair – *by telephone*

Talbott, Dr. Brian

Ms. Anne Campbell joined the call by telephone at 2:31 p.m. Eastern. She did not vote on item a1.

Committee members not present:

Jimenez, Jose

Other Board of Directors (Board) members and officers of the corporation present:

Barash, Scott – Acting Chief Executive Officer
Capozzi, David – Acting General Counsel and Assistant Secretary
Case, David – Vice President of Finance, Chief Financial Officer and Assistant Treasurer
Greiner, Colleen – Vice President and Chief Information Officer
Scott, Wayne – Vice President of Internal Audit

Others present for the meeting:

<u>NAME</u>	<u>COMPANY</u>
Acker, Justin	USAC
Amalfitano, Vince – <i>by telephone</i>	FCC
Anderson, Latoya	USAC
Becker, Ellen – <i>by telephone</i>	FCC
Berkland, Kristen	USAC
Braxton-Johnson, Kianna	USAC
Caruso, Michael	USAC
Delmar, Teleshia	USAC
Desrocher, Mike	USAC

<u>NAME</u>	<u>COMPANY</u>
Do, Jennifer	USAC
Falkowitz, Ed	USAC
Gelman, Sheryl	USAC
Glaskow, Susan	USAC
Goode, Vernell	USAC
Guinan, Gabriela	USAC
Hughet, Pamela	USAC
Johnson, Sharen	USAC
Joiner, Chelsea	USAC
Molson, Adam	USAC
Nuzzo, Patsy	USAC
Ruffley, Brandon	USAC
Salvator, Charles	USAC
Schreiber, Johnnay	USAC
Skadin, Andy	FCC
Smith, Chris	USAC
Spade, Gina – <i>by telephone</i>	FCC

ACTION ITEMS:

- a1. Approval of Audit Committee Meeting Minutes of October 29, 2012.** On a motion duly made and seconded, the Committee approved the minutes, as written, of the Committee meeting of October 29, 2012.

- a2. Recommendation for Annual Election of Committee Chair and Vice Chair.** Mr. Gillan indicated that the Committee will defer making recommendations for the Committee Chair and Vice Chair positions because the FCC Chair has not yet selected Board members to fill vacant Board seats and seats of existing Board members whose terms have expired but are continuing to serve until they are renominated or a replacement is selected.

- a3. Review of Audit Committee Charter.** Mr. Scott presented this item for discussion.

On a motion duly made and seconded and after discussion, the Committee adopted the following resolution:

RESOLVED, that the USAC Audit Committee, having reviewed the current Audit Committee Charter as presented by USAC Internal Audit Division staff, agrees that revisions are not required.

- a4. Consideration of the 2013-14 USAC Internal Audit Plan.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that discussion of the Audit Plan contained in the attachments to this issue paper be conducted in

To expedite navigation, please use the bookmarks located in the Navigation Pane.

Executive Session because discussion of specific audit plans, internal controls, and/or confidential company data constitutes a discussion of *internal rules and procedures*.

On a motion duly made and seconded, the Committee adopted the following resolution:

RESOLVED, that the USAC Audit Committee determines that discussion of the 2013-14 USAC Internal Audit Plan shall be conducted in *Executive Session*.

- a5. **Action on One USAC Internal Audit Division USAC Information Technology Division Operational Audit Report.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that this matter be discussed in *Executive Session* because the report relates to *specific internal controls and/or confidential company data* that would constitute a discussion of internal rules and procedures.

On a motion duly made and seconded, the Committee adopted the following resolution:

RESOLVED, that the USAC Audit Committee determines that discussion of the USAC Internal Audit Division Information Technology Operational Audit Report labeled US2012OP002 shall be conducted in *Executive Session*.

- a6. **Miscellaneous. Solicit ideas for the April 2013 Committee Meeting Agenda.** Mr. Gillan reminded members that they may offer suggestions for agenda items at each quarterly meeting. Ideas may be submitted to Mr. McClure, Mr. Barash or Mr. Scott between quarterly meetings.

INFORMATION ITEMS:

- i1. **USAC Internal Audit Division Audit Update.** Mr. Scott presented this item for discussion.
- i2. **Quarterly Summary of Audit Reports Finalized at Board and Committee Meetings.** Mr. Scott presented this item for discussion.
- i3. **Internal Audit Division Report on the 2011-12 Internal Audit Plan.** Mr. Scott presented this item for discussion.
- i4. **Report on the Audit of the FCC's Financial Statements for the Fiscal Year Ending September 30, 2012.** Mr. Scott presented this item for discussion.

At 2:50 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purpose of discussing the confidential and proprietary items noted above.

EXECUTIVE SESSION:

- a4. Consideration of the 2013-14 USAC Internal Audit Plan.** Mr. Scott presented this item for discussion.

On a motion duly made and seconded and after discussion, the Committee adopted the following resolution:

RESOLVED, that the USAC Audit Committee approves the 2013-14 USAC Internal Audit Plan as presented by the USAC Internal Audit Division.

- a5. Action on One USAC Internal Audit Division USAC Information Technology Division Operational Audit Report.** Mr. Scott presented this item for discussion.

On a motion duly made and seconded and after discussion, the Committee adopted the following resolution:

RESOLVED, that the USAC Audit Committee, having reviewed the USAC Internal Audit Division Information Technology Operational Audit Report labeled US2012OP002, together with management's responses thereto, accepts the recommendations of the USAC Executive Committee and USAC management and hereby deems the report final.

At 2:59 p.m. Eastern Time, the Committee moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Mr. Gillan reported that in *Executive Session*, the Committee discussed and took action on items a4 and a5 above. On a motion duly made and seconded, the Committee adjourned at 3:00 p.m. Eastern Time.

/s/ David A. Capozzi
Assistant Secretary

**Universal Service Administrative Company
Audit Committee Quarterly Meeting
Agenda**

**Monday, April 22, 2013
Immediately following the Schools & Libraries Committee Meeting
USAC Offices
2000 L Street, N.W., Suite 200
Washington, D.C. 20036**

ACTION ITEMS

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|---|
| a1. Approval of Audit Committee Meeting Minutes of January 28, 2013 |
| a2. Recommendation for Annual Election of Committee Chair and Vice Chair |
| a3. Review of USAC's Processes to Assure Compliance with Applicable Laws and Regulations |
| a4. Review of the Integrity of USAC's Financial Reporting Process |
| a5. Miscellaneous. Solicit ideas for July 2013 Committee meeting agenda. |

INFORMATION ITEMS

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|--|
| i1. USAC Internal Audit Division Audit Update – <i>Executive Session Option</i>
<i>Same as iBOD04</i> |
| i2. Quarterly Summary of Audit Reports Finalized at Board and Committee Meetings –
<i>Executive Session Option</i>
<i>Same as iBOD05</i> |
| i3. Semiannual Status Report on Actions Taken on Final USAC Audits – <i>Executive Session Option</i>
<i>Same as iBOD06</i> |
| i4. Review of Changes to USAC's Auditing and Accounting Principles and Practices |
| i5. Annual Executive Session with USAC's Vice President of Internal Audit –
Confidential & Proprietary – <i>Executive Session Recommended</i> |
| i6. Miscellaneous |

Next Scheduled USAC Audit Committee Meeting

**Monday, July 22, 2013
Immediately following Schools & Libraries Committee Meeting
USAC Offices, Washington, D.C.**

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
2000 L Street, N.W., Suite 200
Washington, D.C. 20036

AUDIT COMMITTEE MEETING
Monday, April 22 , 2013

MINUTES

The quarterly meeting of the Audit Committee (Committee) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Monday, April 22, 2013. Mr. David McClure, Committee Chair, called the meeting to order at 2:33 p.m. Eastern Time, with all five Committee members present:

Campbell, Anne – <i>by telephone</i>	McClure, David – Chair
Gillan, Joe – Vice Chair	Talbott, Dr. Brian
Jimenez, Jose	

Other Board of Directors (Board) members and officers of the corporation present:

Barash, Scott – Acting Chief Executive Officer
Belden, Richard – Chief Operating Office
Blackwell, Mel – Vice President, Schools & Libraries Division
Capozzi, David – Acting General Counsel and Assistant Secretary
Case, David – Vice President of Finance, Chief Financial Officer and Assistant Treasurer
Greiner, Colleen – Vice President and Chief Information Officer
Scott, Wayne – Vice President of Internal Audit

Others present for the meeting:

<u>NAME</u>	<u>COMPANY</u>
Brewster, Jillian	USAC
Carpenter, Nikki-Blair	USAC
Caruso, Michael	USAC
Delmar, Teleshia	USAC
Desrocher, Mike	USAC
Falkowitz, Ed	USAC
Goode, Vernell	USAC
Guinan, Gabriela	USAC
Hughet, Pamela	USAC
Kimi, Anthony	USAC
Little, Maria	USAC
Malashenok, Yelena	USAC
Molson, Adam	USAC
Nuzzo, Patsy	USAC

<u>NAME</u>	<u>COMPANY</u>
Ruffley, Brandon	USAC
Salvator, Charles	USAC
Smith, Chris	USAC
Spade, Gina – <i>by telephone</i>	FCC

ACTION ITEMS:

a1. Approval of Audit Committee Meeting Minutes of January 28, 2013. On a motion duly made and seconded, the Committee approved the minutes, as written, of the Committee meeting of January 28, 2013.

a2. Recommendation for Annual Election of Committee Chair and Vice Chair. Mr. McClure indicated that the Committee will defer making recommendations for the Committee Chair and Vice Chair positions because the FCC Chair has not yet selected Board members to fill vacant Board seats and seats of existing Board members whose terms have expired but are continuing to serve until they are renominated or a replacement is selected.

a3. Review of USAC's Processes to Assure Compliance with Applicable Laws and Regulations. Mr. Scott presented this item for discussion.

On a motion duly made and seconded and after discussion, the Committee adopted the following resolution:

RESOLVED, that the USAC Audit Committee accepts the USAC Internal Audit Division's assessment that USAC's processes are in compliance with applicable laws and regulations.

a4. Review of the Integrity of USAC's Financial Reporting Process. Mr. Scott presented this item for discussion.

On a motion duly made and seconded and after discussion, the Committee adopted the following resolution:

RESOLVED, that the USAC Audit Committee accepts the Internal Audit Division's review and assessment of USAC's financial reporting processes.

a5. Miscellaneous. Solicit ideas for the July 2013 Committee Meeting Agenda. Mr. McClure reminded members that they may offer suggestions for agenda items at each quarterly meeting. Ideas may be submitted to Mr. McClure, Mr. Barash or Mr. Scott between quarterly meetings.

INFORMATION ITEMS:

- i1. **USAC Internal Audit Division Audit Update.** Mr. Scott presented this item for discussion.
- i2. **Quarterly Summary of Audit Reports Finalized at Board and Committee Meetings.** Mr. Scott presented this item for discussion.
- i3. **Semiannual Status Report on Actions Taken on Final USAC Audits.** Mr. Scott presented this item for discussion.
- i4. **Review of Changes to USAC's Auditing and Accounting Principles and Practices.** Mr. Scott presented this item for discussion.
- i5. **Annual Executive Session with USAC's Vice President of Internal Audit.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that this matter be discussed in *Executive Session* pursuant to the guidelines in the approved Audit Committee Charter.

At 2:50 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purpose of discussing the confidential and proprietary item noted above.

EXECUTIVE SESSION:

- i5. **Annual Executive Session with USAC's Vice President of Internal Audit.** In. Mr. Scott presented this item for discussion.

At 3:26 p.m. Eastern Time, the Committee moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Mr. McClure reported that in *Executive Session*, the Committee discussed item i5 above. On a motion duly made and seconded, the Committee adjourned at 3:26 p.m. Eastern Time.

/s/ David A. Capozzi
Assistant Secretary

**Universal Service Administrative Company
Audit Committee Quarterly Meeting
Agenda**

Monday, July 29, 2013 Immediately following Schools & Libraries Committee Meeting USAC Offices 2000 L Street, N.W., Suite 200 Washington, D.C. 20036

<u>ACTION ITEMS</u>

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|--|
| a1. Approval of Audit Committee Meeting Minutes of April 22, 2013 |
| a2. Recommendation for Election of Committee Chair and Vice Chair |
| a3. Action on Two USAC Internal Audit Division USAC Information Technology Division Operational Audit Reports – <i>Executive Session Option</i>
<i>Same as aEC02</i> |
| a4. Acceptance of USAC’s 2012 Annual Financial Audit and Agreed-Upon Procedures Review
<i>Same as iBOD08</i> |
| a5. Miscellaneous. Solicit ideas for October 2013 Committee meeting agenda. |

<u>INFORMATION ITEMS</u>

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| i1. USAC Internal Audit Division Audit Update – <i>Executive Session Option</i>
<i>Same as iBOD04</i> |
| i2. Quarterly Summary of Audit Reports Finalized at Board and Committee Meetings – <i>Executive Session Option</i>
<i>Same as iBOD05</i> |
| i3. Audit Committee Executive Session with USAC’s Independent Audit Firm – DP George & Company – Confidential – <i>Executive Session Recommended</i> |
| i4. Miscellaneous |

Next Scheduled USAC Audit Committee Meeting

Monday, October 28, 2013 Immediately following Schools & Libraries Committee Meeting USAC Offices, Washington, D.C.
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UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
2000 L Street, N.W., Suite 200
Washington, D.C. 20036

AUDIT COMMITTEE MEETING
Monday, July 29, 2013

MINUTES

The quarterly meeting of the Audit Committee (Committee) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Monday, July 29, 2013. Mr. Joseph Gillan, Committee Vice Chair, called the meeting to order at 3:41 p.m. Eastern Time, with all four Committee members present (there is one vacancy):

Campbell, Anne
Gillan, Joe – Vice Chair

Jimenez, Jose
Talbott, Dr. Brian

Other Board of Directors (Board) members and officers of the corporation present:

Barash, Scott – Acting Chief Executive Officer
Belden, Richard – Chief Operating Office
Blackwell, Mel – Vice President, Schools & Libraries Division
Capozzi, David – Acting General Counsel and Assistant Secretary
Feiss, Geoff – Member of the Board
Greiner, Colleen – Vice President and Chief Information Officer – *by telephone*
Jones, Rochelle – Member of the Board
Mason, Ken – Member of the Board
Schell, Julie Tritt – Member of the Board
Scott, Wayne – Vice President of Internal Audit

Others present for the meeting:

<u>NAME</u>	<u>COMPANY</u>
Anderson, Latoya	USAC
Beard, Jay	USAC
Braxton-Johnson, Kianna	USAC
Carpenter, Nikki-Blair	USAC
Crowe, Jennifer	USAC
Delmar, Teleshia	USAC
Desrocher, Mike	USAC
Fischer, Dennis	USAC
George, Dewey	DP George
Goode, Vernell	USAC
Hughet, Pamela	USAC
Lutz, Corey	USAC

<u>NAME</u>	<u>COMPANY</u>
Murphy, Tom	USAC
Nuzzo, Patsy	USAC
Powell, Emily	USAC
Ruffley, Brandon	USAC
Salvator, Charles	USAC
Skadin, Andy	FCC
Smith, Chris	USAC
Smith, Mike – <i>by telephone</i>	DP George

ACTION ITEMS:

- a1. Approval of Audit Committee Meeting Minutes of April 22, 2013.** On a motion duly made and seconded, the Committee approved the minutes, as written, of the Committee meeting of April 22, 2013.

- a2. Recommendation for Annual Election of Committee Chair and Vice Chair.** Dr. Talbott presented this item to the Committee.

On a motion duly made and seconded and after discussion, the Committee adopted the following resolution:

RESOLVED, that the USAC Schools & Libraries Committee recommends that the USAC Board of Directors elect **Joseph Gillan** as Chair and **Jose Jimenez** as Vice Chair of the Committee for a term that begins immediately upon the adoption of this resolution by the Board and ends when a successor to the Chair and/or Vice Chair has been elected, when the Chair or Vice Chair resigns from the Committee or the Board, is removed by resolution of the Board, or is no longer a member of the Board.

- a3. Action on Two USAC Internal Audit Division USAC Information Technology Division Operational Audit Reports.** Mr. Scott presented this item for discussion.

On a motion duly made and seconded and after discussion, the Committee adopted the following resolution:

RESOLVED, that the USAC Audit Committee, having reviewed the USAC Internal Audit Division USAC Information Technology Division Access Control Audit Report labeled US2012OP003 and Personnel Security Audit Report labeled US2012OP004, together with management's responses thereto, accepts the recommendations of the USAC Executive Committee and USAC management and hereby deems the reports final.

- a4. Acceptance of USAC's 2012 Annual Financial Audit and Agreed-Upon Procedures Review.** Mr. Scott presented this item to the Committee. Mr.

Dewey George, Managing Partner and Mr. Mike Smith, Engagement Partner of DP George and Company, LLC presented the results of USAC's annual financial audit and agreed-upon procedures review to the Committee.

On a motion duly made and seconded and after discussion, the Committee adopted the following resolution:

RESOLVED, that the USAC Audit Committee, having reviewed the USAC 2012 Financial Audit Report as submitted by DP George and Company LLC, hereby deems the report final; and

RESOLVED FURTHER, that the USAC Audit Committee, having reviewed the USAC 2012 Agreed-Upon Procedures Review Report as submitted by DP George and Company LLC, hereby deems such report final.

- a5. Miscellaneous. Solicit ideas for the October 2013 Committee Meeting Agenda.** Mr. Gillan reminded members that they may offer suggestions for agenda items at each quarterly meeting. Ideas may be submitted to Mr. Gillan, Mr. Barash or Mr. Scott between quarterly meetings.

INFORMATION ITEMS:

- i1. USAC Internal Audit Division Audit Update.** Mr. Scott presented this item for discussion.
- i2. Quarterly Summary of Audit Reports Finalized at Board and Committee Meetings.** Mr. Scott presented this item for discussion.
- i3. Audit Committee Executive Session with USAC's Independent Audit Firm – DP George & Company.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that this matter be discussed in *Executive Session* pursuant to the guidelines in the approved Audit Committee Charter, which states:

The Committee shall, at least annually and at such other times as the Committee deems necessary, separately meet with USAC management, the Vice President of Internal Audit, and representatives of each independent auditing firm retained by USAC to discuss any matters that either the Committee or any of these groups believes *should be discussed privately*.

To expedite navigation, please use the bookmarks located in the Navigation Pane.

At 4:26 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purpose of discussing the confidential and proprietary item noted above.

EXECUTIVE SESSION:

i5. Audit Committee Executive Session with USAC's Independent Audit Firm – DP George & Company. The committee met with representatives of DP George and Company, LLC.

At 4:45 p.m. Eastern Time, the Committee moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Mr. Gillan reported that in *Executive Session*, the Committee discussed item i5 above. On a motion duly made and seconded, the Committee adjourned at 4:46 p.m. Eastern Time.

/s/ David A. Capozzi
Assistant Secretary

**Universal Service Administrative Company
Audit Committee Quarterly Meeting
Agenda**

Monday, October 28, 2013 <i>Immediately following Schools & Libraries Committee Meeting</i> USAC Offices 2000 L Street, NW, Suite 200 Washington, D.C.
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<u>ACTION ITEMS</u>
a1. Approval of Audit Committee Meeting Minutes of July 29, 2013
a2. Acceptance of the Annual Assessment by the USAC Internal Audit Division of the Independence and Financial Literacy of the USAC Audit Committee Members
a3. Annual Review of the Internal Audit Charter; the Organizational Structure, Budget, and Activities of the Internal Audit Division; and Significant Changes to the Internal Audit Plan
a4. Annual Review of the Effectiveness of the Company's Process for Assessing Significant Risks and Exposures and the Steps Management Has Taken to Minimize Such Risks and Exposures
a5. Annual Review of the Adequacy of USAC's System of Internal Controls
a6. Miscellaneous. Solicit ideas for the January 2014 Committee meeting agenda.

<u>INFORMATION ITEMS</u>
i1. USAC Internal Audit Division Audit Update – <i>Executive Session Option</i> <i>Same as iBOD04</i>
i2. Semiannual Status Report on Actions Taken on Final USAC Audits – <i>Executive Session Option</i> <i>Same as iBOD05</i>
i3. USAC Internal Audit Division Peer Review Report
i4. Distribution of Materials on Audit Committee Best Practices
i5. Miscellaneous

Next Scheduled Quarterly USAC Audit Committee Meeting

Monday, January 27, 2014 Immediately following Schools & Libraries Committee Meeting USAC Offices, Washington, D.C.
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UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
2000 L Street, N.W., Suite 200
Washington, D.C. 20036

AUDIT COMMITTEE MEETING
Monday, October 28, 2013

MINUTES

The quarterly meeting of the Audit Committee (Committee) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Monday, October 28, 2013. Mr. Joseph Gillan, Committee Chair, called the meeting to order at 3:01 p.m. Eastern Time, with four of the five Committee members present:

Campbell, Anne
Feiss, Geoff

Gillan, Joe – Chair
Jimenez, Jose – Vice Chair

Members of the Committee not present:

Talbott, Dr. Brian

Other Board of Directors (Board) members and officers of the corporation present:

Barash, Scott – Acting Chief Executive Officer
Belden, Richard – Chief Operating Office
Blackwell, Mel – Vice President, Schools & Libraries Division
Case, Dave – Vice President of Finance, Chief Financial Officer and Assistant Treasurer
Capozzi, David – Acting General Counsel and Assistant Secretary
Greiner, Colleen – Vice President and Chief Information Officer
Scott, Wayne – Vice President of Internal Audit
Wein, Olivia – Member of the Board

Others present for the meeting:

<u>NAME</u>	<u>COMPANY</u>
Carpenter, Nikki-Blair	USAC
Caruso, Michael	USAC
Crowe, Jennifer	USAC
Delmar, Teleshia	USAC
Desrocher, Mike	USAC
Fischer, Dennis	USAC
Goode, Vernell	USAC
Guinan, Gabriela	USAC
Hughet, Pamela	USAC
Nuzzo, Patsy	USAC

<u>NAME</u>	<u>COMPANY</u>
Ruffley, Brandon	USAC
Salvator, Charles	USAC
Smith, Chris	USAC
Spade, Gina – <i>by telephone</i>	FCC
Stankus, Paul	CSM

ACTION ITEMS:

- a1. Approval of Audit Committee Meeting Minutes of July 29, 2013.** On a motion duly made and seconded, the Committee approved the minutes as written of the Committee meeting of July 29, 2013.
- a2. Acceptance of the Annual Assessment by the USAC Internal Audit Division of the Independence and Financial Literacy of the USAC Audit Committee Members.** Mr. Scott presented this item for discussion.

On a motion duly made and seconded and after discussion, the Committee adopted the following resolution:

RESOLVED, that the USAC Audit Committee accepts the assessment made by the USAC Internal Audit Division and agrees that the Audit Committee is adequately staffed with independent members and has a sufficient level of financial expertise.

- a3. Annual Review of the Internal Audit Charter; the Organizational Structure, Budget, and Activities of the Internal Audit Division; and Significant Changes to the Internal Audit Plan.** Mr. Scott presented this item for discussion.

On a motion duly made and seconded and after discussion, the Committee adopted the following resolution:

RESOLVED, that the USAC Audit Committee, having reviewed the current Internal Audit Charter, as presented by USAC Internal Audit Division staff, reaffirms its approval of the October 29, 2012 Internal Audit Charter.

- a4. Annual Review of the Effectiveness of the Company's Process for Assessing Significant Risks and Exposures and the Steps Management Has Taken to Minimize Such Risks and Exposures.** Mr. Scott presented this item for discussion.

On a motion duly made and seconded and after discussion, the Committee adopted the following resolution:

RESOLVED, that the USAC Audit Committee accepts the USAC Internal Audit Division's review of the effectiveness of the Company's process for assessing significant risks and exposures, and the steps management has taken to minimize such risks and exposures.

- a5. Annual Review of the Adequacy of USAC's System of Internal Controls.** Mr. Scott presented this item for discussion.

On a motion duly made and seconded and after discussion, the Committee adopted the following resolution:

RESOLVED, that the USAC Audit Committee accepts the review of the adequacy of USAC's system of internal controls performed by the USAC Internal Audit Division.

- a6. Miscellaneous. Solicit ideas for the January 2014 Committee Meeting Agenda.** Mr. Gillan reminded members of the Committee that they may offer suggestions for agenda items at each quarterly meeting. Ideas may be submitted to Mr. Gillan, Mr. Barash or Mr. Scott between quarterly meetings.

INFORMATION ITEMS:

- i1. USAC Internal Audit Division Audit Update.** Mr. Scott presented this item for discussion.
- i2. Semiannual Status Report on Actions Taken on Final USAC Audits.** Mr. Scott presented this item for discussion.
- i3. USAC Internal Audit Division Peer Review Report.** Mr. Scott presented this item for discussion.
- i4. Distribution of Materials on Audit Committee Best Practices.** Mr. Scott presented this item for discussion.

On a motion duly made and seconded, the Committee adjourned at 3:50 p.m. Eastern Time.

/s/ David A. Capozzi
Assistant Secretary