

SEMIANNUAL REPORT

APRIL 1, 2023 – SEPTEMBER 30, 2023



FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF INSPECTOR GENERAL

FROM THE ACTING INSPECTOR GENERAL

I am pleased to present the Federal Communications Commission's Office of Inspector General's (OIG) Semiannual Report to Congress for the six months ending September 30, 2023. In accordance with [Inspector General Act](#), as amended, [5 U.S.C. § 405](#), this report summarizes the activities and accomplishments of OIG. The report describes audit work and investigations we have completed during the preceding six months, as well as those in process. Where appropriate, reports of completed audits and investigations have been forwarded to the Commission's management for action and are posted to the [OIG website](#).

OIG is committed to promoting transparency and conducting aggressive oversight of the long-standing Universal Service Fund programs as well as the more than \$10 billion in Federal Communications Commission pandemic response funding included in the [American Rescue Plan Act of 2021](#), the [Coronavirus Aid, Relief, and Economic Security Act](#), other pandemic response legislation, as well as the [Infrastructure Investment and Jobs Act](#). We work to ensure that (1) funds for assistance are timely, effectively distributed, and used appropriately; (2) adequate and proper internal control procedures are in place; (3) program participants meet eligibility guidelines and comply with program requirements; and (4) offices establish effective compliance operations.

The Investigations staff continues to address external threats to the integrity of the programs while also working proactively on agency processes to deter and detect fraud, waste, and abuse. Our audits of Federal Communications Commission's programs and operations continue to promote effectiveness, efficiency, and integrity both internally and externally.

We thank the Offices of Inspector General of other federal agencies, the Department of Justice, the Federal Bureau of Investigation, senior officials throughout the Commission, and members of Congress and their staffs for their support of our work and for their receptiveness to our recommendations to improve Federal Communications Commission programs and operations. OIG remains committed to maintaining the highest possible standards of professionalism and quality in its audits, investigations, inspections, and consultations. We welcome your comments, suggestions, and questions.



Sharon R. Diskin
Acting Inspector General

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ABBREVIATIONS & ACRONYMS

ACP	Affordable Connectivity Program
AIG	Assistant Inspector General
ARPA	American Rescue Plan Act
BQP	Benefit Qualifying Person
CAF	Connect America Fund
CAA	Consolidated Appropriations Act
CARES	Coronavirus Aid, Relief, and Economic Security
CGB	Consumer & Governmental Affairs Bureau
CIGIE	Council of the Inspectors General on Integrity and Efficiency
DFE	Designated Federal Entity
DOE	Department of Education
DOJ	Department of Justice
E-Rate	Schools and Libraries Program
ED OIG	Department of Education Office of Inspector General
ETC	Eligible Telecommunications Carriers
EBB	Emergency Broadband Benefit
ECF	Emergency Connectivity Fund
EXIM	Export-Import Bank of the United States
FBI	Federal Bureau of Investigation
FCA	Federal False Claims Act
FCC	Federal Communications Commission
FISMA	Federal Information Security Modernization Act of 2014
FLETC	Federal Law Enforcement Training Center
FPAD	Financial and Program Audit Division
FY	Fiscal Year
GAO	Government Accountability Office
HUBB	High Cost Universal Broadband
IPA	Independent Public Accountant
IG	Inspector General
IPAD	IT and Program Audit Division
IP-CTS	Internet Protocol Captioned Telephone Service
IT	Information Technology
Kearney	Kearney and Company, P.C.
MOU	Memorandum of Understanding
NARA	National Archives and Records Administration
NLAD	National Lifeline Accountability Database
NPRM	Notice of Proposed Rulemaking
OA	Office of Audit
OGC	Office of General Counsel
OIG	Office of Inspector General
OI	Office of Investigation
OMB	Office of Management and Budget

OMD	Office of Managing Director
PBGC	Pension Benefits Guaranty Corporation
PII	Personal Identifiable Information
PIIA	Payment Integrity Information Act
PN	Public Notice
QPAD	Quality Assurance, Policy and Audit Division
RHC	Rural Health Care
SAR	Semiannual Report to Congress
TRS	Telecommunications Relay Services
TPIV	Third-Party Identity Verification
USAC	Universal Service Administrative Company
USF	Universal Service Fund
USPIS	U.S. Postal Inspection Service
WCB	Wireline Competition Bureau

INTRODUCTION

The Federal Communications Commission (FCC or the Commission) is an independent regulatory agency, established by Congress to regulate interstate and foreign communications by radio, television, wire, satellite, and cable. The FCC's jurisdiction covers the fifty states, the District of Columbia, the Commonwealth of Puerto Rico, and all U.S. territories.

The Commission is composed of five members who are appointed by the President and subject to confirmation by the Senate. Normally, one Commissioner is appointed or reappointed each year, for a term of five years. One of the members of the Commission is designated by the President to serve as Chair of the Commission. Jessica Rosenworcel currently serves as Chairwoman. Brendan Carr, Geoffrey Starks, Nathan Simington, and Anna Gomez currently serve as Commissioners. Most of the FCC's employees are located at the FCC's Headquarters at 45 L Street NE, Washington, DC. Field offices are located throughout the United States.

The Office of Inspector General (OIG) is dedicated to ensuring compliance with the requirements of the [Inspector General Act of 1978](#), as amended (IG Act), and to assist the Commission in its continuing efforts to improve operational and program effectiveness and efficiency. The OIG is headed by **Acting Inspector General Sharon R. Diskin** while awaiting Senate confirmation of a permanent Inspector General. The principal assistants to the Acting Inspector General are:

Eric Phelps, Acting Counsel to the Acting IG
Hillary Burchuk, Acting AIG for Investigations
Sophila Jones, AIG for Audit
Johnny Drake, AIG for Management

In this Semiannual Report to Congress (SAR), we discuss OIG's accomplishments and activities from April 1, 2023, through September 30, 2023, as well as our goals and plans.

During this period, OIG focused a significant portion of our effort overseeing and monitoring the *Universal Service Fund* (USF) programs, which are administered by the Universal Service Administration Company (USAC) on behalf of the FCC, and on the newer subsidy programs established by Congress related to COVID-19 Pandemic relief programs and the Infrastructure Investment and Jobs Act (Infrastructure Act). Because the newer programs used existing USF program infrastructure, USAC also administers the FCC's COVID-19 Pandemic programs. The following provides an overview of the USF and the related pandemic and economic relief programs:

The *High-Cost Fund* provides support to certain qualifying telecommunications carriers serving high-cost (primarily rural) areas. Telecommunications carriers receiving support

must offer services to rural area consumers at rates reasonably comparable to the rates for services offered in urban areas. The Connect American Fund (CAF) was designed to transition the program away from its predecessor, the High-Cost Fund, which provided voice-only telephone service, to providing multi-purpose networks capable of offering broadband Internet access. Disbursements for the High-Cost Program, including legacy High-Cost Program and CAF support, totaled \$4.2 billion in calendar year 2022.¹

The *Schools and Libraries Program*, also known as “E-Rate,” provides support to eligible schools and libraries in every U.S. state and territory to help fund telecommunication services, Internet access, and internal connections. In E-rate funding year 2022, USAC processed over 35,400 applications from schools and libraries seeking over \$3.08 billion in E-rate support to over 128,500 schools and libraries. In calendar year 2022, USAC authorized disbursement of over \$2.083 billion in E-rate support, with over 130,000 schools and libraries receiving support.

As part of the American Rescue Plan Act of 2021, Congress authorized the *Emergency Connectivity Fund* (ECF), a \$7.17 billion program to help schools and libraries provide the tools and services their communities needed for remote learning during the COVID-19 emergency period. For eligible schools and libraries, the ECF Program covers reasonable costs of laptop and tablet computers, Wi-Fi hotspots, modems, routers, and broadband connectivity purchases for off-campus use by students, school staff, and library patrons. Since ECF’s June 2021 launch, the Commission has committed nearly \$7 billion in funding to support approximately 11,220 schools, 1,050 libraries and 120 consortia, and provided nearly 13 million connected devices and over 8 million broadband connections. To date, the funding has provided support to approximately 18 million students.

The *Lifeline Program* provides support to eligible telecommunications carriers that, in turn, offer discounts on telecommunications services to eligible consumers. In 2022, Lifeline support was approved for disbursement totaling more than \$609 million.

The Consolidated Appropriations Act of 2021 (CAA) established the *Emergency Broadband Benefit* (EBB) *Fund*, which provided \$3.2 billion to the FCC to help low-income households pay for broadband service and connected internet devices, as part of a response to the COVID-19 emergency. The EBB Program provided a discount of up to \$50 per month for broadband service for eligible customers. The EBB Program was intended to be a temporary response to the pandemic emergency. However, in the Infrastructure Act, Congress appropriated money for a long-term program subsidy program known as the *Affordable Connectivity Program* (ACP). The ACP is a \$14 billion benefit program intended to ensure households can afford the broadband they need for work, school, healthcare and more. This program provides a discount of up to \$30 per month toward internet service for eligible households and up to \$75 per month for

¹ FCC OIG provides the updated annual data in the March Semiannual Reports to Congress.

households on qualifying Tribal lands. More than 17 million households have enrolled in the ACP.

The Rural Health Care (RHC) Program provides support to eligible rural health care providers who qualify for reduced rates for telecommunications and broadband services. This support subsidizes their access to these services, making telehealth services affordable in rural areas. Demand for RHC Program funding has continued to be high. The RHC Program approved disbursements totaled more than \$496 million with over 12,238 participating health care providers receiving commitments in 2022.

The COVID-19 Telehealth Program provided funding to eligible health care providers responding to the COVID-19 pandemic to support telecommunications services, information services, and connected devices needed to provide critical connected care. This program was established in the Coronavirus Aid, Relief, and Economic Security (CARES Act), providing \$200 million in funding. The CAA provided an additional \$249.95 million to fund a second round of the COVID-19 Telehealth Program. A resolution terminating the national emergency was signed by President Biden on April 10, 2023, and thus the emergency period for purposes of the COVID 19 Telehealth Program has also ended. Therefore, the Program may only reimburse eligible telehealth expenses incurred by healthcare providers from March 13, 2020 through April 10, 2023. These eligible expenses must be submitted for reimbursement by October 31, 2023.

OIG is also responsible for oversight of USF receipts collected from telecommunications providers offering international and interstate telecommunications services. Those telecommunications providers are collectively referred to as *contributors*. More than 3,600 contributors submitted total USF contributions of approximately \$7.38 billion in 2022.

OFFICE OF MANAGEMENT

Office Staffing

Our office consists of 47 experienced professional and administrative staff comprised of auditors, investigative attorneys, data analysts, administrative management specialists, program and management analysts, a paralegal, an investigative analyst, an industry economist, an information technology (IT) specialist, a computer forensics investigator, a budget officer, and a writer/editor.

Continuous training and education increase the expertise of all staff and satisfy the training requirements mandated by various professional organizations. The staff attended and completed courses sponsored by government agencies, including the Government Accountability Office (GAO), Council of Inspectors General on Integrity and Efficiency (CIGIE), the National Defense University, and the Federal Law Enforcement Training Center (FLETC); and professional organizations and other training vendors, such as the American Institute of Certified Public Accountants, Institute of Internal Auditors, Association of Governmental Accountants, Association of Certified Fraud Examiners, Information Systems Audit and Control Association, Management Concepts, National Association of State Auditors, Controllers and Treasurers, and the Graduate School USA.

Changes and Improvements

Remote Work Environment

Staff have been primarily working remotely for more than three years. During this SAR period, staff have returned to in-person work at least two days per pay period, with an emphasis placed on weekly community days whereby all investigations and audit staff return to the office on the same day to promote collaboration. Technological solutions continue to effectively facilitate all aspects of OIG's telework and the commitment of the staff has enabled the office to seamlessly integrate new hires while remaining substantially in a teleworking environment. Moving out of the pandemic emergency, investigative staff is again fully engaged in robust travel, permitting us to have "boots on the ground" to engage fully with our law enforcement partners throughout the country, as well as conduct independent investigatory work.

Secure Office Space for OIG

As reported in the last SAR, although the COVID-19 pandemic impeded access to the new headquarters, once we entered the facility the lack of secure space for investigation staff raised concerns. Secure space is fundamental and integral to conducting OIG investigations. OIG investigates not only waste, fraud, and abuse but also potential violations of law. Appropriate targets of OIG investigations include

Commission staff. OIG personnel need to conduct sensitive discussions and analyze evidence and data without fear or concern that Commission staff or others unnecessarily or inappropriately enter OIG space. OIG's lack of secure space in the building disrupts and compromises our mission as our work concerning sensitive law enforcement matters, and often material governed by 18 USC Sec 6(e), must be conducted in an environment that guarantees the confidentiality of our work. This work includes, but is not limited to, conducting interviews as part of covert criminal investigations or False Claims Act (FCA) suits, with or without the assistance of Federal Bureau of Investigation (FBI) agents and Department of Justice (DOJ) prosecutors; examining sensitive documents; conducting data analytics and forensic examinations; and participating in confidential intra-office meetings. Our concerns are shared by CIGIE and broader groups of inspectors general.

Significantly, within the perimeter of OIG space are several common meeting spaces that anyone in the agency may reserve, thus inviting FCC personnel as well as outside visitors directly into our space. In one example, a conference room is adjacent to two OIG-designated cubicles that will be occupied by OIG staff engaged in sensitive and work of the office.

Our office is well within its authority to ask the FCC to provide secure space, *i.e.*, to erect walls and other barriers necessary to restrict access to our space. However, at this time, we have asked only that the FCC adopt a pragmatic approach; we proposed a few low-cost, practical solutions to our space concerns, including door locks to which only OIG personnel would have access. Yet, because the FCC has continually identified problems with our suggested remedies, rather than provide workable solutions, providing us only temporary exclusive access to the common meeting room spaces, we are led to question the FCC's commitment to resolving our space concerns.

Legislative and Policy Matters

Pursuant to [5 U.S.C. § 404\(a\)\(2\)](#) OIG monitors and reviews existing and proposed legislation and regulatory proposals for their potential impact on OIG and the FCC's programs and operations. We perform this activity to evaluate legislative potential for encouraging economy and efficiency, while helping to reduce fraud, waste, abuse, and mismanagement.

Tasked with supporting efforts to prevent and detect fraud, waste, abuse, and mismanagement and to mitigate major risks that cut across program and agency boundaries, OIG is committed to promoting transparency and conducting aggressive oversight of the Universal Service programs and other subsidy programs. During the reporting period, we continued to share updated recommendations to prevent and detect fraud, waste, and abuse with Commission and USAC staff.

OFFICE OF INVESTIGATIONS

The work of the OIG Office of Investigations (OI) covers a wide range of topics touching on myriad aspects of the FCC’s mission and programs. Most significantly, our investigations often address allegations of criminal misconduct or civil fraud in the Commission’s telecommunications subsidy programs. We deal with complex investigations, large criminal conspiracies, and matters involving complex financial transactions throughout the United States and its territories. These difficult and wide-ranging cases often require substantial investigative expertise and resources, including personnel on the ground across several states, or high-grade forensic tools and the expertise to use them. In these cases, we have always received, and are grateful for, the assistance of other agencies, especially the Offices of Inspector General of other federal agencies, the DOJ, and the FBI.

OI receives and investigates complaints regarding the manner in which the FCC executes its programs, how it handles its operations administratively, and how the FCC conducts its oversight responsibilities. Allegations come from a variety of sources including FCC managers and employees, contractors, program stakeholders, Congress, and the public at large. Whistleblower requests for anonymity are honored, except when identification is needed for law enforcement purposes. Allegations may also be referred by OIG auditors.

In addition to investigations regarding Commission programs, OI investigates allegations of improper employee and contractor activity implicating federal statutes or regulations establishing standards of conduct and procedure.

While we have made recent additions to our staff, OI, like most government offices, has an ever-increasing volume of work and limited resources. Thus, matters having the potential to significantly impact federal funds, important FCC missions or programs, or the basic integrity and workings of the agency receive the highest priority for investigation and assignment of resources.

Statutory Law Enforcement Authority

OIG has sought to hire federal criminal investigators (1811s) for a decade. OI is staffed primarily by investigative attorneys. OI’s investigative attorneys assess complaints, collect and analyze evidence, direct data analyses, interview witnesses, and make criminal and civil referrals to the U.S. DOJ. OI’s lack of on-staff 1811s significantly encumbers our ability to fulfill the mission of the office.

As noted, OI’s investigative attorneys routinely conduct in-person interviews of witnesses, potential targets, and targets (collectively, interview subjects). These

interviews are frequently unscheduled and often occur at unsecure locations including office buildings, coffee shops, and personal residences. To mitigate safety risks, OI investigative attorneys conduct higher risk interviews only when an armed agent is available to assist. Many interview subjects, including some who have criminal records, present a safety risk to untrained, unarmed OIG staff. In addition, 1811s also receive specialized investigative training that would significantly enhance OIG’s ability to accomplish its mission, including covert and surveillance operations, and evidence and intelligence gathering.

Accordingly, OIG must rely upon the trained special agents and law enforcement authority of other agencies, including the FBI, the Department of Education Office of Inspector General (ED OIG), and the U.S. Postal Inspection Service (USPIS) to conduct many interviews. While these law enforcement agencies have generously supported many OIG investigations, each has their own distinct mission to fulfill and resource constraints, and such partners are not always available to assist our office.

We have repeatedly, over many years, attempted to persuade the FCC to allow our office to post vacancy announcements and hire 1811s, most recently in 2022. While the FCC states that “it is willing to do what it can to facilitate OIG hiring,” it has requested that OIG first enter into a memorandum of understanding (MOU) regarding various hiring issues including position classification, qualification determination, and pay setting. The FCC also stated that its HR staff lacks the expertise required to hire 1811s. The FCC’s HR has well-handled OIG hiring and has worked with our office on position classifications, qualification determinations and other hiring questions for decades. Thus, if there are gaps in FCC’s HR expertise concerning 1811 hiring, we stand ready to procure the missing expertise. Moreover, OIG recently provided specific answers and took measures to address perceived administrative hurdles identified by the agency. Notably, many designated federal entities (DFE) and establishment OIGs throughout the government have on-staff 1811s to support their missions—those federal agencies routinely hire and manage 1811s in the normal course of operations.

In the most recent exchange with the agency on this matter, the FCC has proposed to work with us “to develop a written outline for such an MOU,” not an actual MOU. By the FCC’s timeline, we are still years away from hiring 1811s. In the meantime, criminals remain unprosecuted and threats to FCC programs, which disburse billions of dollars annually, go undeterred.

Following is a small sample of FCC investigations that were negatively impacted by a lack of 1811s:

- In January 2023, OIG received credible information from a law enforcement partner that a sales agent who works for an ACP provider is stealing personal identifiable information (PII) to enroll unsuspecting Medicaid recipients into the

ACP. Moreover, the law enforcement partner shared compelling evidence that the sales agent, who may be involved in gang-related activity, was selling tablets provisioned with ACP-subsidized service on the street for several hundred dollars each. We have received several similar tips regarding other sales agents around the country suspected of stealing low-income consumer PII and selling ACP-subsidized devices on the street from whistleblowers and other law enforcement agencies over the past year.

- OIG recently concluded a near decade-long investigation into E-Rate fraud involving tens of millions of dollars committed by schools and vendors in New York. The investigation resulted in guilty pleas by seven individuals who must now pay millions in restitution and fines. The challenges faced by OIG during this investigation demonstrate our need for trained 1811s. During the investigation, the FBI reported multiple incidents of physical harassment by individuals at some of the schools under investigation. It was unsafe for OIG investigators to attempt to conduct interviews or site visits at the schools without armed agents. FBI agents ensured the safety of OIG's investigative attorneys. Second, OIG depended on the FBI and other special agents to execute multiple search warrants to gather evidence that the schools had not received the millions of dollars of equipment funded by the E-Rate program. Absent FBI and other 1811 assistance, these search warrants would not have been possible and valuable evidence used in the subsequent criminal prosecutions would have remained uncollected. Simply put, OIG's investigation was not possible without 1811 support.
- During an ongoing investigation targeting an ACP provider, the government team determined that conducting a covert intelligence-gathering operation is necessary to collect essential evidence. All OIG's investigative attorneys are prevented by ethics rules from using a false identity to obtain evidence of potential criminal conduct. As a result, OIG must rely on the USPIIS to conduct the covert operation. It has taken months to get approval for the operation while government losses multiply.

Upon request, we will provide additional examples of cases adversely impacted by our lack of on-staff 1811s.

Additionally, due to the lengthy delay in seeking 1811 hiring, one of OI's investigative attorneys left OIG for private practice. This attorney, who had commenced the Basic Criminal Investigator Training Program before its cancellation as a result of the COVID-19 pandemic, would have been an ideal candidate for hiring as an 1811 given his nearly 10 years of USF investigative experience. This attorney indicated the continuing problems with hiring 1811s was a primary reason for his leaving government. A second investigative attorney in OIG who would have been a second ideal candidate, has reached the maximum age limit for hiring as an 1811 (despite having military experience

and the possibility of an age waiver). The continuing delays by the agency are thus having direct negative ramifications beyond just limiting OI's ability to utilize its statutory law enforcement authority.

We continue to believe this matter is vitally important and thus pursued it aggressively in this SAR period by raising the issue in a bi-partisan, bi-cameral meeting with Congressional oversight staff, as well as with the Office of Management and Budget (OMB).

Activity During This Period

Cases pending as of March 31, 2023.....	55
New Cases.....	7
Cases Closed.....	7
Cases pending as of September 30, 2023.....	55

These numbers do not include preliminary reviews of allegations, from the Hotline or other sources, or matters involving minimal analysis of the allegations or evidence.

Significant Activities

Several of the Office's significant activities are described below. However, we discuss investigations only when and if information may be made public without negative impact on law enforcement activities, including criminal prosecutions, and without divulging investigative techniques. Thus, many matters could not be considered for inclusion in this summary. During this reporting period, we have been working on numerous investigations upon which we cannot report, including matters before a Grand Jury and *qui tam* lawsuits under seal.

Investigations into Fraud in FCC Subsidy Programs

The bulk of OI's work involves investigating and supporting civil and criminal investigations and prosecutions of fraud in the FCC subsidy programs. The Assistant Inspector General for Investigation and investigations staff routinely work with other state, local and federal agencies on these matters. These coordinated investigatory and prosecutorial efforts, especially those involving DOJ, ED OIG, and various U.S. Attorneys, have resulted in many successes, including civil settlements and criminal convictions.

Most of our ongoing investigations are not known to the public and even some closed investigations cannot be disclosed because of sensitivities that could impact related ongoing matters. Specifically, the OI is engaged in multiple, ongoing, large-scale investigations, as well as *qui tam* lawsuits under seal, seeking damages pursuant to the

FCA. We hope to share details about these matters in the near future. We have, however, begun to disseminate information that can be made publicly available more widely, with the expectation that details of our work will serve as a deterrence against future fraud. In addition to OIG posting news releases on the FCC OIG’s webpage and on our social media sites, in response to OI’s request, USAC has also been posting OI headlines, such as press releases and other significant items, to USAC’s website.

Highlighted below are a few matters where public developments occurred during the reporting period:

Lifeline, Emergency Broadband Benefit Program and Affordable Connectivity Program

Proactive Work

Update on ACP Transfer Abuse

As reported in the last SAR, in March 2023, OI briefed the Wireline Competition and Enforcement Bureaus regarding a pattern of unauthorized and abusive transfers of subscribers’ ACP service benefits including transfer exception abuses. OI recommended changes to the ACP transfer process and recommended the Commission consider suspending and removing the provider that was worst offender. Since that briefing, the Wireline Competition Bureau (WCB) worked with USAC to address these concerns.

USAC suspended ACP payments to the worst offending provider, revoked the provider’s API access to National Lifeline Accountability Database (NLAD), and locked out all of its agents in the Representative Accountability Database (RAD), effectively preventing it from making new enrollments in NLAD. USAC also completed a Payment Integrity Assurance (PIA) review of the worst offending provider and, in Aug 2023, started the process of recovering \$1.7 million in overpayments. The PIA process also identified other problems with the provider’s procedures, including its procedures for addressing subscriber non-usage.

In April and May 2023, USAC reviewed agent overuse of transfer exceptions and locked 31 agents out of RAD for transfer-related misconduct.

USAC also reviewed the use of transfer exceptions by 26 other ACP providers. USAC’s review identified high failure rates among the providers’ sampled documents. Although USAC completed its review, USAC is still working on its responses including: seeking recovery from the providers; requiring providers to attempt to cure noncompliance; making referrals back to the Commission for providers with high failure rates; and

conducting outreach and guidance to promote increased compliance with the rules for transfers and transfer exceptions.

USAC also made changes to NLAD to mitigate the transfer abuse. In September 2023, USAC announced it would begin requiring all providers to submit the date and time it collects a consumer's consent to be transferred with each transfer transaction in NLAD. USAC also removed one of the transfer exception codes that was being misused by providers.

OI Advisory Regarding ACP Provider Noncompliance with Program Usage & De-Enrollment Rules

On September 28, 2023, OI issued an advisory to describe its growing concern that data and other evidence strongly suggest dozens of participating mobile broadband providers are not complying with ACP usage and de-enrollment requirements. OI's concern originated from a recent OI investigation of an ACP provider that improperly claimed \$44.5 million in program funds on behalf of subscribers who were not using their ACP service. Subsequent OI work further deepened this concern.

De-enrollments for non-usage typically comprise about half of de-enrollments by large mobile broadband ACP providers. However, OI analyses showed that dozens of participating mobile broadband providers de-enrolled few, if any, ACP subscribers for non-usage and claimed reimbursement for all or nearly all their ACP subscribers. In some instances, these suspect providers de-enrolled less than one percent of the subscribers that many similarly-sized ACP providers de-enrolled for non-usage. Extensive experience with the Lifeline program and ACP and comparisons with other ACP providers suggest these suspect providers are likely noncompliant with ACP usage and related de-enrollment rules as well as other program rules.

OI encouraged all providers to reconfirm compliance with program usage monitoring and de-enrollment requirements, and to repay any improperly received program funds received as a result of noncompliance. Moreover, OI encouraged the Commission to address its failure to require providers to report some objective measure of individual subscriber usage prior to disbursing program funds. As reflected in previous SARs, OI repeatedly recommended the Commission ask for proof ACP service is truly benefitting low-income households enrolled in the program.

OI previously issued an advisory concerning compliance with Lifeline usage requirements in January 2020.

OI Recommendations Regarding the ACP Sixth Report and Order Recommendations

On July 13, 2023, the FCC issued a draft ACP Sixth Report and Order (Draft Order) regarding its proposed plans to implement an enhanced ACP benefit for providers who serve ACP households in qualifying high-cost areas as required by the Infrastructure Act.² Specifically, the Infrastructure Act requires the Commission to permit ACP providers to offer a high-cost area benefit of up to \$45 per month in addition to the standard up-to-\$30 per month ACP benefit, for a total of up to \$75, where the provider demonstrates that a particularized economic hardship may leave it unable to maintain the operation of all or a part of its broadband network.

Based on extensive investigative experience and lessons learned from the USF High-Cost Program, OI provided a number of significant recommendations, many (but not all) of which were subsequently adopted by the Commission in its final version of the ACP Sixth Report and Order on August 3, 2023 (Final Order).³

Among the requested recommendations, OI advised the Commission:

(i) The Draft Order did not include adequate standards to govern how much of the “up-to-\$75 monthly benefit” a provider could claim, i.e., particularized hardship, because the Draft Order failed to define the magnitude of a provider’s loss necessary to demonstrate a provider was unable to cover network maintenance costs. Congress clearly intended that some providers receive less than the full subsidy. This is important because a facilities-based provider receiving the standard \$30 per month ACP subsidy, for example, may be able to maintain its plant and provide broadband service with only \$20 more dollars per subscriber, rather than receiving the full additional \$45 subsidy. Absent strong safeguards and identifiable criteria governing how much could be claimed for support, an operator seeking to manipulate its income statement to ensure a loss on its books in the high cost areas it served could easily do so, much like a cost-of service company claiming for High Cost support, particularly when the Draft Order did not require operators to provide an audited income statement if they did not normally commission one. Potentially, a massive waste of government resources could result, and a provider could receive more support than was necessary to make up the short fall in needed funds.

The Final Order accepted OI’s recommendation to more clearly define the elements of particularized economic hardship by requiring providers to submit more detailed operating cost and revenue information in the high-cost area(s) where the provider sought the benefit. The Final Order, however, did not explain how USAC would

² See <https://docs.fcc.gov/public/attachments/DOC-395112A1.pdf>

³ See <https://docs.fcc.gov/public/attachments/FCC-23-62A1.pdf>

determine what proportion of the supplemental \$45 per subscriber subsidy a provider would be awarded based on its submission.

(ii) The Draft Order failed to articulate fully and codify in the rules the elements of the showing required to support a provider's request to offer the high-cost area benefit, including requirements for an income statement. OI recommended the Commission provide further guidance on income statements to prohibit providers from manipulating their income statements and selectively choosing among accounting principles to create income statements that meet the "economic hardship" criteria; if income statements for high-cost areas were created in the normal course of business, OI advised that the applicant should be required to submit those income statements. Regardless of whether providers create income statements specifically targeting high-cost areas in the normal course of business, OI recommended that providers' income statements should utilize (1) Generally Accepted Accounting Principles and (2) the same accounting principles the provider uses in its normal course of business in other income statements, such as those filed with the Securities and Exchange Commission or distributed to owners and shareholders. OI also recommended the Commission require the submission of consolidated and component-level income statements along with tax filings to support those statements.

The Commission adopted these recommendations in the Final Order.

(iii) OI recommended that an income statement must, at a minimum, include detailed information on the provider's net income, operating revenue and operating expenses, including, but not necessarily limited to, cost of goods sold or services, general and administrative expenses and depreciation or amortization expenses. Moreover, every applicant should be required to submit an audited income statement with its application. Audited income statements are the most useful and convincing form of evidence to promote program integrity and deter fraud.

Although the Commission did not follow OI's recommendation to require every applicant to submit to an audited financial statement, the Final Order required providers that are publicly traded or that prepare audited income statements in the ordinary course of business, to submit the audited income statement, rather than an unaudited income statement, in support of their certification.

(iv) The Draft Order failed to require that a corporate office certify the provider's request for approval of the high cost benefit. Such certifications improve the ability of the Government to enforce and prosecute violations and fraud in the program.

The Final Order included the requirement for such a certification.

(v) The Draft Order did not require applicants to submit documentation that demonstrated they met the definition of facilities-based provider in 47 CFR § 1.7001(2)(i)-(v). OI advised that this basic requirement for enhanced support should be verified before approval.

The Final Order was strengthened to include this recommendation.

(vi) The Draft Order did not provide adequate safeguards to prevent providers from manipulating their cost data to obtain the supplementary benefit. As many providers are likely to provide ACP service both in areas that are eligible for High Cost support and in other places where only the regular ACP benefit would be available, or to utilize affiliates to provide services, it was important that the rules prevent providers from cost shifting and cherry-picking that would allow providers to manipulate their costs to qualify for the generous high-cost ACP benefit. The Draft Order proposed an allocation methodology that OIG deemed insufficient because it was more permissive than the rules in place for High Cost distributions of USF monies to rate-of-return ILECs in the High Cost program. Additionally, if required conduct was not specifically prescribed in applicable FCC rules and the rules were found to be ambiguous, obtaining a prosecution for wrongdoing, for even the most egregious cost-shifting practice, could be difficult.

The Final Order strengthened the requirement that applicants explain their allocation methodology; a participating provider must first attempt to directly assign or attribute costs to broadband Internet access services, and if that is not possible, must use a cost-causative mechanism to the extent possible. If neither is possible, the participating provider must employ a reasonable cost-allocation with a justification for its methodology.

(vii) The Draft Order did not include the guidance USAC will receive from WCB and the Office of Economic Analysis regarding how to evaluate and approve applications. OIG recommended it be included. Absent such guidance, OI could not determine whether the USAC approval processes sufficiently guarded against fraud, waste and abuse. The Commission's failure to issue such guidance which providers will want to examine to increase the likelihood their submissions are approved, could also lead some providers to adopt approaches in their submissions that tolerate waste or abuse.

The Final Order did not include this recommendation.

(viii) OI also recommended that a participating provider indicate in its application for ACP high-cost support whether it previously applied for financial assistance in the three

fiscal years prior to the applicant's claims, and upon request, submit to USAC or the Commission applications for loans submitted to the Rural Utility Service (RUS) or any financial institution, approvals or denials of such loans, the provider's RUS Operating Report for Telecommunications Borrowers filed with the RUS, and any financial reports filed with a state Public Utility Commission, as applicable. The requirement to submit these documents is an important tool to deter a provider from manipulating its books, particularly if the Commission does not require providers to submit audited income statements and would also assist USAC in ascertaining the authenticity of the provider's application materials.

This recommendation was adopted in the Final Order.

Ongoing Investigations

Major ACP Provider Voluntarily Repaid Nearly \$50 Million

Following an OI investigation, a major ACP provider has voluntarily repaid \$49.4 million that it improperly claimed between June 2021 and July 2022. In May 2022, OI sent a warning letter to the provider regarding abusive and potentially fraudulent EBB enrollments made by its sales agents. OI issues warning letters to providers when we identify data and other evidence suggestive of fraud, waste or abuse, and our office concludes our mission will be best served by a direct inquiry and dialogue. Specifically, OI was concerned this specific provider's sales agents engaged in improper and abusive EBB program enrollments made in connection with the National School Lunch Program's Community Eligibility Provision as described in our November 22, 2021, advisory.

Later, in August 2022, OI presented the provider with an analysis of its ACP claims data that raised serious questions regarding its compliance with EBB and ACP usage requirements. OI requested the provider demonstrate that it was compliant with those rules. After investigating, the provider disclosed to OI that it improperly claimed \$44.5 million due to improperly implementing the usage requirements. The provider also disclosed it received \$2.6 million for improper enrollments associated with the National School Lunch Program's Community Eligibility Provision and \$2.3 million for claims associated with other compliance issues. In total, the provider voluntarily repaid approximately \$50 million (or one-third) of the total ACP funds it received for service claims between June 2021 and July 2022. USAC completed collection of the provider's repayments at the end of August 2023.

E-Rate and Emergency Connectivity Fund Programs

Proactive Work

Creation of an Online Competitive Bid Repository within EPC

The Commission released its Notice of Proposed Rulemaking which would seek comments on establishing a competitive bid repository. OI has been monitoring the filings in this proceeding, which were generally against the proposed bid repository. However, on August 16, 2022, the United States Department of Justice, Antitrust Division filed an *ex parte* comment in the proceeding, recommending the Commission adopt the proposal. In part, the Antitrust Division stated that to best protect the E-rate program's competitive process, real-time, centralized, electronic collection of pre-award bids and bid selections should occur, which would allow for more robust enforcement of the laws designed to protect the E-rate program's public procurement process and enhance the program's integrity, including the investigation and prosecution of antitrust and related crimes related to E-rate procurements. It does not appear as though there has been any recent progress on this matter.

Suspension and Debarment Recommendation

In numerous previous SARs, OI has explained the importance of the FCC establishing a more robust suspension and debarment program similar to those in most other federal agencies. Currently, suspension and debarment actions at the Commission are extremely limited and only occur in instances where a criminal conviction or civil judgment arising out of activities associated with or related to the USF has occurred. The limited nature of this criteria hamstrings both OI and the Commission's efforts to protect the USF from non-responsible persons and entities. As we have done for over a decade, and first noted in the SAR in 2017, we again ask the Commission to institute a new suspension and debarment program at the FCC.

The Commission issued a "Modernizing Suspension and Debarment Rules" NPRM in November 2019, and the Notice was published in the Federal Register on January 14, 2020. The Commission collected comments and reply comments on its proposed Suspension and Debarment rules through March 16, 2020. As requested by the Commission, in September 2020, OI provided additional information to the Commission following the close of the comment period. OI was informed progress had been made on the Suspension and Debarment rulemaking during this reporting period and expected the Commission to issue rules and regulations. However, no final action has yet been taken by the Commission.

As noted in the last reporting periods, on April 30, 2019, OI become aware of Commission activity granting multiple appeals filed by two schools in the E-Rate

program, seeking additional time to respond to USAC requests for information. Individuals associated with these two schools have either been found guilty of federal program fraud or work for an E-rate consultant who is currently under indictment for E-rate program fraud. If a robust suspension and debarment program existed at the Commission, it may have prevented these schools from receiving funding from the Program.

By way of example of the immediate need for updated suspension and debarment rules, OI staff working on an active investigation were queried by a prosecutor as to why FCC was unable to suspend or debar individuals and companies who appeared to be not presently responsible. OI explained FCC's rules only permit suspension or debarment after a civil judgment when a defendant admits liability or following criminal convictions for certain activities. OI is concerned that funding from FCC programs continues to be paid out in circumstances when OI would have sought suspension or debarment if a robust program were in effect.

Additionally, especially with respect to the newer subsidy programs at the FCC, the Commission is unable to take steps to protect itself from irresponsible actors who seek to take advantage of additional funding sources. OI's recent work regarding the ECF has revealed certain matters where suspension and/or debarment might be appropriate. It is imperative that the Commission join much of the rest of the government and adopt robust and effective suspension and debarment rules.

Recommendation to Develop a Notification Process for Cancelled FCC Forms 470

As noted in the last few reporting periods, OI became aware that USAC does not employ a mechanism to notify service providers when an applicant seeks to or has cancelled its FCC Form 470. OI informed the Commission's WCB of this recommendation on April 1, 2019 and was informed in December 2019 that FCC staff have started the process of looking into the feasibility of adding a status field for the FCC Form 470 when it has been cancelled. OI is aware WCB has nearly completed implementation of a method to cancel FCC Form 470s and OI expects to have an update for the next Semi-Annual Report.

Ongoing Investigations

OI's E-rate investigations team continues its work on ongoing investigations of E-rate service providers, recipients, and consultants. OI has continued to open new investigations and has been assisting the DOJ and United States Attorney's Offices around the country to pursue civil and criminal fraud cases in the E-rate program. The E-rate Investigations team has expanded its area of responsibility to include investigations in the RHC Program, ECF, Contributions matters and the EBB Programs.

OI staff have continued to devote extensive resources toward work on open investigative matters developed from various sources, including whistleblower complaints, proactive data analysis, referrals and other sources and methods. OI anticipates some of its investigative work will move to an overt phase in the next reporting period and OI can report appropriate information.

Referrals to Enforcement Bureau and USAC

OI continues to track the progress made by the Enforcement Bureau and USAC concerning the various referrals OI provided for possible enforcement action. The majority of matters referred to the Enforcement Bureau and USAC are still pending.

Emergency Connectivity Fund

OI continues to devote a significant amount of staff time and resources to ensure program funds are utilized appropriately by the intended beneficiaries. During the past reporting period, OI continued collecting documentation from selected schools participating in the ECF. Based on the evaluation of documentation collected, OI staff and its contracted staff have conducted site visits at approximately 95 schools and libraries to verify equipment, interview school and library staff and understand how the program is operating.

OI's work has revealed problems with ECF rule compliance, such as failure to develop or maintain the required asset and service inventories or to have documentation of unmet or actual needs. OI also has concerns regarding whether the ECF-purchased equipment is actually being used, as well as if it is being used remotely, as required by the rules. OI plans to refer numerous matters to the WCB for administrative remedies as OI does not believe these issues rise to the level of fraud.

Based on a prior referral to the WCB, USAC is seeking to recover more than \$51,000 from a school that failed to respond to requests for documentation from either OI or USAC. During this reporting period, OI referred an ECF participant's consultant to WCB where OI's site visit revealed the consultant overbilled the ECF program on behalf of her client school.

OI has additionally referred some of the programmatic issues it has observed in the ECF program to the FCC's Office of General Counsel (OGC).

Rural Health Care Program

FCA Settlement with GCI Communications Corp.

On May 11, 2023, the U.S. Department of Justice, Civil Division, announced that it had reached a settlement with GCI Communications Corp., to resolve allegations it violated

the False Claims Act by knowingly inflating its prices and violating the FCC's competitive bidding rules in connection with GCI's participation in the RHC Program. To resolve these allegations, GCI agreed to pay \$40.2 million. Contemporaneously with the civil settlement, GCI agreed to enter into a corporate compliance agreement with the FCC and resolved an administrative investigation and an FCC proceeding arising from GCI's participation in the RHC program.

Investigations Progress Issues Concerning the FCC's Office of General Counsel

OI repeatedly has had difficulties obtaining decisions from OGC in its FCA cases. OGC's inaction has reflected poorly on the Commission and in OI's opinion, has degraded the Commission's relationship with DOJ. In the ordinary course of matters, the decision whether to close an investigative file or how to proceed with an open *qui tam* case requires some action from OGC. Most often, OI drafts a memorandum to OGC seeking OGC's concurrence in OIG's recommendations regarding intervention, declination or the closing of an investigative file. In several instances, including the GCI matter referred to above, it has taken months of repeated communications to OGC from both OI and DOJ attorneys to obtain any substantive response from OGC. In another matter, monthly follow-up requests to OGC in an attempt to obtain OGC's concurrence, no productive response has been received. The case file still remains open, more than 520 days after the initial email was sent to OGC - an email which only sought a short response from OGC concurring in closure of an investigative file.

Additionally, OGC has not been forthcoming with respect to OI requests for legal interpretations of program rules. This lack of guidance has hindered OI's consideration of whether to recommend criminal or civil remedies in pending investigations.

Contributions

OI staff have continued to review data from service provider contributions to the USF and have developed concerns related to the failure of certain entities to provide their required contributions into the Fund. OI has continued to expend resources to investigating these matters during the current reporting period. Additionally, OI has shared certain concerns with OA to assist OA to develop an audit plan to evaluate contributors to the fund.

OI Data Analytics Efforts

OI's data team continues to proactively pursue potential fraud, waste, and abuse of the USF as well as the Congressionally appropriated subsidy programs. During this reporting period, OI's data analysts continued conducting proactive review of ECF data identifying potentially high-risk recipients based on predetermined factors. OI utilized the results of this analysis to initiate site visits and plans to rely in large part on the information generated to guide future ECF investigations.

OI has also continued testing ACP and E-rate data to identify potentially fraudulent behavior. In addition, the team has supported multiple ongoing criminal investigations and undertaken efforts to further data analysis of other FCC non subsidy-related programs.

Internal Affairs

The IG is authorized by the IG Act, as amended, to investigate allegations of fraud, waste, and abuse occurring in FCC operations. Matters of possible wrongdoing are referred to OIG in the form of allegations or complaints from a variety of sources, including FCC employees, contractors, other government agencies, and the general public. Several such investigations are ongoing, the results of which will be reported upon completion.

Office of Inspector General Hotline

OIG maintains a Hotline to facilitate the reporting of allegations of fraud, waste, abuse, mismanagement, or misconduct in FCC programs or operations. Commission employees and concerned citizens may report such allegations to the Hotline at (202) 418-0473 or toll free at (888) 863-2244 or by e-mail at hotline@fcc.gov. OIG's Hotline is available 24 hours a day, seven days a week via a recorded messaging system.

Many of the allegations received by the Hotline raise issues that do not fall within the jurisdiction of the FCC or the OIG, and many do not rise to the level of devoting investigative or audit resources to the claim. Upon receipt of a specific claim of fraud, waste, abuse, or mismanagement, OIG may, where appropriate, take any one of the following actions:

1. Open an OIG investigation or audit.
2. Refer the matter to an FCC Bureau or Office for appropriate review and action.
3. Refer the allegation to another federal agency. For example, complaints about fraudulent sweepstakes are referred to the Federal Trade Commission (FTC).

Consumers who have general questions, consumer complaints, or issues not related to fraud, waste, and abuse, should contact the FCC's Consumer & Governmental Affairs Bureau (CGB) at www.fcc.gov/cgb, or contact the FCC's Consumer Center by calling 1-888-CALL-FCC (1-888-225-5322) voice or 1-888-TELL-FCC (1-888-835-5322). CGB develops and implements the Commission's consumer policies, including disability access. The FCC Consumer Center processes public inquiries, informal complaints, and questions regarding cable, radio, satellite, telephone, television, and wireless

services. The goal of this process is to foster a mutually satisfactory resolution of the complaint between the service provider and its customer.

During the current reporting period, OIG received:

1. 20,550 Hotline contacts. Of these, one was referred to OIG for possible case opening.
2. 275 were referred to FCC Consumer Center or other FCC Bureaus.
3. 341 were referred to other agencies.

OFFICE OF AUDIT

Under the authority of the IG Act of 1978, as amended, the Office of Audit (OA) conducts or contracts for independent and objective audits, inspections, evaluations, and other related projects. OA staff is responsible for monitoring, planning, and executing projects that cover all areas of the Commission's activities.

OA's mission is to assess the integrity, efficiency and effectiveness of the programs administered by the FCC and its components. The work we perform provides reasonable assurance to the Commission of the integrity of the activities under review and promotes accountability and transparency for the agency's operations and programs. OA projects monitor efforts and activities undertaken to meet the agency's goals and mission, and assess how the Commission's rules and regulations are being implemented by beneficiaries and other program participants. OA projects are conducted in accordance with relevant professional standards, including *Generally Accepted Government Auditing Standards* (also known as [Government Auditing Standards](#) or the Yellow Book) and [CIGIE Quality Standards for Inspection and Evaluation](#) (the Blue Book).

OA is organized into three divisions:

- the Financial and Program Audit Division (FPAD),
- the IT and Program Audit Division (IPAD), and
- the Quality Assurance, Policy and Audit Division (QPAD).

FPAD and IPAD perform audits, evaluations, inspections, and other projects in addition to monitoring the status of unimplemented audit recommendations. OA also provides assistance to OI on accounting and audit matters and responding to congressional inquiries. Due to our limited resources, we staff our projects using a combination of OA personnel and contracted audit specialists. OA contracts with Independent Public Accountant (IPA) firms for many mandatory projects and some discretionary projects. All contracted OA projects are closely monitored by OA personnel to ensure project objectives and applicable engagement standards are met. Our oversight approach assures that OA staff are fully versed in all FCC program areas, and it ensures that OA staff provide timely and adequate input and review of all issues identified by the contract auditors.

FPAD and IPAD selects and conducts projects using a risk-based approach. The divisions determined that projects concerning the High Cost Universal Broadband Portal, the Secure and Trusted Network/Supply Chain Reimbursement Program, Lifeline, ECF, and personally identifiable verification (PIV) card implementation activities meet our risk-based criteria. Our risk-based criteria select projects receiving the highest risk ratings based on our most recent program risk assessment results. The two divisions plan to conduct audits or other projects covering these areas as resources

become available. Information regarding completed, planned projects, and ongoing projects are included in the division sections below. Additionally, published reports are posted to the [OA OIG webpage](#).

QPAD develops OA policies and procedures, performs internal quality assurance reviews to ensure OA compliance with applicable professional standards, coordinates external peer reviews of the FCC OIG by other OIGs, and leads external peer reviews of other OIGs in accordance with CIGIE guidance.

Financial and Program Audit Division

FPAD conducts mandatory and discretionary audits, inspections, and evaluations of FCC programs and operations. FPAD's annual mandatory projects include the annual Financial Statements audit and the Payment Integrity Information Act (PIIA) audit. FPAD is responsible for performing other periodic mandated projects such as the ACP implementation audit, and the government charge card program projects. FPAD discretionary projects cover multiple areas of FCC operations and selected USF programs such as the Lifeline and USF Contributions. For example, the division is currently conducting a Contributions audit and planning for an audit of the Supply Chain reimbursement program (SCRIP) established by the Secure and Trusted Communications Networks Act of 2019. The SCRIP program was created at the direction of Congress to reimburse providers of advanced communications services for the reasonable expenses incurred in the removal, replacement, and disposal of covered equipment and services for the purpose of protecting the security and integrity of communications networks or communications supply chain.

During this semi-annual reporting period, FPAD completed one project. Three FPAD projects are in process. The results of these in-process projects will be summarized in a future semi-annual report.

Completed FPAD Projects

FY22 Performance Audit of FCC's Compliance with the Payment Integrity Information Act (PIIA) of 2019 (Project No. 23-AUD-01-03)

The Payment Integrity Information Act (PIIA) of 2019 directs federal agencies and departments to reduce and recover improper payments. The Office of Audit contracted with an IPA firm for an audit of the FCC's compliance with PIIA for fiscal year 2022.

The audit report was issued on May 24, 2023. The FCC was compliant in seven of its ten programs that were susceptible to significant improper payments. The USF Lifeline, E-rate, and the High-Cost Legacy program were non-compliant with at least one PIIA criteria.

The Lifeline program was not compliant with PIIA criteria because the FCC had not accurately reported the overpayment amount first identified in the 2019 IPERIA audit report as of fiscal year 2022.

Secondly, the E-rate program was not compliant with PIIA criteria because the FCC did not demonstrate expected improvements in reducing its improper payment rate estimates to a level at or below its tolerable improper payment rate or annual reduction targets during fiscal year 2022.

Lastly, the High-Cost Legacy program was not compliant with PIIA criteria because the FCC did not publish its improper Payments and unknown payments estimates for this program in fiscal year 2022.

In addition to the compliance findings, the report includes conditions regarding the FCC's risk assessments and internal controls that were reported as recommendations for improvement.

In summary, the audit report presented five findings and offers 10 recommendations to address those findings. Management agreed with the finding regarding the improvements needed in FCC risk assessments, and provided neither concurrence nor nonconcurrence on the remaining four findings.

In-Process FPAD Audits

FY 2022 Audit of the Federal Communications Commission's Compliance with the Affordable Connectivity Program (Project No. 23-AUD-01-04)

As required by the Infrastructure Act, OIG engaged a contractor to audit the FCC's implementation of ACP. The overall objective of the audit was to determine if the FCC implemented the ACP in accordance with the requirements of the Infrastructure Act. Specific objectives included the following:

1. Determine whether the FCC and USAC implemented effective internal controls to ensure ACP disbursements were made to eligible service providers for eligible ACP program participants, to reduce improper payments, and to prevent and detect fraud, waste, and abuse;
2. Determine whether the FCC complied with agency oversight requirements for consumer complaint resolution and participating provider compliance as defined in the Infrastructure Act Section 60502(9) Commission Oversight;
3. Determine if the FCC conducted effective outreach efforts, as described in the Infrastructure Act Section 60502 10 (C) Commission Outreach, to identify eligible households, encourage them to enroll in the ACP, and provide information on how to enroll;

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4. Determine whether the FCC developed effective program goals and performance measures to accurately report the performance results of the ACP program; and
 5. Follow up on the status of recommendations reported in prior OIG and GAO audits of the EBB Program.

Fiscal Year 2023 FCC Financial Statements Audit (Project No. 23-AUD-06-01)

As required by the Accountability of Tax Dollars Act of 2002 (Pub. L. 107-289), the OIG engaged a contractor to audit the consolidated financial statements of the FCC, which comprise the consolidated balance sheets, the related consolidated statements of net cost and changes in net position, the consolidated statement of custodial activity and the combined statements of budgetary resources (hereinafter referred to as the “financial statements”) for the years ended September 30, 2023, and 2022, and the related notes to the financial statements.

USAC’s Oversight USF Contributions Process Audit (Project No. 23-AUD-05-01)

The objective of this audit is to evaluate whether the internal controls over the USF payment process via the E-file system are effective, timely, and include all providers of telecommunications required to make contributions per FCC and USAC guidelines (service providers). Specifically, the audit is:

1. Reviewing the adequacy of controls over the process by which service providers transmit their contributions to the USF/USAC as calculated on FCC Form 499;
2. Determining whether USAC ensures that collections from service providers are submitted accurately within the timeframe established by the FCC, and that late fees are assessed and collected on time;
3. Determining whether USAC ensures that all service providers required to contribute to the USF pursuant to FCC guidelines are doing so; and
4. Determining whether USAC ensures service providers that apply for *de minimis* status accurately report revenues on their FCC Form 499 to qualify as a non-filer per FCC guidance.

IT Program Audit Division

The IT Program Audit Division (IPAD) conducts mandatory and discretionary audits, inspections, evaluations, and surveys of FCC programs and operations. IPAD’s mandatory project includes an annual Federal Information Security Modernization Act of 2014 (FISMA) evaluation and a periodic Privacy and Data Protection (P&DP)

inspection. Discretionary projects include USF programs, such as the High Cost Fund, RHC, and E-rate programs, as well as other areas of FCC operations. Additionally, IPAD is planning an audit of the High Cost Program’s High Cost Universal Broadband (HUBB) Data, which covers broadband deployment data submitted in the HUBB Portal relevant to completed verification reviews and performance measures testing. The HUBB Portal monitors compliance with broadband deployment, ensuring carriers receiving CAF support are deploying broadband, as required.

IPAD completed one project during this reporting period. Four IPAD projects are in process. The results of the in-process projects will be summarized in a future semi-annual report.

Completed IPAD Project

E-rate – FY 2020 Audit of Orange County Public Library (Project No. 22-AUD-11-03)

OA contracted with an IPA firm to conduct a performance audit of Orange County Public Libraries. The objectives were to (1) determine if the District complied with FCC rules and orders applicable to the USF E-rate program; and (2) report on potential instances of fraud, waste and/or abuse, if applicable. The scope of the performance audit was July 1, 2020, through June 30, 2021.

The final audit report issued on August 25, 2023, did not identify any findings or instances of non-compliance. Additionally, the report identified no potential instances of fraud, waste, and/or abuse.

In-Process IPAD Audits and Other Projects

FY 2023 FISMA Evaluation

The FISMA legislation requires federal agencies to develop, document, and implement an agency-wide program to provide information security for the information and information systems supporting the operations and assets of the agency. FISMA also requires agency IGs to conduct or contract for an independent evaluation of the agency’s information security program annually. Under the oversight of OIG, Kearney & Company, P.C. (Kearney) performed the FY 2023 FISMA evaluation.

The objectives of the FISMA evaluation are to:

- Determine the effectiveness of information security policies, procedures, and practices for a representative subset of the FCC’s and USAC’s information systems;
- Assess compliance with FISMA and applicable OMB and National Institute of Standards and Technology (NIST) guidance;

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- Prepare the FCC OIG’s response to the Department of Homeland Security’s (DHS) FY 2022 Inspector General (IG) FISMA Reporting Metrics Questionnaire; and
 - Follow-up on findings and recommendations reported in previous FISMA evaluations.

FY 2019 & 2020 Audit of New River Valley Community Services
(Project No. 23-A-02-01)

The objective of this performance audit is to determine whether New River Valley Community Services complied with Title 47 of the Code of Federal Regulations (C.F.R.) §§ 54.601 - 54.607, 54.619 - 54.633. Additionally, the audit evaluates the beneficiary's compliance with FCC rules and orders for RHC providers relevant to the audit objective.

FY 2019 & 2020 Audit of Mt. Rogers Community Services (Project No. 23-AUD-02-02)

The objective of this performance audit is to determine whether Mt. Rogers Community Services complied with Title 47 C.F.R. §§ 54.601-54.607, 54.619-54.633. Additionally, the audit evaluates the beneficiary's compliance with FCC rules and orders for RHC providers relevant to the audit objective.

FY 2021 Privacy and Data Protection Inspection (Project No. 21-INSP-10-01)

The objective of this inspection is to determine whether the FCC has implemented effective privacy and data protection policies and procedures in accordance with federal laws, regulations, and policies, with a focus on FCC’s implementation of the nine requirements identified in 42 U.S.C. § 2000ee-2 Privacy and Data Protection Policies and Procedures. The inspection includes a review of how effectively the FCC implemented its data protection and privacy program from October 1, 2020, to September 30, 2021.

REPORTING REQUIREMENTS

The SAR questions were updated to comply with the OIG 16 reporting requirements for the National Defense Authorization Act (NDAA) for FY 2023, Section 5273, which amends Section 5(a) of the IG Act.

1. A description of significant problems, abuses, and deficiencies relating to the administration of programs and operations of the establishment and associated reports and recommendations for corrective action made by the Office.

Please refer to sections of this report titled [“Office of Audit”](#) and [“Office of Investigations.”](#)

2. An identification of each recommendation made before the reporting period, for which corrective action has not been completed, including the potential costs savings associated with the recommendation.

See [Appendix A1. OI Unimplemented Recommendations](#) and

[See Appendix A2: OA Unimplemented Recommendations.](#)

3. A summary of significant investigations closed during the reporting period.

Please refer to sections of this report titled [“Office of Investigations.”](#)

4. An identification of the total number of convictions during the reporting period resulting from investigations.

During this reporting period, no convictions resulted from investigations.

5. Information regarding each audit, inspection, or evaluation report issued during the reporting period, including—

- (A) a listing of each audit, inspection, or evaluation;
- (B) if applicable, the total dollar value of questioned costs (including a separate category for the dollar value of unsupported costs) and the dollar value of recommendations that funds be put to better use, including whether a management decision had been made by the end of the reporting period.

Please refer to the sections of this report titled [“Office of Audit.”](#)

6. Information regarding any management decision made during the reporting period with respect to any audit, inspection, or evaluation issued during a previous reporting period.

[See Appendix B: Reports Issued in Prior Periods for which a Management Decision is Pending as of September 30, 2023.](#)

7. The information described under section 804(b) of the Federal Financial Management Improvement Act of 1996.

No report required by 804(b) of the Federal Financial Management Improvement Act of 1996 was issued during this reporting period.

8. (A) An appendix containing the results of any peer review conducted by another Office of Inspector General.

(B) If no peer review was conducted within the reporting period, a statement identifying the date of the last peer review conducted by another Office of Inspector General.

(A) No peer reviews were conducted within the reporting period.

(B) On May 27, 2022, the Export-Import Bank of the United States (EXIM) Office of Inspector General (EXIM OIG) OIG performed an Inspection and Evaluation peer review to determine the FCC OIG compliance with CIGIE's Quality Standards for Inspection and Evaluation (Blue Book) for the year ending September 30, 2021. EXIM OIG determined that the FCC OIG's policies and procedures generally were consistent with Blue Book standards.

On September 1, 2022, the Pension Benefits Guaranty Corporation Office of Inspector General (PBGC OIG) issued a modified peer review⁴ of the FCC OIG's system of quality control for audit operations for the period ending March 31, 2022.

[See Appendix C: Peer Review Results, for further details.](#)

9. A list of any outstanding recommendations from any peer review conducted by another Office of Inspector General that have not been fully implemented, including a statement describing the status of the implementation and why implementation is not complete.

There are no outstanding recommendations from any peer review conducted by another Office of Inspector General. All recommendations from the two most recent peer reviews completed, EXIM I&E peer review and the PBGC Audit peer review, have been fully implemented.

⁴ CIGIE requires a Modified Peer Review for OIGs that do not perform GAGAS engagements, but maintained audit policies and procedures in anticipation of performing such work.

10. A list of any peer reviews conducted by the Inspector General of another Office of the Inspector General during the reporting period, including a list of any outstanding recommendations made from any previous peer review (including any peer review conducted before the reporting period) that remain outstanding or have not been fully implemented.

The FCC OIG conducted a peer review of the National Archives and Records Administration (NARA) OIG’s audit operations during a previous reporting period. The peer review report was issued on March 16, 2023, and NARA OIG received a “Pass” rating. The FCC OIG also issued a Letter of Comment with two findings and two recommendations. In response to the letter of comment, NARA OIG has outstanding recommendations that they committed to complete by June 30, 2023.

11. A statistical tables showing—

- (A) the total number of investigative reports issued during the reporting period;
- (B) the total number of persons referred to the Department of Justice for criminal prosecution during the reporting period;
- (C) the total number of persons referred to State and local prosecuting authorities for criminal prosecution during the reporting period; and
- (D) the total number of indictments and criminal information during the reporting period that resulted from any prior referral to prosecuting authorities

- (A) The “Office of Investigations” section contains the total number of investigative reports during the reporting period.*
- (B) In this reporting period, three referrals were made to the Department of Justice for criminal prosecution, including two companies and one individual.*
- (C) No person was referred to state or local prosecuting authorities for criminal prosecution during this reporting period.*
- (D) No indictment or criminal information was filed during the reporting period.*

12. A description of the metrics used for developing the data for the statistical tables under paragraph (11).

The Office of Investigations issues “investigative reports” to either (1) close an investigation or (2) refer a matter for administrative action or for pursuit of civil or criminal fraud. An “investigative report” refers to any document, including but not limited to a Report of Investigation, sufficient to close a case in OI’s Case Management System. We do not close a matter until it is finally resolved, that is until (a) action is taken by the Commission in an administrative referral, or until the civil or criminal referral is declined or resolved by the court or (b) it is determined that no further action is merited.

13. A report on each investigation conducted by the Office where allegations of misconduct were substantiated involving a senior Government employee or senior official (as defined by the Office) if the establishment does not have senior Government employees or senior official, which shall include—

(A) the name of the senior Government employee, if already made public by the Office; and

(B) a detailed description of—

(i) the facts and circumstances of the investigation; and

(ii) the status and disposition of the matter, including—

(I) if the matter was referred to the Department of Justice, the date of the referral; and

(II) if the Department of Justice declined the referral, the date of the declination.

No investigation involving a senior government employee or senior official where allegations of misconduct were substantiated was conducted by the Office.

14. (A) A detailed description of any instance of whistleblower retaliation, including information about the official found to have engaged in retaliation; and (B) what, if any, consequences the establishment imposed to hold that official described in subparagraph (A) accountable

No findings of whistleblower retaliation were made during this reporting period.

15. (A) A detailed description of any attempt by the establishment to interfere with the independence of the Office, including—

(i) with budget constraints designed to limit the capabilities of the Office; and

(ii) incidents where the establishment has resisted or objected to oversight activities of the Office or restricted or significantly delayed access to information, including the justification of the establishment for such action; and

(B) a summary of each report made to the head of the establishment under section 6(c)(2) during the reporting period.

OIG experiences with attempts by FCC management to interfere with the independence of the Office are described on pages 8-9 and 10-13.

16. A detailed descriptions of the circumstances of each—

(A) inspection, evaluation, and audit conducted by the Office that is closed and was not disclosed to the public; and (B) investigation conducted by the Office involving a senior Government employee that is closed and was not disclosed to the public.

(A) No inspection, evaluation, and audits were closed and not disclosed to the public during this reporting period.

(B) No investigation was conducted involving a senior Government employee that is now closed and was not disclosed to the public.

APPENDIX A1

OI Unimplemented Recommendations

The following FCC OIG OI recommendations, for which corrective action has not been taken, are described in this SAR:

<i>OI Advisory Regarding ACP Provider Noncompliance with Program Usage & De-Enrollment Rules</i>	Please refer to page 15 of this report.
<i>OI Recommendations Regarding the ACP Sixth Report and Order Recommendations</i>	Please refer to page 16 of this report.
<i>Creation of an Online Competitive Bid Repository within EPC</i>	Please refer to page 20 of this report.
<i>Suspension and Debarment Recommendation</i>	Please refer to page 20 of this report.
<i>Recommendation to Develop a Notification Process for Cancelled FCC Forms 470</i>	Please refer to page 21 of this report.

For further descriptions of prior recommendations made by the FCC OIG OI, for which corrective action has not been completed, please refer to previous FCC OIG Semiannual Reports to Congress.

APPENDIX A2

OA Unimplemented Recommendations

As of this semi-annual reporting period, OIG OA has 40 open and unimplemented recommendations from our audits, inspections and evaluations. Information Technology recommendations are considered sensitive, and contain non-public information. Therefore they are presented by FISMA reporting metrics domain⁵ only in the below OA table of unimplemented recommendations.

Project Code	Project Title	Report Issue Date	Recommendation
23-AUD-01-03	Final Report on the Performance Audit of Fiscal Year 2022 Compliance with Payment Integrity Information Act of 2019 for the Federal Communications Commission	5/24/2023	1. Correct the 2019 IP estimate amount reported in PY in the current year reporting by reporting the full estimated amount of \$30 million as an overpayment.
			2. If a settlement is reached by issuing a Forfeiture Order or Consent Decree, then report the amount recovered from the provider as an overpayment recaptured outside payment recapture audits.
			7. Through the OMB annual data call, include measurable milestones to accurately report IP information on paymentaccuracy.gov and achieve compliance.
			9. Adequately plan the PQA assessments for HC Legacy to account for additional review time needed to complete the expanded procedures. Specifically, create and gain approval for the assessment procedures and select samples in an approved timeframe that allows for the expanded procedures to be completed by the reporting deadline.
			10. Perform outreach to all beneficiaries of HC Legacy prior to PQA assessments to ensure beneficiaries are aware and understand the expanded procedures for PQA, the additional documentation request and requirements, and the feasibility of the requested due date in providing the documentation.
22-EVAL-06-01	FY 2022 FISMA Evaluation Report	2/28/2023	1. Risk Management
			2. Risk Management
			5. Supply Chain Risk Management

⁵ The FISMA reporting metrics domains:

- Risk management and supply chain risk management (SCRM);
- Configuration management, identity, and access management (CAM), data protection and privacy, and security training;
- Information security continuous monitoring (ISCM);
- Incident response; and
- Contingency planning.



			6. Supply Chain Risk Management
			8. Configuration Management
			12. Identity Access Management
			13. Identity Access Management
			14. Identity and Access Management
			17. Configuration Management
			18. Configuration Management
22-AUD-01-01	Fiscal Year 2021 Payment Integrity Information Act of 2019 Performance Audit	6/28/2022	9. Develop and implement a written improper (IP) and unknown payment (UP) risk assessment methodology that incorporates the Enterprise Risk Management (ERM) framework from Office of Management and Budget (OMB) Circular A-123, to help identify and manage payment integrity risk and support whether the program is susceptible to making IPs and/or UPs. The methodology should include a risk scoring or weighting factor for each program and associated risk.
			14. Continue to enhance USACs applicant outreach program to educate applicants on the schools and libraries (S&L) program rules, especially rules relating to the competitive bidding processes.
			15. Enhance the use of automation tools in E-Rate Productivity Center (EPC) to check invoices for common errors and invoices that are flagged as high risk of non-compliance with program invoicing requirements.
			16. Work with the Chairwoman’s Office to formalize the improper payment by issuing a Forfeiture Order or Consent Decree. Report the amount from the binding agreement as an Improper Payment identified through recovery actions or report the full amount of \$30 million as an overpayment identified through recovery activities.
			17. Once the settlement has been finalized, through the OMB annual data call, include measurable milestones to accurately report IP information on paymentaccuracy.gov if found non-compliant with OMB M-21-19.
21-EVAL-06-01	FY 2021 FISMA Evaluation Report	12/15/2021	11. Identity and Access Management
21-AUD-10-01	FY 2021 FCC Emergency Broadband Benefit Program Performance Audit	6/21/2022	1. Increase the scrutiny of the manual verification process, including implementing a multilevel review process that includes reviews of the supporting documentation in comparison to the application.



21-AUD-08-06	FY 2021 DATA Act Audit	11/8/2021	<p>3. Develop and implement FCC's DQP policies and procedures for updating the DQP in accordance with the applicable guidance. Policies and procedures should address the timeframe in updating the DQP due to changes in the FCC's processes, including component processes, and new or revised guidance from OMB, the Department of the Treasury (Treasury), or other authoritative sources.</p> <p>4. Develop and implement policies and procedures to ensure FCC communicates new guidance to its components. This can include holding regular meetings with the components to ensure all new guidance is communicated and interpreted consistently across the FCC entity.</p> <p>5. Develop and implement oversight policies and procedures to ensure component entities report financial assistance awards timely.</p> <p>7. Coordinate with USAC management to develop and implement processes for obtaining all required data elements from awardees prior to issuing an award. This may include updating or creating program forms to include all required data elements needed for Financial Assistance Broker Submission.</p> <p>8. Develop and implement oversight policies and procedures for monitoring data reported by component entities to ensure that all DATA Act information is being reported timely, accurately, and completely.</p>
20-AUD-01-01	FY 2019 Improper Payments Elimination and Recovery Improvement Act (IPERIA) Compliance Audit	6/15/2020	12. FCC Management develop policies and procedures that (a) acknowledge the interdependent relationships between FCC, the TRS Fund Administrator, and TRS providers; (b) address the responsibilities of each party to manage risks of IPs; and (c) describe methodologies used to obtain assurance that each party manages its risks of IPs appropriately and as intended.
19-EVAL-07-01	FY 2019 FISMA Evaluation Report	1/8/2020	4. Identity and Access Management

19-AUD-08-05	FY 2019 DATA Act Audit	11/8/2019	2. Continue to coordinate with the TRS Fund administrator to develop a DATA Act project plan. The TRS Fund project plan should include an expected timeline and steps to implement necessary changes to systems and business processes to capture, link, reconcile, and report on award-level financial and spending information. The TRS Fund Administrator, in coordination with the FCC, should develop and execute a project plan that conforms with Steps 1 through 8 of the DATA Act Implementation Playbook (Version 2.0).
19-AUD-02-01	FY 2018 Improper Payments Elimination and Recovery Improvement Act (IPERIA) Compliance Audit	6/3/2019	4. Modify the Payment Quality Assurance (PQA) assessment procedures to target USF-High Cost (HC) program rules and significant risks of improper payments.
18-EVAL-07-01	FY 2018 FISMA Evaluation Report	12/21/2018	7. Configuration Management
			15. Information Security Continuous Monitoring
17-EVAL-07-01	FY 2017 FISMA Evaluation Report	12/21/2017	4. Risk Management
17-AUD-08-04	FY 2017 DATA Act Audit	11/7/2017	2. As technical and operational issues arise during the USAC and Rolka DATA Act implementation, USAC and Rolka, in coordination with the FCC, should coordinate with OMB and Treasury to work through any issues in real time. The FCC should document all significant issues encountered that required OMB and Treasury involvement. Ensure that as technical and operational issues arise during the TRS Fund Administrator DATA Act implementation, the TRS Fund Administrator, in conjunction with the FCC, coordinates with OMB and Treasury to work through any issues in real time. The FCC should document all significant issues encountered that required OMB and Treasury involvement.
16-EVAL-06-01	FY 2016 FISMA Evaluation Report	12/8/2016	9. Identity and Access Management
15-AUD-10-09	Audit of National Lifeline Accountability Database	3/26/2018	2.2. Require that USAC obtain written statements from state commissions and ETCs to confirm that their staff and agents who have NLAD access rights have successfully completed background investigations.



15-AUD-10-09	Audit of National Lifeline Accountability Database	3/26/2018	2.4. Require that USAC obtain written statements from state commissions, contractors, and ETCs confirming that their staff and agents who are granted access rights for NLAD have completed appropriate training to reduce the possibility that Personal Identifiable Information (PII) will be accessed, used, or disclosed inappropriately.
13-AUD-12-29	FY 2014 Wireline Competition Bureau Audit	6/14/2017	4.1. We recommend WCB develop and implement a plan that ensures the closure of pending appeals in a timely manner and prioritizes the resolution of appeals filed 2010 and earlier.
12-AUD-12-20	FY 2012 A-130 Audit	3/12/2014	4.1. Configuration Management



APPENDIX B

Reports Issued in Prior Periods for which a Management Decision is Pending as of September 30, 2023				
Report Number	Project Title (Recommendation No.)	Report Date	Recommendation(s)	Comments
12-AUD-12-20	Audit of the FCC Compliance with OMB Circular No. A-130, Revised (Rec. No. 4.1)	3/12/2014	4.1. Configuration Management	Management has not demonstrated sufficient progress to implement the one remaining open recommendation. Management revised the target date from February 28, 2023, to December 1, 2023. The audit report contains nonpublic information, therefore the report was not posted to the OIG webpage.
13-AUD-12-29	Performance Audit of the Federal Communications Commission Wireline Competition Bureau (Rec. No. 4.1)	07/31/2015	4.1. We recommend WCB develop and implement a plan that ensures the closure of pending appeals in a timely manner and prioritizes the resolution of appeals filed 2010 and earlier.	Management has not demonstrated sufficient progress to implement the recommendation. Management provided an updated CAP on September 29, 2023. The new timeline to complete the corrective action is December 31, 2023. WCB explained that it needs additional time based on its ongoing need to focus resources on an unusual volume of critical work.

15-AUD-10-09	Performance Audit of Universal Service Administrative Company National Lifeline Accountability Database (Rec No. 2.2 and 2.4)	3/26/2018	<p>2.2. Require that USAC obtain written statements from state commissions and ETCs to confirm that their staff and agents who have NLAD access rights have successfully completed background investigations.</p> <p>2.4 Require that USAC obtain written statements from state commissions, contractors, and ETCs confirming that their staff and agents who are granted access rights for NLAD have completed appropriate training to reduce the possibility that Personal Identifiable Information (PII) will be accessed, used, or disclosed inappropriately.</p>	Two recommendations remain open from this audit report. Although FCC provided a corrective action plan, it did not contain actions needed to address the audit recommendations.
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APPENDIX C

Peer Review Results

The [Inspector General Act of 1978](#), as amended, requires the OIGs to report the results of peer reviews of their operations conducted by other OIGs, including the date of the last peer review, outstanding recommendations from prior peer reviews, and peer reviews of other OIGs conducted during the semiannual period. Peer reviews are conducted by member organizations of the CIGIE.

Office of Audit Peer Review Results

On May 27, 2022, EXIM OIG assessed the extent to which the FCC OIG complied with the seven covered Blue Book standards, specifically: Quality Control; Planning; Data Collections and Analysis; Evidence; Records Maintenance; Reporting; and Follow-up for the year ending September 30, 2021. EXIM OIG determined that the FCC OIG's policies and procedures generally were consistent with each of the seven Blue Book standards addressed in the external peer review. Of the two reports reviewed, both reports generally complied with the seven covered Blue Book standards. No recommendations from the EXIM OIG remain outstanding.

On September 1, 2022, the Pension Benefits Guaranty Corporation Office of Inspector General (PBGC OIG) issued a modified peer review⁶ of the FCC OIG's system of quality control for audit operations for the period ending March 31, 2022. The purpose of the review was to determine whether FCC OIG had controls to ensure that IPAs performed contracted work in accordance with professional standards. PBGC identified one recommendation to improve the FCC OIG policies and procedures. No recommendation from the PBGC OIG remain outstanding.

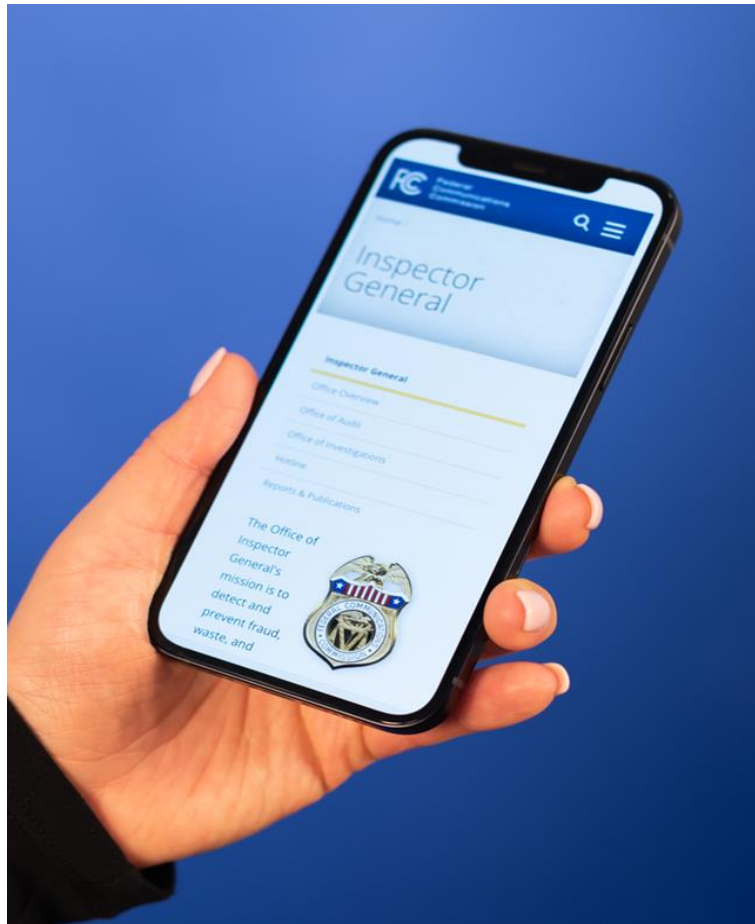
Office of Audit Peer Reviews of Other Office of Inspector General

On March 16, 2023, the FCC OIG issued a report on the results of its peer review of the NARA OIG's system of quality control for its audit operations. The FCC OIG determined that NARA OIG's system of quality control in effect for the year ended September 30, 2022, was suitably designed to provide reasonable assurance that it is performing audits and reporting the audit results in conformity with applicable professional standards in all material respects. NARA OIG received a peer review rating of "Pass." The FCC OIG's peer review letter of comment contained two recommendations that were designed to further strengthen the NARA OIG's system of quality control. NARA OIG's management concurred with the FCC OIG's peer review findings and recommendations and issued a memo initiating its corrective actions, effective March 6,

⁶ CIGIE requires a Modified Peer Review for OIGs that do not perform GAGAS engagements, but maintained audit policies and procedures in anticipation of performing such work.

2023. *In response to the letter of comment, NARA OIG committed to complete outstanding recommendations by June 30, 2023.*

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