



OFFICE OF INSPECTOR GENERAL

Washington, D. C. 20554

March 1, 2016

Robert Clark, CEO

Bill Wilcox, CIO

Kanakanak Hospital

6000 Kanakanak Road

P.O. Box 130

Dillingham, Alaska 99576

Dear Mr. Clark and Wilcox,

This letter transmits Moss Adams, LLP's performance audit report of Kanakanak Hospital (Health Care Provider No. 10992), and Universal Service Administrative Company's (USAC) comments. Federal Communications Commission (FCC) Office of Inspector General contracted this audit consistent with its authority under The Inspector General Act of 1978, as amended, including but not limited to sections 2(1)(2) and 4(a)(1). It is not intended as a substitute for any agency regulatory compliance review or regulatory compliance audit. The audit included funding years 2010 and 2011 Universal Service Funds for the Federal Communications Commission's Rural Health Care Program. The audit was to determine if the Hospital (1) complied with the all 47 C.F.R. Part 54.601 to 54.625 and all applicable orders issued under Section 254 of the Communications Act of 1934, as amended and (2) has adequate and effective controls to ensure USF is safeguarded and used for the purposes intended.

The audit concluded that the Hospital was not fully in compliance with FCC rules, orders and administrative requirements, and noted a finding related to record retention. The attached report incorporates your responses. FCC and Universal Service Administrative Company (USAC) reviewed the final audit report and FCC forwarded USAC's comments, which are attached to this letter. USAC agreed with the finding and recommendation in the final audit report. Moss Adams is wholly responsible for the audit, the attached report dated December 30, 2015, and the conclusions expressed in the report.

We thank your staff for the assistance that was extended to our auditors during this audit. If you have any questions, please contact Beth Engelmann at (202) 418-1448.

for Beth Engelmann, AIGA

David Hunt
Inspector General

Attachment: Moss Adams Final Audit Report dated December 30, 2015

cc Moss Adams, LLP