Date: April 28, 2015

TO: Dr. James Terry, Chief Financial Officer/E-Rate Compliance Officer
FROM: Mike Miles, Superintendent of Schools
SUBJECT: E-Rate Third Quarterly Report - Funding Year 2014/2015

In accordance with the requirements of the Dallas ISD E-Rate Compliance Agreement, I have received the third E-Rate Quarterly Report, for Funding Year 2014-2015, with attachments from Jim Terry. Jim Terry ERCO has explained any items of question addressed in the report to my satisfaction.

Date 29 April 2015

Mike Miles
Superintendent of Schools
Dallas ISD
DALLAS ISD E-RATE QUARTERLY REPORT

3rd Quarter
January 1, 2015 – March 31, 2015

Dr. James Terry
Chief Financial Officer
E-Rate Compliance Officer
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E-Rate Third Quarter Report - 2014-2015
January 1 through March 31, 2015

1. Summary

The Third E-Rate Quarterly Report covers the time period of January 1, 2015 – March 31, 2015. The report describes the progress Dallas Independent School District (Dallas ISD) has made in 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 third 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 (ERCO) 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 (SLD) E-Rate Program. Rhonda Scholwinski is the Director of E-Rate for the Dallas ISD and has been since May 1, 2012.

During the third quarter 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 December 31, 2014
4. Submitted an Annual Report to the FCC and USAC for the 2013-2014 Funding year (December, 2014)
5. Followed up on any E-Rate complaints, conflict of interest notifications, gifts to the District from outside sources, and any Hotline tips
6. Reviewed all donations received in the District per policy CDC (Local)
7. Submitted questions to USAC for guidance on areas of concern. This provided documentation as to the correct procedure for advancement.
8. Submitted all forms as required by the E-Rate Program
9. 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) Funding Request Numbers (FRN) 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).

Dallas ISD is almost current with past reimbursements, with only two (2) outstanding reimbursements pending at this time, which total $2,111,748.33. To date, a total of $37,037,465.54 has been received from past funding requests.

We have worked to complete all past funding requests and are now current with all 2005 – 2012 requests except for four (4) funding requests. These FRNs are as follows: (1) from 2008, (1) from 2009, and (2) from 2010. These FRNs did not move forward until the funding commitments were made by USAC as they are being funded through the SPI (Service Provider Invoice) method. This method allows Dallas ISD to pay the discount portion of the request (i.e. 12-13%) and the Service Provider invoices the SLD/USAC for the remainder of the cost.

All other funding requests (that have not been completed) will be released. The causes for releasing these past funds are numerous. In several cases, the contracts were no longer valid. There were also some projects that did not go forward due to lack of timely funding commitments. The remainder of the release of funds were due to projections of requests not meeting the actual invoiced amounts.

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 January 1, 2015 through March 31, 2015 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.

The Board of Trustees approved the vendor selection for Internet Access at the January Board of Trustees Meeting and a contract was signed in March with the vendor to provide this service.

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 Electronic database of all EEE.</td>
<td>Completed and on-going</td>
</tr>
<tr>
<td>Regular meeting with Superintendent of Schools and E-Rate Executives on E-Rate Administration</td>
<td>Completed and On-going</td>
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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 Interest 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 third quarter there were a total of 14 EEEs that received the required training.

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 were four (4) BEAR forms that were submitted to USAC during this quarter. We received funding for one of the BEAR forms filed and had to cancel one BEAR form that was filed due to invoicing dates not within the eligible date for funding year. To date, there are two (2) outstanding BEAR payments that are pending with USAC. One of these is a “Good Samaritan” BEAR request as the original vendor has gone out of business and USAC/SLD must provide another vendor to help us with our reimbursement request. The other is pending USAC/SLD release of funds.
7. Reviews by USAC

There were several responses to Review Requests from USAC that were based upon the BEAR submissions. The requests were follow-up requests (requesting additional information) from the reimbursement requests (BEARs) that were 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. The E-Rate Vendor List was updated on January 15, 2015 to include all potential E-Rate vendors (based upon response from October RFP for Internet Access).

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 of Trustees 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.

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, Central Receiving, 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.

The Internal Audit Department completed the report for the Board of Trustees Campaign Contributions for the period July 15, 2014 – January 15, 2015. The report showed that there were no E-Rate vendors associated with contributions received by any of the nine Board of Trustee members during this time period.

A total of eleven (11) donation reports were received and approved by the ERCO prior to receipt of the donations.

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

It is anticipated that the CPA firm of BDO (formerly Hartman, Leito, and Bolt, LLP - HL&B) will continue 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). This will be done in conjunction with Dallas ISD Internal Audit Department.

11. Non Compliance Issues by Dallas ISD

There were no incidents of non-compliance that needed to be reported to the FCC by the ERCO for this quarter. However, on February 27th, 2015, the ERCO received a "Comfort Letter" from Senior Counsel at the FCC stating that the items found in the FY2014 Annual E-Rate Audit should not cause any problems with E-Rate funds or the E-Rate Program.

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. BOARD OF CAMPAIGN CONTRIBUTIONS
- FOLDER F. FCC COMMUNICATION