

of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). A regulatory impact analysis (RIA) must be prepared for major rules with economically significant effects (\$100 million or more in any 1 year). This final rule does not reach the economic threshold and thus is not considered a major rule. In addition, we expect that there will not be an additional cost to the Medicare program due to our extension of the deadline to submit 2006 emergency Medicare GME affiliation agreements to October 9, 2006.

The RFA requires agencies to analyze options for regulatory relief of small businesses. For purposes of the RFA, small entities include small businesses, nonprofit organizations, and small governmental jurisdictions. Most hospitals and most other providers and suppliers are small entities, either by nonprofit status or by having revenues of \$6 million to \$29 million in any 1 year. Individuals and States are not included in the definition of a small entity. We are not preparing an analysis for the RFA because we have determined that this rule will not have a significant economic impact on a substantial number of small entities.

In addition, section 1102(b) of the Act requires us to prepare a regulatory impact analysis if a rule may have a significant impact on the operations of a substantial number of small rural hospitals. This analysis must conform to the provisions of section 604 of the RFA. For purposes of section 1102(b) of the Act, we define a small rural hospital as a hospital that is located outside of a Metropolitan Statistical Area and has fewer than 100 beds. We are not preparing an analysis for section 1102(b) of the Act because we have determined that this rule will not have a significant impact on the operations of a substantial number of small rural hospitals.

Section 202 of the Unfunded Mandates Reform Act of 1995 also requires that agencies assess anticipated costs and benefits before issuing any rule whose mandates require spending in any 1 year of \$100 million in 1995 dollars, updated annually for inflation. That threshold level is currently approximately \$120 million. This rule will have no consequential effect on State, local, or tribal governments or on the private sector.

Executive Order 13132 establishes certain requirements that an agency must meet when it promulgates a proposed rule (and subsequent final

rule) that imposes substantial direct requirement costs on State and local governments, preempts State law, or otherwise has Federalism implications. Since this regulation does not impose any costs on State or local governments, the requirements of E.O. 13132 are not applicable.

In accordance with the provisions of Executive Order 12866, this regulation was reviewed by the Office of Management and Budget.

**List of Subjects in 42 CFR Part 413**

Health facilities, Kidney disease, Medicare, Puerto Rico, Reporting and recordkeeping requirements.

■ For the reasons set forth in the preamble, the Centers for Medicare & Medicaid Services amends 42 CFR chapter IV part 413 as set forth below:

**PART 413—PRINCIPLES OF REASONABLE COST REIMBURSEMENT; PAYMENT FOR ENDSTAGE RENAL DISEASE SERVICES; PROSPECTIVELY DETERMINED PAYMENT RATES FOR SKILLED NURSING FACILITIES**

■ 1. The authority citation for part 413 continues to read as follows:

**Authority:** Secs. 1102, 1812(d), 1814(b), 1815, 1833(a), (i), and (n), 1861 (v), 1871, 1881, 1883, and 1886 of the Social Security Act (42 U.S.C. 1302, 1395d(d), 1395f(b), 1395g, 1395l(a), (i), and (n), 1395x(v), 1395hh, 1395rr, 1395tt, and 1395www) Sec. 124 of Pub. L. 106–113, 113 Stat. 1515.

**Subpart F—Specific Categories of Costs**

■ 2. Section 413.79 is amended by revising paragraph (f)(6)(ii) to read as follows:

**§ 413.79 Direct GME payments: Determination of the weighted number of FTE residents.**

\* \* \* \* \*

(f) \* \* \*

(6) \* \* \*

(ii) *Deadline for submission of the emergency Medicare GME affiliation agreement.* (A) Except for emergency Medicare GME affiliation agreements that meet the requirements of paragraph (f)(6)(ii)(B) of this section, each participating hospital must submit an emergency Medicare GME affiliation agreement to CMS and submit a copy to its CMS fiscal intermediary by—

(1) *First year.* The later of 180 days after the section 1135 emergency period begins or by June 30 of the academic year in which the section 1135 emergency was declared; or

(2) *Two subsequent academic years.* The later of 180 days after the section

1135 emergency period begins, or by July 1 of each academic year for the 2 subsequent academic years.

(B) For emergency Medicare GME affiliation agreements that would otherwise be required to be submitted by June 30, 2006 or July 1, 2006, each participating hospital must submit an emergency Medicare GME affiliation agreement to CMS and submit a copy to its CMS fiscal intermediary on or before October 9, 2006.

\* \* \* \* \*

(Catalog of Federal Domestic Assistance Program No. 93.773, Medicare—Hospital Insurance; and Program No. 93.774, Medicare—Supplementary Medical Insurance Program)

Dated: June 30, 2006.

**Mark B. McClellan,**

*Administrator, Centers for Medicare & Medicaid Services.*

Approved: June 30, 2006.

**Michael O. Leavitt,**

*Secretary.*

[FR Doc. 06–6029 Filed 6–30–06; 4:00 pm]

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**FEDERAL COMMUNICATIONS COMMISSION**

**47 CFR Part 54**

[FCC 06–89]

**Amend the Commission’s Rules To Align Oversight of the Universal Service Fund (USF)**

**AGENCY:** Federal Communications Commission.

**ACTION:** Final rule.

**SUMMARY:** In this document, we amend our rules to align oversight of the Universal Service Fund (USF) with the responsibilities of the Office of the Inspector General (OIG) and the Office of the Managing Director (OMD). Specifically, we assign certain audit activities formerly assigned to the Wireline Competition Bureau (WCB), including oversight of the annual part 54 audit of the Universal Service Administrative Corporation (USAC), to the OIG and assign calculation of the quarterly USF contribution factor to OMD. The Commission has in place a number of mechanisms to oversee the USF and its current Administrator, USAC. In this document, we shift responsibility for two of these mechanisms, the annual audit of USAC and calculation of the USF contribution factor, to the OIG and OMD, respectively. These changes better align these USF oversight functions with the divisions within the Commission that can execute them most effectively.

**DATES:** Effective August 7, 2006.

**FOR FURTHER INFORMATION CONTACT:** Mika Savir, Office of the Managing Director at (202) 418-0384.

**SUPPLEMENTARY INFORMATION:**

**Adopted: June 20, 2006; Released: June 23, 2006**

By the Commission:

1. By this Order, we amend our rules to align oversight of the Universal Service Fund (“USF”) with the responsibilities of the Office of the Inspector General (“OIG”) and the Office of the Managing Director (“OMD”). Specifically, we assign certain audit activities formerly assigned to the Wireline Competition Bureau (“WCB”), including oversight of the annual part 54 audit of the Universal Service Administrative Corporation (“USAC”), to the OIG and assign calculation of the quarterly USF contribution factor to OMD.

2. The Commission has in place a number of mechanisms to oversee the USF and its current Administrator, USAC. In this Order, we shift responsibility for two of these mechanisms, the annual audit of USAC and calculation of the USF contribution factor, to the OIG and OMD, respectively. These changes better align these USF oversight functions with the divisions within the Commission that can execute them most effectively.

3. First, we amend § 54.717 of our rules to give the OIG oversight of the annual USAC audit. Section 54.717 of the Commission’s rules requires USAC “to obtain and pay for an annual audit conducted by an independent auditor to examine its operations and books of account to determine, among other things, whether [USAC] is properly administering the universal service support mechanisms to prevent fraud, waste, and abuse.”<sup>1</sup> Under the Commission’s part 54 rules, the Wireline Competition Bureau (“WCB”) has been the staff unit responsible for overseeing the conduct of the audit. The purpose of this annual audit has been to oversee the operations of the USF Administrator and to safeguard the USF from potential waste, fraud, and abuse. Because a principle purpose of this audit is to deter waste, fraud, and abuse, we amend the Commission’s rules to delegate oversight authority to the OIG. This amendment is consistent with the OIG’s responsibility to conduct audits of

Commission programs<sup>2</sup> and detect and prevent fraud and abuse.<sup>3</sup> As an essential part of this responsibility, we also amend the audit requirements applicable to the part 54 audit of USAC to allow the OIG to determine the type of audit to examine USAC’s administration. The Commission’s decision adopting the part 54 independent audit requirement specified an agreed upon procedures (“AUP”) form of audit.<sup>4</sup> Although the codified Commission rules do not specify the type of audit, the order establishing the annual independent audit requires the use of an “agreed-upon procedures” engagement.<sup>5</sup> We recognize that the OIG may conclude that other types of audits would better assist in carrying out its mission to detect potential waste, fraud, and abuse in the USF. We therefore clarify that, going-forward, the OIG may use whatever type of audit it concludes would be better suited to evaluating USAC and its operations. We also clarify that the OIG may require the use of government auditing standards for these audits.<sup>6</sup>

4. Finally, we revise section 54.709 of our rules to require USAC to submit to the OMD projections of demand for USF support mechanisms, projections of revenue, projections of administrative expenses, and the contribution base. Contributions to the universal service support mechanisms are determined using a quarterly contribution factor calculated by the Commission.<sup>7</sup> We now revise our internal processes to require

<sup>2</sup> 47 CFR 0.13(a).

<sup>3</sup> 47 CFR 0.13(c).

<sup>4</sup> *USAC Order*, 12 FCC Rcd at 18440, paragraph 76. In an agreed-upon procedures attestation engagement, the auditors perform testing to issue a report of findings based on specific procedures performed on subject matter. See “*Government Auditing Standards*,” section 6.02(c), GAO-03-673G, June 2003.

<sup>5</sup> See 47 CFR 54.717(a)-(k).

<sup>6</sup> See Application of Generally Accepted Accounting Principles for Federal Agencies and Generally Accepted Government Auditing Standards to the Universal Service Fund, *Order*, 18 FCC Rcd 19911, paragraph 5 (*GovGAAP Order*) (requiring the use of government auditing standards for audits of USF beneficiaries and contributors); see also General Accounting Office, *Government Auditing Standards: 2003 Revision*, GAO-03-673G (June 2003) (“*GAGAS Handbook*”) (specifying government auditing standards). We note that government auditing standards incorporate the auditing standards of the American Institute of Certified Public Accountants (AICPA). *Id.* at 6.01, 6.05.

<sup>7</sup> 47 CFR 54.709(a). We release a public notice quarterly, see, e.g., “*Proposed First Quarter 2006 Universal Service Contribution Factor*,” CC Docket No. 96-45, Public Notice, 20 FCC Rcd 19933 (2005).

the OMD, instead of the Wireline Competition Bureau, to calculate the contribution factor and release the public notices pertaining to the contribution factor, consistent with the OMD’s general responsibility over the Commission’s financial matters.<sup>8</sup> We are therefore revising § 54.709(a)(3) to require USAC to submit the above information to the OMD.

5. The rule amendments adopted in this Order involve rules of agency organization, procedure, or practice. The notice and comment and effective date provisions of the Administrative Procedure Act are therefore inapplicable.<sup>9</sup>

6. Accordingly, *it is ordered*, that pursuant to sections 4(i), 4(j), 5(c), 303(r), 47 U.S.C. 154(i), 154(j), 155(c), 303(r) of the Communications Act of 1934, as amended, 47 CFR part 54 is amended, as set forth below, effective August 7, 2006.

Federal Communications Commission.

**William F. Caton,**  
*Deputy Secretary.*

#### Final Rule

■ For the reasons discussed in the preamble, the Federal Communications Commission amends 47 CFR part 54 as follows:

#### PART 54—UNIVERSAL SERVICE

■ 1. The authority citation for part 54 continues to read as follows:

**Authority:** 47 U.S.C. 1, 4(i), 201, 205, 214, and 254 unless otherwise noted.

#### § 54.709 [Amended]

■ 2. In 47 CFR 54.709 (a)(3) remove the words “Wireline Competition Bureau” and add in their place, the words “Office of the Managing Director” each place it appears.

#### § 54.717 [Amended]

■ 3. In 47 CFR 54.717 (a), (b), (c), (d), (e)(1), (e)(2), (f), (g), (h) and (i) remove the words “Wireline Competition Bureau” and add in their place, the words “Office of Inspector General” each place it appears and in paragraph (k) remove the words “Chief of the Wireline Competition Bureau” and add in their place, the words “Inspector General”.

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<sup>8</sup> 47 CFR 0.11(a)(8).

<sup>9</sup> 5 U.S.C. 553(b)(3)(A).

<sup>1</sup> 47 CFR 54.717.