



**OFFICE OF
INSPECTOR GENERAL**
FEDERAL COMMUNICATIONS COMMISSION

45 L Street NE, Washington, DC 20554
www.fcc.gov/inspector-general

Audit of Federal Communications Commission's FY 2025 Financial Statements

Audit Report Number: 25-AUD-06-01

December 18, 2025

Federal Communications Commission
FY 2025 Financial Statements Audit

Table of Contents

<i>Transmittal from Office of Inspector General</i>	<i>1</i>
<i>Independent Auditor's Report</i>	<i>3</i>
<i>Independent Auditor's Report on Internal Controls over Financial Reporting.....</i>	<i>6</i>
<i>Independent Auditor's Report on Compliance with Laws, Regulations, Contracts and Grant Agreements...</i>	<i>12</i>
<i>Commission's Response to Independent Auditor's Report</i>	<i>13</i>
<i>Financial Statements, Notes and Supplemental Information.....</i>	<i>14</i>



OFFICE OF INSPECTOR GENERAL

FEDERAL COMMUNICATIONS COMMISSION

45 L Street NE, Washington, DC 20554
www.fcc.gov/inspector-general

MEMORANDUM

DATE: December 18, 2025

TO: Brendan Carr, Chairman
Anna Gomez, Commissioner
Olivia Trusty, Commissioner
Mark Stephens, Managing Director

FROM: Fara Damelin, Inspector General **FARA DAMELIN** Digitally signed by FARA DAMELIN
Date: 2025.12.18 09:32:25 -05'00'

SUBJECT: Final Report on the Federal Communications Commission's Fiscal Year 2025 Consolidated Financial Statements Audit (Report No. 25-AUD-06-01)

In accordance with 31 U.S.C. § 3515 and related requirements, the Office of Inspector General (FCC OIG) is providing the final report on the Federal Communications Commission's (FCC) Fiscal Year (FY) 2025 Consolidated Financial Statements Audit.

FCC OIG contracted with Kearney & Company, P.C. (Kearney) to perform this audit consistent with the Inspector General Act, including but not limited to 5 U.S.C. §§ 402(b), and 404(a)(1). This audit is not intended as a substitute for any agency regulatory compliance review or regulatory compliance audit. The audit was performed in accordance with Government Auditing Standards issued by the Comptroller General of the United States. These standards require that the auditors plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on the audit objectives.

The objectives of this audit were to:

- Meet the statutory audit requirements for Federal Financial Statements;
- Express an opinion on whether FCC's FY 2025 consolidated financial statements are presented fairly in all material respects in accordance with the generally accepted accounting principles promulgated by the Federal Accounting Standards Advisory Board;
- Assess the effectiveness of internal controls over financial reporting and compliance with laws and regulations that could have a direct and material impact on the financial statements; and

- Provide a basis for the Government Accountability Office (GAO) to determine the extent to which it can use this audit work in support of the GAO's annual audit of the U.S. Government-wide Financial Statements, of which FCC is a component.

Our contract auditor found that FCC financial statements were fairly presented in all material respects, in conformity with U.S. generally accepted accounting principles. In addition, Kearney did not find any reportable instances of noncompliance with laws, regulations, contracts, and grant agreements applicable to FCC.

The report includes two significant deficiencies with 28 recommendations for improvement. If implemented, the recommendations will aid FCC in improving the effectiveness of Information Security Program controls in the areas of Risk Management, Configuration Management, Identity and Access Management, and Information Security Continuous Monitoring. The report also highlights improvements made by FCC in FY 2025 and the related closure of 14 prior year financial and IT recommendations. We appreciate FCC's attention to these matters and its associated progress.

In management's response, FCC concurred with the findings and recommendations made by the independent auditors.

Our contract auditor is wholly responsible for the attached audit report and the conclusions expressed therein. FCC OIG monitored Kearney's performance throughout the audit and reviewed the audit report and related documentation. Our review disclosed no instances where Kearney did not comply in all material respects with Government Auditing Standards.

Please direct any questions regarding this report to Troy Green, Audit Director, at (202) 418 – 2928 or Troy.Green@fcc.gov or Robert Hong, Audit Director, at (202) 418-1538 or Robert.Hong@fcc.gov.

We appreciate the Commission's cooperation and assistance throughout this engagement.

Attachment

cc: Dan Daly, OMD, Deputy Managing Director
Miriam Montgomery, OMD, Deputy Managing Director/Chief of Staff
Jae Seong, OMD, Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To the Chairman, Managing Director, and Inspector General of the Federal Communications Commission

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of the Federal Communications Commission (FCC), which comprise the consolidated Balance Sheet as of September 30, 2025, the related consolidated Statements of Net Cost, the consolidated Statements of Changes in Net Position and Custodial Activity, and the combined Statement of Budgetary Resources (hereinafter referred to as the "financial statements") for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of FCC as of September 30, 2025 and its net cost of operations, changes in net position, custodial activity, and budgetary resources the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards are further described in the ***Auditor's Responsibilities for the Audit of the Financial Statements*** section of our report. We are required to be independent of FCC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for: 1) the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; 2) the preparation, measurement, and presentation of required supplementary information (RSI) in accordance with U.S. generally accepted accounting principles; 3) the preparation and presentation of other information included in FCC's agency financial report, as well as ensuring the consistency of that information with the audited financial statements and the RSI; and 4) the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement,

whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about FCC's ability to continue as a going concern for a reasonable period of time beyond the financial statement date.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of FCC's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements; and,
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about FCC's ability to continue as a going concern for a reasonable period of time beyond the financial statement date.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, Schedule of Budgetary Resources by Major Account,

and Land be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by OMB and the Federal Accounting Standards Advisory Board (FASAB), who consider it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Summary of Financial Statement Audit, Summary of Management Assurances, Payment Integrity, Schedule of Civil Monetary Penalties, and Office of Inspector General's (OIG) Management and Performance Challenges, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards* and OMB Bulletin No. 24-02, we have also issued reports, dated December 18, 2025, on our consideration of FCC's internal control over financial reporting and on our tests of FCC's compliance with certain provisions of laws, regulations, contracts, and grant agreements, as well as other matters. The purpose of those reports is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of FCC's internal control over financial reporting or on compliance and other matters. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 24-02 in considering FCC's internal control over financial reporting and compliance.



Alexandria, Virginia
December 18, 2025

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Chairman, Managing Director, and Inspector General of the Federal Communications Commission

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*, the financial statements, and the related notes to the financial statements of the Federal Communications Commission (FCC) as of and for the year ended September 30, 2025, which collectively comprise the FCC's financial statements, and we have issued our report thereon dated December 18, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the FCC's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the FCC's internal control. Accordingly, we do not express an opinion on the effectiveness of the FCC's internal control. We limited our internal control testing to those controls necessary to achieve the objectives described in OMB Bulletin No. 24-02. We did not test all internal controls relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act of 1982, such as those controls relevant to ensuring efficient operations.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies; therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses.



We did identify certain deficiencies in internal control, as described in the accompanying **Schedule of Findings** as Items I and II, that we consider to be significant deficiencies.

The Federal Communications Commission's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the FCC's response to the findings identified in our audit and described in the accompanying *Schedule of Findings and Commission's Responses to Independent Auditor's Reports* section of the Agency Financial Report (AFR). The FCC concurred with the findings identified in our engagement. The FCC's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing, and not to provide an opinion on the effectiveness of the FCC's internal control. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 24-02 in considering the FCC's internal control. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Kearney & Company". The signature is stylized and cursive.

Alexandria, Virginia
December 18, 2025

Schedule of Findings

Significant Deficiencies

I. Information Technology (*Modified Repeat Condition*)

Background: The Federal Communications Commission (FCC) uses information systems to compile information for financial reporting purposes, including FCC's core financial management and accounting system, Genesis. FCC's general information technology (IT) support system serves as the gateway for users to access FCC information and information systems, including Genesis. In addition, because FCC's financial statements include financial transactions relating to the Universal Service Fund (USF) programs, FCC relies upon general IT support systems and specific applications utilized by the administrator of USF programs (i.e., Universal Service Administrative Company [USAC]).

Kearney & Company, P.C. (Kearney) separately performed an evaluation of FCC's Information Security Program, as required by the Federal Information Security Modernization Act of 2014 (FISMA) and will issue a separate FISMA report. In addition to the work performed during our FISMA evaluation, we performed risk-based procedures on FCC's core financial management system that were focused on IT controls intended to prevent, or detect and correct, significant misstatements of, or corruption to, the financial data needed for FCC's financial statements.

Kearney performed the financial system testwork in accordance with the Government Accountability Office's (GAO) *Federal Information System Controls Audit Manual* (FISCAM). Many of the IT control areas addressed by the FISMA overlap with those covered in FISCAM, such as Risk Management, Access Controls, Configuration Management, and Information Security Continuous Monitoring (ISCM). Other IT controls areas are unique to FISCAM due to their relevance to financial management and reporting, such as Segregation of Duties and Application Controls.

Additionally, we performed risk-based procedures related to the core financial management system utilized by USAC to administer USF programs, the USAC Finance (UNIFi) system, as well as USAC's Schools and Libraries (S&L) account and application management system, E-Rate Productivity Center (EPC). Similar to FCC, USAC's general IT support system is the gateway for users to access UNIFi. Our *Fiscal Year (FY) 2025 FISMA Evaluation Report* includes detailed information for each identified finding.

Condition: The following list summarizes the IT control deficiencies noted during the FISMA evaluation and FISCAM testing in support of the financial statement audit. In aggregate, these control deficiencies are considered to be a significant deficiency.

- **FCC General IT Support System:** The FY 2025 FCC FISMA evaluation identified deficiencies in multiple IT control areas that impacted FCC's general IT support system, including Risk Management, Identity and Access Management, Configuration Management, and ISCM. Most notably, during FY 2025, the FCC did not:

- Consistently enforce the use of Personal Identity Verification or other phishing-resistant multi-factor authentication mechanisms to access FCC information systems
- Consistently remediate identified network vulnerabilities within the timeframes required by FCC policy
- Consistently implement the Risk Management Framework for all information systems
- Complete efforts to ensure compliance with the established Center for Internet Security benchmarks for baseline configurations
- Consistently maintain sufficient documentation to support the approval and testing results of all changes to FCC's general IT support system
- **USAC Systems Utilized in Administering the USF Programs:** The FY 2025 FCC FISMA evaluation identified deficiencies in IT control areas that impacted USAC's UNIFI and EPC, including Identity and Access Management and Configuration Management. USAC did not consistently maintain sufficient documentation to support the approval and testing results of all patches implemented to UNIFI, nor did USAC properly manage user accounts with access to UNIFI and EPC.

Cause: FCC and USAC's ongoing efforts to implement planned corrective actions to remediate longstanding IT deficiencies continue to require prioritization. Specific causal information for each issue identified during the FY 2025 FISMA evaluation is addressed in the *Non-Public FISMA Evaluation Report*.

Effect: Inadequate controls over IT security can affect the integrity of financial applications, which increases the risk that unauthorized individuals could access sensitive financial information or that financial transactions could be altered, either accidentally or intentionally. IT deficiencies increase the risk that FCC will be unable to report financial data in an accurate and timely manner.

Recommendations: Kearney's full *FY 2025 FISMA Evaluation Report* included 27 recommendations intended to improve the effectiveness of the FCC's Information Security Program controls in the areas of Risk Management, Configuration Management, Identity and Access Management, and ISCM. Twenty-two of the recommendations relate to FCC, and five of the recommendations relate to USAC. Of the 22 FCC recommendations, 10 relate to FISCAM control areas. All five of the USAC recommendations relate to FISCAM control areas.

II. Inaccurate Obligation of High Cost Subprograms (New)

Background: The High Cost Program (HC) is one of four programs that make up the Universal Service Fund (USF), a component of the Federal Communications Commission (FCC). The Universal Service Administrative Company (USAC) administers the USF. USAC distributes HC funding to telecommunication carriers to deliver service in rural areas where the market alone cannot support the substantial cost of deploying network infrastructure and providing connectivity. Historically, HC funding has subsidized voice services to ensure that rates in rural and urban areas are reasonably comparable.

In fiscal year (FY) 2025, FCC implemented Alaska Connect Fund (ACF) Transition (Public Notice [PN] FCC 24-116). As a result, providers operating in Alaska as part of the Connect America Fund Phase II Model (CAF II), Alaska Plan, and Alternative Connect America Cost Model (ACAM) HC sub-programs had the following increases in duration and funding for those programs:

- Fixed service Alaska Plan providers were to receive additional funding equal to 130% of December 2024 levels from January 2025 through December 2026
- Rate of Return (RoR) Alaska Plan providers were to receive additional funding equal to 130% of December 2024 levels from January 2025 through December 2028. Previously, funding for this program was set to expire in December 2026
- ACAM and CAF II providers operating within Alaska were to receive additional funding equal to 130% of December 2024 levels from January 2025 through December 2028. Previously, funding for the CAF II program was set to expire in December 2025.

The Enhanced ACAM (EACAM) program is a modernized subprogram of HC which provides additional support to carriers that were participating in other Connect America Fund (CAF) programs to bring faster broadband to more locations. During the programs life, participating carriers enrolled in the HC programs may replace service providers which are used to deliver services. These replacements may result in a change to the related Service Provider Identification Number (SPIN)s. When a SPIN is changed within USAC Financial System UNIFI there must be a decrease in the obligation related to the initial SPIN and then an increase in the obligation to the new SPIN.

Condition: Kearney & Company, P.C. (Kearney) found the following deficiencies related to USAC's High Cost Subprograms

1. The HC team is responsible for reviewing HC PNs implemented by FCC and notifying USAC's Finance Team of potential impacts. USAC's Financial team is responsible for calculating and recording the impact to obligations. The HC Team subsequently reviews the Finance Teams calculations. While USAC initially recorded a \$143.7 million obligation for the ACF Transition, USAC did not take into consideration its entire impact on the CAF II and Alaska Plan programs. Specifically, USAC's obligation did not consider the extension from December 2026 to December 2028 for Alaska Plan RoR providers and the extension from December 2025 to December 2028 for CAF II providers when recording the obligation. As a result, USAC understated new obligations related to CAF II and the Alaska Plan.
2. USAC, in the process of moving an EACAM obligation to a new SPIN, inadvertently created a new obligation for the SPIN and therefore overstated EACAM obligations by \$16 million.

Cause: UNIFI lacks integration with High-Cost Lifeline 2.0 system (HCLI). This results in the USAC Finance team performing manual entries for new PNs and SPIN changes in UNIFI.

- USAC's Finance team performed its own calculation to determine the required obligation based on PN FCC 24-116, which was reviewed by the HC Team but did not account for the extension of base support for carriers whose funding is set to expire in December 2025 and December 2026. The HC team reviewed and approved the obligation, but due to the manual nature of the process the error was undetected by USAC. [Condition 1]
- USAC's Finance team had to manually move the obligation from the original SPIN to the new SPIN. However, due to the manual nature of the switch, the original obligation was not reduced, and the error was undetected by USAC. [Condition 2]

Effect: USAC's erroneous entry resulted in an understatement of Undelivered Orders – Obligations, Unpaid in FY 2025 by \$167.8 million. After being informed of the erroneous entry, USAC corrected the misstatement within the general ledger as of September 30, 2025 which brings new obligations to \$311.5 Million. [Condition 1]

USAC's erroneous entry resulted in an overstatement of Undelivered Orders – Obligations, Unpaid in FY 2025 by \$16 million. USAC did not correct this error within the general ledger as of September 30, 2025. However, the correction was made to the FY 2026 general ledger. [Condition 2]

Recommendation: Kearney recommends that the FCC direct USAC to perform the following:

1. Develop an integration process in order for UNIFI to ingest HC obligations transactions including required financial internal controls. In the interim, USAC should establish a workaround whereby HC provides the obligations data to Finance and includes appropriate controls and reviews to ensure that entries are accurate and properly supported. [New]

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS, AND GRANT AGREEMENTS

To the Chairman, Managing Director, and Inspector General of the Federal Communications Commission

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*, the financial statements, and the related notes to the financial statements of the Federal Communications Commission (FCC) as of and for the year ended September 30, 2025, which collectively comprise the FCC's financial statements, and we have issued our report thereon dated December 18, 2025.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the FCC's financial statements are free from material misstatement, we performed tests of the FCC's compliance with certain provisions of applicable laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts and disclosures. However, providing an opinion on compliance with those provisions was not an objective of our audit; accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and OMB Bulletin No. 24-02.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of compliance with certain provisions of applicable laws, regulations, contracts, and grant agreements and the results of that testing, and not to provide an opinion on the effectiveness of the FCC's compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 24-02 in considering the FCC's compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Keaney & Company". The signature is stylized and cursive.

Alexandria, Virginia
December 18, 2025



**UNITED STATES GOVERNMENT
FEDERAL COMMUNICATIONS COMMISSION**

Office of the Managing Director

DATE: December 18, 2025
TO: Fara Damelin, Inspector General
FROM: Mark Stephens, Managing Director
Jae Seong, Chief Financial Officer
SUBJECT: Management's Response to Independent Auditor's Reports on Internal Control over Financial Reporting and Compliance with Laws, Regulations, Contracts, and Grant Agreements for Fiscal Year 2025

Thank you for the opportunity to review and comment on the draft reports entitled *Independent Auditor's Report on Internal Control over Financial Reporting and Independent Auditor's Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements*. As always, the Federal Communications Commission (FCC or Commission) appreciates the efforts of the Office of Inspector General and its independent auditor, Kearney & Company, to work with the FCC throughout the annual financial statement audit process.

We are pleased that, for the twentieth straight year, the independent auditor provided an unmodified ("clean") opinion and found that the Commission's consolidated financial statements for Fiscal Year (FY) 2025 present fairly, in all material respects, the financial position of the Commission as of September 30, 2025. In addition, the results of the audit tests disclosed no instances of noncompliance or other matters that are required to be reported.

Despite this successful outcome, work remains here at the Commission. The FY 2025 audit report identified a repeat significant deficiency related to information technology controls and a new significant deficiency related to accurate recording of obligations within the High Cost program. We concur with the recommendations made by the independent auditors in their reports.

We look forward to working in FY 2026 to resolve the FY 2025 audit findings and to enhance the culture of integrity, accountability, and excellence that exists here at the Commission.

MARK
Digitally signed by
MARK STEPHENS
Date: 2025.12.18
09:08:43 -0500

Mark Stephens
Managing Director
Office of Managing Director

JAE SEONG
Digitally signed by JAE
SEONG
Date: 2025.12.18
05:49:59 -0500

Jae Seong
Chief Financial Officer
Office of Managing Director

For information on FCC Financial Statements, Notes and Supplemental Information, please refer to the link:
<https://docs.fcc.gov/public/attachments/DA-25-1059A1.pdf>

Report Fraud, Waste, and Abuse

We accept tips and complaints from all sources about potential fraud, waste, abuse, and mismanagement in FCC programs



Contact:

PHONE: 1-888-863-2244 or 202-418-0473

WEBSITE: <https://www.fcc.gov/inspector-general/hotline>

Who can report?

Anyone who suspects fraud, waste, and abuse in an FCC program should report their concerns to OIG. We investigate alleged or suspected fraud and other misconduct related to all FCC programs and operations.

How Does it help?

By reporting concerns to OIG, you help us perform effective oversight, safeguard taxpayer investments, and increase FCC program integrity.

Who is protected?

The Privacy Act, the Inspector General Act, and other applicable laws protect people who report fraud, waste, and abuse. The Inspector General Act of 1978 states that the Inspector General shall not disclose the identity of an employee who reports an allegation or provides information without the employee's consent, unless the Inspector General determines that disclosure is unavoidable during the investigation. By law, Federal employees may not take or threaten to take a personnel action because of whistleblowing or the exercise of a lawful appeal, complaint, or grievance right. Non-FCC employees who report allegations may also specifically request confidentiality.



Stay in Touch with

FCC Office of Inspector General

Follow us: FCC OIG



<https://www.fcc.gov/inspector-general>