

FEDERAL COMMUNICATIONS COMMISSION
Washington DC 20554

**OFFICE OF
MANAGING DIRECTOR**

February 13, 2009

Mr. Scott D. Barash
Acting Chief Executive Officer
Universal Service Administrative Company
2000 L St. NW, Suite 200
Washington, DC 20036

RE: Request to Exercise One-year Priced Option for USAC's 2008 Annual Part 54 Audit

Dear Mr. Barash:

We have reviewed USAC's letter of January 13, reporting that an attest engagement for internal controls cannot be performed at this time.¹ To prevent further delays in USAC's annual Part 54 audit, we authorize USAC to exercise the year two renewal options in its existing contract with PricewaterhouseCoopers (PwC) for financial statement audit and for agreed-upon procedures.

In a letter dated March 14, 2005, the Commission provided USAC with procurement guidance that requires USAC to secure the approval of the Commission before issuing solicitations or making contract award decisions for: "(1) all sole source contracting actions above \$25,000; and (2) all competitive contracting actions in excess of \$250,000."² In addition, the Commission instructed that "USAC's contracting actions must be consistent with Federal Acquisition Regulation ("FAR") requirements to the extent applicable, including FAR requirements for full and open competition, permissible business practices, and audit requirements."³ These procurement requirements are also in the USAC/FCC Memorandum of Understanding, executed September 9, 2008.⁴

We authorize USAC to exercise the year two renewal options in its existing contract with PwC, for financial statement audit and for agreed-upon procedures. Pricing for the financial statement audit and agreed-upon procedures should be as provided in the

¹ Letter from Richard A. Belden, Chief Operating Officer, USAC to Anthony J. Dale, Managing Director, FCC, dated Jan. 13, 2009.

² Letter from Jeffrey Carlisle and Andrew Fishel, FCC to Lisa Zaina, USAC at 3 (Mar. 14, 2005) ("March 14, 2005 Letter").

³ March 14, 2005 Letter at 2.

⁴ See Memorandum of Understanding between the Federal Communications Commission and the Universal Service Administrative Company, executed September 9, 2008, at 6-7.

existing contract. Within seven days after you enter into any contract amendment, engagement letter, or other contractual action with PwC, please send us a copy of such document.

This letter does not constitute approval of any contract actions except exercise of the year two renewal options for financial statement audit and for agreed-upon procedures. In particular, this letter does not authorize USAC to purchase any advisory or consulting services.

If you have any questions, please do not hesitate to contact me. Thank you for your prompt attention to this matter.

Sincerely,


Anthony J. Dale
Managing Director

For Anthony Dale

cc: USAC Board of Directors
Mark Stone, Deputy Managing Director, FCC
Mindy Ginsburg, Deputy Managing Director, FCC
Mark Stephens, Chief Financial Officer, FCC
Kent R. Nilsson, Inspector General, FCC
Dana Shaffer, Chief, Wireline Competition Bureau, FCC
David Reed, Financial Operations, FCC