



UNITED STATES GOVERNMENT
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF INSPECTOR GENERAL

MEMORANDUM

DATE: December 11, 2020

TO: Chief, Wireline Competition Bureau
Managing Director

FROM: Inspector General *for RM, AIGA*

SUBJECT: Performance Audit of Centralia City School District 135 for the Universal Service E-Rate Schools and Libraries Program Disbursements Related to Funding Year 2015 (Report No. 19-AUD-02-02)

The Office of Inspector General (OIG) is providing the final audit report for the performance audit of Centralia City School District 135 (District) (Beneficiary No. 136707). The OIG contracted with the accounting firm KPMG LLP to perform the audit. The OIG contracted for this audit consistent with its authority under the Inspector General Act of 1978, as amended, including, but not limited to sections 2(1), 4(a)(1) and (5). The audit is not intended as a substitute for any agency regulatory compliance review or regulatory compliance audit. KPMG's audit objectives were to (1) determine if the District complied with FCC rules and orders applicable to the Universal Service Fund (USF) E-rate program; and (2) report on potential instances of fraud, waste and/or abuse, if applicable.

The audit report includes two findings that address weaknesses in the District's internal control processes and one condition reported as an "other matter" – a condition that does not rise to the threshold of a reportable finding. The audit found that the District lacked adequate controls over its physical asset and inventory records and its management of equipment purchased with E-rate funds. In addition, KPMG identified an "other matter" in which the District failed to comply with state and local competitive bidding requirements. The auditors provided three recommendations to address the findings, including a recommendation that the Universal Service Administrative Company, the USF administrator, recover funds in the amount of \$5,060. Management concurred with all three recommendations outlined in the report.

KPMG is wholly responsible for the attached audit report and the conclusions expressed therein. The OIG monitored KPMG's performance throughout the audit and reviewed KPMG's audit report and related audit documentation. Our review did not disclose any instances where KPMG did not comply in all material respects with generally accepted government auditing standards.

If you have any questions or concerns regarding this audit report, please contact Sharon Spencer, Deputy Assistant Inspector General for Audit, at (202) 418-0477 or sharon.spencer@fcc.gov; or Robert McGriff, Assistant Inspector General for Audit, at (202) 418-0483 or robert.mcgriff@fcc.gov.

Attachment: Final Audit Report (Report No. 19-AUD-02-02, Performance Audit of Centralia City School District 135 for the Universal Service E-Rate Schools and Libraries Program Disbursements Related to Funding Year 2015)

cc: Chief Financial Officer
Chief of Staff, Office of Managing Director