



DATE: October 1, 2024

TO: Board of Trustees
Stephanie S. Elizalde, Ed.D., Superintendent

FROM: Robert Rubel, Chief Internal Audit Officer

SUBJECT: E-Rate Program Review Fiscal Year 2023-2024

Internal Audit

The Dallas Independent School District (District) Office of Internal Audit (OIA) has completed the E-Rate Program Review for Fiscal Year (FY) 2023-2024.

The audit focused on assessing whether the District submitted applications for allowable E-Rate expenditures for FY 2021-2022 through FY 2024-2025. OIA reviewed the FCC Form 471 applications submitted to the Universal Service Administrative Company (USAC)¹ for FY 2021-2022 through FY 2024-2025. The District is required to submit the request for services application for E-Rate on an annual basis between January and March for expenses that will be incurred in the following fiscal year.

Category One services include data transmission and internet access with no funding limit. Applications submitted for Category One totaled \$13,137,757 in E-Rate eligible expenditures. Category One services are eligible for up to 90% reimbursement of E-Rate expenditures. USAC has reimbursed \$6,630,525 for Category One for FY 2021-2022 and FY 2022-2023. Category One E-Rate eligible expenditures for FY 2023-2024 are due to be submitted to USAC by October 31, 2024, and October 31, 2025, for FY 2024-2025. OIA noted all allowable expenditures were submitted to USAC for maximum E-Rate reimbursement as of January 31, 2024.

Category Two services include eligible broadband internal connections with a five-year budget of \$25,694,787² for FY 2021-2022 through FY 2025-2026. USAC has reimbursed \$2,154,024 for Category Two expenditures for FY 2021-2022 and FY 2022-2023 leaving a budget balance of \$23,540,763. Applications submitted for E-Rate eligible expenditures for Category Two totaled \$26,149,817 pending USAC final review which could be reimbursed up to 85% or up to \$22,227,344. The District has until January 31, 2027, to submit eligible expenditures to maximize E-Rate reimbursement for FY 2021-2026.

In addition, OIA followed up on the exceptions identified in Whitley Penn's E-Rate Program Performance Audit Report for the fiscal year ended June 30, 2023. OIA verified that the exceptions were corrected.

We would like to thank Educational Technology-Business Services for their cooperation and assistance with this audit.

¹ USAC is an independent not-for-profit designated by the FCC to administer the Universal Service Fund (USF). The USF consists of money collected from telecommunications companies for the disbursement to four USF programs: Lifeline, E-Rate, High Cost, and Rural Health Care.

² The five-year budget of \$25,694,787 is up to 85% of eligible E-Rate expenditures.

Respectfully submitted,

Robert Rubel

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