



May 29, 2009

Ms. Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

RE: *Comprehensive Review of the Universal Service Fund Management Administration and Oversight, WC Docket No. 05-195*

Dear Ms. Dortch:

This is to inform you that on May 29, 2009, Scott Bergmann and David Redl from CTIA and Jon Banks and the undersigned representing USTelecom, met with Nick Alexander, Legal Advisor to Commissioner McDowell, in connection with the proceeding identified above. USTelecom and CTIA jointly expressed concerns with the existing audit program for high-cost universal service support and urged the Commission to make process improvements consistent with the attached slide deck, which was presented during this meeting.

Pursuant to Section 1.1206(b) of the Commission's rules, one copy of this electronic notice is being filed in the above-referenced dockets. Please call me if you have any questions.

Sincerely,

David Cohen
Vice President, Policy

cc: Nick Alexander



The existing high cost audit program is not working and should be refocused

- IPIA reviews are not accurately reflecting program performance
- IPIA reviews are not producing recommendations for program improvement
- IPIA reviews are distracting program focus
- IPIA reviews are imposing heavy costs on consumers that fund USF and companies

IPIA audits should be structured according to OMB guidance and separately from beneficiary audits

- The IPIA (Improper Payments Information Act) mandates processes which will help *agencies* reduce the level of improper payments in programs they administer
- *Beneficiary* audits detect compliance with Commission rules and procedures governing the contribution and distribution of universal service funding
- IPIA audit improvements should include
 - Implementing the IPIA by using performance audits or other proven successful approaches used by other federal agencies instead of compliance attestation audits
 - Improving the sampling process to avoid inefficient and redundant audits
 - Adopting uniform standards across audits, potentially including a model audit plan that takes the size and regulatory status of the auditee into consideration
 - Ceasing to audit for compliance with document retention rules, or other requirements, that were not in effect during the audit year in question
 - Issuing final audit reports to individual companies on a timely basis
 - Improving training for auditors both to increase their familiarity with the program operation and to promote standardization

The Commission should receive concrete recommendations for program improvements from past and current IPIA audits

- The IPIA requires identification of areas of program vulnerability and corrective measures
- Report findings of conflicting and unclear FCC rules should identify specific rules and actions for resolution
- Report findings of insufficient documentation should provide guidance as to what would constitute sufficient documentation
- Clarifying that a finding of an improper payment under the IPIA is not necessarily determinative of over-recovery