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January 28, 2014

Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: DOC-TAM 2012 Annual Report, Docket No. P999/PR-13-5;
DOC-TAM FY 2014 Proposed Budget and Surcharge Recommendations, Docket No.
P999/M-13-138

Dear Dr. Haar:

On June 4, 2013, the Public Utilities Commission (Commission) issued an Order Accepting 2012 Annual Report, Approving Proposed FY 2014 Budget, Retaining Surcharge, and Authorizing Audit. In the Order the Commission asked the Department of Commerce – Telecommunications Access Minnesota (DOC-TAM) to develop a plan and budget for concluding an audit of the programs funded through the TAM fund no later than December 31, 2014. DOC-TAM respectfully submits its plan for an audit of the programs funded through the TAM fund. If the Commission so desires, it may wish to address the audit with DOC-TAM at a planning meeting to enable a more informal and detailed discussion of what the Commission hopes to achieve with the audit.

I. DOC-TAM Audit Plan

DOC-TAM provides the following Objective, Scope, etc., for an audit of the TAM program. Since the language in the Commission's June 4, 2013, Order is broad, the audit plan proposed may not be consistent with the Commission's intentions. DOC-TAM hopes that the below proposal can serve as the basis for more detailed discussions with the Commission so that the audit achieves the Commission's objectives.

Proposed Objective

To assess whether Telecommunications Access Minnesota funds are being appropriately collected and used for their intended purpose to:

1. Provide Telecommunications Relay Services [Minn. Stat. § 237.51, Subd. 1(2)].
2. Distribute telecommunications devices to eligible persons who have communications disabilities [Minn. Stat. § 237.51, Subd. 1(1)].
3. Make live local news programming accessible to deaf, hard-of-hearing, and deafblind persons [Minn. Stat. § 256C.30 (a)].
4. Provide an accessible electronic information service for eligible individuals (Minn. Stat. § 248.062).

Programs that receive direct appropriations of TAM funding will not be included in the audit.

These programs are:

- DHS – Rural Realtime Captioning
- DEED – Accessible News for the Blind
- Commission of Deaf, DeafBlind and Hard of Hearing Minnesotans (for operational expenses)
- Commission of Deaf, DeafBlind and Hard of Hearing Minnesotans (to provide information on their website in American Sign Language and to provide technical assistance to state agencies)
- State Video Franchising Study
- Broadband Mapping Project
- MN.IT (for coordinating technology accessibility and usability)
- Legislative Coordinating Commission (to provide captioning of live streaming of legislative activity on LLC's website and for a consolidated access fund for other state agencies)
- Transfers to the General Fund

DOC-TAM does not believe it is appropriate to audit the programs that have a direct legislative appropriation since the use of funds for these programs is outside of the Commission's purview.

Audit Scope

Time Period Included in Audit

Consideration needs to be given to the time period covered by the audit as it will affect its price. Auditing the use of funds for a single year will be priced less than multiple years. Also, there can be more difficulty locating records the further back in time the audit goes, possibly making the audit more costly. DOC-TAM proposes that the request for proposals (RFP) ask responders to provide prices for the audit based on the most recent fiscal year (FY). Whether this is FY 2013 or FY 2014 will depend on when the actual auditing process begins. If the Commission desires more than the most recent fiscal year to be audited, DOC-TAM recommends that the RFP specify that a separate price be provided for the number of fiscal years covered. For example, if

the Commission is contemplating an audit of the most recent two fiscal years, the price for auditing FY 2013 as well as the price for auditing both FY 2012 and FY 2013 should be solicited. Prior to awarding the contract DOC-TAM will return to the PUC for approval of the time period to be included in the audit, based on responders' projected prices.

Minnesota State Agencies Included in Audit

1. Department of Commerce (DOC)
 - TAM Fund
 - Telecommunications Relay Services
2. Department of Public Safety (DPS)
 - TAM surcharge collection from telecommunications carriers and transfer of surcharge revenue to DOC
3. Department of Human Services (DHS)
 - Telephone Equipment Distribution (TED) Program
 - Rural Real-Time Captioning Program
 - Minnesota Relay Outreach
4. Department of Employment and Economic Development (DEED)
 - Accessible News for the Blind Program

Contracts Covered by Audit

1. DOC – TAM Program Contracts
 - Communications Service for the Deaf (including sub-contracts with Sprint Relay and CapTel, Inc.)
 - DHS (for the Provision of the TED Program)
 - DHS (for the provision of Minnesota Relay outreach services)
 - DHS (for the provision of the Rural Real-Time Captioning Program)
 - DEED (for the provision of the Accessible News for the Blind Program)
2. DHS – TED Program Contracts
 - Harris Communications (for specialized telecommunications equipment)
 - Teltex, Inc. (for specialized telecommunications equipment)
 - Weitbrecht Communications, Inc. (for captioned telephone equipment)
 - Sprint Solutions, Inc. (for wireless devices and services)
 - GreatCall, Inc. dba Jitterbug (for wireless devices and services)

3. DHS – Rural Real Time Captioning Contracts
 - Granite Broadcasting Corporation, KBJR-TV Inc. (to provide real-time captioning of live local news in the northeast region of the state)
 - KAAL-TV, LLC (to provide real-time captioning of live local news in the southeast and southwest region of the state)
 - TPT – Twin Cities Public Television (to provide real-time captioning of weekly news)
 - Lakeland Public Television (to provide real-time captioning of live local news in the northwest region of the state)
4. DEED – Accessible News for the Blind Contracts
 - National Federation of the Blind (to provide 24/7 access to over 300 newspapers and magazines via the telephone)
 - Michael Scot Mullins dba TR Office Services (to provide 24/7 access to three local newspapers and one greater Minnesota newspapers via the telephone)

Programs and Functions Covered by the Audit

1. DOC – TAM Fund
 - a. Collection
 - Are carriers appropriately collecting surcharge revenue?
 - Are carriers appropriately remitting surcharge revenue?
 - Is DPS appropriately depositing TAM surcharge revenue into TAM account?
 - b. Expenditures
 - Is TAM Fund money being used appropriately?
 - Do the contracts associated with the TAM program use TAM funds consistent with their stated purpose?
 - Are sound procurement practices being followed?
 - Do consumers receiving equipment/services meet eligibility standards?

Audit Findings

Any deficiency or violation of the audit objective(s) will be considered a reportable finding. The auditor should provide a recommendation for corrective action for each finding identified in the audit report.

Audit Criteria and Sources

Federal Regulations

1. Title IV of the Americans with Disabilities Act of 1990
2. 47 U.S.C. § 225
3. 47 C.F.R. §§ 64.601 through 64.606

State Regulations

1. Minnesota Statute § 237.50 – 237.56
2. Minnesota Rules, Chapter 8775
3. Minnesota Statute § 256C.30
4. Minnesota Statute § 248.062

II. Audit Methodology

Audit methodology will be determined by the auditor.

III. Audit Budget

DOC-TAM is not able to present the PUC with an anticipated budget for the program audit at this time. The cost will be determined, in a large part, by the depth and breadth of the audit.

DOC-TAM proposes that the PUC first determine and approve the scope of the audit (i.e. an audit plan). DOC-TAM can then develop and release an RFP and, prior to awarding the contract, return to the PUC for approval of the projected budget.

IV. Audit Authority

Minnesota law limits a state agency's authority to contract with a public accountant for an audit. Minn. Stat. § 3.972, Subd. 3, states:

Notwithstanding any other law, a state department, board, commission, or other state agency shall not negotiate a contract with a public accountant for an audit, except a contract negotiated by the state auditor for an audit of a local government, unless the contract has been reviewed by the legislative auditor. The legislative auditor shall not participate in the selection of the public accountant but shall review and submit written comments on the proposed contract within seven days of its receipt. Upon completion of the audit, the legislative auditor shall be given a copy of the final report.

As such, after the PUC has approved an audit plan, DOC-TAM will draft the RFP and will provide a copy to the Office of the Legislative Auditor (OLA) for review. If the OLA recommends/requires changes to the scope of the audit DOC-TAM will provide the PUC with a copy of the revised RFP prior to release.

CERTIFICATE OF SERVICE

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

**Minnesota Department of Commerce
TAM Audit Plan**

Docket No. P999/PR-13-5 and P999/M-13-138

Dated this **28th** day of **January 2014**

/s/Sharon Ferguson

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