

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

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| USAC Offices 700 12th Street, N.W., Suite 900 Washington, D.C. 20005 |
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| MONDAY, JANUARY 25, 2021 10:00 A.M. – 10:40 A.M. EASTERN TIME <u>OPEN SESSION</u> | | <i>Estimated Duration in Minutes</i> |
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| Chair | a1. Consent Items (each item is available for discussion upon request): A. Approval of Audit Committee Meeting Minutes of October 26 and October 27, 2020. B. Approval of moving all <i>Executive Session</i> items into <i>Executive Session</i> C. Review of the 2021 Audit Committee Charter | 5 |
| Chair | a2. Recommendation for Election of Committee Chair and Vice Chair | 5 |
| Charlie | i1. Information on Fiscal Year 2020 FCC Agency Financial Report / USF Audit | 10 |
| Teleshia | i2. Audit and Assurance Business Update <ul style="list-style-type: none"> • October 2020 Audit Committee Recap • 2020 Accomplishments • Operational Results • 2021 Outlook | 30 |

| TUESDAY, JANUARY 26, 2021 10:00 A.M. – 10:15 A.M. EASTERN TIME <u>EXECUTIVE SESSION</u> Confidential – Executive Session Recommended | | <i>Estimated Duration in Minutes</i> |
|---|---|--|
| Teleshia | a3. Action on One USAC Audit and Assurance Division Strategic Audit Report | 10 |

Next Scheduled USAC Audit Committee Meeting

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| April 26-27, 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, January 25, 2021

MINUTES¹

Due to the COVID-19 pandemic, USAC continued mandatory telework; therefore the *Open Session* portion of the quarterly meeting of the Audit Committee (Committee) of the USAC Board of Directors (Board) was conducted by web conference on Monday, January 25, 2021. Mr. Geoff Feiss, Committee Chair, called the meeting to order at 10:02 a.m. Eastern Time, with a quorum of three of the four Committee members present (there is one vacancy):

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

Members 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. Dan – Member of the Board
Freeman, Sarah – Member of the Board
Gaither, Vic – Vice President of High Cost
Garber, Michelle – Vice President of Enterprise Resources Program
Gerst, Matt – 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

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.

Skrivan, Michael – Member of the Board
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

Others present:

| <u>NAME</u> | <u>COMPANY</u> |
|---------------------|-------------------------------------|
| Benham, Cathy | CMS Consulting Inc. |
| Campos, Rosy | CMS Consulting Inc. |
| Crawford, Katherine | USAC |
| DiVo, Victor | USAC |
| Goode, Vernell | USAC |
| Harkin, Michelle | CMS Consulting Inc. |
| James, Christine | USAC |
| Kaplan, Peter | Hewlett Packard Enterprise |
| Kriete, Debra | State E-Rate Coordinators' Alliance |
| Lee, James | USAC |
| Little, Chris | USAC |
| Mitchell, Tamika | USAC |
| Morning, Kimberly | USAC |
| Nelbach, Nick | USAC |
| Nuzzo, Patsy | USAC |
| Samuels, Victoria | USAC |
| Schrader, Theresa | Broadband Legal Strategies, LLC |
| 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 October 26 and October 27, 2020.
 - B.** Approval of moving all *Executive Session* items into *Executive Session*:
 - **a3** – Action on One USAC Audit and Assurance Division Strategic Audit Report. USAC management recommends that this matter be discussed in *Executive Session* because these reports relate to *specific internal controls, and/or confidential company data* that would constitute a discussion of internal rules and procedures.
 - C.** Review of the 2021 Audit Committee Charter. In accordance with USAC's Audit Committee Charter (Charter), Section III.A.1, the Committee is required to review and reassess the adequacy of the Charter at least annually, and recommend changes, as deemed necessary, to the Board.

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 26 and October 27, 2020; and (2) discussion in *Executive Session* of the item noted above; and

RESOLVED, that the USAC Board of Directors, having reviewed the revised Audit Committee Charter presented by the Audit Committee, hereby accepts the recommendation of the Audit Committee and approves the revised Audit Committee Charter.

- a2. Recommendation for Election of Committee Chair and Vice Chair.** Mr. Feiss introduced Mr. Gerst. As Chair of the Nominating Committee, Mr. Gerst reported on the election recommendations for the Audit 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 2020 FCC Agency Financial Report / USF Audit.** Mr. Salvator presented an overview of the report, noting that the Fiscal Year 2019 significant deficiency related to the USF budgetary accounting was remediated and removed in Fiscal Year 2021.
- i2. Audit and Assurance Division Business Update.** Ms. Delmar presented an update on the Audit and Assurance Division (AAD) administration that included updates from the October 2020 Committee meetings; 2020 accomplishments; operational results and key outcomes from work performed in the Beneficiary and Contributor Audit Program (BCAP) as well as the Payment Quality Assurance (PQA) Program; and an overview of the objectives for 2021.

At 10:40 a.m. Eastern Time, on a motion duly made and seconded, the Committee adjourned until January 26, 2021 at approximately 10:00 a.m. Eastern Time.

/s/ Kimberly Morning
Assistant Secretary

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

AUDIT COMMITTEE MEETING
Tuesday, January 26, 2021

MINUTES¹

Due to the COVID-19 pandemic, USAC continued mandatory telework; therefore the *Executive Session* portion of the quarterly meeting of the Audit Committee (Committee) of the USAC Board of Directors (Board) was conducted by web conference on Tuesday, January 26, 2021. The Committee meeting continued from the January 25, 2021 *Open Session* portion of the meeting. Mr. Geoff Feiss, Committee Chair, called the meeting to order at 10:00 a.m. Eastern Time, with a quorum of three of the four Committee members present (there is one vacancy):

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

Members 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. Dan – 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

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.

Sekar, Radha – Chief Executive Officer
Skrivan, Michael – Member of the Board
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

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 10:01 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, January 25, 2021. Only members of the Board and USAC staff were present.

EXECUTIVE SESSION

- a3. Action on One USAC Audit and Assurance Division Strategic Audit Report.**
Ms. Delmar presented the findings noting there were satisfactory internal controls over the SLA performance and monitoring process and discussed further recommended enhancements to existing internal controls.

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 Audit and Assurance Division strategic audit report of USAC's Service Level Agreement with Maximus, accepts the recommendation of USAC management and hereby deems the report final.

OPEN SESSION

At 10:21 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 a3.

Available For Public Use

On a motion duly made and seconded, the Committee adjourned at 10:23 a.m. Eastern Time.

/s/ Kimberly Morning
Assistant Secretary

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

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| <p>USAC Offices 700 12th Street, N.W., Suite 900 Washington, D.C. 20005</p> |
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| MONDAY, APRIL 26, 2021 10:00 A.M. – 10:35 A.M. EASTERN TIME <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 January 25 and January 26, 2021 B. Approval of moving all <i>Executive Session</i> items into <i>Executive Session</i> C. USAC’s Processes to Assess Compliance with Applicable Laws and Regulations | 5 |
| Teleshia | i1. Audit and Assurance Business Update: <ul style="list-style-type: none"> • Accomplishments • Plans for Next Quarter • Roadmap • Post Audit/Assessment Survey Results | 25 |

| TUESDAY, APRIL 27, 2021 10:00 A.M. – 10:10 A.M. EASTERN TIME <u>EXECUTIVE SESSION</u> Confidential – Executive Session Recommended | | <i>Estimated Duration in Minutes</i> |
|---|--|--|
| Teleshia | a2. Approval of the 2021 Strategic Audit Plan | 10 |

Next Scheduled USAC Audit Committee Meeting

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|--------------------------------|
| <p>July 26-27, 2021</p> |
|--------------------------------|

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

AUDIT COMMITTEE MEETING
Monday, April 26, 2021

MINUTES¹

Due to the COVID-19 pandemic, USAC continued mandatory telework; therefore, the *Open Session* portion of the quarterly meeting of the Audit Committee (Committee) of the USAC Board of Directors (Board) was conducted by web conference on Monday, April 26, 2021. Ms. Beth Choroser, Committee Vice Chair, called the meeting to order at 10:01 a.m. Eastern Time, with a quorum of four of the five Committee members present:

| | |
|-----------------------------|---------------------|
| Choroser, Beth – Vice Chair | Gillan, Joe |
| Fontana, Brent | Schell, Julie Tritt |

Members of the Committee not present:

Feiss, Geoff – Chair

Other Board members and officers of the corporation present:

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
Gaither, Victor – Vice President of High Cost
Garber, Michelle – Vice President of Enterprise Resources Program and Acting Vice President of Shared Services
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
Morning, Kimberly – Acting Vice President and General Counsel, and Assistant Secretary
Polk, Stephanie – Member of the Board
Salvator, Charles – Vice President, Chief Financial Officer, and Assistant Treasurer
Sekar, Radha – Chief Executive Officer
Skrivan, Michael – Member of the Board
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> |
|---------------------|-------------------------------------|
| Alfred, Kraynal | USAC |
| Ayer, Catriona | USAC |
| Crawford, Katherine | USAC |
| DiVo, Victor | USAC |
| Glisson, Connor | USAC |
| Goode, Vernell | USAC |
| Hilton, David | KPMG |
| James, Christine | USAC |
| Kahn, Benjamin | Broadband Breakfast |
| Kriete, Debra | State E-Rate Coordinators' Alliance |
| Krueger, Katie | KPMG |
| Lee, James | USAC |
| LeNard, David | E-Rate Elite Services, Inc. |
| Mitchell, Tamika | USAC |
| Nuzzo, Patsy | USAC |
| Pace, Regina | USAC |
| Rovetto, Ed | USAC |
| Schultz, Cynthia | Broadband Law Group, PLLC |
| Sherwood, Nicole | USAC |
| Spead, Laura | USAC |
| Tiwari, Tanya | USAC |

OPEN SESSION

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

- a1. Consent Items.** Ms. Choroser presented this item to the Committee.
- A.** Approval of Committee meeting minutes of January 25 and January 26, 2021.
 - B.** Approval of moving all *Executive Session* items into *Executive Session*:
 - (1) **a2** – Approval of the 2021 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.** USAC's Processes to Assess Compliance with Applicable Laws and Regulations.

Available For Public Use

In accordance with Section III.G of the Committee's Charter, the Committee, in consultation with USAC's General Counsel and Vice President of Audit and Assurance, is required to review the processes established to assure compliance by USAC with all applicable laws. **Attachment B** documents the assessment and briefly discusses the controls in place to assure compliance. Compliance processes for administration of the Universal Service Fund and the Universal Service Support Mechanisms by each programmatic division and USAC's financial operations are based on Section 254 of the Communications Act of 1934, as amended, Part 54 of the Commission's rules, Commission orders, and FCC staff directives. Additionally, through the combined efforts of USAC's Office of General Counsel, Audit and Assurance Division, and Human Resources division, ongoing compliance with laws and regulations is monitored and assessed.

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

RESOLVED, that the Audit Committee of the USAC Board of Directors hereby approves: (1) the Committee meeting minutes of January 25 and January 26, 2021; (2) discussion in *Executive Session* of the item noted above; and (3) USAC's Processes to Assess Compliance with Applicable Laws and Regulations.

- i1. Audit and Assurance Business Update.** Ms. Delmar presented an update on the Audit and Assurance Division (AAD) administration accomplishments from first quarter 2021; plans for second quarter 2021; operational results and key outcomes from work performed in the Beneficiary and Contributor Audit Program (BCAP) as well as the Payment Quality Assurance (PQA) Program; and Post Audit Assessment Surveys for the BCAP, PQA and Strategic Audits conducted from October 2019 through September 2020.

At 10:31 a.m. Eastern Time, on a motion duly made and seconded, the Committee adjourned until April 27, 2021 at approximately 10:00 a.m. Eastern Time.

/s/ Kimberly Morning
Assistant Secretary

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

AUDIT COMMITTEE MEETING
Tuesday, April 27, 2021

MINUTES¹

Due to the COVID-19 pandemic, USAC continued mandatory telework; therefore, the *Executive Session* portion of the quarterly meeting of the Audit Committee (Committee) of the USAC Board of Directors (Board) was conducted by web conference on Tuesday, April 27, 2021. The Committee meeting continued from the April 26, 2021 *Open Session* portion of the meeting. Ms. Beth Choroser, Committee Vice Chair, called the meeting to order at 10:01 a.m. Eastern Time, with a quorum of four of the five Committee members present:

| | |
|-----------------------------|---------------------|
| Choroser, Beth – Vice Chair | Gillan, Joe |
| Fontana, Brent | Schell, Julie Tritt |

Members of the Committee not present:

Feiss, Geoff – Chair

Other Board members and officers of the corporation present:

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. Dan – 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 and Acting Vice President of Shared Services
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
Morning, Kimberly – Acting Vice President and General Counsel, and Assistant Secretary
Salvator, Charles – Vice President, Chief Financial Officer, and Assistant Treasurer
Sekar, Radha – Chief Executive Officer

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.

Skrivan, Michael – Member of the Board
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

Others present:

| <u>NAME</u> | <u>COMPANY</u> |
|------------------|----------------|
| Ayer, Catriona | USAC |
| DiVo, Victor | USAC |
| Glisson, Connor | USAC |
| Goode, Vernell | USAC |
| James, Christine | USAC |
| Lee, James | USAC |
| Mitchell, Tamika | USAC |
| Nuzzo, Patsy | USAC |
| Pace, Gina | USAC |
| Sherwood, Nicole | USAC |
| Tiwari, Tanya | USAC |

OPEN SESSION

At 10:01 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, April 26, 2021. Only members of the Board and USAC staff were present.

EXECUTIVE SESSION

- a2. Approval of the 2021 Strategic Audit Plan.** Ms. Delmar presented the proposed 2021 Strategic Audit Plan including the audit area, audit objectives, a high-level summary of the testing to be performed, and the estimated timing for the audits.

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

RESOLVED, that the USAC Audit Committee approves the 2021 Strategic Audit Plan.

OPEN SESSION

At 10:15 a.m. Eastern Time, the Committee moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Ms. Choroser reported that, in *Executive Session*, the Committee took action on item a2.

Available For Public Use

On a motion duly made and seconded, the Committee adjourned at 10:16 a.m. Eastern Time.

/s/ Kimberly Morning
Assistant Secretary

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

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| <p>Monday, July 26, 2021 8:30 a.m. – 10:00 a.m. Eastern Time USAC Offices 700 12th Street, N.W., Suite 900 Washington, D.C. 20005</p> |
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| OPEN SESSION | | <i>Estimated Duration in Minutes</i> |
|---------------------|---|--|
| Chair | <p>a1. Consent Items (each item is available for discussion upon request):</p> <ul style="list-style-type: none"> A. Approval of Audit Committee Meeting Minutes of April 26 and April 27, 2021 B. Approval of moving all <i>Executive Session</i> items into <i>Executive Session</i> C. Annual Review of USAC’s System of Internal Controls (<i>See aAC04cf</i>) D. Annual Review of USAC’s Financial Reporting Process (<i>See aAC05cf</i>) | 5 |
| Teleshia | <p>i1. Audit and Assurance Business Update:</p> <ul style="list-style-type: none"> • Q2 2021 Accomplishments • Plans for Third Quarter • Audits in Progress/Aging • Roadmap | 20 |

| EXECUTIVE SESSION Confidential – Executive Session Recommended | | <i>Estimated Duration in Minutes</i> |
|---|---|--|
| Charlie /PwC | a2. Acceptance of USAC’s 2020 Annual Financial Statement Audit and Agreed-Upon Procedures Review | 20 |
| Teleshia | a3. Action on One USAC Audit and Assurance Division Strategic Audit Report | 10 |
| Teleshia | a4. Annual Review of USAC’s System of Internal Controls | - |
| Teleshia | a5. Annual Review of USAC’s Financial Reporting Process | - |
| Teleshia | i2. Audit Committee Executive Session with USAC’s Vice President of Audit and Assurance | 10 |

Next Scheduled USAC Audit Committee Meeting

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| <p>Monday, October 25, 2021 8:30 a.m. – 9:50 a.m. Eastern Time 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
Monday, July 26, 2021

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, July 26, 2021. A virtual meeting platform was available to the general public for *Open Session* to accommodate the need for increased physical distancing on site due to the COVID-19 pandemic. Mr. Geoff Feiss, Committee Chair, called the meeting to order at 8:32 a.m. Eastern Time, with a quorum of all five of the Committee members present:

| | |
|---|---------------------|
| Choroser, Beth – Vice Chair – <i>by telephone</i> | Gillan, Joe |
| Feiss, Geoff – Chair | Schell, Julie Tritt |
| Fontana, Brent – <i>by telephone</i> | |

Other Board members and officers of the corporation present:

Beyerhelm, Chris – Chief Administrative Officer – *by telephone*
Davis, Craig – Vice President of Schools and Libraries – *by telephone*
Delmar, Teleshia – Vice President of Audit and Assurance
Garber, Michelle – Vice President of Enterprise Resources Program and Acting Vice President of Shared Services – *by telephone*
Gregory, Amber – Member of the Board – *by telephone*
Hutchinson, Kyle – Vice President of IT and Chief Information Officer – *by telephone*
Morning, Kimberly – Acting Vice President and General Counsel, and Assistant Secretary
Salvator, Charles – Vice President, Chief Financial Officer, and Assistant Treasurer
Sekar, Radha – Chief Executive Officer
Skriwan, Michael – Member of the Board
Sweeney, Mark – Vice President of Rural Health Care – *by telephone*
Wade, Dr. Joan – Member of the Board
Wein, Olivia – Member of the Board

Others present:

| <u>NAME</u> | <u>COMPANY</u> |
|---------------------------------------|-------------------------------------|
| Glisson, Connor – <i>by telephone</i> | USAC |
| Kriete, Debra – <i>by telephone</i> | State E-Rate Coordinators' Alliance |

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> |
|--|----------------------------------|
| Lee, James – <i>by telephone</i> | USAC |
| LeNard, David – <i>by telephone</i> | E-Rate Elite Services, Inc. |
| Leonard, Tom – <i>by telephone</i> | PricewaterhouseCoopers LLP (PwC) |
| Nuzzo, Patsy | USAC |
| Pace, Regina – <i>by telephone</i> | USAC |
| Phillippi, Megan | USAC |
| Sherwood, Nicole – <i>by telephone</i> | USAC |
| Tiwari, Tanya | USAC |
| Tuinstra, Jason – <i>by telephone</i> | PwC |

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 April 26 and April 27, 2021.
 - B.** Approval of moving all *Executive Session* items into *Executive Session*:
 - (1) **a2** – Acceptance of USAC’s 2020 Annual Financial Statement Audit and Agreed-Upon Procedures Review. USAC management recommended 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** – Action on One USAC Audit and Assurance Division Strategic Audit Report. USAC management recommended 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. In addition, this item may include discussion of *internal rules and procedures* concerning the administration of the universal service support mechanisms where discussion of the matter in *Open Session* would result in *disclosure of confidential techniques and procedures* that would compromise program integrity.
 - (3) **a4** – Annual Review of USAC’s System of Internal Controls. USAC management recommended 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.
 - (4) **a5** – Annual Review of USAC’s Financial Reporting Process. USAC management recommended 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) **i2** – Audit Committee *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. 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.

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.

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

RESOLVED, that the Audit Committee of the USAC Board of Directors hereby approves: (1) the Committee meeting minutes of April 26 and April 27, 2021; (2) discussion in *Executive Session* of the items noted above; (3) the review of USAC’s system of internal controls; and (4) the review of USAC’s financial reporting process.

ii. **Audit and Assurance Business Update.** Ms. Delmar presented an update on the Audit and Assurance Division’s (AADs) accomplishments from second quarter 2021; plans for third quarter 2021; the combined status of Beneficiary and Contributor Audit Program (BCAP) audits in process as of July 1, 2021; and the combined aging report of BCAP audits in process as of July 1, 2021.

Mr. Gillan requested that the BCAP Aging Report include aging data from past quarters to show trends in processing times for the October 2021 and future quarterly meetings.

At 9:01 a.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purpose of discussing confidential items. Only members of the Board, PwC, and USAC staff were present.

EXECUTIVE SESSION

a2. **Acceptance of USAC’s 2020 Annual Financial Statement Audit and Agreed-Upon Procedures Review.** Mr. Salvator introduced Mr. Leonard, and Mr. Tuinstra, who presented an overview of the USAC 2020 Financial Statement Audit and Agreed-Upon Procedures (AUP) review reports. They noted that USAC received a “clean” audit opinion for its financial statements; and the AUP review did not disclose any significant audit findings.

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 2020 Financial Statement Audit Report, as submitted by PricewaterhouseCoopers LLP, hereby accepts the final report;

RESOLVED FURTHER, that the USAC Audit Committee, having reviewed the summary of the USAC 2020 Agreed-Upon Procedures Review Report, as submitted by PricewaterhouseCoopers LLP, hereby accepts the final report.

At 9:15 a.m. Eastern Time, the meeting continued in *Executive Session* with only members of the Board and USAC staff present.

- a3. Action on One USAC Audit and Assurance Division Strategic Audit Report.** Ms. Delmar presented an overview of the strategic audit report of USAC's competitive bidding review process for the E-Rate program.

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 Audit and Assurance Division's strategic audit report of USAC's competitive bidding review process for the E-Rate program, accepts the recommendation of USAC management and hereby deems the report final.

- a4. Annual Review of USAC's System of Internal Controls.** A report on this item was provided in the briefing book and approved by the Committee as part of the Consent Items.
- a5. Annual Review of USAC's Financial Reporting Process.** A report on this item was provided in the briefing book and approved by the Committee as part of the Consent Items.

At 9:26 a.m. Eastern Time, on a motion duly made and seconded, the Committee continued in *Executive Session* with only members of the Board and Ms. Delmar present.

- i2. Audit Committee Executive Session with USAC's Vice President of Audit and Assurance.** Per the guidelines in the approved Audit Committee Charter, Ms. Delmar met with members of Audit Committee and Board of Directors in a confidential *Executive Session*.

OPEN SESSION

At 9:56 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 9:56 a.m. Eastern Time.

/s/ Kimberly Morning
Assistant Secretary

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

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| <p>Monday, October 25, 2021 10:00 a.m. – 11:15 a.m. Eastern Time USAC Offices 700 12th Street, N.W., Suite 900 Washington, D.C. 20005</p> |
|--|

| OPEN SESSION | | <i>Estimated Duration in Minutes</i> |
|---------------------|---|--|
| Chair | <p>a1. Consent Items (each item is available for discussion upon request):</p> <ul style="list-style-type: none"> A. Approval of Audit Committee Meeting Minutes of July 26, 2021 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 | <p>i1. Audit and Assurance Division Business Update:</p> <ul style="list-style-type: none"> • Q32021 Accomplishments • Plans for Q42021 • Audits Aging Analysis • Roadmap | 20 |

| EXECUTIVE SESSION Confidential – Executive Session Recommended | | <i>Estimated Duration in Minutes</i> |
|---|--|--|
| Teleshia | <p>i2. Audit and Assurance Division Business Update (<i>Continued</i>)</p> <ul style="list-style-type: none"> • Improper Payment Results • Key Outcomes | 30 |
| Teleshia | a2. Review of the Audit and Assurance Division Charter | 5 |
| Teleshia | i3. Audit Committee Executive Session with USAC’s Vice President of Audit and Assurance | 10 |

Next Scheduled USAC Audit Committee Meeting

| |
|---|
| <p>Monday, January 24, 2022 8:30 a.m. – 10:00 a.m. Eastern Time USAC Offices, Washington, D.C.</p> |
|---|

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

AUDIT COMMITTEE MEETING
Monday, October 25, 2021

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, October 25, 2021. A virtual meeting platform was available to the general public for ***Open Session*** to accommodate the need for increased physical distancing on site due to the COVID-19 pandemic. Mr. Geoff Feiss, Committee Chair, called the meeting to order at 10:00 a.m. Eastern Time, with a quorum of all five of the Committee members present:

| | |
|---|---------------------|
| Choroser, Beth – Vice Chair – <i>by telephone</i> | Gillan, Joe |
| Feiss, Geoff – Chair | Schell, Julie Tritt |
| Fontana, Brent – <i>by telephone</i> | |

Other Board members and officers of the corporation present:

Beyerhelm, Chris – Chief Administrative Officer – *by telephone*
Butler, Stephen – Vice President of Shared Services – *by telephone*
Buzacott, Alan – Member of the Board
Davis, Craig – Vice President of Schools and Libraries – *by telephone*
Delmar, Teleshia – Vice President of Audit and Assurance
Domenech, Dr. Dan – Member of the Board
Garber, Michelle – Vice President of Finance and Chief Financial Officer
Gregory, Amber – Member of the Board – *by telephone*
Hutchinson, Kyle – Vice President of IT and Chief Information Officer – *by telephone*
Mason, Ken – Member of the Board
Sekar, Radha – Chief Executive Officer
Skriwan, Michael – Member of the Board – *by telephone*
Sweeney, Mark – Vice President of Rural Health Care – *by telephone*
Waller, Jeff – Member of the Board – *by telephone*
Wade, Dr. Joan – Member of the Board – *by telephone*
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> |
|---|---------------------------------|
| Augustino, Steven – <i>by telephone</i> | Kelley Drye & Warren LLP |
| Krueger, Katie – <i>by telephone</i> | KPMG |
| LeNard, David – <i>by telephone</i> | E-Rate Elite Services, Inc. |
| Mitchell, Tamika– <i>by telephone</i> | USAC |
| Morning, Kimberly– <i>by telephone</i> | Morgan Lewis |
| Nuzzo, Patsy | USAC |
| Pace, Regina – <i>by telephone</i> | USAC |
| Phillippi, Megan | USAC |
| Schrader, Theresa – <i>by telephone</i> | Broadband Legal Strategies, LLC |
| Tawes, Pauline – <i>by telephone</i> | USAC |
| Tiwari, Tanya | USAC |
| Williams, Erin | 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 July 26, 2021.
 - B.** Approval of moving all *Executive Session* items into *Executive Session*:
 - (1) **i2** – Audit and Assurance Division Business Update (*Continued*). USAC management recommended 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** – Review of the Audit and Assurance Division Charter. USAC management recommended that this matter be discussed in *Executive Session* because the basis to support the changes relate to *specific internal controls, and/or confidential company data* that would constitute a discussion of internal rules and procedures.
 - (3) **i3** – Audit Committee *Executive Session* with USAC’s Vice President of Audit and Assurance. USAC management recommended that this matter be discussed in *Executive Session* pursuant to the guidelines in the approved Audit Committee Charter.
 - 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 Audit Committee of the USAC Board of Directors hereby approves: (1) the Committee meeting minutes of July 26, 2021 and (2) discussion in *Executive Session* of the items noted above and

RESOLVED FURTHER, 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.

- i1. **Audit and Assurance Business Update.** Ms. Delmar presented an update on the Audit and Assurance Division's accomplishments from third quarter 2021; plans for fourth quarter 2021; the combined status of Beneficiary and Contributor Audit Program (BCAP) audits in process as of October 1, 2021, and the combined aging report of BCAP audits in process as of October 1, 2021 which included aging data from past quarters to show trends in processing times.

At 10:21 a.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purpose of discussing confidential items. Only members of the Board and USAC staff were present.

EXECUTIVE SESSION

- i2. **Audit and Assurance Business Update (*Continued*).** Ms. Delmar presented PowerPoint slides to the Committee for discussion covering the following topics:
 - Improper Payment Results
 - Key Outcomes

Mr. Feiss requested that USAC make the audit process more efficient and timely for stakeholders and suggested that the USAC consider an ombudsman position. USAC committed to an internal discussion and would report back to the Committee in January.

- a2. **Review of the Audit and Assurance Division Charter.** Ms. Delmar presented a report to the Committee suggesting minor revisions the Charter.

On a motion duly made and seconded and after discussion, the Committee 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.

At 10:52 a.m. Eastern Time, on a motion duly made and seconded, the Committee continued in *Executive Session* with only members of the Board and Ms. Delmar present.

- i3. **Audit Committee *Executive Session* with USAC's Vice President of Audit and Assurance.** Per the guidelines in the approved Audit Committee Charter, Ms. Delmar met with members of Audit Committee and Board of Directors in a

confidential *Executive Session*.

OPEN SESSION

At 11:12 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 and discussed items i2 and i3.

On a motion duly made and seconded, the Committee adjourned at 11:12 a.m. Eastern Time.

/s/ Olivia Wein
Secretary