



Internal Audit

E-Rate Program Compliance Audit for Fiscal Year 2025-2026

**E-Rate Program Compliance Audit
for FY 2025-2026**

Table of Contents

Executive Summary3

Background.....3

Scope5

Objective5

Methodology5

Conclusion7

Date: May 20, 2026

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

From: Robert Rubel, MBA, CPA, CIA, CISA
Chief Internal Audit Officer

Subject: E-Rate Program Compliance Audit for Fiscal Year 2025-2026

Executive Summary

The Dallas Independent School District (District) Office of Internal Audit (OIA) has completed the E-Rate Program Compliance Audit for Fiscal Year (FY) 2025-2026 to assist the District's E-Rate compliance officer in evaluating compliance with E-Rate rules and regulations.

The audit focused on assessing the District's compliance with E-Rate program rules and requirements for the following areas: E-Rate forms and proof of existence for E-Rate assets tracked in the District's asset management system, TipWeb.

Overall, results for attributes tested were compliant with E-Rate program requirements.

Background

The E-Rate program, administered by Universal Service Administrative Company (USAC) under the direction of the Federal Communications Commission (FCC), provides affordable telecommunications and internet services to qualified schools and libraries by offering discounts on eligible goods and services.

The mission of the Dallas ISD E-Rate program is to conduct all E-Rate activities in accordance with federal, state, and local laws as well as Dallas ISD policies applicable to E-Rate compliance.

The District appoints an E-Rate Compliance Officer (the District's chief technology officer) who, in collaboration with end users in various departments, ensures compliance with the E-Rate program.

Each year an eligible services list is released containing a description of the products and services that will be eligible for discounts, along with additional information such as eligibility conditions for each category of service for each specified funding year. Eligible services fall into two categories:

1. Category One Services
 - Data Transmission Services and/or Internet Access
2. Category Two Services
 - Internal Connections
 - Managed Internal Broadband Services
 - Basic Maintenance of Internal Connections

Category one has no set budget that reimburses connectivity services. Category two funding has a five-year budget cycle for internal connection products and services based on the number of students in the school district. Applicants must validate their student counts or library square footage in the first year they apply for category two funding in the relevant five-year funding cycle.

For years 2021-2025, the total funding commitment request amount for Category 1 was \$14,748,191 and for Category 2 it was \$21,839,444.

To participate in the E-Rate program and receive discounts, the District must complete the following processes:

- Competitive Bidding for E-rate Suppliers
- Selecting Service Providers
- Applying for Discounts
- Application Review
- Notifications for Starting Services
- Invoicing for Reimbursement

To conduct the above, several FCC forms were filed with USAC to comply with E-Rate regulations. Below is a summary of forms reviewed during the audit.

- Form 470, Description of Services Requested and Certification Form – Used to open the competitive bidding process for the products and services the District is seeking.
- Form 471, Services Ordered and Certification Form – Used to request discounts on eligible services and equipment for the upcoming funding year.
- Form 472, Billed Entity Applicant Reimbursement (BEAR) Form – Used by the applicant to request reimbursement from USAC for the discount costs of the eligible products or services approved on the FCC Form 471, and which the applicant has received and paid for in full.
- Form 486, Receipt of Service Confirmation and Children's Internet Protection Act Certification Form – Used to notify USAC that the billed entity and/or the eligible entities that it represents is receiving, or has received, service in the relevant funding year from the named service provider(s).

The E-Rate Productivity Center (EPC) is the account and application management portal for the E-Rate Program. This system allows E-Rate participants to complete and certify forms, obtain status of applications, submit requests, receive reminders and notifications, respond to review questions, and ask program related questions.

To receive reimbursement for E-Rate funded assets, the assets must be tracked and documented. The District manages this by utilizing the asset tracking system TipWeb. When assets are received at the District, they are recorded in TipWeb and categorized as an E-Rate asset. Each E-Rate asset must be tied to a Funding Request Number (FRN) that allows it to be tracked by funding year. The FRN is assigned by USAC when the District submits a Form 471. When assets are subsequently purchased and received, the FRN is assigned to the asset in TipWeb to tie it to the applicable funding year. The FRN is also used when requesting reimbursement via Form 472 and for tracking and audit purposes.

Scope

The audit focused on assessing the District's compliance with E-Rate program rules and requirements in FY 2025-2026. Certain other matters, procedures, and transactions outside that period were reviewed to understand and verify information during the audit period.

Objective

The objective of the audit was to assess the District's compliance with E-Rate program rules and requirements.

Methodology

The audit manager identified compliance requirements related to the District's E-Rate program activity and performed the following audit procedures:

Applicant Process

1. Form 470, Open Competitive Bidding – The auditor manager reviewed and determined the District completed a Form 470 during FY 2025-26.

No observations were noted.

2. Form 471, Services Ordered and Certification Form – The audit manager reviewed the EPC and found the District completed one Form 471 during FY 2025-2026 for category one services

No observations were noted.

3. Form 472, BEAR Form – To determine if the District was in compliance with USAC's requirements for completing Form 472, the audit manager reviewed a sample of four Form 472s submitted to USAC during FY 2025-26, and verified the following:
 - a. The forms were completed and consistent with Form 471 and vendor invoices.
 - b. The forms were submitted after Form 486.
 - c. Goods and services were received/performed.
 - d. The form was filed no later than 120 days after the latest of the following:
 - i. Service delivery deadline (the last date to receive service).
 - ii. date of the FCC Form 486 notification letter.
 - iii. date of the approved post-commitment Revised Funding Commitment Decision Letter; or
 - iv. date of an approved appeal Revised Funding Commitment Decision Letter on a previously denied or reduced funding request.
 - v. Invoice deadline date

No observations were noted.

4. Form 486, Receipt of Service Confirmation and Children's Internet Protection Act Certification Form – Audit manager determined the District did complete a Form 486 during FY 2025-26.

No observations were noted.

5. To determine proof of existence of E-Rate assets, the audit manager performed the following:
 - a. Generated a TipWeb report of E-Rate assets.
 - b. Matched FRNs in Form 472s and Form 474s submitted during FY 2025-26 to FRNs in the TipWeb report.
 - c. Selected a random sample of 130 E-Rate assets with a total value of \$188,817.
 - d. Determined whether the assets selected in the sample exist and if their location matched the location recorded in TipWeb.
 - e. Visited campuses to physically locate and observe assets and verified the location matched the location recorded in TipWeb.

No observations were noted.

6. To determine compliance with District asset management requirements, the audit manager verified the following E-Rate asset information was recorded in TipWeb:
 - a. Tag number
 - b. Serial number
 - c. Description
 - d. Location
 - e. FRN
 - f. Installation Date
7. Audit manager also verified if the E-rate funding year and FRN were tagged on the assets that were physically located and observed.

No observations were noted.

General Compliance

1. To determine that the District was in compliance with E-Rate Program requirements related to training, conflicts of interest and gift disclosures, and the Children's Internet Protection Act (CIPA), auditors performed the following:
 - Verified E-Rate training was tracked by the E-Rate Coordinator and was completed by all E-Rate Eligible Employee's (EEE's) by June 30, 2026.
 - Verified if any EEE's reported conflict of interest forms and/or gifts.
 - CIPA – Obtained and reviewed the District's:
 - Internet Safety Policy
 - Technology Protection Measures

No observations were noted.

Primary criteria reviewed for this audit were:

- 1) Schools and Libraries (E-Rate) Program, Program Overview, last updated September 2021
- 2) USAC's E-Rate Applicant Process website, <https://www.usac.org/e-rate/applicant-process/>, on web as of date of this audit report
- 3) Dallas ISD, E-Rate Program Manual, last updated June 11, 2021
- 4) Dallas ISD Purchasing Manual, published on August 16, 2023

- 5) CAA (LOCAL), Fiscal Management Goals and Objectives, Financial Ethics, issued June 24, 2021

Conclusion

Overall, results for attributes tested were compliant with E-Rate program requirements.

We would like to thank Educational Technology Business Services and Controllable Assets Management within Risk Management Services for their cooperation and assistance with this audit.

The audit was conducted in accordance with the Institute of Internal Auditors' *Global Internal Audit Standards*. Those standards require OIA to plan and perform the audit to obtain sufficient, reliable, and relevant evidence to provide a reasonable basis for our observations and conclusions based on our audit objectives. OIA believes the evidence obtained provides a reasonable basis for our observations and conclusions based on our audit objectives.

Respectfully submitted,

Robert Rubel

Robert Rubel, MBA, CPA, CIA, CISA
Chief Internal Audit Officer

Cc: Pamela Lear, Ed.D., Deputy Superintendent of Staff and Accountability
Marlon Harrison, Chief Technology Officer and E-Rate Compliance Officer, Educational Technology Administration
Rebecca Sanchez, Executive Director I, Business Services, Educational Technology Administration
Adrean White, Manager I, Business Services, Educational Technology Administration
Tiffany Huitt, Chief Schools Officer, School Leadership
Eduardo Ramos, Deputy Superintendent Business Services, Financial Services
Ed Sorola, Executive Director II, Finance, Financial Services
Latoya Robinson, Executive Director I, Risk Management, Financial Services
Lyn Wilkerson, Manager I, Asset Management, Risk Management, Financial Services

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Aissa Hernandez, CFE, Audit Manager