

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

<p>Monday, January 27, 2014 <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 28, 2013
a2. Recommendation for Election of Committee Chair and Vice Chair
a3. Consideration of Revised Audit Committee Charter <i>Same as aBOD09</i>
a4. Action on One USAC Internal Audit Division USAC Information Technology Division Operational Audit Report – Confidential – <i>Executive Session Recommended</i> <i>Same as aEC02cf</i>
a5. Miscellaneous. Solicit ideas for April 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. Report on the Audit of the FCC’s Financial Statements for the Fiscal Year Ending September 30, 2013 <i>Same as iBOD05</i>
i3. Miscellaneous

Next Scheduled Quarterly USAC Audit Committee Meeting

<p>Monday, April 28, 2014 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 27, 2014

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 27, 2014. Mr. Joseph Gillan, Committee Chair, called the meeting to order at 3:21 p.m. Eastern Time, with three of the five Committee members present:

Feiss, Geoff
Gillan, Joe – Chair

Talbott, Dr. Brian

Ms. Anne Campbell joined the meeting by telephone at 3:34 p.m. Eastern Time. She did not vote on items a1 and a2.

Members of the Committee not present:

Jimenez, Jose – Vice Chair

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

Barash, Scott – Acting Chief Executive Officer
Belden, Richard – Chief Operating Officer
Capozzi, David – General Counsel and Assistant Secretary
Case, Dave – Vice President of Finance, Chief Financial Officer and Assistant Treasurer
Greiner, Colleen – Vice President and Chief Information Officer
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
Wein, Olivia – Member of the Board

Others present for the meeting:

<u>NAME</u>	<u>COMPANY</u>
Abebe, Hiwott	USAC
Anderson, Latoya	USAC
Braxton-Johnson, Kianna	USAC
Caruso, Michael	USAC
Coppedge, Tabby	USAC

<u>NAME</u>	<u>COMPANY</u>
Crowe, Jennifer	USAC
Delmar, Teleshia	USAC
Desrocher, Mike	USAC
Ellegood, Sharonda	USAC
Fischer, Dennis	USAC
Gelman, Sheryl	USAC
Goode, Vernell	USAC
Hughet, Pamela	USAC
Kriete, Debra	South Dakota Department of Education
Lacey, Kimberly	USAC
Nuzzo, Patsy	USAC
Rushiti, Alban	USAC
Salvator, Charles	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 28, 2013.** On a motion duly made and seconded, the Committee approved the minutes as written of the Committee meeting of October 28, 2013.
- a2. **Recommendation for Election of Committee Chair and Vice Chair.** Mr. Gillan recommended that this item be deferred until the FCC Chair makes selections to the USAC Board of Directors.
- a3. **Consideration of Revised 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 Board of Directors accepts the recommendation of the USAC Audit Committee and, having reviewed the current Audit Committee Charter and the modifications presented by the USAC Internal Audit Division, approves the revised Audit Committee Charter.

- a4. **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 of Directors (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 Fixed Assets and Administrative Assets Process Review labeled US2013OP003 shall be conducted in *Executive Session*.

- a5. Miscellaneous. Solicit ideas for the April 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 or Mr. Scott between quarterly meetings.

INFORMATION ITEMS

- i1. USAC Internal Audit Division Audit Update.** Mr. Scott presented this item for discussion.
- i2. Report on the Audit of the FCC's Financial Statements for the Fiscal Year Ending September 30, 2013.** Mr. Scott presented this item for discussion.
- i3. i3-1. Miscellaneous. Audit Committee Summary for Executive Committee Meeting with the FCC.** Mr. Scott presented this item for discussion.
- i3-2. Universal Service Fund Transformation Order.** Mr. Gillan raised this item for discussion with the Committee.

At 3:58 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

- a4. Action on One USAC Internal Audit Division USAC Information Technology Division Operational Audit Report.**

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 (IAD) Fixed Assets and Administrative Assets Process Review report labeled US2013OP003, accepts the recommendations of the USAC Executive Committee and USAC management and hereby deems the report final.

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

At 4:13 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 item a4 and discussed item i3 above.

Mr. Gillan, on behalf of the Committee, thanked Mr. Barash for his many contributions to the Committee and USAC and wished him well in his future endeavors.

On a motion duly made and seconded, the Committee adjourned at 4:14 p.m. Eastern Time.

/s/ David A. Capozzi
Assistant Secretary

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

**Monday, April 28, 2014
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 27, 2014 |
| a2. (Reserved) |
| 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. Action on One USAC Internal Audit Division USAC Finance Division Operational Audit Report – Confidential & Proprietary – <i>Executive Session Recommended</i>
<i>Same as aEC02cf</i> |
| a6. Action on One USAC Internal Audit Division USAC Information Technology Division Operational Audit Follow-up Report – <i>Executive Session Recommended</i>
<i>Same as aEC03cf</i> |
| a7. Miscellaneous. Solicit ideas for July 2014 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. Semiannual Status Report on Actions Taken on Final USAC Audits – <i>Executive Session Option</i>
<i>Same as iBOD05</i> |
| i3. Review of Changes to USAC's Auditing and Accounting Principles and Practices |
| i4. Annual Executive Session with USAC's Vice President of Internal Audit –
Confidential & Proprietary – <i>Executive Session Recommended</i> |
| i5. Miscellaneous |

Next Scheduled USAC Audit Committee Meeting

**Monday, July 28, 2014
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 28, 2014

MINUTES

The quarterly meeting of the USAC Board of Directors (Board) Audit Committee (Committee) was held at USAC's offices in Washington, D.C. on Monday, April 28, 2014. Mr. Jose Jimenez, Committee Vice Chair, called the meeting to order at 4:00 p.m. Eastern Time, with four of the five Committee members present:

Campbell, Anne
Feiss, Geoff

Jimenez, Jose – Vice Chair
Talbott, Dr. Brian

Members of the Committee not present:

Gillan, Joe – Chair

Other Board members and officers of the corporation present:

Belden, Richard – Chief Operating Officer and Interim Chief Executive Officer
Capozzi, David – General Counsel and Assistant Secretary
Case, Dave – Vice President of Finance, Chief Financial Officer and Assistant Treasurer
Jones, Rochelle – Member of the Board
Schell, Julie Tritt – Member of the Board
Scott, Wayne – Vice President of Internal Audit
Wein, Olivia – Member of the Board

Others present for the meeting:

<u>NAME</u>	<u>COMPANY</u>
Betancourt, Laura	USAC
Caruso, Michael	USAC
Delmar, Teleshia	USAC
Ellegood, Sharonda	USAC
Garrett, Ericka	USAC
Gelman, Sheryl	USAC
Goode, Vernell	USAC
Guinan, Gabriela Gross	USAC
Hughet, Pamela	USAC
Nuzzo, Patsy	USAC
Salvator, Charles	USAC

<u>NAME</u>	<u>COMPANY</u>
Smith, Chris	USAC
Spade, Gina – <i>by telephone</i>	FCC
Thannikkary, Audra	USAC

ACTION ITEMS

a1. Approval of Audit Committee Meeting Minutes of January 27, 2014. On a motion duly made and seconded, the Committee approved the minutes as written of the Committee meeting of January 27, 2014.

a2. Reserved.

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. Action on One USAC Internal Audit Division USAC Finance 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:

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

RESOLVED, that the USAC Audit Committee determines that discussion of the USAC Internal Audit Division Business Continuity Management audit report labeled US2013OP001 shall be conducted in *Executive Session*.

- a6. Action on One USAC Internal Audit Division USAC Information Technology Division Operational Audit Follow-up 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 Identification and Authentication Follow-Up Audit Report labeled US2013FL004 shall be conducted in *Executive Session*.

- a7. Miscellaneous. Solicit ideas for the July 2014 Committee Meeting Agenda.** Mr. Jimenez reminded members of the Committee that they may offer suggestions for agenda items at each quarterly meeting. Ideas may be submitted to Mr. Gillan 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.** This report was provided for informational purposes. No discussion was held.
- i3. Review of Changes to USAC's Auditing and Accounting Principles and Practices.** This report was provided for informational purposes. No discussion was held.
- i4. 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.

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

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

RESOLVED, that the USAC Audit Committee determines that the annual meeting with USAC's Vice President of Internal Audit required by the USAC Audit Committee Charter shall be conducted in *Executive Session* with only Audit Committee members and the Vice President of Internal Audit present, and, at the discretion of the Audit Committee, other members of USAC management and USAC's outside auditing firms may also be present.

At 4:23 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

- a5. Action on One USAC Internal Audit Division USAC Finance 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 (IAD) Business Continuity Management audit report labeled US2013OP001, accepts the recommendations of the USAC Executive Committee and USAC management and hereby deems the report final.

- a6. Action on One USAC Internal Audit Division USAC Information Technology Division Operational Audit Follow-up 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 Identification and Authentication Follow-Up Audit Report labeled US2013FL004, accepts the recommendations of the USAC Executive Committee and USAC management, and hereby deems the report final.

At 4:27 p.m. Eastern Time, the Committee continued in Executive Session with only members of the Committee and Mr. Scott present.

- i4. Annual Executive Session with USAC's Vice President of Internal Audit.**

At 4:43 p.m. Eastern Time, the Committee moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Mr. Jimenez reported that in

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

Executive Session, the Committee discussed and took action on items a5 and a6 and discussed item i4 above.

On a motion duly made and seconded, the Committee adjourned at 4:45 p.m. Eastern Time.

/s/ David A. Capozzi
Assistant Secretary

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

Tuesday, July 29, 2014 8:30 a.m. – 9:30 a.m. Eastern Time USAC Offices 2000 L Street, N.W., Suite 200 Washington, D.C. 20036

<u>OPEN SESSION</u>
<i>Action Items</i>
a1. Consent Items (each available for discussion upon request): A. Approval of Audit Committee Meeting Minutes of April 28, 2014 B. Approval of moving all <i>Executive Session</i> items into <i>Executive Session</i>
a2. Acceptance of USAC's 2013 Annual Financial Audit and Agreed-Upon Procedures Review <i>Same as iBOD06</i>
a3. Miscellaneous
<i>Information Items</i>
i1. USAC Internal Audit Division Audit Update – <i>Executive Session Option</i> <i>Same as iBOD04</i>
i2. Discussion of IAD Information Dashboard
i3. Miscellaneous. Solicit ideas for October 2014 Committee meeting agenda.

<u>EXECUTIVE SESSION</u>
<i>Action Items</i>
<i>Information Items</i>
i4. Audit Committee Executive Session with USAC's Independent Audit Firm – <i>Confidential – Executive Session Recommended</i>

Next Scheduled USAC Audit Committee Meeting

Monday, October 27, 2014 8:30 a.m. – 9:30 a.m. 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
Tuesday, April 29, 2014

MINUTES

The quarterly meeting of the USAC Board of Directors (Board) Audit Committee (Committee) was held at USAC's offices in Washington, D.C. on Tuesday, April 29, 2014. Mr. Joe Gillan, Committee Chair, called the meeting to order at 8:30 a.m. Eastern Time, with all five Committee members present:

Campbell, Anne
Feiss, Geoff
Gillan, Joe – Chair

Jimenez, Jose – Vice Chair
Talbot, Dr. Brian

Other Board members and officers of the corporation present:

Belden, Richard – Chief Operating Officer and Interim Chief Executive Officer
Brown, Eric – Member of the Board
Capozzi, David – General Counsel and Assistant Secretary
Case, Dave – Vice President of Finance, Chief Financial Officer and Assistant Treasurer
Jones, Rochelle – Member of the Board
Schell, Julie Tritt – Member of the Board
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
Delmar, Teleshia	USAC
Dougherty, Michael	USAC
George, Dewey	DP George
Goode, Vernell	USAC
Guinan, Gabriela Gross	USAC
Hill, William	FCC
Hughet, Pamela	USAC
Johnston, Anna	USAC
Murphy, Tom	USAC
Nuzzo, Patsy	USAC
Salvator, Charles	USAC
Schrieber, Johnnay	USAC

<u>NAME</u>	<u>COMPANY</u>
Smith, Chris	USAC
Smith, Michael	DP George
Thannikkary, Audra	USAC

OPEN SESSION

Action Items

a1. Consent Items.

- A. Approval of Committee meeting minutes of April 28, 2014.
- B. Approval of moving into *Executive Session* agenda item:
 - (1) i4 – Audit Committee Executive Session with USAC’s independent audit firm. The USAC Audit Committee Charter requires that the Committee meet with USAC’s independent auditors at least annually in *Executive Session* to encourage a full and frank discussion between the Committee and the independent auditors.

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

RESOLVED, that the USAC Audit Committee hereby approves the Committee meeting minutes of April 28, 2014; and discussion in *Executive Session* with USAC’s independent audit firm.

- #### **a2. Acceptance of USAC’s 2013 Annual Financial Audit and Agreed-Upon Procedures Review.** Mr. Scott presented this item for consideration. 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 2013 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 2013 Agreed-Upon Procedures Review Report as submitted by DP George and Company LLC, hereby deems such report final.

Information Items

- #### **i1. USAC Internal Audit Division Audit Update.** Mr. Scott presented this item for discussion.

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

- i2. Discussion of IAD Information Dashboard.** Mr. Scott presented this item for discussion.

At 9:34 a.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purpose of discussing the confidential item noted above.

EXECUTIVE SESSION

Information Item

- i4. Audit Committee Executive Session with USAC's Independent Audit Firm.**
The committee met with representatives of DP George and Company, LLC.

At 9:48 a.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 i4 above.

On a motion duly made and seconded, the Committee adjourned at 9:49 a.m. Eastern Time.

/s/ David A. Capozzi
Assistant Secretary

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

<p>Monday, October 27, 2014 8:30 a.m. – 10:00 a.m. Eastern Time USAC Offices 2000 L Street, N.W., Suite 200 Washington, D.C. 20036</p>

<u>OPEN SESSION</u>	
<i>Action Items</i>	
a1. Consent Items (each available for discussion upon request): A. Approval of Audit Committee Meeting Minutes of July 28, 2014. B. Approval of moving all <i>Executive Session</i> items into <i>Executive Session</i> .	
a2. Acceptance of the Annual Assessment by the USAC Internal Audit Division of the Independence and Financial Literacy of 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 January 2015 Committee meeting agenda.	
<i>Information Items</i>	
Wayne	i1. USAC Internal Audit Division Audit Update – <i>Executive Session Option</i> <i>Same as iBOD04</i>
Wayne	i2. Semiannual Status Report on Actions Taken on Final USAC Audits – <i>Executive Session Option</i> <i>Same as iBOD05</i>
Wayne	i3. Discussion of IAD Information Dashboard
Chair	i4. Miscellaneous.

<u>EXECUTIVE SESSION</u>	
<i>Action Items</i>	
a7. Action on One USAC Internal Audit Division USAC Finance Division Operational Audit Report – Confidential – <i>Executive Session Recommended</i> <i>Same as aEC03cf</i>	
a8. Action on One USAC Internal Audit Division USAC Information Technology Division Operational Audit Report – Confidential – <i>Executive Session Recommended</i> <i>Same as aEC04cf</i>	
<i>Information Items</i>	

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

Next Scheduled USAC Audit Committee Meeting

Monday, January 26, 2015

8:30 a.m. – 9:30 a.m.

USAC Offices, Washington, D.C.

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

AUDIT COMMITTEE MEETING
Monday, October 27, 2014

MINUTES

The quarterly meeting of the USAC Board of Directors (Board) Audit Committee (Committee) was held at USAC's offices in Washington, D.C. on Monday, October 27, 2014. Mr. Joe Gillan, Committee Chair, called the meeting to order at 8:32 a.m. Eastern Time, with all five Committee members present:

Campbell, Anne	Jimenez, Jose – Vice Chair
Feiss, Geoff	Talbott, Dr. Brian
Gillan, Joe – Chair	

Other Board members and officers of the corporation present:

Belden, Richard – Chief Operating Officer
Bergmann, Scott – Member of the Board
Brise, Ronald – Member of the Board
Capozzi, David – General Counsel and Assistant Secretary
Case, Dave – Vice President of Finance, Chief Financial Officer and Assistant Treasurer
Henderson, Chris – Chief Executive Officer
Jacobs, Ellis – Member of the Board
Jones, Rochelle – Member of the Board
Jortner, Wayne – Member of the Board
Lubin, Joel – Member of the Board
Majcher, Karen – Vice President, High Cost and Low Income
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>
Abebe, Hiwott	USAC
Callison, Lauren	USAC
Delmar, Teleshia	USAC
Donnelly, Michael	USAC
Gelman, Sheryl	USAC
Goode, Vernell	USAC
Guinan, Gabriela Gross	USAC
Hughet, Pamela	USAC

<u>NAME</u>	<u>COMPANY</u>
Hutchinson, Kyle	USAC
Johnston, Anna	USAC
Kaylor, Catherine	USAC
King, Sola	USAC
Mallory, Ross	USAC
Morning, Kim	USAC
Murphy, Tom	USAC
Nuzzo, Patsy	USAC
Riley, Adam	USAC
Salvator, Charles	USAC
Schrieber, Johnnay	USAC
Seikierta, Tim	FCC
Smith, Chris	USAC
Thannikkary, Audra	USAC
Trew, Anne Marie	USAC

OPEN SESSION

Action Items

a1. Consent Items.

- A. Approval of Audit Committee Meeting Minutes of July 28, 2014.
- B. Approval of moving into *Executive Session* agenda items:
 - a. a7 – Action on One USAC Internal Audit Division USAC Finance Division Operational Audit Report. USAC management 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.
 - b. a8 – Action on One USAC Internal Audit Division USAC Information Technology Division Operational Audit Report. USAC management 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 and after discussion, the Committee adopted the following resolution:

RESOLVED, that the USAC Audit Committee hereby approves the Committee meeting minutes of July 28, 2014; and discussion in *Executive Session* of two IAD operational audit reports.

- #### a2. Acceptance of the Annual Assessment by the USAC Internal Audit Division of the Independence and Financial Literacy of USAC Audit Committee Members.
- Mr. Scott presented this item for consideration.

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 consideration.

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 28, 2013 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 consideration.

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 consideration.

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 January 2015 Committee meeting agenda.**

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. **Discussion of IAD Information Dashboard.** Mr. Scott presented this item for discussion.

At 9:28 a.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purpose of discussing the confidential items noted above.

EXECUTIVE SESSION

- a7. **Action on One USAC Internal Audit Division USAC Finance 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 (IAD) Treasury and Cash Management Audit report labeled US2014OP001, accepts the recommendations of the USAC Executive Committee and USAC management and hereby deems the report final.

- a8. **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 (IAD) Disbursement Aggregation System (DAS) Application Review report labeled US2014OP002, accepts the recommendations of the USAC Executive Committee and USAC management and hereby deems the report final.

At 10:13 a.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 a7 and a8 above.

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On a motion duly made and seconded, the Committee adjourned at 10:13 a.m. Eastern Time.

/s/ David A. Capozzi
Assistant Secretary