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Independent Accountants' Report On Applying Agreed-Upon Procedures

To the Management of CenturyLink, Inc. ("CenturyLink", "CTL" or the "Company"):

We have performed the procedures enumerated in Attachment A to this report, which were agreed to by CTL, the Universal Service Administrative Company ("USAC"), and the Federal Communications Commission ("FCC" or "Commission") (collectively the "Specified Users") in the Lifeline Biennial Audit Plan or as otherwise directed by the Bureau, solely to assist you in evaluating CenturyLink's compliance for the year ended December 31, 2017 with certain regulations and orders governing the Low Income Support Mechanism (also known as the Lifeline Program) of the Universal Service Fund, set forth in 47 C.F.R. Part 54, as well as other program requirements, including any state-mandated Lifeline requirements (collectively, the "Rules") detailed in the Lifeline Biennial Audit Plan, Attachment A to this report. CenturyLink's management is responsible for compliance with the Rules. The sufficiency of these procedures is solely the responsibility of the Specified Users. Consequently, we make no representation regarding the sufficiency of the procedures described in Attachment A to this report either for the purpose for which this report has been requested or for any other purpose.

The agreed-upon procedures we performed and the related results are enumerated in Attachment B to this report.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and in accordance with Generally Accepted Government Auditing Standards ("GAGAS") established by the Government Accountability Office (2012 Revision). We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on CenturyLink's compliance with the Rules. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is to assist the Specified Users in evaluating CenturyLink's compliance for the year ended December 31, 2017 with the Rules. Accordingly, this report is not suitable for any other purpose.

KPMG LLP

Denver, Colorado
March 31, 2020

Attachment B enumerates the agreed-upon procedures performed, the associated results, and any management responses obtained in relation to the exceptions identified. Any references in these procedures to Appendix A – F relate to Attachment A, the Lifeline Biennial Audit Plan, attached to this report. As required per Attachment A, page 9, we have quantified the monetary effect of any non-compliant samples.

Objective I: Carrier Obligation to Offer Lifeline.

1. Inquire of management and obtain carrier policies and procedures for making Lifeline service available to qualifying low-income consumers as provided by the carrier in response to Item 4 of Appendix A (Requested Documentation). Examine and compare the carrier policies and procedures, including any management responses, with the Commission's Lifeline rules set forth in Appendix F. Note any discrepancies between the policies and procedures and the Commission's rules.

Results

KPMG inquired of CenturyLink management on August 7, 2019 and obtained CenturyLink's policies and procedures for making Lifeline service available to qualifying low-income consumers. KPMG examined CenturyLink's policies and procedures, and compared those policies and procedures, including management responses, with the Commission's Lifeline rules set forth in Appendix F, noting no exceptions.

2. Inspect 10 examples of carrier marketing materials describing the Lifeline service (i.e., print, audio, video and Internet materials used to describe or enroll in the Lifeline service offering, including standard scripts used when enrolling new subscribers, and application and certification forms), as provided in response to Items 4, 6 and 7 of Appendix A, and note if the materials do not include the following:
 - i. The service is a Lifeline service, which is a government assistance program;
 - ii. The service is non-transferable;
 - iii. Only eligible subscribers may enroll;
 - iv. Only one Lifeline discount is allowed per household; and
 - v. The ETC's name or any brand names used to market the service.

If all of the examples do not include this required information, identify and note the specific element(s) that are missing from each example. In the event the ETC does not have 10 different examples of marketing materials, it should submit all materials that it uses to advertise the ETC's Lifeline service plans.

Results

KPMG inspected ten examples of CenturyLink's marketing materials describing the Lifeline service (i.e., print, audio, video and web materials used to describe or enroll in the Lifeline service offering, including standard scripts used when enrolling new subscribers, and application and certification forms) and, noted all of the examples included the required information set forth above, noting no exceptions.

3. a. Review the ETC's responses to the background questionnaire regarding the carrier's policies for (1) how subscribers notify the carrier of the subscriber's intent to cancel service or give notification that s/he is no longer eligible to receive Lifeline service and (2) when de-enrollment for such notifications occurs. Verify these policies are designed to (1) allow subscribers to make the notifications required

by 47 C.F.R. §§ 54.410(d)(3)(ii) and (iv) and (2) prevent the carrier from claiming ineligible subscribers on the FCC Form 497 or subscribers who wish to cancel service.

- b. In addition, call the customer care numbers provided in response to Item 8 of Appendix A, as well as any customer care numbers identified in the marketing materials provided in response to Item 6 of Appendix A or on the websites provided in response to Item 7 of Appendix A. Document in the report whether (1) each telephone number is operational and (2) if it involves the use of an interactive voice response (IVR) system, that it is possible for an individual to reach a live customer care operator.

Results

KPMG reviewed CenturyLink's responses to the background questionnaire regarding CenturyLink's policies for (1) how subscribers notify CenturyLink of the subscriber's intent to cancel service or give notification that s/he is no longer eligible to receive Lifeline service and (2) when de-enrollment for such notification occurs. KPMG verified CenturyLink's policies are designed to (1) allow for subscribers to make the notifications required by 47 C.F.R. § 54.410(d)(3)(ii) and (iv) and (2) prevent CenturyLink from claiming ineligible subscribers on the FCC Form 497 or subscribers who wish to cancel service, noting no exceptions.

KPMG called the customer care numbers provided by CenturyLink management and as well as the customer care numbers identified in the marketing materials provided in response to data requests. KPMG noted for each of the three telephone numbers called, each telephone number was (1) operational, and (2) involved use of an interactive voice response system, that made it possible for an individual to reach a live customer care operator, noting no exceptions.

4. Inspect applicable policies and procedures regarding de-enrollment from the program, including when the ETC will de-enroll subscribers based on lack of eligibility, duplicative support, non-usage, and failure to recertify, as further described below.
 - a. Inspect the ETC's policy and procedures for de-enrollment where the ETC has information indicating that a Lifeline subscriber no longer meets the criteria to be considered a qualifying low-income consumer under 47 C.F.R. § 54.409, as provided in response to Item 4 of Appendix A, as well as de-enrollment letters provided in response to Item 11 of Appendix A. Note whether the policy and procedures detail the process for communications between the subscriber and ETC regarding de-enrollment, including, but not limited to: (1) notifying subscribers of impending termination of service; (2) allowing subscriber to demonstrate continued eligibility; and (3) termination of service within 30 days for failure to demonstrate eligibility. Identify any areas that are not in compliance with section 54.405(e)(1) of the Commission's rules.
 - b. Inspect the carrier's policy and procedures for de-enrolling subscribers that are receiving Lifeline service from another ETC or where more than one member of a subscriber's household is receiving Lifeline service (duplicative support). Note if the policy and procedures state that the ETC will de-enroll subscribers within five business days of receiving notification from USAC program management that a subscriber or a subscriber's household is receiving duplicative Lifeline support, as required by section 54.405(e)(2) of the Commission's rules.
 - c. Inspect the carrier's policy and procedures for de-enrolling subscribers for non-usage (i.e., where a Lifeline subscriber fails to use Lifeline service for 30 consecutive days), including the process of how the carrier monitors and identifies subscribers who are non-users of Lifeline service but enrolled in the program, as well as non-usage termination notifications provided in response to Item 18 of Appendix A. Examine the policy and procedures and non-usage termination notifications to verify if

the termination notifications explain that the subscriber has 15 days following the date of the impending termination notification to use the Lifeline service. Identify any areas that are not in compliance with section 54.405(e)(3) of the Commission's rules.

- d. Review the carrier's policy and procedures for de-enrolling a Lifeline subscriber that does not respond to the carrier's attempts to obtain recertification, as part of the annual eligibility recertification process, as well as recertification requests provided in response to Item 19 of Appendix A. Examine the policy and procedures and recertification requests to verify if the communications explain that the subscriber has 60 days following the date of the notice to demonstrate continued eligibility or the carrier will terminate the subscriber's Lifeline service. In addition, examine the recertification requests and the carrier's responses to the background questionnaire and verify that the recertification requests were sent by a method separate from the subscriber's bill (if a customer receives a bill from the carrier). Identify any areas that are not in compliance with section 54.405(e)(4) of the Commission's rules.

Results

- a. KPMG inspected CenturyLink's policies and procedures for de-enrollment where CenturyLink has information indicating that the subscriber no longer meets the criteria to be considered a qualifying low-income consumer under 47 C.F.R. § 54.409, as well as the de-enrollment letters provided. KPMG noted the policy and procedures detail the process for communications between the subscriber and CenturyLink regarding de-enrollment, including, but not limited to: (1) notifying subscribers of impending termination of service; (2) allowing subscriber to demonstrate continued eligibility; and (3) termination of service within 30 days for failure to demonstrate eligibility, noting no exceptions.
- b. KPMG inspected CenturyLink's policies and procedures for de-enrolling subscribers that are receiving Lifeline service from another ETC or when more than one member of a subscriber's household is receiving Lifeline service (duplicative support). KPMG noted the policy and procedures state that CenturyLink will de-enroll subscribers within five business days of receiving notification from USAC program management that a subscriber or a subscriber's household is receiving duplicative Lifeline support, as required by section 54.405(e)(2) of the Commission's rules, noting no exceptions.
- c. KPMG did not inspect policies and procedures for de-enrolling subscribers for non-usage as it is not applicable to CenturyLink as they do not provide cellular based Lifeline Services.
- d. KPMG reviewed CenturyLink's policies and procedures for de-enrolling a Lifeline subscriber that does not respond to the CenturyLink's attempts to obtain recertification, as part of the annual eligibility recertification process. KPMG also examined CenturyLink's policies and procedures and recertification requests to verify the communications explained the subscriber has 60 days following the date of the notice to demonstrate continued eligibility or CenturyLink will terminate the subscriber's Lifeline service. In addition, KPMG examined the recertification requests and CenturyLink's responses to the background questionnaire and verified that the recertification requests were sent by a method separate from the subscriber's bill, noting no exceptions.

Objective II: Consumer Qualification for Lifeline

1. Review procedures the carrier has in place to ensure it has accurately completed the FCC Form 497. If the carrier does not have such procedures, inquire of management to describe the process for completing a FCC Form 497. The procedures or process should include the following:
 - The name and position title of the person responsible for obtaining data for the FCC Form 497;
 - The name and position title of the person responsible for certifying the FCC Form 497 and whether this individual is a corporate officer of the ETC;
 - The billing system name used to generate completion of the form;
 - The process for determining which subscribers should be included monthly in the FCC Form 497. Document whether the procedures include cut-off or billing cycle dates, subscribers active as of the start or end of the month, etc.;
 - The process for completing each portion of the FCC Form 497, including, as applicable, non-Tribal Lifeline, Tribal Lifeline, and Tribal Link Up; and
 - That a verification process exists to perform an independent review; that is, the person reviewing or validating the form's data is different from the person completing the form.

Document any exceptions and include in the audit report.

Results

KPMG reviewed the procedures CenturyLink has in place to ensure it has accurately completed the FCC Form 497, noting that the procedures include the items set forth above, and finding no exceptions.

2. Obtain the Subscriber List in response to Item 1 of Appendix A and obtain the carrier's FCC Form 497(s) for each study area in the selected states for the selected month. Compare the number of subscribers reported on the FCC Form 497(s) to the number of subscribers contained on the Subscriber List for each study area. Note any discrepancies in the number of subscribers.

Results

KPMG obtained the CenturyLink Subscriber List and Form 497s for each study area in the selected states (South Carolina, Washington and Wisconsin) for the selected month of September 2017. KPMG compared the number of subscribers reported on the September 2017 Form 497s to the number of subscribers contained on the September 2017 Subscriber List for each study area, noting no discrepancies in the number of subscribers.

3. Obtain from USAC the NLAD subscriber listing for subscribers active for each study area in the selected states for the selected month. Compare the NLAD subscriber listing to the FCC Form 497 subscriber listing. Note any discrepancies. Using both listings, create a "combined" Subscriber list consisting of subscribers who appeared on both lists.

Results

KPMG obtained from USAC the NLAD Subscriber Listing for subscribers active for each study area in the selected states (South Carolina, Washington and Wisconsin) for the selected month of September

2017. KPMG compared the September 2017 NLAD Subscriber Listing to the CenturyLink FCC Form 497 September 2017 subscriber listing for each study area, noting no discrepancies. Using both listings, KPMG created a combined Subscriber list consisting of subscribers who appeared on both lists.

4. Inquire of management and obtain carrier policies and procedures for limiting Lifeline support to a single subscription per household as provided by the carrier in response to Item 4 of Appendix A. Examine and compare the carrier policies and procedures, including any management responses, with the Commission's Lifeline rules set forth in section 54.409(c) (Appendix F). Note any discrepancies between the policies and procedures and the Commission's rule.

Results

KPMG inquired of CenturyLink's management on August 7, 2019 and obtained CenturyLink's policies and procedures for limiting Lifeline support to a single subscription per household. KPMG examined and compared CenturyLink's policies and procedures, including management responses, with the Commission's Lifeline rules set forth in 47 C.F.R. § 54.409(c), noting no discrepancies between the policies and procedures and the Commission's rule.

5. Using computer-assisted audit techniques, examine the combined Subscriber List and note if there are any duplicate addresses with different subscribers. Create a list reflecting these results.

Results

Using computer-assisted audit techniques, KPMG examined the combined Subscriber List for duplicate addresses with different subscribers. KPMG created a list reflecting the results, which included five addresses with multiple individuals receiving the Lifeline service.

6. From the list completed in #5, above, randomly select 30 subscribers from the list and request copies from the ETC of the one-per-household certification form for each of the selected subscribers using Appendix D. Because subscribers must only complete a one-per-household certification form if existing Lifeline recipients reside at the same address, the selected subscribers should not be the first subscribers residing at the address based on the Lifeline start date in the subscriber listing (*i.e.*, the selected subscribers should be the second or subsequent subscribers residing at the address based on the Lifeline start date in the subscriber listing). Verify that the provided one-per-household documentation includes the following requirements and the selected subscribers certified to only receiving one Lifeline-supported service in his/her household:
 - a. An explanation of the Commission's one-per-household rule;
 - b. A check box that an applicant can mark to indicate that he or she lives at an address occupied by multiple households;
 - c. A space for the applicant to certify that he or she shares an address with other adults who do not contribute income to the applicant's household and share in the household's expenses or benefit from the applicant's income; and
 - d. The penalty for a consumer's failure to make the required one-per-household certification (*i.e.*, de-enrollment).

Note the number of missing or incomplete certifications. Even if subscribers enrolled in the program prior to June 2012, the effective date of the one-per-household requirement, at least one subscriber at each address is required to complete a one-per-household worksheet.

Results

From the list completed in #5 above, KPMG selected all five subscribers from the list and requested copies from CenturyLink of the One-Per-Household (“OPH”) certification form. KPMG verified that the provided OPH documentation included the required items noted above and that the selected subscribers certified to only receiving one Lifeline-support service in his/her household, exceptions noted as described in Findings below.

Findings

- For study area 525161 (Washington): CenturyLink could not provide an OPH certification for one Lifeline subscriber who was residing at the same address as another Lifeline subscriber.
- For study area 525161 (Washington): One subscriber did not sign-off on Step 1 of the OPH certification to indicate that another person residing at their address is receiving the Lifeline service.

Based on the 2 exceptions noted above, the monetary effect of this finding is 2 instances, noted in September 2017, multiplied by the Federal Lifeline support benefit to CenturyLink of \$9.25 per subscriber for a total monetary effect of \$18.50.

ETC Management Response

Going forward, CenturyLink does not anticipate any similar findings as USAC has implemented the National Verifier Database for certification and recertification purposes. The first set of states for the National Verifier launched in June 2018 and the final set of states launched December 2019.

Objective III: Subscriber Eligibility Determination and Certification

1. Inquire of management and obtain carrier policies and procedures for ensuring that its Lifeline subscribers are eligible to receive Lifeline services as provided by the carrier in response to Item 4 of Appendix A. In addition, obtain the ETC’s policies and procedures for training employees and agents for ensuring that the ETC’s Lifeline subscribers are eligible to receive Lifeline services, including any policies regarding how the company ensures employees and agents have completed the training. Examine and compare the carrier policies and procedures, including any management responses, with the Commission’s Lifeline rules set forth in sections 54.409 and 54.410 (Appendix F). Note any discrepancies between the policies and procedures and the Commission’s rule.
 - a. [Intentionally left blank]
 - b. Inspect the ETC’s policies and look for evidence as to whether it includes a policy or procedure that the ETC must verify the eligibility of each low-income consumer prior to providing Lifeline service to that consumer or providing that consumer with an activated device intended to enable access to Lifeline service.
 - c. Inspect the ETC’s policies to determine the process for ensuring subscribers are eligible to receive Lifeline services and have completed all forms necessary to receive service.

- d. Inspect the ETC's policies for information regarding the timing, frequency and evidence of completion of the initial and any subsequent Lifeline subscriber eligibility and certification trainings required of the ETC's employees.
- e. If the ETC operates in a state that participates in NLAD, inspect the ETC's policies regarding:
 - i. Training requirements and ETC policies for ensuring employees and agents are trained on the use and interaction with the NLAD, including limiting access to NLAD to select individuals.
 - ii. The process for ensuring only subscribers vetted by NLAD are claimed for reimbursement on the FCC Form 497.
- f. If the ETC operates in NLAD opt-out states, inspect the ETC's policies regarding:
 - i. Training requirements and ETC policies for ensuring employees and agents are trained on the use and interaction with state administrators and/or databases, including limiting access to any databases to select individuals.
 - ii. The process for ensuring only subscribers vetted by a state administrator are claimed for reimbursement on the FCC Form 497.

Results

KPMG inquired of CenturyLink's management on August 7, 2019 and obtained CenturyLink's policies and procedures for ensuring that its Lifeline subscribers are eligible to receive Lifeline services. In addition, KPMG obtained CenturyLink's policies and procedures for training employees and agents for ensuring that CenturyLink's Lifeline subscribers are eligible to receive Lifeline services, including any policies regarding how CenturyLink ensures employees have completed the training. KPMG examined and compared CenturyLink policies and procedures, including any management responses, with the Commission's Lifeline rules set forth in sections 54.409 and 54.410, noting no discrepancies between the policies and procedures and the Commission's rule.

- a. [Intentionally left blank]
- b. KPMG inspected CenturyLink's policies, and found a policy or procedure that CenturyLink must verify the eligibility of each low-income consumer prior to providing Lifeline service to that consumer, or providing that consumer with an activated device intended to enable access to Lifeline service.
- c. KPMG inspected CenturyLink's policies and determined there was a process to ensure subscribers are eligible to receive Lifeline services and have completed all forms necessary to receive service.
- d. KPMG inspected CenturyLink's policies for information regarding the timing, frequency and evidence of completion of the initial and any subsequent Lifeline subscriber eligibility and certification trainings required of CenturyLink employees, noting no exceptions.
- e. As CenturyLink operates in states that participate in NLAD, KPMG inspected CenturyLink's policies regarding:

- i. Training requirements and CenturyLink policies for ensuring employees are trained on the use and interaction with the NLAD, and access to NLAD is limited to select individuals, noting no exceptions.
 - ii. The process for ensuring only subscribers vetted by NLAD are claimed for reimbursement on the FCC Form 497, noting no exceptions.
 - f. As CenturyLink operates in NLAD opt-out states, KPMG inspected CenturyLink's policies regarding:
 - i. Training requirements and CenturyLink policies for ensuring employees are trained on the use and interaction with state administrators and/or databases, and access to databases is limited to select individuals, noting no exceptions.
 - ii. The process for ensuring only subscribers vetted by a state administrator are claimed for reimbursement on the FCC Form 497, noting no exceptions.
- 2. Randomly select at least 100 subscribers from the combined Subscriber List and perform the test described below, for each of the subscriber's certification/recertification forms obtained using Appendix E.
 - a. Examine the subscriber certification and recertification forms, if any, to verify the forms contain the following information:
 - i. Lifeline is a federal benefit and that willfully making false statements to obtain the benefit can result in fines, imprisonment, de-enrollment or being barred from the program;
 - ii. Only one Lifeline service is available per household;
 - iii. A household is defined, for purposes of the Lifeline program, as any individual or group of individuals who live together at the same address and share income and expenses;
 - iv. A household is not permitted to receive Lifeline benefits from multiple providers;
 - v. Violation of the one-per-household limitation constitutes a violation of the Commission's rules and will result in the subscriber's de-enrollment from the program;
 - vi. Lifeline is a non-transferable benefit and the subscriber may not transfer his or her benefit to any other person;
 - vii. Require each prospective subscriber to provide the following information:
 - 1. The subscriber's full name;
 - 2. The subscriber's full residential address;
 - 3. Whether the subscriber's residential address is permanent or temporary;
 - 4. The subscriber's billing address, if different from the subscriber's residential address;
 - 5. The subscriber's date of birth;

6. The last four digits of the subscriber's social security number, or the subscriber's Tribal identification number, if the subscriber is a member of a Tribal nation and does not have a social security number;
 7. If the subscriber is seeking to qualify for Lifeline under the program-based criteria, as set forth in section 54.409, the name of the qualifying assistance program from which the subscriber, his or her dependents, or his or her household receives benefits; and
 8. If the subscriber is seeking to qualify for Lifeline under the income-based criterion, as set forth in section 54.409, the number of individuals in his or her household.
- viii. Require each prospective subscriber to certify, under penalty of perjury, that:
1. The subscriber meets the income-based or program-based eligibility criteria for receiving Lifeline, provided in section 54.409;
 2. The subscriber will notify the ETC within 30 days if for any reason he or she no longer satisfies the criteria for receiving Lifeline including, as relevant, if the subscriber no longer meets the income-based or program-based criteria for receiving Lifeline service, the subscriber is receiving more than one Lifeline benefit, or another member of the subscriber's household is receiving a Lifeline benefit.
 3. If the subscriber is seeking to qualify for Lifeline as an eligible resident of Tribal lands, he or she lives on Tribal lands, as defined in section 54.400(e);
 4. If the subscriber moves to a new address, he or she will provide that new address to the ETC within 30 days;
 5. The subscriber's household will receive only one Lifeline service and, to the best of his or her knowledge, the subscriber's household is not already receiving a Lifeline service;
 6. The information contained in the subscriber's certification form is true and correct to the best of his or her knowledge,
 7. The subscriber acknowledges that providing false or fraudulent information to receive Lifeline benefits is punishable by law; and
 8. The subscriber acknowledges that the subscriber may be required to re-certify his or her continued eligibility for Lifeline at any time, and the subscriber's failure to re-certify as to his or her continued eligibility will result in de-enrollment and the termination of the subscriber's Lifeline benefits pursuant to section 54.405(e)(4).
- b. Compare the ETC's subscriber eligibility criteria on the certification and recertification forms to the federal eligibility criteria listed in per 47 C.F.R. § 54.409. Note any discrepancies. **Note:** The ETC may list the eligibility criteria in its entirety or may allow the subscriber to note only his/her qualifying criterion on the form.
- c. Verify the subscriber completed all the required elements as identified in Objective III – 2 a. above, including signature and initialing/checkbox requirements contained in the certification and recertification forms.

- d. Examine the subscriber's certification/recertification form to verify the forms are dated prior to the end of the selected FCC Form 497 data month. If the provided subscriber certification/recertification form is the subscriber's initial certification form, verify the form is dated prior to or on the same day as the Lifeline start date per the subscriber listing.
- e. If applicable, verify subscribers who received Tribal Lifeline support certified to residing on Tribal lands.
- f. Review the eligibility documentation the ETC reviewed to confirm the subscriber's eligibility obtained using Appendix E. Verify the recorded data sources are eligible data sources per 47 C.F.R. § 54.410, such as (1) income or program eligibility databases, (2) income or program eligibility documentation, or (3) confirmation from a state administrator.

Results

KPMG obtained the September 2017 Subscriber List for each study area in the selected states (South Carolina, Washington and Wisconsin) as of September 30, 2017. KPMG randomly selected 100 subscribers from the combined Subscriber List and judgmentally included 5 additional subscribers (3 in Washington and 2 in Wisconsin) to cover different tribal Lifeline specific benefits/prices in the population for a total sample of 105 Lifeline subscribers. KPMG performed the tests described below, for each of the subscriber's certification/recertification forms, noting discrepancies as described in Findings below:

- a. Examined the subscriber's certification and recertification forms, if any, and verified that the forms contained all required information as identified in Objective III – 2 a. above.
- b. Compared CenturyLink's subscriber eligibility criteria on the certification and recertification forms to the federal eligibility criteria listed per 47 C.F.R. § 54.409.
- c. Verified the subscribers completed all required elements as identified in Objective III – 2 a. above, including signature and initialing/checkbox requirements contained on the certification and recertification forms.
- d. Examined the subscriber's certification/recertification forms to verify the forms were dated prior to October 1, 2017 as the selected data month was September 2017.
- e. Verified subscribers who received Tribal Lifeline support certified to residing on Tribal lands.
- f. Reviewed the eligibility documentation that CenturyLink reviewed to confirm the subscriber's eligibility and verified the recorded data sources are eligible data sources per 47 C.F.R. § 54.410, such as (1) income or program eligibility databases, (2) income or program eligibility documentation, or (3) confirmation from a state administrator.

Findings

- For study area 240506 (South Carolina): CenturyLink used two incomplete applications in order to provide the Lifeline service to one subscriber.
- For study area 525161 (Washington): CenturyLink could not provide a certification or recertification form for one Lifeline subscriber.

- For study area 525161 (Washington): One subscriber did not check-mark/certify under penalty of perjury any of the required attestations.
- For study area 330841 (Wisconsin): CenturyLink could not provide a certification or recertification form for one Lifeline subscriber.

Based on the 4 exceptions noted above, the monetary effect of this finding is 4 instances, noted in September 2017, multiplied by the Federal Lifeline support benefit to CenturyLink of \$9.25 per subscriber for a total monetary effect of \$37.00.

ETC Management Response

Going forward, CenturyLink does not anticipate any similar findings as USAC has implemented the National Verifier Database for certification and recertification purposes. The first set of states for the National Verifier launched in June 2018 and the final set of states launched December 2019.

Objective IV: Annual Certification and Recordkeeping by ETCs

1. Inquire of management and obtain carrier policies and procedures for ensuring that the carrier has made and submitted the annual certifications required under sections 54.416 (*i.e.*, FCC Form 555) and 54.422 (*i.e.*, FCC Form 481) of the Commission's rules, as provided by the carrier in response to Item 4 of Appendix A. Examine and compare the carrier policies and procedures, including any management responses, with the Commission's Lifeline rules set forth in sections 54.416 and 54.422 (Appendix F). Note any discrepancies between the policies and procedures and the Commission's rules.

Results

KPMG inquired of CenturyLink management on August 7, 2019 and obtained CenturyLink's policies and procedures for ensuring that CenturyLink has made and submitted the annual certifications required under 47 C.F.R. § 54.416 and 54.422 of the Commission's rules. KPMG examined and compared CenturyLink's policies and procedures, including management responses, with the Commission's Lifeline rules set forth in 47 C.F.R. § 54.416 and 54.422, noting no discrepancies between the policies and procedures and the Commission's rules.

2. Examine the ETC's FCC Form 555 that was filed the January following the audit period provided by the carrier in response to Item 12 of Appendix A. Verify the carrier made all of the following certifications. An officer of each ETC must certify that s/he understands the Commission's Lifeline rules and requirements and that the carrier:
 - a. Has policies and procedures in place to ensure that its Lifeline subscribers are eligible to receive Lifeline services;
 - b. Is in compliance with all federal Lifeline certification procedures; and
 - c. In instances where an ETC confirms consumer eligibility by relying on income or eligibility databases, as defined in 47 C.F.R. § 54.410(f)(2)(i)-(ii), or by relying on a state Lifeline administrator, as defined in 47 C.F.R. § 54.410(f)(3), the representative must attest annually as to what specific data sources the ETC used to confirm eligibility.

Results

KPMG examined CenturyLink's FCC Form 555s that were filed in January 2018, following the audit period of 2017, for the study areas within the selected states of South Carolina, Washington and Wisconsin. KPMG verified CenturyLink made all of the following certifications, and that an officer of CenturyLink certified that he understands the Commission's Lifeline rules and requirements and that CenturyLink:

- a. Has policies and procedures in place to ensure that its Lifeline subscribers are eligible to receive Lifeline services;
 - b. Is in compliance with all federal Lifeline certification procedures; and
 - c. In instances where an ETC confirms consumer eligibility by relying on income or eligibility databases, as defined in 47 C.F.R. § 54.410(f)(2)(i)-(ii), or by relying on a state Lifeline administrator, as defined in 47 C.F.R. § 54.410(f)(3), the representative must attest annually as to what specific data sources the ETC used to confirm eligibility.
3. Examine the ETC's organizational chart provided by the carrier in response to Item 5 of Appendix A. Verify that the certifying officer on the FCC Form 555 is an officer per the organizational chart or other publicly available documents.

Results

KPMG examined CenturyLink's organizational chart and verified the certifying officer on the FCC Form 555s for the study areas within the selected states (South Carolina, Washington and Wisconsin) was an officer of CenturyLink.

4. Verify that the subscriber count per the FCC Form 555 agrees with the total subscriber count per the February FCC Forms 497 provided by the carrier in response to Item 15 of Appendix A.

Results

As per the USAC Lifeline Biennial Audit Training held on June 3, 2019 that USAC conducted and KPMG attended, KPMG notes this procedure is no longer applicable.

5. Verify that the recertification data reported on the FCC Form 555 agrees with the detailed recertification results provided by the carrier in response to Item 9 of Appendix A.

Results

KPMG verified that the recertification data reported on the FCC Form 555s filed in January 2018 for the study areas for the selected states (South Carolina, Washington and Wisconsin) agrees with the detailed recertification results.

6. Verify that the non-usage data reported on the FCC Form 555 for the selected month agrees with the detailed non-usage results provided by the carrier in response to Item 10 of Appendix A.

Results

KPMG noted that CenturyLink is not subject to the non-usage rules (as they do not provide cellular based Lifeline Services), as required by the Rules set forth in 47 C.F.R. § 54.407. As such, this procedure is not applicable.

7. Review the carrier's FCC Form 481, as provided by the carrier in response to Item 13 of Appendix A. Verify that the ETC reported all the information and made all the certifications required by 47 C.F.R. § 54.422(a)(b).

Results

KPMG reviewed CenturyLink's FCC Form 481s filed in July 2017 for the selected states (South Carolina, Washington and Wisconsin) and verified that CenturyLink reported all the information and made all the certifications required by 47 C.F.R. § 54.422(a) and (b).

8. Review any supporting schedules related to the carrier's FCC Form 481, as provided by the carrier in response to Items 16 and 17 of Appendix A. Verify that the data reported on the FCC Form 481 agrees with the supporting schedules.

Results

KPMG reviewed the supporting schedules related to CenturyLink's FCC Form 481s to the selected states (South Carolina, Washington and Wisconsin) and verified that the data reported on the FCC Form 481s agrees with the supporting schedules.

9. Inquire of management and obtain carrier policies and procedures for maintaining records that document compliance with the Lifeline program rules, as provided by the carrier in response to Item 4 of Appendix A. Examine and compare the carrier policies and procedures, including any management responses, with recordkeeping rules set forth in 47 C.F.R. § 54.417. Note any discrepancies between the policies and procedures and the Commission's rule.

Results

KPMG inquired of CenturyLink's management on August 7, 2019 and obtained CenturyLink's policies and procedures for maintaining records that document compliance with the Lifeline program rules. KPMG examined and compared CenturyLink's policies and procedures, including management's responses, with recordkeeping rules set forth in 47 C.F.R. § 54.417, noting no discrepancies between the policies and procedures and the Commission's rule.