

EXHIBIT T

From: Beaver, Terelle
Sent: Saturday, May 03, 2008 12:22 PM
To: Hardin, Jeana; Martin, Anthony
Subject: revised page 2 of Professional Services

I have revised page 2 of the attachment that I just sent to you to include the coordination with other third party service providers that we discussed yesterday.

From: Beaver, Terelle
Sent: Saturday, May 03, 2008 12:11 PM
To: Hardin, Jeana; Martin, Anthony
Subject: agreements with PNC

Howdy!

Attached are my recommended changes to the two agreements. These put us on a level playing field with PNC.

Question for Anthony:

See Professional Service Agreement, Item 3, Network Down Situation. If we don't have a positive balance in service block, the agreement does not state the response time of PNC. I have inserted "24 hours". Is that reasonable and adequate to meet our needs?

See Addendum A to Agreement for Basic Maintenance. Do you think that Item 2 - General Computer Support Labor Block refers to service of non-erate eligible products? If so, maintenance services on these items would be billed in addition to the \$31,280 per month as quoted in the last paragraph of Addendum A.

Observation: Attachment A which appears to be the the price quotations sheets for all schools includes a labor component totalling \$321,024 when you add up all schools. Anthony, do you think they have discounted the product below cost and built in a labor component for each school's installation on these price sheets? Otherwise I just don't see their charging us labor for installation totalling \$321,000 and then turning around and billing us \$31,280 per month for maintenance of internal connections beginning in Year 1 even before the installation is complete. After the installation is complete, I can hardly imagine them committing 65 hours per week for the remaining term of the agreement. When we were talking yesterday, I was thinking their charge of \$31,280 per month was as high as it was because it included installation labor.

I don't want to present this to Ellen until we go over it with Jeff and get his agreement or negotiate some of the items with him. She will look much harder at the agreement and will tear it to pieces if we take it to her in this form.

I will drop a copy of the agreements off at your office on Monday morning as I leave to go to Asheville.

Terelle

EXHIBIT U

From: Martin, Anthony
Sent: Thursday, May 08, 2008 2:53 PM
To: 'Jeff Gaura'
Subject: RE: Revised contract documents
Importance: High

Jeff:

I am hearing that we have not received revised contract documents, and are preparing for tonight's School Board Meeting. Please communicate at least with me, if not Terelle, so we stay on track. Left you a voicemail on your cell re: this same thing

ASM

Anthony S Martin
WAN Engineer
Network Operations
Cherokee County Schools
2413 Airport Rd
Marble NC 28905
828-837-4950

EXHIBIT V



E-RATE SIMULATED AUDIT REPORT

Prepared for Cherokee County Schools

Prepared by

Barry W. Pace

E-rate Specialist

Technology Services

North Carolina Department of Public Instruction

Submitted to

Jeana Hardin

Director of Technology & Media Relations

April 29, 2009

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FORWARD

NCDPI E-rate Services is happy to provide this audit simulation experience as a service to Cherokee County Schools. This service and report is being provided at the request of the district for informational purposes only. All documentation provided to Cherokee County Schools during and following this "example-audit" is merely intended to provide document retention and internal control validation and feedback to district personnel. This communication is intended solely for the information and use of Cherokee County Board of Education's Management and is not intended to be, and should not be, used by anyone other than these specified parties. While it is intended that this experience will help local district personnel prepare to successfully navigate potential FCC OIG audits, applicants should be keenly aware that question provisioning and program compliance interpretation differs from one audit firm to the next. NCDPI makes no assurances of any kind.

ANNOUNCEMENT LETTER

April 20, 2009

Cherokee County Schools
Attn: Jeana Hardin
911 Andrews Road
Murphy, NC

Dear Ms. Hardin:

NCDPI E-rate Services is happy to provide this "example-audit" as a service to Cherokee County Schools. This "example-audit" is being provided at the request of the district for informational purposes only. All documentation provided to Cherokee County Schools during and following this "example-audit" is merely intended to provide document retention and internal control validation and feedback to district personnel. Be aware that question provisioning and program rules interpretation differs from one audit firm to the next.

In this "example-audit" we plan to conduct a compliance attestation examination of the Cherokee County Schools located in Murphy, NC, beginning the week of April 27, 2009. We anticipate that onsite fieldwork will take approximately three days (actual FCC contracted audits typically take weeks), however the efficiency of the examination will depend on the availability and the condition of the documentation made available prior to and during the course of the examination.

This examination will cover applications/disbursements from the Universal Service Fund related to all Funding Year 2007 through 2009 funding requests.

This examination relates to your compliance with FCC Rules for the S & L Program. Specifically, your organizations compliance with the applicable requirements of Title 47 of the Code of Federal Regulations (C.F.R) Sections 54.500 through 54.523 of the Federal Communications Commission's (FCC) Rules and Regulations for Universal Service Support for Schools and Libraries, as amended.

This "example-audit" is being performed onsite by the following agency personnel:

Barry Pace (919-210-2588)

The examination will focus on the eligibility of products and services, the accuracy of discount calculations, the timely approval of technology plans, the service provider selection process, the documentation supporting the reimbursements, the location and physical identification of any equipment acquired, record keeping, CIPA compliance, and other related areas.

Included as an attachment to this letter is a list of the documentation (Attachment A) that we will need to effectively perform the examination.

In addition we are required to gain an understanding of your organizations internal control environment related to the Schools and Libraries Support Mechanism funding. Included as an attachment to this letter is an internal control questionnaire (Attachment B) to be completed by the district contact person.

In order to be able to perform our examination efficiently and effectively, please also provide office space and internet connectivity during our visit to your location.

Please understand that contracted auditing firms have equal access to request and view documents as does the USAC Internal Audit Department.

We will conduct an entrance conference and an exit conference. We may need to meet with key individuals involved in your Schools and Libraries Support Mechanism process while on site.

The results of an actually FCC contracted audit, along with your responses, would be presented in a draft report to USAC and the FCC Office of Inspector General (OIG). Upon review and approval of the report by USAC Management and the FCC OIG, the report would be distributed to the appropriate parties. Our simulation summary results will be emailed to the district contact person as soon as possible following the exit conference.

The following URL provides some additional information to assist your understanding of this examination: <http://www.sl.universalservice.org/reference/bestpractices.asp>

If you have any questions or concerns please feel free to contact me.

Sincerely,

Barry W. Pace
NCDPI E-rate Specialist
(919) 210-2588

ATTACHMENT A
Documents To Be Made Available

1. Technology plan(s), technology plan amendments, and technology plan approval letters covering the Funding Year(s) identified in the letter.
2. Approved budget(s) (or budget drafts) for the technology plans in item 1 above as well as for the applicant's non-discount share.
3. Note: Contracted auditors would ask for copies of audited financial statements for the Funding Year(s) identified in the accompanying letter and a copy of the most recent statements. It is not necessary to provide audited financial statements for the purposes of this "example-audit".
4. General description of the information technology environment and a high-level network diagram. (The description should include how S&L Program funding for internal connections is being used in the IT environment.)
5. Method used and documentation supporting the discount calculation.
6. Copies of your Internet Safety Policy and other documentation supporting compliance with the Children's Internet Protection Act (CIPA). (Including public notice/public hearing documentation.)
7. Fixed asset register or other records listing for all S&L Program funded equipment that was acquired and reimbursed during the Funding Year(s) identified in the letter.
 - a. Make
 - b. Model
 - c. Serial Number
 - d. Physical Location (including room number and movement history)
 - e. Date Installed
 - f. FRN
 - g. Customer Invoice Reference Number(s)
8. Copies of all relevant contracts and written agreements with service providers and consultants for the period(s) indentified in the letter. (Including any amendments.)

9. Record Retention Policy that applied to and was followed for S&L Program documentation.
10. Copies of the following forms (if applicable) for the Funding Year(s) identified in the letter:
 - a. FCC Form 470
 - b. FCC Form 471
 - c. FCC Form 486
 - d. FCC Form 472 (if applicable)
 - e. FCC Form 500 (if applicable)
11. All documentation associated with above FCC Form(s) 471 and selected FRN(s) to include, but not limited to, service substitution approval letters and equipment transfer notification letters to USAC.
12. When FCC Form 472 (BEAR) is used:
 - a. Copy of canceled checks written to the service provider
 - b. Copy of bank statement and any other supporting documentation to confirm receipt of the discounted portion from the service provider
13. When FCC Form 474 (SPI) is used, copy of canceled check written to the service provider to cover the non-discounted portion.
14. Copies of local and state procurement regulations pertaining to contracting for the purchase of telecommunications, Internet access, internal connections, and basic maintenance of internal connections.
15. Copies of all information related to the service provider selection process including, but not limited to:
 - a. RFPs or bidding specifications
 - b. All bids received (both winning and losing)
 - c. All correspondence (including informal communications) with potential selected service providers
 - d. Bid evaluation worksheets
 - e. Memorializations (i.e. no responses, existing contract, etc.)
 - f. Meeting minutes for discussions and selection of service providers

16. Copy of relevant meeting minutes during the period(s) being examined were the S&L Program was an agenda item.
17. Copies of contract(s) and/or invoices for the technology protection measure (i.e. Internet filter) in place during the Funding Year(s) identified in the letter.
18. Copies of filtering logs for the technology protection measure in place during the Funding Year(s) identified in the letter.
19. Relevant bills and invoices.
20. Note: Contracted auditors would ask for contact information for School Board Members, Superintendents, Principals (if beneficiary is an individual school), Finance Officer, and Consultant (if applicable).
21. Completed Internal Control Questionnaire (see Attachment B).

ATTACHMENT B

Internal Control Questionnaire

Property Management

To comply with S&L Program rules and to be able to demonstrate compliance, USAC has urged that beneficiaries “maintain an updated list or file of the status of all work, in order to monitor both the progress of the project and the expenditure of approved funds related to the project.” Furthermore, USAC urges that beneficiaries “verify – either through an approved internal process or by an independent third party – that all work has been completed and that all equipment is operating properly.”

Control Question	Yes/No or NA	Description of Control
Do you have a property management system that records acquisitions, disposals, and locations of physical assets?		
Are physical assets funded through S&L Program included in the property management system?	(If “No” describe the system used for S&L Program funded assets and answer the following questions for that system.)	
Are S&L Program funded assets designated as such in the system?		
Are there policies and procedures that define usage of the property management system?		
Does the property management system include an identification number?		
Does the property management system capture the method of acquiring each physical asset and the date of the acquisition?		
Can individual assets in the property management system be traced to invoices and/or other records of receipt?		
Are there controls to ensure that the property management system is updated if physical		

assets are moved or disposed of?		
Do you perform physical inventories and reconcile the counts to the property management system? (If so, how often?)		
Does the property management system provide an audit trail of additions, changes, and dispositions of the physical assets?		
Are physical assets protected from theft?		
Do you maintain any excess inventory of S&L Program funded assets in a secure environment?		

Accounts Payable/Cash Disbursements

To comply with S&L Program rules and to be able to demonstrate compliance, USAC has urged that beneficiaries who use Form 472 (BEAR) to request reimbursement for approved expenses “review and approve the form to ensure that the work has been completed, that the service provider’s bill has been paid in full, and that the reimbursement amount requested is correct.” In addition, USAC urges that beneficiaries “maintain a file for each Form 472 (BEAR) submitted to USAC.”

For those who do not use Form 472 for reimbursement, USAC urges that the beneficiaries “review the Quarterly Disbursements Report provided by the Schools and Libraries Program to ensure any payments to service providers are consistent with work actually performed and discounts provided on bills received.”

Furthermore, USAC urges all beneficiaries to “maintain a spreadsheet which tracks either the Form 472 (BEAR) requests for reimbursement or the discounts (in the form of discounts on bills, checks, or credits) provided by the service provider to ensure the committed amount on the FRN(s) has not been exceeded.” See USAC guidance at

<http://www.sl.universalservice.org/reference/bestpractices.asp>.

Control Question	Yes/No or NA	Description of Control
Are there policies and procedures that define how billings are recorded and vendor payments are made?		
Are all disbursements reviewed and approved before payment?		
Do you ever use Form 472 (BEAR) for reimbursement?	(If “Yes” continue with the next question. If “No” skip to 7.)	
Before you submit a Form 472, do you ensure the work is completed, the bill has been paid in full, and the amount invoiced is correct?		
Do you maintain a file for each Form 472, which includes the following supporting documents, a) vendor invoice or a worksheet supporting the claim, b) proof of payment to the service provider, c) correspondence with the vendor regarding payments of the related invoices?		
Do you have a process to identify and remove non S&L Program eligible charges on		

invoices before submitting each FCC Form 472?		
When receiving discounted services from the service provider, do you maintain files that contain a) vendor invoice or reconciliation worksheet supporting the undiscounted portion of the S&L Program expenditure, b) proof of payment for the undiscounted portion, c) support that the discounted services billed were received and were approved by the Funding commitment Letter, and d) if possible, copies of the invoice submitted by the service provider to the Schools and Libraries Division?		
Do you review the "Quarterly Disbursements Report" provided by the Schools and Libraries Division to ensure that payments to service providers are consistent with the goods and services received from the service provider and the discounts shown on bills received?		
Do you maintain a spreadsheet or track by another method the total amount of the Form 472 (BEAR) requests and the discounts allowed by service providers to ensure that the FRN(s) has not been exceeded?		
Do your records provide the ability to track S&L Program funded assets from invoices to your property management system?		

S&L Program Application & Contracting (FCC Forms 470 and 471)

To comply with S&L Program rules and to be able to demonstrate compliance, USAC has urged that beneficiaries maintain a file of the Services Requested and Certification Form (Form 470) and the Services Ordered and Certification Form (Form 471) applications.

Control Question	Yes/No or NA	Description of Control
Is a specific individual responsible for the S&L Program application process?		
Is the responsible individual knowledgeable in S&L Program requirements and processes?	(If "Yes", explain qualifications.)	
Are the FCC Form 470 and FCC Form 471 reviewed and approved by an appropriate official?		
Do you have a policies and procedures manual that summarizes the procurement process?		
Do you maintain an S&L Program application file containing the following? a) FCC Form 470 b) FCC Form 471 c) Requests for Proposal, if applicable		
d) Copies of all bids e) Documentation of the award process and the rationale for the bid award		
f) Copies of all related contracts g) Copies of all service provider invoices h) Copy of the board resolution for any		

<p>contract award, and</p> <p>i) Any other related documentation</p>		
<p>Do you maintain a log of all communications with USAC, including the name of the person making the call, the time and date of the call, the name of the USAC employee who responded to the call, and the substance of the communication?</p>		
<p>Do you maintain a file of all change orders or documentation for verbal change orders?</p>		

Miscellaneous

In an actual audit program beneficiaries may be asked to complete several billing reimbursement reconciliation worksheets/spreadsheets. Examples will be displayed and discussed during the "example-audit" period.

Assertions/Certifications

In an actual audit program beneficiaries also would be asked to complete a compliance assertions/certification checklist and submit an assertions letter signed by the Superintendent, CFO, and E-rate Coordinator describing any non-compliance (reasons for non-compliance). An example assertions checklist and letter will be displayed and discussed during the “example-audit” period, but you will not be asked to complete such a document.

Documentation Preliminary Findings & Applicant Action Items

1. Technology plan(s), technology plan amendments, and technology plan approval letters covering the Funding Year(s) identified in the letter.

Action Items:

Need copy of tech plan amendment approval letter(s)

Preliminary Findings: Although lacking specific details regarding the Telecom, Internal Connections and Basic Maintenance project plans the 2004/05 version of the technology plan appears to indirectly support all filed E-rate requests through indirect references. **November 9, 2006 amendment covers VOIP requests appropriately.** Please consider updating plans through the amendment process before filing Forms 470 in future years to more specifically address E-rate projects.

2. Approved budget(s) (or budget drafts) for the technology plans in item 1 above as well as for the applicant's non-discount share.

Action Items:

Ask Jeana for copy of 6400 sub-section of final approved budget

Preliminary Findings: There is strong evidence of program compliance in this area based on information contained in the final approved budget documentation already submitted during the Selective Review process. **The applicant should continue to ensure that the non-discount share is budgeted prior to certifying Forms 471.**

3. Note: Contracted auditors would ask for copies of audited financial statements for the Funding Year(s) identified in the accompanying letter and a copy of the most recent statements. It is not necessary to provide audited financial statements for the purposes of this "example-audit".
4. General description of the information technology environment and a high-level network diagram. (The description should include how S&L Program funding for internal connections is being used in the IT environment.)

Preliminary Findings: **Appropriate Wide Area Network diagrams are available and well labeled. A general description is available in FY2008 electronic documentation. In preparation for an audit CCS may want to expand the scope as it is heavily focused on VOIP currently. A copy should be kept in each FY E-rate binder.**

5. Method used and documentation supporting the discount calculation.

Action Items:

Internal Controls on Survey Tabulations?

Preliminary Findings: The district should strengthen internal control procedures specific to the dissemination, collection, and tabulation of surveys.

6. Copies of your Internet Safety Policy and other documentation supporting compliance with the Children's Internet Protection Act (CIPA). (Including public notice/public hearing documentation.)

Action Items:

Request copies of Filter Invoices/Logs

Preliminary Findings: Policy 3225 (Acceptable Use) contains sufficient language addressing the current CIPA/Internet Safety E-rate certifications and record of public hearing is notated in official Board Minutes. However, the policy will need to be amended to include Online Safety Education (Internet Safety Policy) as required by law in the near future. The new law provided 90 days for a working group to be established. That working group has one year in which to make recommendations. At some point we expect the FCC to direct USAC to alter the Form 486 certification page to reflect the revisions to the requirements of the law. However, we don't yet know exactly how schools will be considered compliant. We do recommend that if you are currently writing or rewriting your AUP/Internet Safety Policy, be sure to include a provision dealing with educating minors about appropriate online behavior, including interacting with other individuals on social networking sites and chat rooms, and cyberbullying awareness and response. Also include "Internet Safety" in a policy title as a best practice moving forward (i.e. "Acceptable Use and Internet Safety Policy"). In addition, your school should be thinking about how you will actually implement the new law when it does become effective, if you aren't providing such online behavior education already.

- ~~7. Fixed asset register or other records listing for all S&L Program funded equipment that was acquired and reimbursed during the Funding Year(s) identified in the letter.~~
 - a. Make
 - b. Model
 - c. Serial Number
 - d. Physical Location (including room number and movement history)
 - e. Date Installed
 - f. FRN
 - g. Customer Invoice Reference Number(s)

Action Items:

Double check labeling of currently installed Internal Connections equipment

Preliminary Findings: It appears only hard copy asset registers exist for existing E-rate funded equipment. We recommend using an electronic asset register to track all E-rate related equipment purchases, deployment, transfer, and disposal. Funds For Learning E-rate Manager can be used for this purpose at no cost to the district.

8. Copies of all relevant contracts and written agreements with service providers and consultants for the period(s) indentified in the letter. (Including any amendments.)

Action Items:

Request PNC proposal binder for FY2008

Is PNC Contract dated 3/2/07 associated with FY2007 IC request?

Discuss PNC FY2008 & FY2009 Termination (6) language issue (Consider Amendment)

Preliminary Findings: There appears to be a signed contract between Cherokee County Schools and PNC labeled Internal Connections dated 3/2/07. This date is after the allowable contract date on the FY2007 Form 471. February 4, 2008 signed PNC contract is within allowable contract date period for FY2008 (Y11).

9. Record Retention Policy that applied to and was followed for S&L Program documentation.

Action Items:

5 year E-rate email manual archiving internal control procedure/policy

Preliminary Findings: Board Policy 5070 addresses general records retention, and Policy 7331 addresses electronic records retention (e-mail), however we recommend developing an internal control procedure/policy specific to the 5 year record retention rules of the S&L Program.

10. Copies of the following forms (if applicable) for the Funding Year(s) identified in the letter:

- a. FCC Form 470
- b. FCC Form 471
- c. FCC Form 486
- d. FCC Form 472 (if applicable)
- e. FCC Form 500 (if applicable)

Action Items:

2009 (Y12) Binder?

2008 (Y11) Binder?

Preliminary Findings: BEAR Forms (Forms 472) filed by Finance appear to be available from Finance office. BEAR Forms should be filed in appropriate E-rate binder along with a copy of all vendor invoices related to the BEAR. Forms 486 appear to be missing from current documentation and should be tracked down and filed in appropriate E-rate binder. The SLD Web site requires a security code to be able to access a previously filed Form 486. Retention of Forms 470/471 appear to be hit and miss, although those are easily available via the SLD Web site.

11. All documentation associated with above FCC Form(s) 471 and selected FRN(s) to include, but not limited to, service substitution approval letters and equipment transfer notification letters to USAC.

Preliminary Findings: Files substitution letters and transfer letters as appropriate.

12. When FCC Form 472 (BEAR) is used:
 - a. Copy of canceled checks written to the service provider
 - b. Copy of bank statement and any other supporting documentation to confirm receipt of the discounted portion from the service provider

Preliminary Findings: We recommend requesting copies from Finance and filing with the appropriate FY E-rate binder. We also recommend preparing and filing a BEAR reconciliation spreadsheet for each BEAR Form to be able to respond to BEAR reviewer requests and/or auditor requests.

13. When FCC Form 474 (SPI) is used, copy of canceled check written to the service provider to cover the non-discounted portion.

Preliminary Findings: We recommend requesting copies from Finance and filing with the appropriate FY E-rate binder. We also recommend preparing and filing a SPI reconciliation spreadsheet for month-to-month services to be able to track disbursements and respond to audit requests.

14. Copies of local and state procurement regulations pertaining to contracting for the purchase of telecommunications, Internet access, internal connections, and basic maintenance of internal connections.

Action Items:

Provide a copy of State Contract Law

Discuss RFP/470 E-rate Dos and Dents

Preliminary Findings: File copy of State Contract Law in each FY E-rate binder and be sure to advertise RFPs for \$90,000 or more for the appropriate length of time in the local newspaper per local and state rules. E-rate application directions provided by the SLD regarding posting RFPs are not sufficient and the district should appeal the SLDs

decision to deny funding. RFPs for goods or services should more closely align with goods and services listed on associated Forms 470.

15. Copies of all information related to the service provider selection process including, but not limited to:

- a. RFPs or bidding specifications
- b. All bids received (both winning and losing)
- c. All correspondence (including informal communications) with potential selected service providers
- d. Bid evaluation worksheets
- e. Memorializations (i.e. no responses, existing contract, etc.)
- f. Meeting minutes for discussions and selection of service providers

Action Items:

Request FY2008 and FY2009 E-rate Binder Documentation

16. Copy of relevant meeting minutes during the period(s) being examined where the S&L Program was an agenda item.

Action Item:

Request copy of applicable meeting minutes

17. Copies of contract(s) and/or invoices for the technology protection measure (i.e. Internet filter) in place during the Funding Year(s) identified in the letter.

Action Items:

Copy of filter invoices/contract

Preliminary Findings: It is obvious filter is in place and working through testing. We recommend retaining all invoices.

18. Copies of filtering logs for the technology protection measure in place during the Funding Year(s) identified in the letter.

Action Items:

Copy of a filter log snap-shot

Preliminary Findings: We recommend printing/filing a monthly example (snap shot) from the filtering log system.

19. Relevant bills and invoices.

Preliminary Findings: Copies of invoices are on file in Finance Office. However, copies of all invoices related to E-rate funding requests should be filed in appropriate FY E-rate binder as well.

20. Note: Contracted auditors would ask for contact information for School Board Members, Superintendents, Principals (if beneficiary is an individual school), Finance Officer, and Consultant (if applicable).

Preliminary Findings: Appropriate organizational chart is available. We recommend continuing to file a copy of the organizational chart with each FY E-rate Binder. We also recommend drafting a document signed by the superintendent officially authorizing an E-rate Coordinator for the district.

21. Completed Internal Control Questionnaire (see Attachment B).

Internal Controls Questionnaire Q & A

Exit Conference Notes

Wednesday, April 29, 2009

A. Introductions

B. Summary of Findings and Other Matters:

- a. Review of Eligibility & Proper Use of Services – One major issue noted.
 - i. Current discount calculations based on FY2008 survey cannot be verified. No internal controls exist to establish validity of reported F&R numbers. Internal controls need to be established and re-tabulation of all returned surveys is recommended. If new calculations are below 75% F&R for one or more schools then recommended options include:
 1. Self reporting based upon the fact that you recently discovered discrepancies, allowing commitment adjustment, and offering to reconcile any resulting balances.
 2. File a Form 500 to reduce the committed amount by a percentage that the re-tabulated survey data supports.
- b. Review Bid Process & Contracts – Four issues noted.
 - i. Lack of documentation over the bid selection process could lead to a document retention write up and questions about competitive bidding.
 - ii. Lack of understanding of RFP Process/Contract Law could impact funding (and in fact already has – FCC appeal filed)
 - iii. Missing or miss-dated PNC contract for FY2007 could lead to a recovery recommendation
 - iv. Memorialize lack of bid response before signing contracts
- c. Review Invoices & Billing – Two issues noted.
 - i. Documentation and Reconciliation should be filed in E-rate Binders and reviewed
 - ii. Funding utilization appears excellent and appropriate so far in FY2008, but there are a few underutilized funding requests from prior years. Make sure discounts are being received and/or BEAR Forms are filed in a timely manner.
- d. Review Recordkeeping and Retention Policy – Four issues noted.
 - i. Documentation procedures specific to the S&L Program should be developed and filed and followed
 - ii. Automatic email archiving is stated in policy as three years so procedures for S&L Program should indicate procedures for meeting 5 year requirements.
 - iii. Implement Electronic Asset Register for E-rate eligible components

e. Other Matters – Four issues noted

- i. Document Departmental Meetings related to S&L Program
- ii. Take time to update all FY E-rate Binders using checklist
- iii. Superintendent should officially designate E-rate Coordinator in writing
- iv. Do not file Priority 2 requests on same 471 with Priority 1 requests due to possibility for delayed Priority 1 funding.

C. Outstanding Items: Prepare to update AUP (“Internet Safety Policy”) in next year or so. Track appeal. Keep up with 486 and invoice deadlines. Follow-up with state E-rate Specialists following survey re-tabulations to discuss possible outcomes/options.

D. Questions

This communication is intended solely for the information and use of Cherokee County Board of Education’s Management and is not intended to be, and should not be, used by anyone other than these specified parties.

ANALYSIS OF YEAR 11 E-RATE APPLICATION INTERNAL CONNECTIONS AND MAINTENANCE

SCHOOL	ERATE DISCOUNT	ERATE ELIGIBLE COST	ERATE PAYS @ 90% PAYS	CCS PAYS @ 10% PAYS	NON- ERATE ELIGIBLE	TOTAL CCS SHARE	SALES TAXES	LABOR CHARGE ERATE ELIGIBLE (included in previous columns)	LABOR CHARGE NON-ERATE ELIGIBLE
Unit-wide licenses, etc	90%	\$75,364	\$67,828	\$7,536	\$12,717	\$20,253	\$3,627	\$18,000	\$3,000
Operations center	90%	488,658	439,792	48,866	333,005	381,871	25,208	90,000	38,400
Andrews Elem	90%	34,401	30,961	3,440	13,726	17,166	1,606	9,000	3,000
Andrews High	90%	151,660	136,494	15,166	16,882	32,048	7,503	33,000	3,000
Andrews Middle	90%	104,006	93,605	10,401	14,815	25,216	5,249	21,000	3,000
Hiwassee Dam	90%	131,329	118,196	13,133	20,719	33,852	6,976	21,000	3,000
Marble	90%	79,916	71,924	7,992	9,968	17,960	3,915	18,000	3,000
Martin's Creek	90%	109,643	98,679	10,964	13,900	24,864	5,605	21,000	3,000
Mountain Youth	90%	70,800	63,720	7,080	8,162	15,242	3,528	15,000	3,000
Murphy Elem	90%	150,472	135,425	15,047	20,119	35,166	8,187	21,000	3,000
Murphy High	90%	313,632	282,269	31,363	25,363	56,726	17,745	33,000	6,000
Murphy Middle	90%	110,437	99,393	11,044	14,303	25,347	5,655	21,000	3,000
Peachtree	90%	78,458	70,612	7,846	12,155	20,001	3,823	18,000	3,000
Ranger	90%	100,015	90,014	10,002	32,167	42,169	4,996	21,000	2,640
Subtotal of product cost		1,998,791	1,798,912	199,879	548,001	747,880	103,623	360,000	80,040
Smartnet maint.-yr. 1		0	0	0	50,970	50,970	0	0	0
Subtotal incl. smartnet		1,998,791	1,798,912	199,879	598,971	798,850	103,623	360,000	80,040
Basic maintenance-yr. 1		374,400	336,960	37,440	0	37,440	0	374,400	0
Grand total of all products & services offered		2,373,191	2,135,872	237,319	598,971	836,290	103,623	734,400	80,040

Total cost of products and services for 2008/09 - \$2,373,191 + \$598,971 = \$2,972,162;

Total cost of products and services for 2007/08 - \$2,866,341

NOTE: Sales tax refund of approximately \$39,570 is expected based on a \$.025 refund.

PO # 1068+1069
 Issued 7/14/09

CHEROKEE COUNTY SCHOOLS, 911 ANDREWS RD., MURPHY, NC 28906

Item Description	Part #	Quantity	Per unit Price	Total Price	Erate Discount at 90%	Net Amount
PHASE I - IP TELEPHONY AT NOC:						
ERATE ELIGIBLE SERVICES:						
Cisco MCS 7825-H3unified CM 7.0 appliance	MCS782H3-K9-CMC1	2	4,529.00	9,058.00	8,152.20	905.80
License CM 7.0 7825 appliance, 1000 seats	LIC-CM7.0-7825	2	3,879.00	7,758.00	6,982.20	775.80
Unified CM device license - 100 untis	LIC-CM-DL-100	2	3,235.00	6,470.00	5,823.00	<u>647.00</u>
Subtotal before sales tax						2,328.60
Sales tax on above						<u>157.18</u>
Subtotal with sales tax						2,485.78
Labor at NOC		42	150.00	6,300.00	5,670.00	<u>630.00</u>
TOTAL ERATE ELIGIBLE SERVICES						3,115.78
NON-ERATE ELIGIBLE SERVICES:						
Cisco unified IP phones 7945G	CP-7945G	1	269.00	269.00	0.00	269.00
Cisco 7936 IP conference phone w ext mic ports	CP-7936	1	690.00	690.00	0.00	690.00
two outboard microphones for Cisco unified IP conference stateion 7936	CP-7936-MIC-Kit	1	202.00	202.00	0.00	202.00
7900 series transformer power cable	CP-PWR-CUBE-3	1	26.00	26.00	0.00	26.00
Cisco unified IP phone power cube cord	CP-PWR-CORD-NA	1	6.00	6.00	0.00	6.00
Unified CM device licnese - 100 units	LIC-CM-DL-100	1	2,889.00	2,889.00	0.00	2,889.00
7900 series transformer power cube	CP-PWR-CUBE-3	5	26.00	130.00	0.00	130.00
Cisco unified IP phone power cube cord	CP-PWR-CORD-NA	5	6.00	<u>30.00</u>	<u>0.00</u>	<u>30.00</u>
Subtotal				4,242.00	0.00	4,242.00
Sales tax on above						<u>286.34</u>
TOTAL NON-ERATE ELIGIBLE SERVICES						4,528.34
PHASE IV - BRING ANDREWS ELEM ONTO CALL MANAGER SYSTEM:						
Labor hours		36	150	5,400.00	4,860.00	540.00
TOTAL OF THIS PURCHASE ORDER						8,184.12
						<u>39,228.00</u>

PO # 1142
 Issued 2/5/09

CHEROKEE COUNTY SCHOOLS, 911 ANDREWS RD., MURPHY, NC 28906

Item Description	Part #	Quantity	Per unit Price	Total Price	Erate Discount at 90%	Net Amount
PHASE IV - VOICE MAIL REPLACEMENT:						
ERATE ELIGIBLE SERVICES:						
HP DL380 GE E5420; QUAD CORE XEON E54	458567-001	1	2,613.00	2,613.00	2,351.70	261.30
HP 72GB 10K RPM HOT PLUG SAS 2.5 HD	375861-B21	2	266.00	532.00	478.80	53.20
SLIMLINE DVD-ROM DRIVE IDE	264007-B21	1	122.00	122.00	109.80	12.20
HOT PLUG REDUNDANT POWER SUPPLY	399771-001	1	256.00	256.00	230.40	25.60
1.83M 10A C13-UL POWER CABLE	AF556A	1	16.00	16.00	14.40	1.60
SMART ARRY P-SERIES BATTERY CACHE U	383280-B21	1	114.00	114.00	102.60	11.40
UNITY 5.0; EXCHANGE UM; 300 USERS	UNITYU5-300USR	1	27,500.00	27,500.00	24,750.00	2,750.00
UNITY 5.0 DVD MEDIA KIT	UNITY-DVD-5.0	1	65.00	65.00	58.50	6.50
CISCO UNITY 5.0 (UM OR vm) UPGRADE	UNITY5-X-SVR-UPG32	1	3,559.00	<u>3,559.00</u>	<u>3,203.10</u>	<u>355.90</u>
Subtotal before sales tax				34,777.00	31,299.30	3,477.70
Sales tax on above				<u>2,347.45</u>	<u>2,112.70</u>	<u>234.74</u>
Subtotal with sales tax				37,124.45	33,412.00	3,712.44
Labor at NOC		46	150.00	6,900.00	6,210.00	<u>690.00</u>
TOTAL ERATE ELIGIBLE SERVICES				44,024.45	39,622.00	4,402.44

AES, MYS, P: Tue (used use @ AMS, Marble)

decision to deny funding. **RFPs for goods or services should more closely align with goods and services listed on associated Forms 470.**

15. Copies of all information related to the service provider selection process including, but not limited to:
- a. RFPs or bidding specifications
 - b. All bids received (both winning and losing)
 - c. All correspondence (including informal communications) with potential selected service providers
 - d. Bid evaluation worksheets
 - e. Memorializations (i.e. no responses, existing contract, etc.)
 - f. Meeting minutes for discussions and selection of service providers
-

Action Items:

Request FY2008 and FY2009 E-rate Binder Documentation

16. Copy of relevant meeting minutes during the period(s) being examined were the S&L Program was an agenda item.

Action Item:

Request copy of applicable meeting minutes

17. Copies of contract(s) and/or invoices for the technology protection measure (i.e. Internet filter) in place during the Funding Year(s) identified in the letter.

Action Items:

Copy of filter invoices/contract

Preliminary Findings: It is obvious filter is in place and working through testing. We recommend retaining all invoices.

18. Copies of filtering logs for the technology protection measure in place during the Funding Year(s) identified in the letter.

Action Items:

Copy of a filter log snap-shot

Preliminary Findings: We recommend printing/filing a monthly example (snap shot) from the filtering log system.

19. Relevant bills and invoices.

Simulation Summary

N/A

This communication is intended solely for the information and use of Cherokee County Board of Education's Management and is not intended to be, and should not be, used by anyone other than these specified parties.