DALLAS ISD E-RATE QUARTERLY REPORT

2nd Quarter
October 1, 2014 – December 31, 2014

Dr. James Terry
Chief Financial Officer
E-Rate Compliance Officer
TABLE OF CONTENTS

ITEMS

1. SUMMARY
2. PURPOSE FOR REPORTING
3. E-RATE PROCUREMENTS
4. REVIEW OF COMPLIANCE OBJECTIVES
5. TRAINING OF E-RATE ELIGIBLE EMPLOYEES
6. FORMS
7. USAC REVIEW REQUESTS
8. COORDINATION AND COMMUNICATION
9. MONITORINGS BY ERCO
10. EXTERNAL/INTERNAL AUDITOR’S REPORT (DELOITTE)
11. COMPLIANCE AGREEMENT ISSUES REPORTED BY DALLAS ISD
12. VIOLATIONS OF E-RATE PROGRAM RULES REQUIREMENTS

ATTACHMENTS ON CD DISK
1. Summary

The Second E-Rate Quarterly Report covers the time period of October 1, 2014 – December 31, 2014. The report describes the progress Dallas Independent School District (Dallas ISD) has made in their obligation and commitment to all E-Rate Program rules, requirements, local compliance policies and the District’s E-Rate Compliance Agreement. The E-Rate Program for Dallas ISD has completed its second quarter of the E-Rate funding year for 2014/2015 and the District has or will apply for E-rate funds by following all E-Rate program rules and regulations.

Dr. James Terry is the E-Rate Compliance Officer for Dallas ISD and has been since October 30th, 2013. The main focus of the ERCO is to keep Dallas ISD in compliance with all FCC rules and regulations of the Schools and Libraries Division E-Rate Program (SLD). Rhonda Scholwinski is the Director of E-Rate for the Dallas ISD and has been since May 1, 2012.

In summary, since October 1, 2014, Dallas ISD has:

1. Updated executives on E-Rate issues
2. Trained new E-Rate Eligible Employees (EEE)
3. Submitted for review to the Superintendent of Schools the last quarterly report for the period ending September 30, 2014
4. Followed-up on any E-Rate complaints, conflict of interest notifications, gifts to the District from outside sources, and any Hotline tips
5. Reviewed all donations received in the District per policy CDC (Local)
6. Submitted questions to USAC for guidance on areas of concern. This provided documentation as to the correct procedure for advancement.
7. Submitted all Forms as required by the E-Rate Program
8. Sent documentation to USAC as required by the E-Rate Program

Dallas ISD currently has (2) Years of Funding Commitment Decision Letters (FCDLs) that are awaiting USAC/SLD decisions. The outstanding decisions are for five (5) FRN(s) from Funding Year 2013 and five (5) FRN(s) for the 2014 Funding Year. (All Priority Two funding requests were denied to ALL applicants due to the lack of
USAC/SLD funding available, therefore all of Dallas ISD Priority Two FRN’s were denied for 2013 and 2014).

2. Purpose

The purpose of this report is to document the policies and procedures that have been initiated and completed by Dallas ISD in its compliance with its E-Rate obligations to follow and fulfill its agreement with FCC, USAC and the SLD:

- Dallas ISD compliance with all E-Rate Program Rules and Requirements applicable to the current funding year.

- Dallas ISD compliance with the terms of the E-Rate Compliance Agreement and the Dallas ISD E-Rate Compliance Policy during the October 1, 2014 through December 31, 2014 funding year quarter.

3. E-Rate Procurements

The Dallas ISD Procurement process requires that all E-Rate procurements follow USAC rules and regulations, including the District’s Compliance Agreement, and the policies and procedures set forth in its procurement manual. The District did meet all the standards set forth in the evaluations of bids, the insertion of required E-Rate language in all contracts, and the proper documentation of E-Rate records, unless cited in the following paragraphs. Verification and monitoring was accomplished by the ERCO along with both Dallas ISD Legal Services Department and external E-Rate counsel, Robert Luna, along with the Procurement Department and Director of E-Rate programs. If errors were made and discovered during any of the above processes, the ERCO took steps to correct each error and document the correction and report it to the FCC as required in the Compliance Agreement and, if necessary, on a Receipt Acknowledgement Letter (RAL) or through the Selective Review process.

One Request For Proposal (RFP) was advertised for Internet Access during the current quarter. The RFP was posted on 10/14/14 on both the Dallas ISD’s website (Current Vendor Opportunities) and on USAC/SLD website – in the form of a Form 470. The allowable contract date (according to the Form 470) was 11/11/14. After this date, a vendor could be chosen to supply Internet Access to Dallas ISD. The Vendor recommendation will be going to the Board of Trustees, for approval, at the January Board of Trustees Meeting.
4. On-going Review of Compliance Objectives

<table>
<thead>
<tr>
<th>OBJECTIVES</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>All EEE signed up for USAC newsletter</td>
<td>Completed, verified and on-going</td>
</tr>
<tr>
<td>E-Rate Training for New Employees- for the quarter</td>
<td>Completed and ongoing</td>
</tr>
<tr>
<td>HR EEE Oracle Tracking system Program established-and continued testing</td>
<td>Completed and on-going</td>
</tr>
<tr>
<td>Electronic database of all EEE.</td>
<td></td>
</tr>
<tr>
<td>Regular meeting with Superintendent of Schools and E-Rate Executives on</td>
<td>Completed and On-going</td>
</tr>
<tr>
<td>E-Rate Administration</td>
<td></td>
</tr>
</tbody>
</table>

5. Training of E-Rate Eligible Employees

A critical requirement of the Compliance Agreement is that all Dallas ISD E-Rate Eligible Employees (EEEs) are to be trained upon entering the program within the five day window for training.

The ERCO, or designee, covered the obligations of the E-Rate program to include having a fair and open bidding process that allows all procurements to be free of influences based on conflict of interests and gifting. The training material also covers proper submission of all E-Rate Forms within the filing window dates as mandated by Universal Service Administrative Company (USAC) to ensure that the District will qualify for E-Rate funds. Additionally, the upcoming “E-Rate Modernization” changes were presented and discussed as part of the training material.

Key aspects of the Dallas ISD E-Rate Policy and what is required of each employee, the Compliance Agreement, and the District’s “Zero” Gifting Policy are all explained in the training.

All Dallas ISD employees are required to receive E-Rate training before being classified as an EEE and performing any E-Rate related work. The training covers all E-Rate program rules and regulations. Also, starting on December 6, 2011, Dallas ISD requires that all new members sign the Gifting statement, the Conflict of Interests statement and the Dallas ISD EEE agreement. Supervisors of trained
EEE’s sign a statement attesting that they have not allowed any untrained employee do any work relative to the E-Rate program until trained and certified by the ERCO as an EEE.

During the second quarter there were a total of 194 EEEs that received the required training. 21 were “New” E-Rate Employees and 173 were current EEEs. Each new EEE filled out gift statements and conflict of interest statements at the E-Rate training. Current EEEs (with previous notarized statements on file) signed an “update” certification continuing to certify all requirements as referenced in the E-Rate Compliance Agreement.

The ERCO and several Dallas ISD key staff attended the USAC/SLD annual training on October 16, 2014. The knowledge that was acquired during this training was incorporated into Dallas ISD’s Annual E-Rate Training for all EEEs.

Additionally, informational training has also been conducted, whenever requested by staff, to keep as many individuals informed of the E-Rate Program as possible. Six (6) Dallas ISD employees attended the E-Rate Training for informational purposes only.

This year is the first year that E-Rate Training has been available to employees in an online setting. The training material was identical to the training that was delivered via the “face-to-face” method. Supervisors determined which method of delivery would be best for their EEE staff.

6. Forms

There was one (1) Form 470 filed with USAC/SLD. This was filed in conjunction with the RFP that was posted on Dallas ISD’s website for Internet Access. The Form 470 was Certified on October 14, 2014 with an Allowable Contract Date of November 11, 2014. Evaluations were conducted on this RFP and the winning vendor will be presented to the Board during the January, 2015 Board Meeting. At that time, the Board of Trustees will vote on contract approval with the winning vendor.

Additionally, there were two BEAR Forms that were submitted to USAC during this quarter. To date, there are seven (7) outstanding BEAR payments that are pending with USAC.
7. Reviews by USAC

There were two (2) responses to Review Requests from USAC. The requests were follow-up requests (requesting additional information) from the reimbursement requests (BEARs) that were previously submitted.

8. Coordination and Communications

The ERCO (or designee) has an updated, District-wide E-mail communication system which communicates with each EEE knowledge of all policy updates and changes to any internal E-Rate documents. This is also a means by which each EEE can directly and quickly communicate with the ERCO on any issue concerning any EEE. The ERCO (or designee) has also updated the District web page which is a source of many E-Rate policies and the E-Rate Manual. The E-Rate web page also has an updated listing of all E-Rate vendors and potential E-Rate vendors.

When asked, the ERCO has briefed the Board of Trustees and various Trustees throughout this reporting quarter on the progress of the E-Rate program. Discussions included updating the Board on the progress of the District’s filing submissions to USAC and other matters as well as Annual E-Rate Training for the Board of Trustees. On November 20th, 2014, the results of the Deloitte Annual Audit (External/3rd Party Audit as required by the Compliance Agreement) and the results of the Internal Audit (performed by HL&B – now BDO) were reported to the Audit Committee. Additionally, the Deloitte Annual Audit results were reported to the Board of Trustees at the December 18th, 2014 monthly meeting.

The Director of E-Rate Programs continues to have communications/meetings, when necessary, with the Dallas ISD E-Rate Team. Members consist of: PEIMS, Technology, Finance, Bond, Procurement, Facilities, Document Retention, Legal, and E-Rate. Meetings and/or email communication continue to be done on an as needed basis to establish a clear line of communication for all departments involved in E-Rate matters. Additionally, meetings with each department are held whenever documentation needs to be reviewed and approved. Each department member is required to review and confirm E-Rate documentation as it applies to their department. This continues to assist in correct filings of all E-Rate documentation to USAC as well as establish a form of “check and balance” with E-Rate procedures.

A secure internal drive continues to house all E-Rate Documentation. Each E-Rate Team member has access to this drive. This allows for easy access to E-Rate documents, knowledge of the location of the documents, and a better understanding.
of E-Rate and E-Rate procedures. It also negates the “single point contact” when faced with the issue of absence of an employee.

Communication with the FCC continues to be carried out by the District’s retained external law firm of Robert Luna, PC.

9. Monitoring By ERCO

The ERCO continues to monitor all E-Rate related matters received by the District’s Hotline and forwards any actionable reports to USAC. During this reporting period, the District’s Hotline did not receive any calls regarding E-Rate reporting.

The District remains in compliance with CIPA and District policy concerning Internet safety. The District continues to use the software filtering program ‘IronPort’ and continues to monitor the web filtering logs. The public input meeting required per CIPA, to include Cyberbullying and social media training was accomplished in September 2011, and was a one-time requirement.

The CH (Local) policy now requires the ERCO’s review and written approval whenever a request to purchase E-Rate eligible goods, services, equipment, or pilot programs, for which the District will seek E-Rate reimbursement, before it is submitted to the Board of Trustees.

The CDC (Local) policy now requires the ERCO’s prior approval on all technology donations in excess of $5000 from any source and all donations, regardless of value, from any E-rate vendor.

In conjunction with the CDC (Local) (Regulation) policies, the ERCO continues to review all Board agenda donations for the current funding year.

A total of four (4) donation reports were received and approved by the ERCO prior to receipt of the donations.

10. INTERNAL/EXTERNAL AUDIT REPORTS (HL&B/DELOITTE)

The CPA firm of BDO (formerly Hartman, Leito, and Bolt, LLP - HL&B) continues to perform the E-Rate internal audit function for the District’s E-Rate program in accordance with the Dallas Compliance Agreement and CAA (LOCAL). BDO coordinates its audit plan with the District’s internal auditors in order to prevent any unnecessary duplication concerning the E-rate program. This Report was delivered to the Audit Committee on November 20th, 2014.
During this quarter, Deloitte delivered the Annual E-Rate Compliance Report to the Audit Committee (on November 20, 2014) and then to the Board of Trustees at the December 18th, 2014 Board Meeting.

11. Non Compliance Issues by Dallas ISD

There were two (2) incidents of non-compliance that needed to be reported to the FCC by the ERCO for this quarter. Both incidents were identified in the Deloitte Audit Report.

The first incident was concerning the discrepancies of asset testing. It was determined that the discrepancies of the asset inventory needed to be reported to the FCC within five (5) business days of discovery. Dallas ISD addressed the discrepancies in the “Management Action Plan” (found in the Deloitte Report) that was sent to the FCC in the Annual Report (as required by the Compliance Agreement). However, it was the opinion of the Deloitte auditors that this should have been reported within five (5) business days of discovery.

The second incident was in regards to a charitable donation by a parent teacher organization (PTA) that was not pre-approved by the ERCO prior to acceptance. Deloitte auditors determined that this violated Dallas ISD Policy and should have been reported to the FCC within (5) Business Days of discovery. The violation was reported to the FCC, however not within five (5) business days of discovery.

All incidents were reported to the proper recipients.

12. Violations of E-Rate Program Rules Requirements

The ERCO is not aware of any reports of violations of E-Rate program rules during this quarter’s reporting period that were not addressed above.
ATTACHMENTS:

FOLDER A.    DONATIONS
FOLDER B.    FORMS
FOLDER C.    TRAINING DOCUMENTATION
FOLDER D.    USAC REVIEW DOCUMENTATION
FOLDER E.    AUDIT DOCUMENTATION
FOLDER F.    FCC NOTIFICATIONS