

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

**Monday, January 27, 2020
8:00 a.m. – 9:30 a.m. Eastern Time
USAC Offices
700 12th Street, N.W., Suite 900
Washington, D.C. 20005**

<u>OPEN SESSION</u>		<i>Estimated Duration in Minutes</i>
Chair	a1. Consent Items (each item is available for discussion upon request): A. Approval of Audit Committee Meeting Minutes of October 28, 2019 B. Approval of moving all <i>Executive Session</i> items into <i>Executive Session</i> C. Review of the 2020 Audit Committee Charter	5
Chair	a2. Recommendation for Election of Committee Chair and Vice Chair	5
Dale	i1. Information on Fiscal Year 2019 FCC Agency Financial Report: USF Audit Summary	10
Teleshia	i2. Audit and Assurance Division Business Update. <ul style="list-style-type: none"> • October 2019 Committee Recap • 2019 Accomplishments • Operational Results • 2020 Look Ahead 	30

<u>EXECUTIVE SESSION</u>		
Confidential – Executive Session Recommended		
Teleshia	i3. Audit and Assurance Division Business Update (<i>Continued</i>). <ul style="list-style-type: none"> • BCAP Lessons Learned and Planned Actions 	25
Teleshia	i4. Audit Committee Executive Session with USAC’s Vice President of Audit and Assurance	15

Next Scheduled USAC Audit Committee Meeting

**Monday, April 27, 2020
8:00 a.m. – 9:30 a.m.
USAC Offices, Washington, D.C.**

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
700 12th Street, N.W., Suite 900
Washington, D.C. 20005

AUDIT COMMITTEE MEETING
Monday, January 27, 2020

MINUTES¹

The quarterly meeting of the Audit Committee (Committee) of the USAC Board of Directors (Board) was held at USAC's offices in Washington, D.C. on Monday, January 27, 2020. Mr. Geoff Feiss, Committee Chair, called the meeting to order at 8:01 a.m. Eastern Time, with a quorum of all four Committee members present (there was one vacancy):

Choroser, Beth	Gillan, Joe
Feiss, Geoff – Chair	Tinic, Atilla

Other Board members and officers of the corporation present:

Ayer, Catriona – Vice President of Schools and Libraries
Beckford, Ernesto – Vice President, General Counsel, and Assistant Secretary
Beyerhelm, Chris – Vice President of Enterprise Portfolio Management
Delmar, Teleshia – Vice President of Audit and Assurance
Fontana, Brent – Member of the Board
Gregory, Amber – Member of the Board
Hutchinson, Kyle – Vice President of IT and Chief Information Officer
Polk, Stephanie – Member of the Board
Salvator, Charles – Vice President, Chief Financial Officer, and Assistant Treasurer
Schell, Julie Tritt – Member of the Board
Sekar, Radha – Chief Executive Officer
Sweeney, Mark – Vice President of Rural Health Care

Others present:

<u>NAME</u>	<u>COMPANY</u>
Boakye-Gyan, Carol	USAC
Augustine, Steve	Kelley Drye
Braxton-Johnson, Kianna	USAC
Francisco, Dale	USAC
Frelow, Leslie	USAC
Goode, Vernell	USAC

¹ Draft resolutions were presented to the Committee prior to the Committee meeting. Where appropriate, non-substantive changes have been made to the resolutions set forth herein to clarify language, where necessary, or to correct grammatical or spelling errors.

<u>NAME</u>	<u>COMPANY</u>
Jones, Latrice	USAC
Lutin, Smyth	Avitecture
Nelbach Nick	USAC
Nuzzo, Patsy	USAC
Samuels, Victoria	USAC
Santana-Gonzalez, Jeanette	USAC
Smith, Chris	USAC
Suggs-Moore, Vickie	USAC
Tawes, Pauline	USAC
Theobald, Fred	USAC
Theodoropoulos, Nicole	USAC
Tiwari, Tanya	USAC
Ward, Rashonda	USAC

OPEN SESSION

All materials from *Open Session* can be found on the [USAC website](#).

- a1. Consent Items.** Mr. Feiss presented this item to the Committee.
- A.** Approval of Committee Meeting Minutes of October 28, 2019.
 - B.** Approval of moving all *Executive Session* items into *Executive Session*:
 - (1) **i3** – USAC Audit and Assurance Division Business Update (*Continued*). USAC management recommends that this matter be discussed in *Executive Session* because it relates to *specific internal controls, or confidential company data* that would constitute a discussion of internal rules and procedures.
 - (2) **i4** – *Executive Session* with USAC’s Vice President of Audit and Assurance. USAC management recommends that this matter be discussed in *Executive Session* pursuant to the guidelines in the approved Audit Committee Charter.
 - C.** The 2020 Audit Committee Charter.

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

RESOLVED, that the USAC Audit Committee hereby approves: (1) the Committee meeting minutes of October 28, 2019; and (2) discussion in *Executive Session* of the items noted above, and

RESOLVED FURTHER, that the USAC Audit Committee, having reviewed the existing Audit Committee Charter, recommends that the USAC Board of Directors approve the current Audit Committee Charter without revision.

- a2. Recommendation for Election of Committee Chair and Vice Chair.** Mr. Feiss introduced this item and asked that Ms. Schell, a member of the Nominating Committee, present the recommendations for the Audit Committee Chair and Vice Chair 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 recommends that the USAC Board of Directors elect **Geoff Feiss** as Chair and **Beth Choroser** as Vice Chair of the Committee. The term for each position begins immediately upon the election to such position by the Board and ends at such time as the Chair or Vice Chair (as the case may be): (i) is replaced by a successor selected by the Board, (ii) resigns from the Committee or the Board, (iii) is removed by resolution of the Board, or (iv) is no longer a member of the Board (whichever comes first).

- i1. Information on Fiscal Year 2019 FCC Agency Financial Report: USF Audit Summary.** Mr. Francisco presented this item to the Committee, noting that a material weakness identified in the Fiscal Year (FY) 2018 FCC Agency Financial Report was downgraded to significant deficiency in the FY 2019 FCC Agency Financial Report.
- i2. Audit and Assurance Division Business Update.** Ms. Delmar presented PowerPoint slides covering the following to the Committee:
1. October 2019 Audit Committee Recap
 2. 2019 Accomplishments
 3. Operational Results
 4. 2020 Goals and Objectives
 5. Audit and Assurance Division at a Glance
 6. 2020 Look Ahead

At 8:54 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

i3. Audit and Assurance Division Business Update (Continued). Ms. Delmar continued her presentation, with the Committee regarding confidential audit matters.

At 9:37 a.m. Eastern Time, the Committee continued in *Executive Session* with only non-staff members of the Board and Ms. Delmar present.

i4. Executive Session with USAC's Vice President of Audit and Assurance. The Committee met with USAC's Vice President of Audit and Assurance, pursuant to the requirements set forth in USAC's Audit Committee Charter.

OPEN SESSION

At 9:57 a.m. Eastern Time, the Committee moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Mr. Feiss reported that, in *Executive Session*, the Committee discussed items i3 and i4.

On a motion duly made and seconded, the Committee adjourned at 9:58 a.m. Eastern Time.

/s/ Ernesto Beckford
Assistant Secretary

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

<p>Tuesday, April 28, 2020 USAC Offices 700 12th Street, N.W., Suite 900 Washington, D.C. 20005</p>
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<u>OPEN SESSION</u>		<i>Estimated Duration in Minutes</i>
Chair	<p>a1. Consent Items (each item is available for discussion upon request):</p> <p style="margin-left: 20px;">A. Approval of Audit Committee Meeting Minutes of January 27, 2020</p> <p style="margin-left: 20px;">B. Approval of moving all <i>Executive Session</i> items into <i>Executive Session</i></p> <p style="margin-left: 20px;">C. Review of USAC’s Processes to Assess Compliance with Applicable Laws and Regulations</p>	3
Teleshia	<p>i1. Audit and Assurance Division Business Update <i>(For Information Only)</i></p>	–

<u>EXECUTIVE SESSION</u>		
Confidential – Executive Session Recommended		
Teleshia	<p>i2. Audit and Assurance Division Business Update <i>(Continued)</i></p> <ul style="list-style-type: none"> • Supply Chain Audits • Lifeline Non-usage Audits • Impact of COVID-19 on Audit Operations • Strategic Audits 	17
Teleshia	<p>a2. Action on Two USAC Audit and Assurance Division Strategic Audit Reports</p>	5
Chair	<p>i3. Audit Committee Executive Session with USAC’s Vice President of Audit and Assurance</p>	5

Next Scheduled USAC Audit Committee Meeting

<p>Monday, July 27, 2020 8:30 a.m. – 9:45 a.m. USAC Offices, Washington, D.C.</p>
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UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
700 12th Street, N.W., Suite 900
Washington, D.C. 20005

AUDIT COMMITTEE MEETING
Tuesday, April 28, 2020

MINUTES¹

Due to the temporary closure of USAC's offices in Washington, D.C. in response to the COVID-19 pandemic, the quarterly meeting of the Audit Committee (Committee) of the USAC Board of Directors (Board) was conducted by web conference on Tuesday, April 28, 2020. Mr. Geoff Feiss, Committee Chair, called the meeting to order at 10:07 a.m. Eastern Time, with a quorum of all five Committee members present:

Choroser, Beth – Vice Chair	Gillan, Joe
Feiss, Geoff – Chair	Tinic, Atilla
Fontana, Brent	

Other Board members and officers of the corporation present:

Ayer, Catriona – Vice President of Shared Services
Beckford, Ernesto – Vice President, General Counsel, and Assistant Secretary
Beyerhelm, Chris – Vice President of Enterprise Portfolio Management
Buzacott, Alan – Member of the Board
Davis, Craig – Vice President of Schools and Libraries
Delmar, Teleshia – Vice President of Audit and Assurance
Domenech, Dr. Daniel – Member of the Board
Freeman, Sarah – Member of the Board
Gaither, Vic – Vice President of High Cost
Garber, Michelle – Vice President of Enterprise Resource Program
Gerst, Matthew – Member of the Board
Gregory, Amber – Member of the Board
Hutchinson, Kyle – Vice President of IT and Chief Information Officer
Mason, Ken – Member of the Board
Polk, Stephanie – Member of the Board
Salvator, Charles – Vice President, Chief Financial Officer, and Assistant Treasurer
Schell, Julie Tritt – Member of the Board
Sekar, Radha – Chief Executive Officer
Sweeney, Mark – Vice President of Rural Health Care
Wade, Dr. Joan – Member of the Board
Waller, Jeff – Member of the Board
Wein, Olivia – Member of the Board
Wibberly, Dr. Kathy – Member of the Board

¹ Draft resolutions were presented to the Committee prior to the Committee meeting. Where appropriate, non-substantive changes have been made to the resolutions set forth herein to clarify language, where necessary, or to correct grammatical or spelling errors.

Others present:

<u>NAME</u>	<u>COMPANY</u>
Anderson, Sharman	Hewlett Packard Enterprise
Augustine, Steve	Kelley Drye & Warren LLP
Beach, Cyndi	USAC
Benham, Cathy	CMS Consulting Inc.
Butler, Stephen	USAC
Campos, Rosy	CMS Consulting Inc.
Carroll, Kathy	CMS Consulting Inc.
Cruzan, Cathy	Funds For Learning
D'Aguiar, J'amie	USAC
Goode, Vernell	USAC
Hall, Candice	CMS Consulting Inc.
Hamm, Aaron	USAC
James, Christine	USAC
Kaplan, Peter	Hewlett Packard Enterprise
Kriete, Debra	SECA
Lee, James	USAC
Lock, Sean	Funds For Learning
Mitchell, Tamika	USAC
Nelbach Nick	USAC
Nuzzo, Patsy	USAC
Samuels, Victoria	USAC
Tiwari, Tanya	USAC

OPEN SESSION

All materials from *Open Session* can be found on the [USAC website](#).

- a1. Consent Items.** Mr. Feiss presented this item to the Committee.
- A.** Committee meeting minutes of January 27, 2020.
 - B.** Approval of moving all *Executive Session* items into *Executive Session*:
 - (1) **i2** – USAC Audit and Assurance Division Business Update (*Continued*). USAC management recommends that this matter be discussed in *Executive Session* because it relates to *specific internal controls, or confidential company data* that would constitute a discussion of internal rules and procedures.
 - (2) **a2** – Action on Two Audit and Assurance Division Strategic Audit Reports. USAC management recommends that this matter be discussed in *Executive Session* because it relates to *specific internal controls, or confidential company data* that would constitute a discussion of internal rules and procedures.
 - (3) **i3** – *Executive Session* with USAC's Vice President of Audit and Assurance. USAC management recommends that this matter be

discussed in *Executive Session* pursuant to the guidelines in the approved Audit Committee Charter.

C. USAC's Processes to Assess Compliance with Applicable Laws and Regulations.

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

RESOLVED, that the USAC Audit Committee hereby approves: (1) the Committee meeting minutes of January 27, 2020; (2) discussion in *Executive Session* of the items noted above; and (3) USAC's Processes to Assess Compliance with Applicable Laws and Regulations.

- i1. Audit and Assurance Division Business Update.** The Committee received a report on the work performed in the Beneficiary and Contributor Audit Program and the Payment Quality Assurance program. Mr. Feiss noted that the report was provided for *information only* and would be publically posted on the USAC's website. No discussion was held.

At 10:10 a.m. Eastern Time, on a motion duly made and seconded, the Committee recessed and reconvened in *Executive Session* at 11:17 a.m. Eastern Time for the purpose of discussing the confidential items noted above. Only members of the Board and USAC staff were present.

EXECUTIVE SESSION

- i2. Audit and Assurance Division Business Update.** Ms. Delmar presented a report to the Committee covering the following:
- Supply Chain Audits
 - Lifeline Non-usage Audits
 - Impact of COVID-19 on Audit Operations
 - Strategic Audits
- a2. Action on Two USAC Audit and Assurance Division Strategic Audit Reports.** Ms. Delmar presented this item for consideration, providing an overview and responding to questions regarding the strategic audits.

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

RESOLVED, that the USAC Audit Committee, having reviewed the two USAC Audit and Assurance Division strategic audit reports of USAC's Service Level Agreements with Sutherland and Conduent, accepts the recommendation of USAC management and hereby deems the reports final.

- i3. **Audit Committee *Executive Session* with USAC's Vice President of Audit and Assurance.** Mr. Feiss noted that this item would be omitted until the next in-person meeting.

OPEN SESSION

At 11:52 a.m. Eastern Time, the Committee moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Mr. Feiss reported that, in *Executive Session*, the Committee discussed item i2 and took action on item a2.

On a motion duly made and seconded, the Committee adjourned at 11:53 a.m. Eastern Time.

/s/ Ernesto Beckford
Assistant Secretary

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

USAC Offices 700 12th Street, N.W., Suite 900 Washington, D.C. 20005

JULY 27, 2020		<i>Estimated Duration in Minutes</i>
<u>OPEN SESSION</u>		
Chair	a1. Consent Items (each item is available for discussion upon request): A. Approval of Audit Committee Meeting Minutes of April 28, 2020 C. Annual Review of USAC’s Systems of Internal Control (<i>See aAC04cf</i>) D. Annual Review of USAC’s Financial Reporting Process (<i>See aAC05cf</i>)	3
Teleshia	i1. Audit and Assurance Business Update <ul style="list-style-type: none"> • Administrative Scorecard for Audit and Assurance Activities • Q2 2020 Update on Audit and Assurance Administration (<i>For Information Only</i>) 	15

JULY 28, 2020		<i>Estimated Duration in Minutes</i>
<u>OPEN SESSION</u>		
Chair	a1. Consent Items (each item is available for discussion upon request): B. Approval of moving all <i>Executive Session</i> items into <i>Executive Session</i>	2

<u>EXECUTIVE SESSION</u>		<i>Estimated Duration in Minutes</i>
Confidential – <i>Executive Session Recommended</i>		
Charlie/ PwC	a2. Acceptance of USAC’s 2019 Annual Financial Statement Audit and Agreed-Upon Procedures Review	30
Teleshia	a3. Approval of Revised Strategic Audit Plan	10
Teleshia	i2. Audit and Assurance Division Business Update (<i>Continued</i>) <ul style="list-style-type: none"> • Impact of COVID-19 on Audits and Assessments • Lifeline Non-Usage Audit • High Cost Modernized Audits • Strategic Audits 	15
Teleshia	a4. Annual Review of USAC’s Systems of Internal Controls	-
Teleshia	a5. Annual Review of USAC’s Financial Reporting	-

Next Scheduled USAC Audit Committee Meeting

Monday, October 26, 2020 8:30 a.m. – 9:45 a.m. USAC Offices, Washington, D.C.
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UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
700 12th Street, N.W., Suite 900
Washington, D.C. 20005

AUDIT COMMITTEE MEETING
Monday, July 27, 2020

MINUTES¹

Due to the COVID-19 pandemic, USAC continued mandatory telework; therefore the quarterly *Open Session* meeting of the Audit Committee (Committee) of the USAC Board of Directors (Board) was conducted by web conference on Monday, July 27, 2020. Mr. Geoff Feiss, Committee Chair, called the meeting to order at 10:00 a.m. Eastern Time, with a quorum of three of the five Committee members present:

Choroser, Beth – Vice Chair Gillan, Joe
Feiss, Geoff – Chair

Members of the Committee not present:

Fontana, Brent
Tinic, Atilla

Other Board members and officers of the corporation present:

Ayer, Catriona – Vice President of Shared Services
Beckford, Ernesto – Vice President, General Counsel, and Assistant Secretary
Beyerhelm, Chris – Chief Administrative Officer
Buzacott, Alan – Member of the Board
Davis, Craig – Vice President of Schools and Libraries
Delmar, Teleshia – Vice President of Audit and Assurance
Domenech, Dr. Daniel – Member of the Board
Freeman, Sarah – Member of the Board
Gaither, Vic – Vice President of High Cost
Gerst, Matthew – Member of the Board
Gregory, Amber – Member of the Board
Hutchinson, Kyle – Vice President of IT and Chief Information Officer
Mason, Ken – Member of the Board
Salvator, Charles – Vice President, Chief Financial Officer, and Assistant Treasurer
Schell, Julie Tritt – Member of the Board
Sekar, Radha – Chief Executive Officer
Sweeney, Mark – Vice President of Rural Health Care
Wade, Dr. Joan – Member of the Board
Waller, Jeff – Member of the Board

¹ Draft resolutions were presented to the Committee prior to the Committee meeting. Where appropriate, non-substantive changes have been made to the resolutions set forth herein to clarify language, where necessary, or to correct grammatical or spelling errors.

Wein, Olivia – Member of the Board
Wibberly, Dr. Kathy – Member of the Board

Others present:

<u>NAME</u>	<u>COMPANY</u>
Augustino, Steve	Kelley Drye & Warren LLP
Benham, Cathy	CMS Consulting Inc.
Campos, Rosy	CMS Consulting Inc.
DiVo, Victor	USAC
Goode, Vernell	USAC
Hall, Candice	CMS Consulting Inc.
Hamm, Aaron	USAC
James, Christine	USAC
Kaplan, Peter	Hewlett Packard Enterprise
Kriete, Debra	SECA
Lee, James	USAC
LeNard, Dave	E-Rate Elite Services, Inc.
Nelbach Nick	USAC
Nuzzo, Patsy	USAC
Samuels, Victoria	USAC
Tiwari, Tanya	USAC

OPEN SESSION

All materials from *Open Session* can be found on the [USAC website](#).

- a1. Consent Items.** Mr. Feiss presented this item to the Committee.
- A.** Committee meeting minutes of April 28, 2020.
 - C.** Annual Review of USAC’s Systems of Internal Controls. In accordance with Section III.F of the Committee’s Charter, the Committee is required to review the adequacy of USAC’s system of internal controls (*See aAC04cf*).
 - D.** Annual Review of USAC’s Financial Reporting Process. In accordance with Section III.C of the Committee’s Charter, the Committee, is required to review the integrity of USAC’s financial reporting process (*See aAC05cf*).

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

RESOLVED, that the USAC Audit Committee hereby approves the Committee meeting minutes of April 28, 2020; and

RESOLVED FURTHER, that the USAC Audit Committee accepts the review of the adequacy of USAC's system of internal controls; and

RESOLVED FURTHER, that the USAC Audit Committee accepts the review of USAC's financial reporting process.

- i1. Audit and Assurance Division Business Update.** Ms. Delmar presented PowerPoint slides covering the operational results from the Beneficiary and Contributor Audit Program to the Committee. A Q2 2020 Update on Audit and Assurance Administration report was provided for *information only*. The report was publically posted on the USAC's website. No discussion was held.

On a motion duly made and seconded, the Committee adjourned at 10:24 a.m. Eastern Time, with Mr. Feiss noting that an *Executive Session* meeting of the Audit Committee would be held on July 28, 2020.

/s/ Ernesto Beckford
Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
700 12th Street, N.W., Suite 900
Washington, D.C. 20005

AUDIT COMMITTEE MEETING
Tuesday, July 28, 2020

MINUTES¹

Due to the COVID-19 pandemic, USAC continued mandatory telework; therefore the quarterly *Executive Session* meeting of the Audit Committee (Committee) of the USAC Board of Directors (Board) was conducted by web conference on Tuesday, July 28, 2020. Mr. Geoff Feiss, Committee Chair, called the meeting to order at 10:00 a.m. Eastern Time, with a quorum of four of the five Committee members present:

Choroser, Beth – Vice Chair	Gillan, Joe
Feiss, Geoff – Chair	Tinic, Atilla

Member of the Committee not present:

Fontana, Brent

Other Board members and officers of the corporation present:

Ayer, Catriona – Vice President of Shared Services
Beckford, Ernesto – Vice President, General Counsel, and Assistant Secretary
Beyerhelm, Chris – Chief Administrative Officer
Buzacott, Alan – Member of the Board
Davis, Craig – Vice President of Schools and Libraries
Delmar, Teleshia – Vice President of Audit and Assurance
Domenech, Dr. Daniel – Member of the Board
Freeman, Sarah – Member of the Board
Gaither, Vic – Vice President of High Cost
Garber, Michelle – Vice President of Enterprise Resource Program
Gerst, Matthew – Member of the Board
Gregory, Amber – Member of the Board
Hutchinson, Kyle – Vice President of IT and Chief Information Officer
Jacobs, Ellis – Member of the Board
Mason, Ken – Member of the Board
Polk, Stephanie – Member of the Board
Salvator, Charles – Vice President, Chief Financial Officer, and Assistant Treasurer
Schell, Julie Tritt – Member of the Board
Sekar, Radha – Chief Executive Officer
Sweeney, Mark – Vice President of Rural Health Care

¹ Draft resolutions were presented to the Committee prior to the Committee meeting. Where appropriate, non-substantive changes have been made to the resolutions set forth herein to clarify language, where necessary, or to correct grammatical or spelling errors.

Wade, Dr. Joan – Member of the Board
Waller, Jeff – Member of the Board
Wein, Olivia – Member of the Board
Wibberly, Dr. Kathy – Member of the Board

Others present:

<u>NAME</u>	<u>COMPANY</u>
Curtis, Shaun	USAC
DiVo, Victor	USAC
Goode, Vernell	USAC
Hamm, Aaron	USAC
James, Christine	USAC
Lee, James	USAC
Leonard, Tom	PricewaterhouseCoopers LLP
Little, Chris	USAC
Mitchell, Tamika	USAC
Nelbach Nick	USAC
Nuzzo, Patsy	USAC
Samuels, Victoria	USAC
Tiwari, Tanya	USAC
Tuinstra, Jason	PricewaterhouseCoopers LLP

OPEN SESSION

a1. Consent Items. Mr. Feiss presented this item to the Committee.

B. Approval of moving all *Executive Session* items into *Executive Session*:

- (1) **a2** – Acceptance of USAC’s 2019 Annual Financial Statement Audit and Agreed-Upon Procedures Review. USAC management recommends that this matter be discussed in *Executive Session* because it relates to *specific internal controls, or confidential company data* that would constitute a discussion of internal rules and procedures.
- (2) **a3** – Approval of the Revised July 2019 – December 2020 Strategic Audit Plan. USAC management recommends that this matter be discussed in *Executive Session* because it relates to *specific internal controls, or confidential company data* that would constitute a discussion of internal rules and procedures.
- (3) **i2** – USAC Audit and Assurance Division Business Update (*Continued*). USAC management recommends that this matter be discussed in *Executive Session* because it relates to *specific internal controls, or confidential company data* that would constitute a discussion of internal rules and procedures and may also include information about USAC’s *procurement strategy and contract administration*.
- (4) **a4** – Annual Review of USAC’s System of Internal Controls. USAC management recommends that this matter be conducted in Executive

Session because this matter relates to *specific internal controls, or confidential company data* that would constitute a discussion of internal rules and procedures.

- (5) **a5** – Annual Review of USAC’s Financial Reporting Process. USAC management recommends that this matter be conducted in *Executive Session* because this matter relates to *specific internal controls, 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 discussion in *Executive Session* of the items noted above.

At 10:04 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 listed above. Only members of the Board, USAC staff, Mr. Leonard, and Mr. Tuinstra were present.

EXECUTIVE SESSION

- a2. Acceptance of USAC’s 2019 Annual Financial Statement Audit and Agreed-Upon Procedures Review.** Mr. Salvator introduced Mr. Leonard and Mr. Tuinstra to present the results of the 2019 Annual Financial Statement Audit and Agreed-Upon Procedures Review to the Committee.

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

RESOLVED, that the USAC Audit Committee, having reviewed the USAC 2019 Financial Statement Audit Report, as submitted by PricewaterhouseCoopers LLP, hereby accepts the final report;

RESOLVED FURTHER, that the USAC Audit Committee, having reviewed the USAC 2019 Agreed-Upon Procedures Review Report, as submitted by PricewaterhouseCoopers LLP, hereby accepts the final report.

At 10:30 a.m. Eastern Time, the meeting continued with members of the Board and USAC staff present.

- a3. Approval of Revised Strategic Audit Plan.** Ms. Delmar presented a report to the Committee suggesting revisions to the July 2019 – December 2020 Strategic Audit Plan. After discussion, the Committee tabled approval of the revised Strategic Audit Plan.
- i2. Audit and Assurance Business Update (Continued).** Ms. Delmar presented PowerPoint slides covering the following to the Committee:

- Impact of COVID-10 on Audits and Assessments
- Lifeline Non-Usage Audit
- High Cost Modernization Audits
- Strategic Audits

OPEN SESSION

At 11:04 a.m. Eastern Time, the Committee moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Mr. Feiss reported that, in *Executive Session*, the Committee took action on item a2 discussed item i2, and after discussion, tabled item a3.

On a motion duly made and seconded, the Committee adjourned at 11:04 a.m. Eastern Time.

/s/ Ernesto Beckford
Assistant Secretary

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

USAC Offices 700 12th Street, N.W., Suite 900 Washington, D.C. 20005

OCTOBER 26, 2020 <u>OPEN SESSION</u>		<i>Estimated Duration in Minutes</i>
Chair	a1. Consent Items (each item is available for discussion upon request): A. Approval of Audit Committee Meeting Minutes of July 27 and July 28, 2020. B. Approval of moving all <i>Executive Session</i> items into <i>Executive Session</i> C. Annual Assessment of the Independence and Financial Literacy of USAC Audit Committee Members	5
Teleshia	i1. Audit and Assurance Business Update <ul style="list-style-type: none"> • Update on Audit and Assurance Division Administration 	10

OCTOBER 27, 2020 <u>EXECUTIVE SESSION</u> Confidential – <i>Executive Session Recommended</i>		<i>Estimated Duration in Minutes</i>
Teleshia	i2. Audit and Assurance Business Update (<i>Continued</i>) <ul style="list-style-type: none"> • Supply Chain Audit Strategy • Payment Quality Assurance (PQA) 	30
Teleshia	a2. Review of the Audit and Assurance Division Charter	5
Teleshia	a3. Review of Revised Strategic Audit Plan	10

Next Scheduled USAC Audit Committee Meeting

January 25-26, 2021 Virtual Meeting
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UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
700 12th Street, N.W., Suite 900
Washington, D.C. 20005

AUDIT COMMITTEE MEETING
Monday, October 26, 2020

MINUTES¹

Due to the COVID-19 pandemic, USAC continued mandatory telework; therefore the quarterly *Open Session* meeting of the Audit Committee (Committee) of the USAC Board of Directors (Board) was conducted by web conference on Monday, October 26, 2020. Mr. Geoff Feiss, Committee Chair, called the meeting to order at 10:59 a.m. Eastern Time, with a quorum of all five Committee members present:

Choroser, Beth – Vice Chair	Gillan, Joe
Feiss, Geoff – Chair	Tinic, Atilla
Fontana, Brent	

Other Board members and officers of the corporation present:

Ayer, Catriona – Vice President of Shared Services
Beckford, Ernesto – Vice President, General Counsel, and Assistant Secretary
Beyerhelm, Chris – Chief Administrative Officer
Buzacott, Alan – Member of the Board
Davis, Craig – Vice President of Schools and Libraries
Delmar, Teleshia – Vice President of Audit and Assurance
Freeman, Sarah – Member of the Board
Gaither, Vic – Vice President of High Cost
Garber, Michelle – Vice President of Enterprise Resources Program
Gerst, Matthew – Member of the Board
Gillan, Joe – Member of the Board
Gregory, Amber – Member of the Board
Hutchinson, Kyle – Vice President of IT and Chief Information Officer
Mason, Ken – Member of the Board
Salvator, Charles – Vice President, Chief Financial Officer, and Assistant Treasurer
Schell, Julie Tritt – Member of the Board
Sekar, Radha – Chief Executive Officer
Sweeney, Mark – Vice President of Rural Health Care
Wade, Dr. Joan – Member of the Board
Waller, Jeff – Member of the Board
Wein, Olivia – Member of the Board

¹ Draft resolutions were presented to the Committee prior to the Committee meeting. Where appropriate, non-substantive changes have been made to the resolutions set forth herein to clarify language, where necessary, or to correct grammatical or spelling errors.

Others present:

<u>NAME</u>	<u>COMPANY</u>
Augustino, Steve	Kelley Drye & Warren LLP
Benham, Cathy	CMS Consulting Inc.
Campos, Rosy	CMS Consulting Inc.
Carlin, Tyler	KPMG
DiVo, Victor	USAC
Goode, Vernell	USAC
James, Christine	USAC
Kaplan, Peter	Hewlett Packard Enterprise
Kriete, Debra	SECA
Lee, James	USAC
LeNard, David	E-Rate Elite Services, Inc.
Little, Chris	USAC
Lock, Sean	Funds for Learning
McCornac, Carolyn	USAC
Mitchell, Tamika	USAC
Morning, Kimberly	USAC
Nelbach, Nick	USAC
Nuzzo, Patsy	USAC
Rivera, Dan	Aruba
Samuels, Victoria	USAC
Tiwari, Tanya	USAC

OPEN SESSION

All materials from *Open Session* can be found on the [USAC website](#).

- a1. Consent Items.** Mr. Feiss presented this item to the Committee.
- A.** Committee meeting minutes of July 27, 2020 and July 28, 2020.
 - B.** Approval of moving all *Executive Session* items into *Executive Session*:
 - **i2** – Audit and Assurance Division Business Update (*Continued*). USAC management recommends that this matter be discussed in Executive Session because it relates to *specific internal controls, or confidential company data* that would constitute a discussion of internal rules and procedures.
 - **a2** – Review of USAC’s Audit and Assurance Division Charter. USAC management recommends that this matter be discussed in *Executive Session* because it relates to *specific internal controls, and/or confidential company data* that would constitute a discussion of internal rules and procedures.

- **a3** – Review of the Revised Strategic Audit Plan. USAC management recommends that this matter be discussed in *Executive Session* because it relates to *specific internal controls, or confidential company data* that would constitute a discussion of internal rules and procedures.

- C. Acceptance of the Annual Assessment of the Independence and Financial Literacy of USAC Audit Committee Members. In accordance with Section II.A of the Committee’s Charter, the Committee members are required to meet established independence requirements

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

RESOLVED, that the USAC Audit Committee hereby approves: (1) the Committee meeting minutes of July 27 and July 28, 2020; and (2) discussion in *Executive Session* of the items noted above; and

RESOLVED that the USAC Audit Committee accepts the assessment and agrees that the Audit Committee consists of independent members and that there is a sufficient level of financial expertise.

- ii. Audit and Assurance Division Business Update.** Ms. Delmar presented an update on the Audit and Assurance Division (AAD) administration that included operational work performed in the Beneficiary and Contributor Audit Program (BCAP), the Payment Quality Assurance (PQA) Program, and the Strategic Audit function within AAD. A Q3 2020 Update on Audit and Assurance Administration report was provided for *information only*. The report was publically posted on the USAC’s website. No discussion was held.

At 11:08 a.m. Eastern Time, on a motion duly made and seconded, the Committee adjourned until October 27, 2020 at approximately 10:30 a.m. Eastern Time.

/s/ Ernesto Beckford
Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
700 12th Street, N.W., Suite 900
Washington, D.C. 20005

AUDIT COMMITTEE MEETING
Tuesday, October 27, 2020

MINUTES¹

Due to the COVID-19 pandemic, USAC continued mandatory telework; therefore the quarterly *Executive Session* meeting of the Audit Committee (Committee) of the USAC Board of Directors (Board) was conducted by web conference on Tuesday, October 27, 2020. Mr. Geoff Feiss, Committee Chair, called the meeting to order at 10:30 a.m. Eastern Time, with a quorum of all five Committee members present:

Choroser, Beth – Vice Chair	Gillan, Joe
Feiss, Geoff – Chair	Tinic, Atilla
Fontana, Brent	

Other Board members and officers of the corporation present:

Ayer, Catriona – Vice President of Shared Services
Beckford, Ernesto – Vice President, General Counsel, and Assistant Secretary
Beyerhelm, Chris – Chief Administrative Officer
Davis, Craig – Vice President of Schools and Libraries
Delmar, Teleshia – Vice President of Audit and Assurance
Freeman, Sarah – Member of the Board
Gaither, Vic – Vice President of High Cost
Garber, Michelle – Vice President of Enterprise Resource Program
Gerst, Matthew – Member of the Board
Gregory, Amber – Member of the Board
Hutchinson, Kyle – Vice President of IT and Chief Information Officer
Mason, Ken – Member of the Board
Polk, Stephanie – Member of the Board
Salvator, Charles – Vice President, Chief Financial Officer, and Assistant Treasurer
Schell, Julie Tritt – Member of the Board
Sekar, Radha – Chief Executive Officer
Sweeney, Mark – Vice President of Rural Health Care
Wade, Dr. Joan – Member of the Board
Waller, Jeff – Member of the Board
Wein, Olivia – Member of the Board
Wibberly, Dr. Kathy – Member of the Board

¹ Draft resolutions were presented to the Committee prior to the Committee meeting. Where appropriate, non-substantive changes have been made to the resolutions set forth herein to clarify language, where necessary, or to correct grammatical or spelling errors.

Others present:

<u>NAME</u>	<u>COMPANY</u>
DiVo, Victor	USAC
Goode, Vernell	USAC
James, Christine	USAC
Lee, James	USAC
Mitchell, Tamika	USAC
Morning, Kimberly	USAC
Nelbach Nick	USAC
Nuzzo, Patsy	USAC
Samuels, Victoria	USAC
Tiwari, Tanya	USAC

OPEN SESSION

At 10:30 a.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purpose of discussing confidential items. The Committee approved discussing the confidential items in *Executive Session* on Monday, October 26, 2020. Only members of the Board and USAC staff were present.

EXECUTIVE SESSION

- i2. Audit and Assurance Business Update (Continued).** Ms. Delmar presented PowerPoint slides covering the following topics to the Committee for discussion:
- National Supply Chain Audit Strategy
 - Payment Quality Assurance Results
- a2. Review of the Audit and Assurance Division Charter.** Ms. Delmar presented a report to the Committee suggesting minor revisions the Charter. After discussion, the Committee agreed to approve the changes, but agreed to continue discussion on Section 7. Scope and Function of Audits.

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

RESOLVED, that the Audit Committee of the USAC Board of Directors, approves the recommended changes to the Audit and Assurance Division Charter.

- a3. Review of Revised Strategic Audit Plan.** Ms. Delmar presented a report to the Committee suggesting revisions to the July 2019 – December 2020 Strategic Audit Plan.

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

RESOLVED, that the USAC Audit Committee approves the Revised July 2019 – December 2020 Strategic Audit Plan.

OPEN SESSION

At 11:22 a.m. Eastern Time, the Committee moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Mr. Feiss reported that, in *Executive Session*, the Committee took action on items a2 and a3 and discussed item i2.

On a motion duly made and seconded, the Committee adjourned at 11:23 a.m. Eastern Time.

/s/ Ernesto Beckford
Assistant Secretary