



David Case  
Vice President of Finance and Chief Financial Officer

By Electronic Mail

March 27, 2012

Mark Stephens  
Chief Financial Officer  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, D.C. 20554

FILED/ACCEPTED

APR 26 2012

Federal Communications Commission  
Office of the Secretary

Re: Request for Waiver 47 C.F.R. § 54.717(f) 2012 Filing Deadline

Dear Mr. Stephens:

Pursuant to our recent conversations, I am writing to request Federal Communications Commission approval for a waiver of the filing deadline set forth in 47 C.F.R. § 54.717(f). Section 54.717 of the Commission's rules requires the Universal Service Administrative Company (USAC or the Administrator) "to obtain and pay for an annual audit conducted by an independent auditor to examine its operations and books of account to determine, among other things, whether the Administrator is properly administering the universal service support mechanisms to prevent fraud, waste and abuse: . . ."<sup>1</sup> Section 54.717(f) requires USAC's outside auditors to submit a draft of the audit report to the Commission's Office of Inspector General (OIG) within 105 calendar days after the end of the audit period (*i.e.*, April 15 of each year, except for leap years, in which case the due date is April 14).

On November 5, 2007, USAC, with the approval of Commission staff, entered into a multi-year, fixed-price, option contract with PricewaterhouseCoopers LLP (PwC) to perform the annual audit required by Section 54.717 of the Commission's rules.<sup>2</sup> USAC's contract with PwC covered the calendar year 2007 annual audit and contained fixed-price renewal options for the calendar year 2008, 2009 and 2010 audits. As a result of satisfactory performance in each immediately preceding year, USAC exercised renewal options under the PwC contract for the 2008, 2009 and 2010 audits. Following completion of the 2010 annual audit, USAC's contract with PwC expired, thereby requiring USAC to conduct a competitive procurement to retain a licensed accounting firm to perform USAC's annual audit for calendar year 2011.

<sup>1</sup> 47 C.F.R. § 54.717(a).

<sup>2</sup> The annual audit includes a financial statement audit, an agreed-upon procedures review and preparation of federal, state and local tax filings.

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Section IV.B.3 of the Memorandum of Understanding (MOU) entered into between the Commission and USAC on September 9, 2008 requires USAC to obtain Commission approval to conduct a procurement where the expected contract value will exceed \$250,000.<sup>3</sup> As required by the MOU, on May 20, 2011, USAC requested Commission staff approval to conduct a competitive procurement to retain a licensed accounting firm for USAC's 2011 annual audit. Following several months of discussions, on December 5, 2011, FCC staff approved USAC initiating the procurement and issuing a request for proposals (RFP). On February 7, 2012, USAC completed all procurement activities and requested FCC staff approval to award a contract for an accounting firm to conduct the USAC 2011 annual audit. On February 24, 2012, the FCC Managing Director approved USAC's request to award a contract to DP George & Company, LLC (DP George) to perform the USAC 2011 annual audit. Following receipt of the Managing Director's February 24 letter, USAC promptly executed a contract with DP George for the aforementioned work.

Work on the USAC annual audit by USAC's outside auditors must begin no later than November of each year to ensure the deadline specified in Section 54.717(f) is met. No work on the audit could take place until Commission staff approved awarding a contract to DP George, as discussed above. Although work on the 2011 audit has begun, and DP George and USAC are working under an accelerated schedule, because of the delay in completing the procurement, the extensive audit work necessary to meet the requirements of Section 54.717(f) cannot be completed by the April 14, 2012 deadline. Therefore, the Universal Service Administrative Company hereby requests the Commission waive the requirements of 47 C.F.R. § 54.717(f) for the calendar year 2011 annual audit and grant USAC an extension of the deadline set forth in this rule to August 1, 2012.

Sincerely,

//s// David Case

Vice President and Chief Financial Officer

cc: Sharon Gillett, Chief, Wireline Competition Bureau  
David Hunt, Inspector General

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<sup>3</sup> The 2008 FCC-USAC MOU is available at: <http://www.fcc.gov/omd/usac-letters/2008/090508-USAC-MOU.pdf>.