

**Performance Audit of the Universal Service
Fund, Rural Healthcare, Telecommunications
Program at New River Valley Community
Service for FY 2019 and FY 2020**

Report Number
23-AUD-02-01



February 28, 2024



OIG Highlights

What We Audited

The Office of Inspector General conducted a performance audit of New River Community Service (NRVCS), a Rural HealthCare Program (RHC) beneficiary. Our objective for this audit was to determine whether NRVCS complied with Title 47 Code of Federal Regulations §54.601-§54.606 and §54.619-§54.633 for funding years (FYs) 2019 and 2020. We reviewed internal controls applicable to the procedures tested to determine whether those controls were adequate and effective for safeguarding the RHC program. Specifically, we reviewed internal controls related to:

- eligibility of site and entity requirements;
- competitive bidding requirements;
- eligibility of service and equipment;
- rate calculations;
- requests for funding; and
- invoicing.

What We Found

NRVCS complied with RHC program laws, rules and regulations. Specifically, NRVCS complied with the program rules related to:

- eligibility of site and entity requirements;
- competitive bidding requirements;
- eligibility of service and equipment;
- rate calculations;
- requests for funding; and
- invoicing.

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Background

The Rural HealthCare (RHC) Program provides funding to eligible healthcare providers (HCPs) for telecommunications and broadband services necessary for the provision of healthcare. Eligible HCPs include: (1) post-secondary educational institutions offering healthcare instruction, teaching hospitals, and medical schools; (2) community health centers or health centers providing healthcare to migrants; (3) local health departments or agencies; (4) community mental health centers; (5) not-for-profit hospitals; (6) rural health clinics; (7) skilled nursing facilities (as defined in 42 U.S.C. § 1395i-3(a) (a)) and (8) consortium of healthcare providers consisting of one or more entities falling into the first seven categories. In addition, eligible HCPs must be non-profit or public. The goal of the program is to improve the quality of healthcare available to patients in rural communities by ensuring that eligible HCPs have access to telecommunications and broadband services.

Telecommunication Program

The Telecommunications (Telecom) Program, established in 1997, is an RHC Program that subsidizes the difference between urban and rural rates for telecommunications services. Under the Telecommunications Program, eligible rural HCPs can obtain rates on telecommunications services in rural areas that are reasonably comparable to rates charged for similar services in corresponding urban areas. USAC, Rural Healthcare Division (RHCD), is the fund administrator for the RHC Program.

New River Valley Community Services

New River Valley Community Services (NRVCS), established in 1969, is the public HCP of behavioral health services to residents of New River Valley, Virginia. NRVCS offers community-based programs for both children and adults living with mental illness, developmental disabilities, and/or substance use disorders. NRVCS is part of a state-wide system of Community Services Boards which serve residents throughout the Commonwealth of Virginia. Specifically, NRVCS serves the counties of Floyd, Giles, Montgomery, Pulaski, and the City of Radford. NRVCS has been receiving RHC program funding since 2014. See Appendix B for the list of NRVCS site locations.

Objective, Scope, And Methodology

The objective of this audit was to determine whether NRVCS complied with Title 47 Code of Federal Regulations (C.F.R.) §54.601-§54.606 and §54.619-§54.633. Additionally, we evaluated compliance with FCC rules and orders for rural healthcare providers relevant to our audit objective. Specifically, we determined compliance with:

- eligibility of site and entity requirements;
- competitive bidding requirements;
- eligibility of service and equipment;
- rate calculations;
- requests for funding; and
- invoicing.

We reviewed an individual RHC Telecom Program beneficiary, NRVCS, HCP #34285, within the state of Virginia. Specifically, we focused on funding years¹ (FYs) 2019 and 2020. The RHC Program funding for the period covered by our audit was capped at \$593,782,000 in FY 2019 and \$604,759,306 in FY 2020. NRVCS received RHC Telecommunication committed funds totaling \$1,288,493 in FY 2019 and \$977,958 in FY 2020. USAC disbursed the total committed funds to support NRVCS behavioral health service locations that were identified by funding request numbers (FRNs). USAC funded a total of 35 FRNs, 18 in FY 2019 and 17 in FY 2020. See Appendix B for the list of FRNs by FY.

Table 1. NRVCS (HCP#34285) RHC Funding and Invoices for FY 2019-2020

Funding Year	Total Committed Amount	Total Number of FRNs	Total Number of Invoices	Total Authorized Disbursed Amount
2019	\$1,288,493.06	18	212	\$1,288,493.06
2020	\$977,958.12	17	204	\$977,958.12

During this audit, the OIG audit team met with FCC, USAC, and NRVCS personnel. Additionally, the audit team conducted a site visit to NRVCS in Pulaski, Virginia, to conduct walkthroughs with NRVCS personnel and review documentation related to the beneficiary participation in the RHC, Telecom program. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for the finding and conclusion.

Additional details on the audit objectives, scope and methodology are provided in Appendix A of this report.

^{1 1} RHC program funding years are July 1 through June 30 of the respective year.

Audit Results

NRVCS complied with RHC program laws, rules and regulations. Specifically, NRVCS complied with the program rules related to:

- eligibility of site and entity requirements;
- competitive bidding requirements;
- eligibility of service and equipment;
- rate calculations;
- requests for funding; and
- invoicing.

Although NRVCS complied with the RHC Program rules, we identified one “Other Matter” that did not rise to the level of a reportable finding.

Other Matter

FCC Form 465 Did Not Include Details on Service Needs

During FY 2019 and FY 2020 FCC Forms 465 did not include a requirement to capture details describing the eligible HCP telecommunications and internet needs. According to 47 C.F.R., Section 54.603(b) (2015), to facilitate fair and open competitive bidding, USAC is required to post the details requested in the FCC Form 465 on its website. During FY 2019 and FY 2020, USAC RHCD accepted and posted FCC Form 465s that did not include service details. Box 29² is the designated place for HCPs to list request details such as bandwidth and how services will be used. USAC determined that HCPs were not including details for fair and open competitive bidding, so between FY 2018 through FY 2020, USAC discontinued Box 29 and instead required HCPs to include specific details, such as usage level and capacity in Block 5 of FCC Form 465.

However, we found that the information captured in Block 5 did not include all of the details needed for fair and open competitive bidding. Specifically, the updated Block 5 did not capture bandwidth needs, which assist with fair and open competition. In order to ensure that all potential bidders have access to the same information, all details on service needs should be included on the FCC Form 465.

Not submitting and posting adequate details compromises fair and open competition because all bidders do not have access to the same information.

This condition relates to FY 2019 and 2020. Since then, FCC has issued *Promoting Telehealth in Rural America*, WC Docket No. 17-310, Report and Order released August 20, 2019, requiring

² FCC Form 465, Box 29 states, “Please describe the eligible health care provider’s telecommunications and/or internet needs, so that providers may bid to provide services. The description should describe whether video or store and forward consultations will be used, whether large image files or X-rays will be transmitted, the quality of connection needed, or other relevant considerations.”

HCP to submit details—including bandwidth—about the specific services they desire. As of FY 2021, RHCD requires HCP to submit details—including bandwidth—about the specific services they desire on the FCC Form 465, in Block 5.

Since the condition identified has been addressed with the order issued in FY 2021, FCC OIG is not issuing a finding or recommendation.

APPENDIX A: Objective, Scope, and Methodology

The objective of this performance audit was to determine whether New River Valley CS complied with Title 47 C.F.R. §54.601-§54.606 and §54.619-§54.633. Additionally, we evaluated compliance with FCC rules and orders for rural healthcare providers relevant to our audit objective. Specifically, we determined compliance with:

- eligibility of site and entity requirements;
- competitive bidding requirements;
- eligibility of service and equipment;
- rate calculations;
- requests for funding; and
- invoicing.

The scope of our audit included funding years 2019 and 2020 RHC, Telecom Program. We performed our fieldwork at New River Valley CS in Pulaski, Virginia, and at the FCC Headquarters in Washington, DC.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our audit results and conclusions.

To accomplish our audit objectives, we performed audit procedures as deemed appropriate, including the following:

- Reviewed federal laws, regulations, and guidance applicable to the RHC program.
- Requested and reviewed policies and procedures developed and implemented for the RHC Program, Telecom Program application eligibility review process.
- Requested the universe of funding year 2019 and 2020 FRNs to conduct a sample.
- Reviewed submitted FCC Forms 465, “Description of Services Requested & Certification Form” and FCC Form 466, “Funding Request & Certification Form” for accuracy of services requested agrees with the funding year requests.
- Reviewed invoices associated with all FRNs for funding years 2019 and 2020 for the NRVCS location.
- Conducted a site visit at NRVCS to conduct interviews and review onsite documentation and to verify eligibility of sites that received RHC program funding.
- Conducted meetings with FCC and USAC management to gain an understanding of the program operations and identify key controls in place, related to the Telecom Program.

APPENDIX B: New River Valley CS FY 2019 and 2020 Site Locations by Funding Request Number

Table 2. Funding Year 2019 NRVCS (HCP#34285) Site Locations by FRN

Funding Year	FRNs	NRVCS Site Locations
2019	1964677	University City Blvd, Blacksburg, VA
2019	1964677	Wenonah Ave, Pearisburg, VA
2019	1964694	Hatcher Dr, Dublin, VA
2019	1964819	Warden Ct, Fairlawn, VA
2019	1964707 and 19647651	University City Blvd, Blacksburg, VA
2019	1964779	Corporate Dr, Radford, VA
2019	1964786	Second Street, Radford VA
2019	1964788	West Main Steet, Radford, VA
2019	1964790	Tara Lane, Radford, VA
2019	1964799	Main Street, Radford VA
2019	1964819	Warden Ct, Fairlawn, VA
2019	1964735	Main Steet, Radford, VA
2019	1964821	Washinton Ave, Pulaski, VA
2019	1964828	Washinton Ave, Pulaski, VA
2019	1965109	Main Street, Pulaski, VA
2019	1965056	Broad Street, Dublin VA
2019	1965374	Main Street, Pulaski, VA

Table 3. Funding Year 2020 NRVCS (HCP#34285) Site Locations by FRN

Funding Year	FRNs	NRVCS Site Locations
2020	20816371	Main Street, Pulaski, VA
2020	20850461	Main Street, Radford, VA
2020	20851141	University City Blvd, Blacksburg, VA
2020	20851311	University City Blvd, Blacksburg, VA
2020	20851351	Main Street, Radford, VA
2020	20851391	Wenonah Drive, Pearisburg, VA
2020	20851441	Hatcher Dr., Dublin, VA
2020	20851481	Main Street, Radford, VA
2020	20851531	10 th Steet, Radford, VA
2020	20851561	Corporate Dr., Radford, VA
2020	20851611	Second Street, Radford VA
2020	20851651	West Main Steet, Radford, VA
2020	20851681	Tara Lane, Radford, VA
2020	20851711	Warden Court, Radford, VA
2020	20851741	Webbs Mill Road North, Floyd VA

2020	20851771	Broad Street, Dublin VA
2020	20851811	Washington Ave, Pulaski, VA

APPENDIX C: Glossary Of Terms

Applicant – The entity applying for universal service support. In the Schools and Libraries Program the entity is a school, library, consortium, or other eligible entity that files program forms.

Beneficiary – is an entity that benefits from the Universal Service Fund RHC Program.

Code of Federal Regulations (C.F.R.) – is the official legal print publication containing the codification of the general and permanent rules published in the *Federal Register* by the departments and agencies of the Federal Government.

FCC Form 465, “Description of Services” – This form is completed by the beneficiary and submitted to USAC to request services related to the RHC Program. The form is also posted to USAC’s website for competitive bidding.

FCC Form 466, “Funding Request and Certifications Form” – This form is used by the HCP to submit a request for funding.

Funding Request Number (FRN) – a line item detail and cost associated with the eligible and ineligible products and services requested

Funding Year (FY) – The calendar year for which funding takes place for the RHC Program. The Funding Year occurs from July 1 to June 30 the following year.

Healthcare Provider (HCP) – Any post-secondary educational institution offering healthcare instruction, including a teaching hospital or medical school; community health center or health center providing healthcare to migrants; local health department or agency; community mental health center; not-for-profit hospital; rural health clinic; skilled nursing facility; or a consortium of healthcare providers consisting of one or more entities.

Rural Healthcare (RHC) Program – The RHC program provides funding to eligible healthcare providers (HCP) to reduce the cost of telehealth broadband and telecom services. RHC has two primary programs: the Healthcare Connect Fund (HCF) Program and the Telecommunications (Telecom) Program.

Universal Service Administration Company (USAC) – The administrator of the universal service support fund programs, to include the RHC Program.



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