



U.S. Department of Agriculture
Office of Inspector General

IIJA – Rural Utilities Service’s Evaluation and Prioritization of the Level of Service for its Broadband ReConnect Program

September 2025

Inspection Report 09803-0002-51



IMPORTANT NOTICE

This report contains sensitive information that has been redacted for public release because it contains content that has been deemed privileged.

The subsequent sections of the report are not being publicly released due to privileged content:

Information related to Finding 2 (pages 10-11, 20-22).

IIJA – Rural Utilities Service’s Evaluation and Prioritization of the Level of Service for its Broadband ReConnect Program

Inspection Report 09803-0002-51

OIG contracted an Independent Public Accounting firm to review the Rural Utilities Service’s process for evaluating and prioritizing the level of service provided for its broadband program, as well as how the current mapping software addresses previously identified programming errors.

OBJECTIVES

The objectives were to determine: (1) how RUS evaluated and prioritized the level of service for its broadband program, funded by the Infrastructure Investment and Jobs Act, and the factors and tools it used to determine project selection for broadband service needs; and (2) whether RUS addressed and remediated the known issues with the mapping software currently utilized, and how that software was being utilized.

REVIEWED

The IPA firm reviewed 62 out of 489 application packages submitted in response to Round 3 and Round 4 Funding Opportunity Announcements. They reviewed applicable rules, regulations, policies, and procedures, and conducted walkthroughs with RUS officials to gain an understanding of subject matters related to the objectives.

RECOMMENDS

We recommend that RUS: (1) align its Level 2 reviews of Summary Reports with its policies; and (2)

WHAT OIG FOUND

The Independent Public Accounting (IPA) firm found that the Rural Utilities Service’s (RUS) Application Review Guides regarding the Program Manager’s Level 2 reviews of Summary Reports were not clear, and

Additionally, the IPA firm determined that RUS addressed and remediated the known issues with the current mapping software, which were identified in Round 1 and Round 2.

RUS agreed with the IPA firm’s findings and recommendations, and we accepted management decision for all recommendations.



OFFICE OF INSPECTOR GENERAL

United States Department of Agriculture



DATE: September 30, 2025

INSPECTION

NUMBER: 09803-0002-51

TO: Karl Elmshaeuser
Administrator
Rural Utilities Service

ATTN: CB Alonso
Chief Risk Officer
Office of the Chief Risk Officer Operations and Management

FROM: Yarisis Rivera-Rojas
Acting Assistant Inspector General for Audit

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Date: 2025.09.30
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SUBJECT: IJJA – Rural Utilities Service’s Evaluation and Prioritization of the Level of Service for its Broadband ReConnect Program

This report presents the results of our inspection of IJJA – Rural Utilities Service’s Evaluation and Prioritization of the Level of Service for its Broadband ReConnect Program. Your written response to the official draft is included in its entirety at the end of the report. Based on your written response, we are accepting management decision for the two recommendations in the report, and no further response to this office is necessary.

In accordance with Departmental Regulation 1720-1, final action needs to be taken within 1 year of the date of each management decision. Please follow your internal agency procedures in forwarding final action correspondence to the Office of the Chief Financial Officer.

We appreciate the courtesies and cooperation extended to us by members of your staff during our fieldwork and subsequent discussions. This report contains publicly available information and only publicly available information will be posted to our website (<https://usdaoig.oversight.gov>) in the near future.

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Background and Objectives

Background

The U.S. Department of Agriculture (USDA), Rural Utilities Service (RUS), administers the Rural eConnectivity Pilot Program (ReConnect Program), which was authorized by Congress, as part of the Consolidated Appropriations Act of 2018.¹ The ReConnect Program provides funding in the form of loans, grants, and loan/grant combinations for the cost of construction, improvement, or acquisition of facilities and equipment needed to facilitate broadband deployment in rural areas.² On November 15, 2021, the Infrastructure Investment and Jobs Act (IIJA) was signed into law and provided \$1.926 billion in ReConnect Program funding³ to provide loans, grants, and loan/grant combinations to broadband service providers for facilitating broadband deployment in rural areas without sufficient access to broadband.^{4 5} RUS awarded funds that were appropriated under IIJA, via Round 3 and Round 4 ReConnect Program Funding Opportunity Announcements (FOAs) announced in the Federal Register in October 2021 and August 2022 respectively.⁶

The focus of this report is the applications received in relation to funding Rounds 3 and 4. RUS previously announced and awarded ReConnect Program funding via Round 1 and Round 2 FOAs in 2018 and 2019 respectively and via Round 5 FOA in February 2024. The ReConnect Program's timeline and amounts awarded in Round 1 through Round 5 are depicted in Figure 1, below.

¹ Consolidated Appropriations Act, 2018, Pub. L. No. 115-141, 779,132 Stat. 348, 399.

² The term “broadband” refers to high-speed internet access.

³ Infrastructure Investment and Jobs Act, Pub. L. No. 117-58 (Nov. 15, 2021).

⁴ 7 C.F.R. § 1740.2 defines sufficient access to broadband as a rural area in which households have broadband service at the minimum acceptable level of broadband, as set forth in the latest Federal Register notice announcing funding for the program. RUS published Rounds 3 and 4 Funding Opportunity Announcements in the Federal Register and defined sufficient access to broadband as any rural area in which households have fixed, terrestrial broadband service, defined as 10 megabits per second (Mbps) downstream and 1 Mbps upstream (10/1Mbps) for Round 3 and 100/20 Mbps for Round 4, respectively. IIJA, however, defined sufficient access to broadband as having speeds of not less than 25/3 Mbps.

⁵ 7 C.F.R. § 1740.1(a) provides an overview of the ReConnect Program.

⁶ The Round 3 FOA was published in the Federal Register, on October 25, 2021, prior to when IIJA was signed into law on November 15, 2021. Round 3 was drafted to use annual appropriations funds; however, the FOA afforded USDA the authority to apply additional funds. RUS chose to use the IIJA funds when administering Round 3, for applications that met the IIJA-specific requirements. A total of \$1,686,519,098 was obligated, while administering Round 3 of the ReConnect Program. Of that amount, \$547,776,394 was financed with IIJA funds.

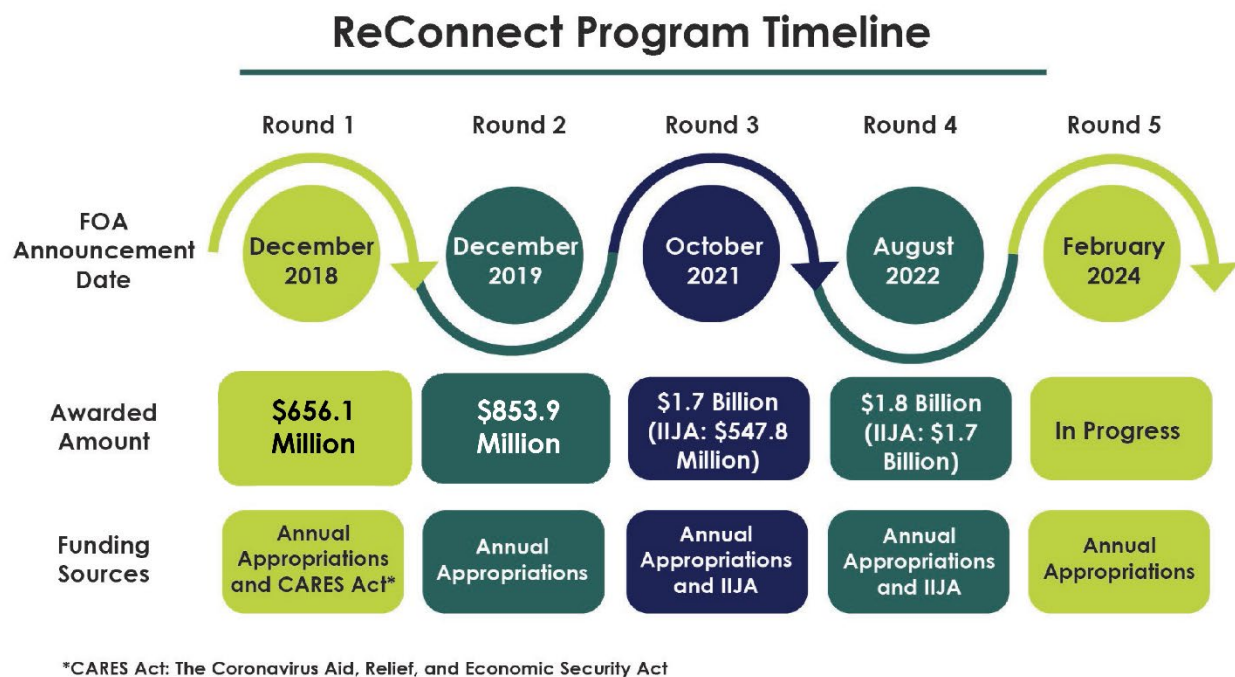


Figure 1: ReConnect Program Timeline. This figure was created using information provided by RUS.

RUS' Evaluation and Prioritization of the Level of Service

RUS evaluates and prioritizes the level of service for its broadband program based on the definition of eligible service areas, application evaluation criteria, network capability requirements identified in the ReConnect Program's FOAs for funding Rounds 3 and 4, as well as service area validation performed as part of the application review process.

The ReConnect Program's Round 3 FOA defined the service area eligible for funding, in part, as a Proposed Funding Service Area (PFSA) where at least 90 percent of the households in the PFSA lack sufficient access to broadband of 100/20 Mbps. The ReConnect Program's Round 4 FOA defined the service area eligible for funding, in part, as a PFSA where at least 50 percent of the households in the PFSA lack sufficient access to broadband of 100/20 Mbps. In addition, Round 4 FOA had a new funding category for projects, where 90 percent of households lack sufficient access to broadband. For both FOAs, applicants were required to submit evidence that sufficient access to broadband did not exist.

RUS evaluates applications that have a grant component based on the scoring criteria outlined in the FOA. The ReConnect Program's Round 3 and Round 4 FOAs included 10 evaluation criteria, of which one was "level of existing service." Applicants received 25 points if the projects they were proposing to build were in areas that were not receiving service of at least 25/3 Mbps. Points were awarded based on the number of households lacking such service that the project

would serve.⁷ Applicants were required to provide supporting evidence that 25/3 Mbps service did not exist for those households. To the extent possible, applicants were required to identify all existing providers in the PFSA and indicate what level of service was being provided.

According to 7 C.F.R. § 1740.3(a)(2) and Round 3 and Round 4 FOAs, applicants of the ReConnect Program must propose a network capable of delivering 100 Mbps symmetrical service to each of the premises located in the PFSA.⁸ Additionally, IJA required that 10 percent of its direct appropriation funds be set aside for service areas where at least 90 percent of the households are in a rural area that did not have sufficient access to broadband. The available funds for projects where 90 percent of households lack sufficient access to broadband under the Reconnect Program Round 4 FOA was up to \$200 million.

RUS conducts a service area validation to determine whether a PFSA lacks sufficient access to broadband, per the ReConnect Program eligibility requirements, as defined by the respective FOA.

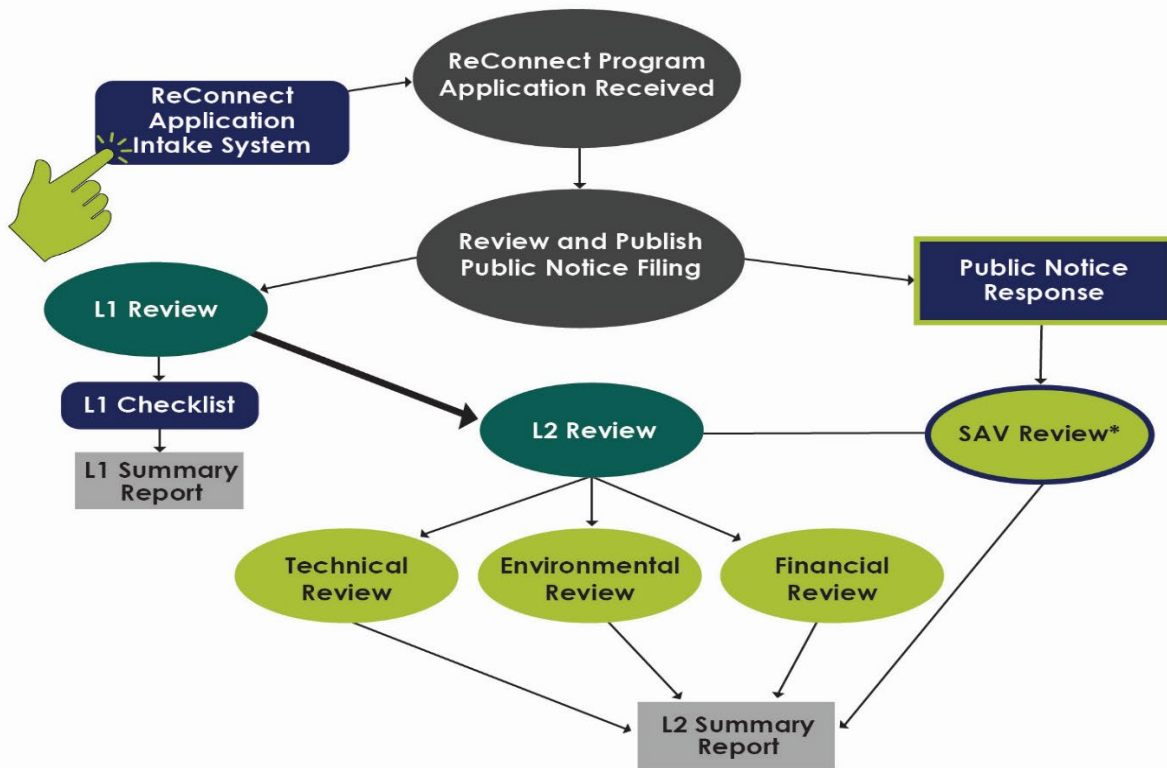
Factors and Tools RUS Uses to Determine Project Selection for Broadband Service Needs

All Round 3 and Round 4 applications are subject to the submission and evaluation requirements contained in 7 C.F.R. § 1740(e) in addition to requirements included in the FOA, published in the Federal Register, for that specific round of funding. The RUS application review process consists of two levels of reviews: Level 1 (L1) review and Level 2 (L2) review, as depicted in Figure 2, below.

⁷ Round 4 applications were awarded points when at least 50 percent of the households in each proposed service area were not receiving service of at least 25/3 Mbps.

⁸ “Capable of delivering 100 Mbps symmetrical service to every premises,” means that all premises in the PFSA must be able to receive this service at the same time.

Application Review Process



*SAV Review Conducted In Parallel With The L2 Review Process

Figure 2: RUS’ ReConnect Program Application Review Process. This figure was created using information provided by RUS.

All applications must be submitted through RUS’ Online ReConnect Application Portal.⁹ The portal conducts validation of applications to assess their completeness and consistency. Applications that successfully pass the validation review undergo the L1 review. The L1 review verifies that all the correct documents have been uploaded and that the application is eligible. The L1 review process also includes the preliminary desktop review of project service areas prior to the closing of the public notice filing (PNF) window.¹⁰ The L1 reviewers use the L1 checklist to complete their reviews. An application that successfully passes the L1 review is routed to the L2 review. Any application that does not pass the L1 review is deemed ineligible and routed to the Program Manager for review and final decision making.

⁹ RUS’ online application portal can be accessed at <https://www.usda.gov/reconnect>.

¹⁰ A PNF is triggered by the successful submission of a Reconnect Program application. The notice is posted on the RUS Reconnect Program’s website for 45 days to give existing service providers an opportunity to submit information regarding their service offerings. PNFs for the competitive awards (loan-grant combination and 100 percent grant) will all be posted at the time of the application window closing. For 100 percent loan applications, PNFs will be posted on a rolling basis, as applications are successfully submitted.

The L2 review consists of four different review components: Service Area Validation (SAV) and technical, environmental, and financial reviews. RUS conducts SAVs to determine whether the PFSA submitted by applicants meet the ReConnect Program's lack of sufficient broadband access eligibility requirements. The technical review verifies whether the applicant proposed a project that is feasible from cost, timeline, and technological perspectives. The technological review ensures that the proposed technology has the capability to deliver 100 Mbps symmetrical service to each of the premises in the PFSA. The environmental review assesses whether the project falls within one or more of the categorical exclusions and whether all necessary documentation supporting the categorical exclusions were included.¹¹ The financial review ensures that the documents supporting the financial and business risks presented by the applicant validate the assumptions set forth by the applicant.

The L2 reviewers submit the L2 summary reports that are recommended for approval or rejection to the Program Manager for review and decision. The Program Manager has the authority to approve grant applications for awards. Applications requesting 100 percent loans or 50/50 percent loan grant combinations that are recommended for approval are presented to the Credit Committee. With the support of the review team, the Program Manager is required to request a Credit Committee meeting to present the application for consideration.¹² The Credit Committee provides a recommendation, relative to the approval or rejection of the application. If the recommendation is to approve the application, the award approval process begins.

During the review process, the L1 and L2 reviewers use checklists to assist them in conducting the required due diligence, as well as generating reports to summarize the results of their reviews. L2 reviewers also use Notebooks for each component (such as technical, financial, and environmental) of the L2 review. The Notebooks are workbooks of varying complexity that serve as guiding tools for the L2 reviewers and a repository of the findings for record keeping. The answers within the respective component areas' Notebooks feed into the L2 Summary Report. L2 reviewers additionally use a risk-rating tool to document the risk criteria and program benchmarks, document the credit analysis and rationale for each risk attribute, and calculate an internal credit risk rating as an output for the financial feasibility review.

Known Issues with the Mapping Software

In a July 2023 audit report, USDA Office of Inspector General (OIG) found that the RUS' mapping software had a systemic programming error that caused the number of households without sufficient access to broadband to be overstated for some applications.¹³ USDA OIG recommended that RUS: (1) implement a process to test the mapping software to ensure that the software programming error found does not exist in the new systems; and (2) review and confirm that the percentage of households without access to broadband was within the eligibility

¹¹ Under 7 C.F.R. §1970.54, the applicant is required to submit an Environmental Report (ER) with their application, if the applicant's proposed actions are classified as, "Categorical Exclusions Involving Small-scale Development." The ER provides project-specific information, including an evaluation of the proposal's potential to impact specific environmental resources and historical properties, so that the agency can either complete the required environmental review process or determine whether additional impact analyses may be needed.

¹² The review team consists of the project management team, case managers, L1 reviewers, and L2 reviewers.

¹³ USDA OIG, Audit Report 09601-0001-23, *Rural eConnectivity Pilot Program (ReConnect Program)-Award Process*, July 2023.

parameters for approved applications in ReConnect Program Round 1, Round 2, and the CARES Act to ensure that only eligible projects received ReConnect Program funding. RUS officials agreed with USDA OIG's findings and recommendations. RUS stated that it would review the testing process for new information technology (IT) development and implement specific test scripts that would be run whenever a mapping software change occurs. RUS also stated that it would complete an analysis of the percentage of households without access to broadband to demonstrate that eligibility parameters were satisfied for all approved projects. RUS provided USDA OIG with an estimated completion date of September 30, 2023. RUS indicated that it addressed USDA OIG's recommendations.

Objectives

The objectives were to determine: (1) how RUS evaluated and prioritized the level of service for its broadband program, funded by the Infrastructure Investment and Jobs Act, and the factors and tools it used to determine project selection for broadband service needs; and (2) whether RUS addressed and remediated the known issues with the mapping software currently utilized, and how that software was being utilized.

Objective Part 1: How Did RUS Evaluate and Prioritize the Level of Service for Its Broadband Program?

Finding 1: RUS' Application Review Guides Regarding Level 2 Reviews of Summary Reports of Eligible Applications Were Not Clear

The Independent Public Accounting (IPA) firm determined that the RUS Program Manager did not consistently review L2 Summary Reports and document their decisions for 26 of the 62 ReConnect Program eligible applications in Round 3 and Round 4 phase.¹⁴ This occurred because the internal review guides in Round 3 and Round 4 application phase did not clearly explain the procedures on how to proceed reviewing eligible applications at the conclusion of the L2 review. Instead, according to RUS, it adopted the current practice to discontinue reviewing L2 Summary Reports of eligible applications which did not score or rank high enough and once the funds for a funding category were fully utilized for other higher scoring or ranking applications.¹⁵ This current practice was not stated or explained in RUS internal review guides for Round 3 and Round 4 phase. As a result, without clear guidance in RUS' internal review may cause ambiguities in the process on how applications proceed to be reviewed for eligibilities. It may also potentially increase the risk of uncertainties in the process that certain applications were ineffectively reviewed and awarded.

RUS' ReConnect Program Application Review Guides for Round 3 and Round 4 state that when an application successfully passed the L1 review, it is routed to the L2 review. After L2 reviews have been conducted, the case manager compiles the outputs into a summary report with the review team's recommendations. Any application that does not pass the L1 review and application that passed and moves to L2 review will be routed to the Program Manager for review and final decision-making.^{16 17} The Program Manager reviews recommendations made by the review team and makes decisions on whether to move an application forward to the award process.

The IPA firm did not observe evidence of L2 review of Summary Reports and RUS decisions regarding the 26 applications identified above. According to RUS officials, they did not review the 26 applications further because they reviewed applications based on a prioritized list of applications organized by funding category, which they updated throughout the review and award process. Once the funding for all categories was expended, RUS discontinued the remaining reviews of L2 Summary Reports of applications that did not score high enough and

¹⁴ The 62 applications were judgmentally selected from a total of 489 applications that were subject to our inspection. There were 563 applications submitted in Round 3 and Round 4. The IPA firm excluded 74 approved applications that were funded by annual appropriations, leaving 489 that were either funded by IIJA or rejected.

¹⁵ The L2 Summary Report provides a comprehensive overview of an applicant's proposed project. The report aggregates all the L2 review findings and relevant applicant information into a format that can be used to guide award eligibility decisions. It is used to inform the Program Manager and Credit Committee in selecting an applicant for award funding.

¹⁶ ReConnect Program Review Guide for Fiscal Year 2022, Rural Utilities Service, Telecommunications Program, June 30, 2022.

¹⁷ ReConnect Program Review Guide for Fiscal Year 2022, Rural Utilities Service, Telecommunications Program, December 9, 2022.

directed its effort in remitting legal documents for all approved applications. RUS sends notifications to applicants who did not receive awards, informing them that they will not receive an award, and the reason for the decision. According to RUS, a Summary Report is created for any application that reaches L2 review. However, if an application did not score high enough in L2 review and funding was no longer available, the Summary Report was not sent to the Program Manager for further review and consideration. RUS believed that they were not required to conduct L2 review of Summary Reports if the applications were not recommended to be funded.

In discussions with RUS officials, the IPA firm noted that the current practice of discontinuing to review the remaining L2 summaries of applications because they did not score high enough to be funded and if the funding was no longer available was not clearly explained or stated in their internal review guides. According to the guidance, an application that successfully passes the L1 review is routed to the L2 review. Any application that does not pass the L1 review is deemed ineligible and routed to the Program Manager for review. The L2 reviewers submit the L2 Summary Reports that are recommended for approval or rejection to the Program Manager for review and final decision making. However, the guidance did not contain procedures that would explain the next steps for applications that were eligible in L1 review but did not score high enough and lack of funding for recommendations of approval or rejection review by the Program Manager. To verify that RUS sent out letters of notifications to applicants who did not receive awards, the IPA firm reviewed the letters and noted that their applications were not approved for award and the reason for the decision.

As a result, to address transparency, the absence of clear guidance in different levels of review and awarding process may cause ambiguities and may also potentially increase the risk of uncertainties that certain applications were ineffectively reviewed and awarded.

Recommendation 1

We recommend that RUS ensure that its current practices regarding Level 2 reviews of Summary Reports of eligible applications are consistent with its written policies, and vice versa.

Agency Response

RUS concurred with the finding and recommendation. To address the finding and recommendation and to avoid confusion during the administration of Round 5, RUS stated that the following statement has been added to its Round 5 Review Guide “*L2 Summaries will be submitted to the Program Manager’s Decision page for the Program Manager’s review until funding is exhausted for all the respective funding categories.*” Furthermore, RUS stated that a comprehensive re-write of internal review and training materials to be used to administer Round 6 is scheduled to take place following several Information Technology releases to RUS’ intake system and review module.

RUS’ estimated completion date is Quarter One of Calendar Year 2026. This is dependent on when RUS’ Information Technology 12.0.0 release is deployed to production, and when the Round 6 Notice of Funding Opportunity is published to the

Federal Register, officially announcing the application window open and close dates for Round 6.

OIG Position

We accept management decision for this recommendation.

Finding 2:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Recommendation 2

[REDACTED]

Agency Response

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

OIG Position

[REDACTED]

Objective Part 2: Did RUS Address and Remediate the Known Issues with the Mapping Software Currently Utilized?

The IPA firm determined that RUS addressed and remediated the known issues with the current mapping software, which were identified in Round 1 and Round 2. According to RUS' corrective action plan, RUS revamped its overall mapping software through various stages of IT systems enhancements that included a new mapping tool and multiple rounds of testing for Round 3 and Round 4 of the ReConnect Program. Using the data for all applications submitted in Round 3 and Round 4, RUS tabulated the percentage of households without sufficient access to broadband for all applications in Round 3 and Round 4. RUS observed that the percentages of households without sufficient access to broadband were all either less than, or equal to, 100 percent.

IT System Enhancements

Some of the key IT systems enhancements made by RUS, included:

- Adding new features to the mapping tool in Round 3, including multiple service regions for Non-Funded Service Areas (NFSAs);¹⁹ new eligibility and evaluation layers; and updated census demographic retrieval methods for service areas compared to previous rounds.
- In Round 4, RUS introduced a new mapping tool.
- Error handling solutions were developed in the mapping software in both rounds to prevent bad data from being saved thereby protecting downstream processes.^{20 21}
- Updating the way the system extracts census data. The system extracts information that is more current, and the underserved data updates in real time as the service area polygons are drawn, updated, and saved.²²

RUS Testing Approach

RUS conducted intensive testing of the mapping tools in both Round 3 and Round 4. According to RUS, during the testing phase, 200 applications with real applicant geometry data from previous rounds were completed and found to meet specifications. Additionally, a collection of geometries that were known to have caused problems in the past were run through safeguards to ensure their integrity. According to RUS' management, there were two layers of testing involved in ensuring mapping functionality related to the IT system enhancement measures. RUS

¹⁹ A *Non-Funded Service Area* (NFSAs) is an area in which the applicant offers service or intends to offer telecommunications service during the forecast period but is not a part of its PFSA.

²⁰ "*Downstream processes*" relate to wherever the Total Households, and Households without Sufficient Access to Broadband Service information is used. For a PFSA to be eligible for funding under the ReConnect Program, a minimum percentage of households must be without sufficient access to broadband service. RUS reviews the service area information to determine service area eligibility. The service area eligibility requirements are defined in each funding Round FOA.

²¹ "*Bad data*" refers to Round 1 and Round 2 PFSA records where, primarily, the total households without sufficient access to broadband service numbers was calculated incorrectly by RUS' mapping tool.

²² "*Underserved Area*" is an area that is not unserved but lacks a speed of 100 megabits per second for downloads, and 20 megabits per second for uploads.

performed iteration testing and regression testing and remedied any identified defects. When RUS reached the end of development for a release, the developers and the product owners performed full regression testing. RUS noted, based on its testing, that the households without sufficient access to broadband were correctly tabulated for all applications submitted in Round 3 and Round 4.

Current Application of the Mapping Software

To address the household count issues, the new mapping tool has the following enhancements:

- *Unavailable external service:* The data obtained for GeoEnrichment and census metrics, such as population and households, comes from external services, which the map accesses via Application Programming Interface (API) calls. The new mapping tool was enhanced to ensure that the saving of that service area data would be blocked, until the application was able to access the API service.
- *Union and clip of unserved areas:* The new mapping tool enhanced the ability to edit and add to unserved areas, without double counting and without artificially inflating the unserved percentage.²³ Additional features included the feature to ensure that unserved regions are clipped to the base PFSA area, trimming off any geometry that goes outside of the bounds of the PFSA area.²⁴ The unserved regions are clipped whenever the base PFSA is moved. As an added feature, once a user starts to edit an unserved region, other unserved regions in that PFSA cannot be edited until the user completes updating the one that the user started with.
- *Quick subsequent edits:* Each time a service region is updated, GeoEnrichment and census calls initiate. If another update is made to that service region while the system is still processing data fetches from the first update, the original data fetches are discarded (or cancelled if they were still enqueued) so that it is not possible for data from both updates to be mixed, thus preventing bad data.
- *Unexpected errors related to fetching census data:* The mapping tool prevents saving of data if there are any unexpected errors during the data fetching and processing of GeoEnrichment and census data.
- *Frequency of calculating unserved households' percentage:* A recalculation of unserved households' percentage occurs whenever there is an action that results in the change of a geometry, for example, modifying base PFSA, or adding or deleting an unserved region, etc.
- *Preventing household/population values of zero:* The application defaults a value of 1, for population and households, in the event that the data does not exist, and a zero value is returned from the services.²⁵ This is necessary because of the mathematical inability to divide by zero.

²³ *Unserved areas* are areas that do not have access to broadband service or lacks a minimum rate-of-data transmission of 25 megabits downstream and 3 megabits upstream.

²⁴ The first polygon added to the map as a PFSA polygon is considered the base area.

²⁵ There are some parts of the United States and relevant international areas that do not have GeoEnrichment and census data (for example, parts of the Marshall Islands).

- *Slight variance for 100 percent overlap:* In the event that an unserved percent value is slightly over 100 percent, the application rounds that value down to 100 percent. This, however, does not happen if it goes more than slightly over 100 percent.²⁶

RUS provided a virtual walkthrough demonstration of the new mapping system. During this walkthrough, RUS used sample applications to demonstrate how the mapping software extracts information related to a service area, including level of poverty, Tribal land, overlapping areas, census information, etc. RUS manually drew the PFSA base area layer and then drew additional polygons into the map to show how the unserved areas were created. The IPA firm observed the following:

- The unserved area data updates in real time as the unserved service region is drawn and saved. Any action that resulted in the change of a geometry resulted in a recalculation of unserved households' percentages.
- The system generated an error message when two unserved areas overlapped. When the overlapping polygons (unserved areas) were saved, the system ignored the NFSAs, and the overlapping did not result in double counting.
- The new mapping software did not process a PFSA when there was no GeoEnrichment and census data available. The service map cannot be created in any area where there is no data for the region. In this instance, the system generated an error message, and the data was not saved.
- The new mapping software provided demographic census data information for the selected unserved areas. The calculated percentages of households without sufficient access to broadband were less than or equal to 100 percent.
- When the unserved areas were drawn outside of the base area layer, the unserved region was clipped to the base PFSA area, trimming off any geometry outside of the bounds of the base PFSA area. The unserved region was clipped whenever the base PFSA was moved. The software clipped the outside area and provided demographic information of the unserved area within the base layer.
- When the base area layer moved, the selected unserved area and overlapped areas disappeared.
- When a proposed service area did not have GeoEnrichment and census data (for example, parts of the Marshall Islands), the system returned a value of 1 for population and households. This was necessary because of the mathematical inability to divide by zero.

²⁶ *More than slightly* refers to a variance greater than 1 percent.

Figure 3, below, shows an example of a redrawn PFSA (outlined in dark green) in the mapping software. The areas outlined in dark green show that the percentage of households without sufficient access to broadband was 100.

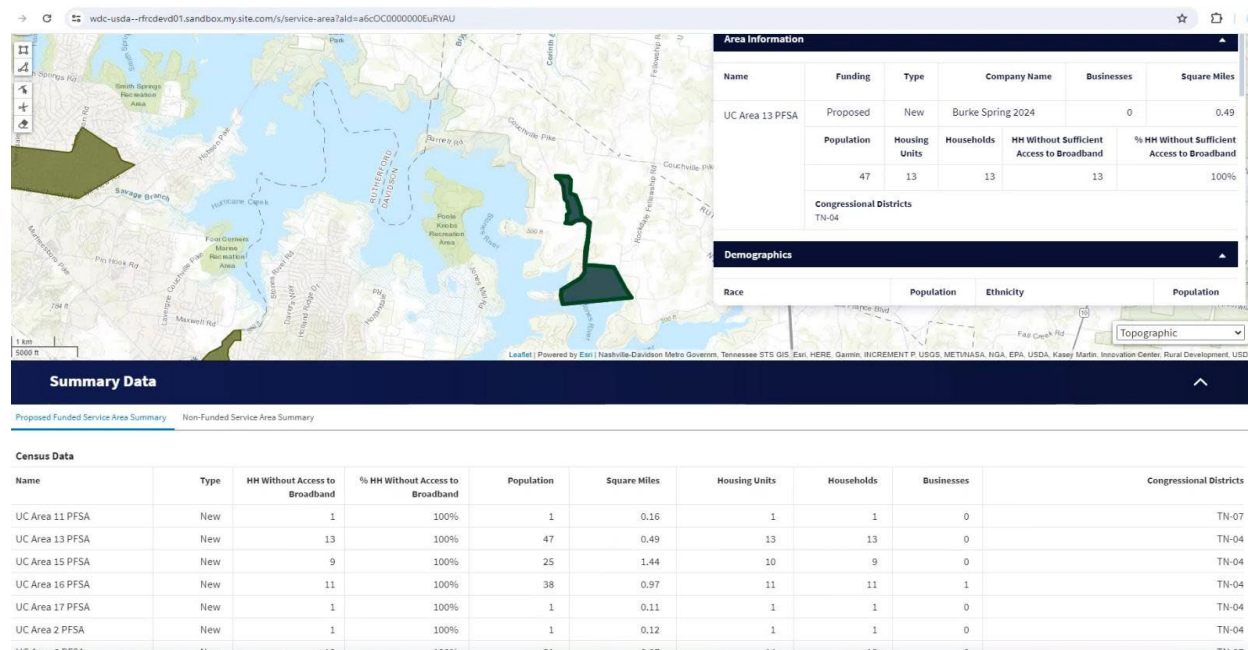


Figure 3: Round 2 Sample of Redrawn PFSA Households Without Sufficient Access to Broadband. This figure was created using information provided by RUS.

Scope and Methodology

An IPA firm was contracted by the Government on September 13, 2023, to conduct an inspection to analyze how RUS evaluated and prioritized the level of service for its broadband program, including determining what factors and tools were used to determine project selection for broadband service needs. Additionally, the IPA firm obtained updated information on the known issues with the mapping software currently utilized by RUS and observed the remediation of the mapping software issues and the current application of the software. The IPA firm conducted site visits to the offices and project sites of two awardees in Decatur, Mississippi and Princeton, Missouri on May 9, 2024; and May 14, 2024; respectively. The IPA firm discussed the results of the inspection with RUS officials on July 29, 2024, and included their comments, as appropriate.

The IPA firm judgmentally selected 62 out of 489 applications based on consideration of risk to determine whether RUS' project selection process was in accordance with the respective FOA for Round 3 and Round 4, and 7 C.F.R. § 1740, and to determine whether RUS appropriately evaluated and prioritized the level of service for its broadband program.

To accomplish the inspection objectives, the IPA firm performed the following:

- Obtained and reviewed RUS' relevant policies, procedures, and related controls.
- Obtained and reviewed applicable statutory requirements, including the rules and regulations (7 C.F.R. § 1740 and FOA) established for the ReConnect Program.
- Conducted walkthrough interviews with RUS employees, to gain an understanding of how the current mapping software was enhanced; and to determine whether the changes that were made corrected the programming errors identified in Round 1 and Round 2.
- Conducted walkthrough interviews with RUS employees, to gain an understanding of their applications review and scoring process, and how RUS used its online site to review applications and manage related supporting documentation for applications.
- Obtained and reviewed sample applications and supporting documentation submitted in Round 3 and Round 4, to determine whether applications were evaluated in accordance with the RUS' ReConnect Program's Application Guides.
- Filtered and reviewed the total scores and household percentages for the sampled applications and compared the results to what was contained in the documents in the RUS internal SharePoint site, to ensure accuracy and completeness of the evaluation process.

On February 14, 2025, the contract between the Government and the IPA firm was terminated at the convenience of the Government. OIG obtained and reviewed all the inspection supporting documentation provided by the IPA firm. On April 1, 2025, OIG conducted an exit conference with RUS and discussed the results of the inspection prepared by the IPA firm. As a result of the exit conference, OIG reviewed the additional information provided by RUS and made some modifications to the IPA firm's inspection results.

The IPA firm and OIG conducted this inspection in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*.

Abbreviations

API	Application Programming Interface
CARES Act.....	Coronavirus Aid, Relief, and Economic Security Act
C.F.R.	Code of Federal Regulations
ER.	Environmental Report
FOA.....	Funding Opportunity Announcement
IT.....	information technology
IIJA.....	Infrastructure Investment and Jobs Act
IPA	Independent Public Accounting
L1	Level 1
L2	Level 2
Mbps.....	Megabits per second
NFSA	Non-Funded Service Area
OIG	Office of Inspector General
PFSA.....	Proposed Funding Service Area
PNF	Public Notice Filing
PNR.....	Public Notice Response
ReConnect Program.	Rural eConnectivity Pilot Program
RUS	Rural Utilities Service
SAV.....	Service Area Validation
USDA.....	U.S. Department of Agriculture

**Rural Utilities Service
Response to Inspection Report**

DATE: September 5, 2025

INSPECTION

NUMBER: 09803-0002-51

TO: Yaris Rivera-Rojas
Acting Assistant Inspector General for Audit
Office of Inspector General

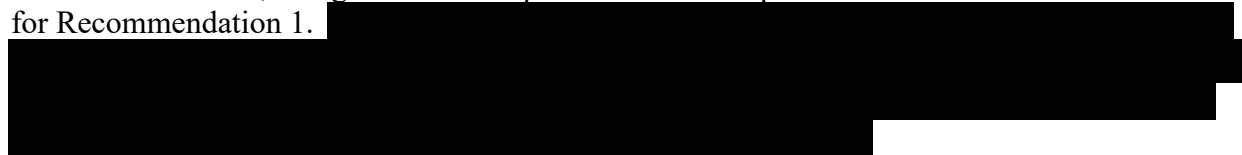
THRU: CB Alonso
Chief Risk Officer
Office of the Chief Risk Officer
Rural Development

FROM: Karl Elmshaeuser
Administrator
Rural Utilities Service

SUBJECT: Response to the Office of Inspector General's Infrastructure Investment and Jobs Act – Rural Utilities Service's Evaluation and Prioritization of the Level of Service for its Broadband Rural eConnectivity Program Official Draft Report

Thank you for the opportunity to comment on the Office of Inspector General's (OIG) recent audit of Rounds Three (3) and Four (4) of the Rural Utilities Service's (RUS) Rural eConnectivity Program (ReConnect). RUS appreciates the Inspector General's input to ensure that ReConnect meets the statutory and regulatory missions and that RUS has established controls over the ReConnect Award process, including the obligation of Infrastructure Investment and Jobs Act (IIJA) funds first made available during Round 3 of ReConnect.

This is RUS' written response to each finding, a proposed corrective action plan for Recommendation 1, along with the completion date for implementation of the corrective action for Recommendation 1.



Finding 1: RUS' Application Review Guides Regarding Level 2 Reviews of Summary Reports of Eligible Applications Were Not Clear

Recommendation 1

We recommend that RUS ensure that its current practices regarding Level 2 reviews of summary reports of eligible applications are consistent with its policies, and vice versa.

Agency Corrective Action Plan

Although RUS followed the guidance approved by program leadership and outlined in the review guides used for Rounds 3 and 4 of ReConnect, RUS agrees that the procedures need to be more clearly written to ensure review steps are easily understood and are adhered to by everyone who is involved with the ongoing administration of ReConnect.

To avoid confusion during the administration of Round Five (5) of ReConnect, a clarifying statement was added to the *Level 2 (L2) Summary Submission* section of the Round 5 Review Guide on April 4, 2024, approximately two weeks before the Round 5 application window closed.

L2 Summaries will be submitted to the Program Manager's Decision page for the Program Manager's review until funding is exhausted for all the respective funding categories.

A comprehensive re-write of internal review and training materials to be used to administer Round Six (6) of ReConnect is scheduled to take place following several major Information Technology (IT) releases to RUS' intake system and review module.

RUS released 10.1.0 functionality on April 22, 2025, to our Salesforce platform, which included Level One (L1) functionality as part of an automated review process. The remaining review module features, including all L2 reviews, automated review and approval workflows, and document generation functionality, were included in our 11.0.0 release on August 26, 2025. A third (12.0.0) release is scheduled to be deployed to production on November 6, 2025. This release includes the new National Environmental Policy Act (NEPA) and USDA's new implementation procedures of NEPA. Additional Round 6 changes (e.g., new funding types), are also included in this release.

The new review module, changes to NEPA, and updates to Round 6 requirements must all be incorporated into all internal Round 6 review and training materials before RUS can commence reviewing Round 6 applications under a window that is expected to close in early 2026.

Estimated Completion Date – Quarter One of Calendar Year 2026. This date is dependent on when RUS' 12.0.0 release is deployed to production, and when Round 6 Notice of Funding Opportunity is published to the Federal Register, officially announcing the application window open and close dates for Round 6.

Finding 2:

Recommendation 2

Agency Response

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Estimated Completion Date –

[REDACTED]

[REDACTED]

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